EASTERN PLATINUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Eastern Platinum Limited ("Eastplats" or the "Company") as at December 31, 2022 and for the three months and year then ended in comparison to the same periods in 2021.

This MD&A should be read in conjunction with the audited consolidated financial statements and the related notes for the year ended December 31, 2022 (the "consolidated financial statements") and the annual information form ("AIF") for the year ended December 31, 2022. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

The Company's presentation currency is U.S dollars. Monetary amounts in this MD&A are in thousands of U.S. dollars ("$" or "U.S. dollars"), except when indicated as thousands of Canadian dollars ("Cdn$" or "Canadian dollars"), thousands of South African Rand ("ZAR" or "Rand") and except for per share amounts, per tonnage amounts or as otherwise indicated. The effective date of this MD&A is April 4, 2022. Additional information relating to the Company, including its AIF for the year ended, December 31, 2022, is available under the Company's profile on SEDAR at www.sedar.com.

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1. Overview

Eastplats owns directly and indirectly a number of platinum group metals ("PGM") and chrome assets in the Republic of South Africa ("South Africa"). All of the Company's properties are situated on the western and eastern limbs of the Bushveld Complex ("BCX"), the geological environment that hosts approximately 80% of the world's PGM-bearing ore.

As at December 31, 2022, the Company's primary assets were:

(a) the Crocodile River Mine (the "CRM") located on the western limb of the BCX;
(b) the Kennedy's Vale ("KV") project located on the eastern limb of the BCX;
(c) the Mareesburg project, located on the eastern limb of the BCX; and
(d) the Spitzkop project, also located on the eastern limb of the BCX.

Operations at the CRM currently include remining and processing its tailings resource. The chrome and PGM concentrates produced from the Barplats Mines (Pty) Limited ("Barplats") Zandfontein UG2 tailings facility are being delivered to offtakers under related offtake agreements. Since July 2022, with the consent of the offtaker, chrome concentrates have been stored on-site at the CRM and sold directly to third-parties. During the three months ended December 31, 2022 ("Q4 2022"), the Company sold 51,148 tons of chrome concentrate to third-parties.

The PGM main plant circuit B ("PGM Circuit B") was successfully commissioned in October 2021, which enables the processing of the full feed from chrome tails to consistently produce PGM concentrates (see news release dated October 29, 2021 for further detail). The Company continues to actively monitor the PGM markets and other developments in the mining and minerals sector as it assesses the overall economics related to resuming active underground mining at CRM, which is currently in care and maintenance. Eastplats has completed the underground long-term plan and mine design study for the CRM and is executing the restart business plan to restart underground operations in the first half of 2023, subject to financing.

The Company entered an agreement for the sale of the Maroelabult resource property on October 24, 2019, and the transaction closed in March 2022 (see page 12).

The Company has completed a legal analysis in relation to the environmental impact assessment ("EIA") for the Mareesburg project. The Company continues to work on an updated internal project assessment and then follow on with mine design study and technical review, environmental studies and amendments as required.

There are no developments to report in connection with the KV project, however at Spitzkop, the Company started a desktop study on the open pit potential, which is expected to be completed later this year, subject to financing. KV, Spitzkop and the Mareesburg projects (collectively the "Eastern Limb Projects") currently are monitored collectively as a group by management, however, any future development of these projects will be based on the individual merit of each.

COVID-19 and other global factors

Factors such as changes in the economic environment related to the COVID-19 pandemic, as well as geopolitical risks and events, inflation and rising interest rates introduces and maintained uncertainty and volatility in global markets and economies.

The Company continues PGM and chrome production at the CRM. There were no operation shutdowns or days lost due to COVID-19 or lockdowns in 2022 or up to the date of this MD&A. From October 1, 2021 to April 4, 2022, South Africa reduced its restrictions by moving down the alert level to stage 1, which indicates a low spread of the virus with high health system readiness. The Government of South Africa lifted the National State of Disaster in response to the COVID-19 pandemic on April 5, 2022. The Company continues to operate with precautions, following the health guidelines of the Government of South Africa and continues to work through the Minerals Council together with the government on the roll-out of vaccines.

Corporate Update

On March 24, 2023, the Company announced the offering to its shareholders (the "Rights Offering") of rights (the "Rights") to acquire common shares of the Company ("Common Shares") at the close of business on the record date of April 6, 2023 ("Record Date"), on the basis of one Right for each Common Share held. Each Right will entitle the holder to subscribe for one Common Share of the Company upon payment of the subscription price of Cdn$0.11 or ZAR 1. 4564 (based on the Applicable Exchange Rate as defined in the Rights Offering Circular) per Common Share (the "Basic Subscription Privilege"). Shareholders who fully exercise their Rights under the Basic Subscription Privilege will also be entitled to subscribe for additional Common Shares, on a pro rata basis, if available as a result of unexercised Rights prior to the expiry time of the Rights Offering (the "Additional Subscription Privilege").

In July 2020, Barplats entered into a Project Framework Agreement (the "Agreement") with ABT, an organization recognized as a BEE Entrepreneur, to complete an independent feasibility study for the Circuit H Project. The Agreement between Barplats and ABT is the subject of a dispute between the parties and ABT has requested that Barplats enter into arbitration in that regard. On March 31, 2022 the statement of claim from ABT was received as part of the confidential arbitration process and the Company and its advisors are considering this statement of claim for the purposes of filing a response. No provision is made in the Company's consolidated financial statements as an outcome or possible exposure is not determinable at this time.

On January 25, 2023, Eastplats announced that the Terms For Crocodile River Tailings Concentrate (the "PGM Tailings Concentrate Agreement") between Impala Platinum Limited ("Impala"), a subsidiary of Impala Platinum Holdings Limited ("Implats"), and Barplats Mine (Pty) Ltd, a wholly owned subsidiary of Eastplats, signed on September 29, 2020 for delivery of PGM tailings concentrate to Impala was extended. All terms and conditions as provided for in the PGM Tailings Concentrate Agreement will remain as is up to and including December 21, 2023.

On November 10, 2022, the Company updated the previously disclosed announcement (September 22, 2022) of the signing of a finance facility agreement with Investec Bank Limited ("**Investec**"), which will be used for working capital purposes and funding the restart of the Zandfontein underground section of the CRM. Investec is a leading South African international banking and wealth management group.

Highlights of the key terms of the finance facility include:

- Renewable 12-month revolving commodity finance facility secured by PGM production from the tailings storage facility at the CRM.
- Indicative rate on financing – 3 month Johannesburg Interbank Average Rate ("JIBAR") + margin agreed between the Company and Investec. The interest rate is subject to the credit quality of the PGM off-taker on an annual basis.
- Immediate pay-out to the Company on the PGM concentrate delivery date.
- The maximum size of the credit facility is ZAR 110 million ($6.1 million).
- Guaranteed prices through a fixed-price swap hedge overlay on platinum, palladium, rhodium, and gold (4E) minerals.

On October 20, 2022, Eastplats announced the resignation of Hannelie Hanson, its Chief Operating Officer who had been promoted on August 3, 2022, from General Manager, South Africa Operations. Mr. Wanjin Yang, Chief Executive Officer and President, has assumed the general management role in South Africa on an interim basis. The Company also announced the appointment of Mr. Haiying Wang as Vice President to focus on new project development, planning, marketing and promotion, investment, and socio-economic strategy.

On July 8, 2022, the Company announced that it granted 1,870,000 stock options to directors, officers, and employees of the Company that vest in 90 days. The options were granted for a term of five years and expire on July 6, 2027. Each option allows the holder to purchase one common share of Eastplats at an exercise price of Cdn$0.23.

On June 30, 2022, the Company filed its Independent Competent Person's Report on the Crocodile River Mine, (the "Report"). The Report has been updated in preparation of the re-start of underground mining at the Zandfontein Section of the CRM which was placed under care and maintenance in 2013. The resources and reserves updates of the Report apply to each of the Zandfontein Section, the Crocette Section and the Kareespruit Section. There are no material changes reflected in the Report as compared to the "NI 43-101 Technical Report on the CRM, North West Province, South Africa" dated January 1, 2022, which was filed on May 20, 2022 on SEDAR.

On June 23, 2022, the Company accepted the resignations of Diana Hu and Michael Cosic from the Board of Directors after they failed to receive the required majority of votes for re-election at the Company's annual general meeting held on June 21, 2022. Following their resignations, the Company announced the addition of two new board members, Mr. Changyu Liu and Ms. Lisa Ng. On June 29, 2022, the Company announced that Diana Hu had stepped down as the Company's Chief Executive Officer and the Board had appointed Mr. Wanjin Yang as Eastplats' new Chief Executive Officer.

On May 19, 2022, the Company announced that it has received conditional acceptance from the Toronto Stock Exchange to extend the expiry date of 5,960,000 of its outstanding unlisted common share purchase warrants (the "**Warrants**") originally issued on June 26, 2020, in conjunction with the previously disclosed settlement agreement with AlphaGlobal Capital Inc. Each Warrant currently entitles the holder to purchase one common share at a price of Cdn$0.24 per common share at any time up to June 26, 2022 (the "**Expiry Date**"). Effective on June 3, 2022, the Company extended the Expiry Date to June 26, 2023. All of the other warrant terms remain unchanged. The Company recorded a share based payment expense of $110 in the second quarter of 2022.

On March 22, 2022, Eastplats announced the completion of the sale of the Maroelabult resource property with Eland Platinum (Pty) Limited. Eastplats received total cash consideration of ZAR20,000 (approximately $1,378) after the transfer of legal title and various legal and regulatory obligations required in South Africa were completed (see news release dated March 22, 2022, for further detail).

2. Fiscal Year 2022 Fourth Quarter Highlights

2.1 Significant events

(a) Retreatment Project Update and Production

The Retreatment Project is a proprietary operation in South Africa producing chrome concentrates. It includes a combined hydro and mechanical re-mining method, with magnetic separation applied to produce chrome concentrates, thus obtaining superior yield results compared to traditional gravity technology. The Retreatment Project is the only large-scale magnetic separation application in South Africa. Since 2017 Barplats has grown from 100 employees to over 350 contractors and employees engaged in supporting the Retreatment Project. The current Retreatment Project is expected to continue operating into 2024.

Operations consist of remining of the tailings material and processing the material through the Company's chrome plant and the chrome processing circuit (the "Chrome Circuit"). During Q4 2022, the Company produced 156,738 (three months ended December 31, 2021 ("Q4 2021") – 149,943) tons of chrome concentrate from the Retreatment Project, with an average grade of Cr_2O_3 at 38.64%. Year over year production increased slightly between Q4 2022 and Q4 2021 due to lower production in December 2021 as the Chrome Circuit was offline for maintenance for part of the month.

Optimization Program

Eastplats continues to plan for the completion of the installation of the additional equipment to optimize the chrome plant's overall efficiency and processing, the "Optimization Program," which is designed to provide increased chrome recovery and grade. The Optimization Program began in February 2020 but was paused due to the COVID-19 lockdown in March 2020. Some construction work restarted in June 2020 with the original scope of civil works completed in December 2020. The Company completed the updated scope of civil work during 2021 and much of the installation work in 2022. Completion is contingent on receipt of payments from Union Goal Offshore Solutions Limited ("Union Goal") required to fund the remainder of installation and testing.

(b) PGM Circuits

During Q4 2022, the Company produced 1,337 dry tons of PGM concentrate from PGM Circuit B and PGM Circuit D (collectively, the "PGM Circuits"). This was higher than the same period from the previous year (905 dry tons produced) due to increased production rates after commissioning in October 2021. The

PGM concentrates were delivered under the existing offtake agreement (the "PGM Offtake Agreement") between Barplats and Impala.

(c) Export tax

On October 22, 2020, the South African Government announced it had approved an export tax on chrome ore. On February 23, 2023, it released its 2023 Budget, and as in prior years, there were no additional details related to the timing of implementation or the proposed rates as part of the budget announcement.

Although this potential cost will be absorbed by the Company's offtaker during the defined period of the Retreatment Project, this proposed export tax may decrease demand for chrome ore exports and could affect Eastplats' growth potential in the future.

(d) Mining Charter Judgment

In September 2021, the full bench of the High Court (Gauteng Division, Pretoria) in South Africa ruled that the Mining Charter 2018 is a policy document and not law. Accordingly, the clauses of the Mining Charter, which were challenged by the Minerals Council of South Africa were reviewed and set aside. The judgment removes the clauses from the Mining Charter which compelled companies to top up their BEE shareholdings to 2018 Charter levels in respect of the renewal of existing mining rights and the transfer of mining rights. Hence, the "once empowered, always empowered" principle applies in those circumstances provided that certain criteria are met such as a minimum percentage of BEE shareholding being achieved at the time of the departure of the BEE partners. The judgment also set aside certain other provisions and clauses.

The Company remains committed to working with the Department of Mineral Resources and Energy of South Africa to ensure ongoing compliance with mining regulations.

2.2 Financial Results – Q4 2022 vs Q4 2021

- Revenue was $8,347 in Q4 2022 compared to $15,606 in Q4 2021. The decrease in revenue for Q4 2022 was primarily due to a decrease in chrome revenue in the period as the Company ceased delivering chrome concentrate to Union Goal at the start of the third quarter. Although chrome production was higher in Q4 2022, the associated sales and logistics revenue previously recognized when the Company transports the chrome concentrate on behalf of Union Goal to port was lower as much of the chrome concentrate produced remained on site. At December 31, 2022, the Company had 190,154 tons at the CRM ready for shipment as well as 48,333 tons at port or in transit.

- Mine operating loss was ($3,512) in Q4 2022 compared to operating income of $2,975 in Q4 2021. The decrease resulted from less chrome concentrate sales in the quarter and an increase in chrome concentrate related logistics costs, partially offset by higher gross margin PGM sales relative to the comparable period where there were only minimal PGM sales recorded.

- Gross margin decreased to (42.1%) in Q4 2022 compared to 19.1% in Q4 2021, as chrome sales decreased significantly as the Company transitioned to third-party sales, while chrome logistics costs were not offset by logistics revenues as they had been previously under the Union Goal Framework Agreement, leading to the Mine operating loss in the quarter.

- Operating loss was ($6,548) in Q4 2022 compared to operating income of $182 in Q4 2021, due to the lower chrome concentrate sales and higher logistics costs, which was offset somewhat by increased PGM sales in the period. The Company also recorded an increase in the expected credit loss on outstanding receivables and higher general and administrative expenses driven by higher severance costs in the quarter.

- Net loss attributable to equity shareholders was ($264) in Q4 2022 compared to a net loss of ($1,918) in Q4 2021. The Q4 2022 net loss was largely attributable to the decrease in mine operating income, offset by Other income of $6,567 which largely relates to the change in value of the Company's loans payable. The Company also recognized a foreign exchange gain in the quarter of $1,081 as the South African Rand strengthened against the US Dollar, while in Q4 2021, the Company recorded a foreign exchange loss due to the depreciation of the South African Rand to the US Dollar of ($1,893) in the period.

3. Selected Quarterly Financial Data

The following table sets forth selected results of operations for the Company's eight most recently completed quarters; compiled from the Company's quarterly and annual financial statements.

Table 1

Selected quarterly data

(Expressed in thousands of U.S. dollars, except for per share amounts and foreign exchange rates)

	2022				2021			
	Dec. 31 $	Sept.30 $	June.30 $	Mar. 31 $	Dec. 31 $	Sept. 30 $	Jun. 30 $	Mar. 31 $
Revenue	8,347	3,592	20,488	17,407	15,606	15,927	19,982	16,683
Production costs	(11,351)	(1,707)	(14,421)	(12,260)	(10,982)	(12,322)	(14,707)	(13,644)
Production costs - depreciation	(508)	-	(1,913)	(1,744)	(1,649)	(1,712)	(1,958)	(1,606)
Mine operating income	(3,512)	1,885	4,154	3,403	2,975	1,893	3,317	1,433
General and administrative & expected credit loss	(1,270)	(915)	(938)	(1,619)	(671)	(602)	(524)	(1,049)
Care and maintenance & site services	(1,766)	(1,911)	(2,275)	(1,689)	(2,122)	(1,677)	(2,085)	(2,113)
	(3,036)	(2,826)	(3,213)	(3,308)	(2,793)	(2,279)	(2,609)	(3,162)
Operating income (loss)	(6,548)	(941)	941	95	182	(386)	708	(1,729)
Other (expenses) income, net	6,312	(5,665)	(2,131)	3,212	(2,573)	(2,718)	3,388	542
Income (loss) before income taxes	(236)	(6,606)	(1,190)	3,307	(2,391)	(3,104)	4,096	(1,187)
Income tax (expense) recovery	(29)	3	2,237	11	(65)	(13)	(49)	2
Net income (loss) for the year	(265)	(6,603)	1,047	3,318	(2,456)	(3,117)	4,047	(1,185)
Net income (loss) attributable to equity shareholders of the Company	(264)	(6,602)	1,212	3,007	(1,918)	(2,507)	4,140	(865)
Earnings (loss) per share basic and diluted	0.00	(0.05)	0.01	0.02	(0.01)	(0.02)	0.03	(0.01)
Average foreign exchange rates								
US dollar per South African Rand	0.0568	0.0587	0.0642	0.0657	0.0649	0.0683	0.0709	0.0668
US dollar per Canadian dollar	0.7364	0.7658	0.7835	0.7897	0.7938	0.7936	0.8145	0.7896
Period end foreign exchange rates								
US dollar per South African Rand	0.0587	0.0556	0.0615	0.0689	0.0626	0.0660	0.0700	0.0677
US dollar per Canadian dollar	0.7370	0.7302	0.7744	0.7981	0.7888	0.7849	0.8068	0.7952

The Company's operations are normally not materially impacted by seasonality considerations, with the exception of seasonal electricity tariffs (winter rates in South Africa are 1.5 times the summer rates). During 2022, as a result of operational adjustments in chrome concentrate delivery methods and a transition to a more traditional revenue model selling to new customers, the third and fourth quarter results were impacted accordingly.

4. Results of Operations for the Three Months and Year Ended December 31, 2022

All of the Company's mineral properties are located in South Africa and all of the care and maintenance costs, impairment recovery/charges towards the mineral properties, gain on disposal of property, plant and equipment, interest income, other income and finance costs are incurred in South Africa. Therefore, the Company is subject to the risks of foreign exchange and inflation fluctuations in South Africa.

Prior to the Retreatment Project, almost all South African funding was provided from Canada by its parent company, which holds its cash and cash equivalents, and short-term investments in U.S. dollars, Canadian dollars and South African Rand. The Company is now operating the Retreatment Project and the PGM circuits to generate mining operation income from PGM and chrome production, which has enabled the Company to fund its core operations in South Africa.

The Company's presentation currency is the U.S. dollar while the Company's operating expenses are predominately incurred in Canadian dollars and South African Rand. The annual average foreign exchange rates for 2022, 2021, and 2020 are summarized as follows:

	ZAR to USD	Cdn to USD
2022	0.0613	0.7688
2021	0.0677	0.7979
2020	0.0610	0.7463

The estimated annual inflation rate in South Africa has been 6.9% in 2022, 4.5% in 2021, and 3.3% in 2020 (Consumer Price Index, December 2022).

The following table sets forth selected consolidated financial information for the years ended December 31, 2022, 2021, and 2020:

Table 2

Consolidated Statement of Income			
(Expressed in thousands of U.S. dollars, except per share amounts			
		Year ended December 31	
	2022	2021	2020
	$	$	$
Revenue	**49,834**	68,198	56,143
Cost of operations			
Production costs	**(39,739)**	(51,655)	(46,337)
Depletion and depreciation	**(4,165)**	(6,925)	(4,251)
Mine operating income	**5,930**	9,618	5,555
Expenses			
General and administrative	**2,855**	2, 953	2,830
Expected credit loss on trade receivables	**1,887**	(107)	34
Site services	**4,737**	4,757	4,575
Care and maintenance	**2,904**	3,240	1,852
Operating loss	**(6,453)**	(1,225)	(3,736)
Other income (expense) and income tax expense	**3,949**	(1,486)	(5,660)
Net loss for the year	**(2,504)**	(2,711)	(9,396)
Net income (loss) attributable to			
Non-controlling interest	**144**	(1,561)	(1,422)
Equity shareholders of the Company	**(2,648)**	(1,150)	(7,974)
Net loss for the year	**(2,504)**	(2,711)	(9,396)
Loss per share			
Basic and diluted	**(0.02)**	(0.01)	(0.08)
Weighted average number of common shares outstanding, in thousands			
Basic	**137,821**	135,422	96,748
Diluted	**137,821**	135,422	96,748
Consolidated statements of financial position			
	December 31 2022	December 31 2021	December 31 2020
	$	$	$
Total assets	**155,603**	162,783	162,985
Total non-current liabilities	**8,242**	65,993	69,775

The Company recorded a net loss attributable to equity shareholders of the Company of ($2,648) (or ($0.02) per share) in 2022 compared to a net loss attributable to equity shareholders of the Company of $1,150 (or $0.01 loss per share) in 2021 and a net loss of $7,974 (or $0.08 loss per share) in 2020. Detailed explanations are presented in the following section.

4.1 Overall Performance

Revenue

The Company generated revenue from processing PGM and chrome concentrates during Q4 2022 and the year ended December 31, 2022 ("FY2022"). The Company's majority of revenue (approximately 68% and 75% for Q4 2022 and FY2022, respectively) is from chrome concentrate sales. Until July 2022, this revenue was based on the Union Goal offtake agreement (the "Union Goal Offtake Agreement") entered into between the Company's subsidiary Barplats and Union Goal in relation to chrome concentrate production from the Retreatment Project. Previously, and until the end of the second quarter, the Retreatment Project produces revenue based on tons of material made available for processing by remining and processing the tailings, recovery of certain operational costs and allocation of the upfront cash payment for the offtake of chrome concentrate to Union Goal. Additional non-cash deferred revenue was recognized based on tons made available for processing from the discounting of the chrome equipment debt and the construction loan based on an effective discount rate. Although the Union Goal Offtake Agreement remains in place, Union Goal stopped taking shipments of chrome concentrate in June 2022. Chrome revenue after this point has been generated only through third-party sales of chrome concentrate. The Company also derives PGM revenue under a PGM offtake agreement with Impala from further processing of tailings materials following the production of chrome concentrates.

The Company generated revenue from the processing and delivery of chrome of $5,638 and $37,597 for Q4 2022 and FY2022, respectively compared to $13,907 and $63,066 for the comparative periods in 2021. Chrome concentrate revenue decreased $8,269 during Q4 2022 and $25,469 during FY2022 compared to the same respective periods in 2021. The decrease in chrome concentrates revenue for Q4 2022 and FY2022 was primarily due to lower tonnages dispatched as the Company began to stockpile chrome concentrate on site starting in Q3 2022 in order to sell it directly to third-parties. Third-party sales began in Q4 2022 with a total of 51,148 tons of chrome concentrate sold in the quarter.

As part of chrome concentrate sales to third-parties, during the fourth quarter of 2022, the Company sold $3,867 of chrome concentrate to a certain new customer. The Company also entered into additional sales contracts for chrome concentrate valued at $11,178 with shipments expected in early 2023. A portion of these contracts, $2,895, was received from this new customer in advance and recorded as current deferred revenue as of December 31, 2022. Each transaction was contracted based on prevailing market prices for the relative chrome grades; however, certain discounts may have been provided in exchange for favourable payment terms at the time.

The Company generated PGM concentrate revenue of $2,709 and $12,237 in Q4 2022 and FY2022, respectively; in 2021, PGM concentrate revenue was $1,699 and $5,132 in Q4 2021 and FY2021, respectively. 2022 represents revenue from the Company's fully operational PGM Circuits while in 2021 the Company continued to work on refurbishment to PGM Circuit B with full commissioning achieved in October 2021.

Mine operating income

Mine operating income/(loss) for Q4 2022 and FY2022 was ($3,512) and $5,930, respectively as compared to $2,975 and $9,618 for the comparative periods in 2021. Gross margin decreased to 42.1% in Q4 2022 from 19.1% in Q4 2021 and decreased to 11.9% in FY2022 from 14.1% in FY2021. As mentioned earlier in this MD&A, the decrease in FY2022 mine operating income was due to the decrease in chrome concentrate sales in Q3 and Q4 as the Company shifted to third-party sales while it incurred significant transportation costs that would have previously been recorded as part of its sales to Union Goal. Increases in higher margin PGM revenue in FY2022 as the Company ramped up to full production capacity, helped to offset the decrease in chrome concentrate sales.

Depletion and depreciation was $508 and $4,165 for Q4 2022 and FY2022, respectively as compared to $1,649 and $6,925 for the same respective periods in 2021 due to lower chrome sales for the quarter and fiscal year as much of these costs are now included in the cost of chrome concentrate inventory.

General and administrative

General and administrative ("G&A") costs are associated with the Company's Vancouver corporate head office and associated professional and corporate costs. G&A costs were $459 and $2,855 for Q4 2022 and FY2022, respectively compared to $778 and $2,953 for the same respective periods in 2021. The G&A cost decrease for the quarter was due to lower remuneration cost in the period, while the increase for the year was due to severance payments made in the third quarter of FY2022.

Expected credit loss on trade receivables

An expected Credit Loss ("ECL") has been recorded against the Company's trade receivables of $811 and $1,887 for Q4 2022 and FY2022, respectively, compared to an ECL recapture of ($107) and ($107) for the same respective periods in 2021. The majority of the increase in the current year, $1,802, was related to the Union Goal outstanding balance. Although the credit risk exposure on the Company's trade receivable balance with Union Goal is significantly reduced by way of the 2021 Updated Retreatment Project Agreements with any outstanding receivable balance applied against the contract payable amount owed to Union Goal, the Company is required to estimate when the receivable will be paid. The ECL is the time value adjustment of the receivable based on an estimated payment date in Q4 2023.

Site services

Site services costs relate to work performed indirectly to support operations. As such, costs such as security, management and support operations are included in site services. These costs decreased by $144 or 13% to $992 in Q4 2022 from $1,136 in Q4 2021 and by $20 or 0.4% to $4,737 in FY2022 from $4,757 in FY2021. The decrease was due mainly to the weakening of the Rand to the US dollar in 2022. In Rand terms, site services costs increased approximately 9% for the year due to cost pressures from rising inflation including higher winter season electricity rates.

Care and maintenance

Care and maintenance costs are incurred when production of the underground mining or other PGM projects are suspended and expenditures are reduced to the level required to maintain the good condition of such assets. Such costs consist of maintenance, pumping to prevent flooding of the workings, underground inspections to ensure that the integrity of critical excavations is preserved, certain general costs and other costs necessary to safeguard such projects and their associated assets. The Mareesburg and KV concentrator projects were placed on care and maintenance in the fourth quarter of 2012 and the CRM underground was placed on care and maintenance in the third quarter of 2013.

Care and maintenance costs decreased $212 and $336 to $774 and $2,904 in Q4 2022 and FY2022, respectively from $986 and $3,240 for the same respective periods in 2021. The decrease was due to the weakening Rand partially offset by a rise in labour and electricity costs in South Africa and underground care and maintenance work in connection with the CRM.

Operating (loss) income

The Company generated an operating loss of ($6,548) and ($6,453), respectively for Q4 2022 and FY2022 compared to operating income of $182 and operating loss of ($1,225) for the same respective periods in 2021. The decrease in operating income in Q4 2021 was due to lower mine operating income and additional ECL provisions while the decreased operating income for FY2022 was driven by similar events, with the significant increase in PGM sales, as the Company had a full year of production from PGM Circuit B, offsetting the losses from chrome concentrate sales.

Other income (expense)

Other income excluding foreign exchange gains and losses for Q4 2022 and FY2022 was $5,231and $3,557, respectively, representing an increase of $5,991 and $1,727, respectively as compared to ($680) and $1,830 for the same periods in 2021, respectively. The increase in the quarter was driven by higher Other income related to the change in value of the Company's loans payable. For the year, the increase was derived by a similar increase in Other income, offset by the settlement gain of $3,258 recorded in 2021. Other income also includes rental income from Company-owned residential properties on the Eastern Limb Projects and at the CRM, sales of non-core assets, and scrap metal sales not directly related to operations.

Foreign exchange (loss) gain

A foreign exchange gain of $1,081 and a foreign exchange loss of ($1,830) for Q4 2022 and FY2022, respectively, was recorded as compared to a foreign exchange loss of ($1,893) and of ($3,191), respectively for the same periods in 2021. A weaker Rand creates a foreign exchange loss on the Company's U.S. dollar contracts payable liability which was evident in 2021, while in 2022, the Rand continued to weaken for the year, but was offset by a correction in Q4 2022.

Crocodile River Mine

<u>Retreatment Project – Chrome recovery</u>

The Retreatment Project generated revenue based on tons of material made available for processing by remining the tailings, recovery of certain operational costs and allocation of the upfront cash payment from Union Goal for the offtake of chrome concentrate. As of July 1, 2022, the Company has stopped recognizing revenue from the processing of tailings for Union Goal and since the start of the third quarter of 2022, the Company engaged in free market sales where revenue is recognized in a more typical manner, when payment is probable and control is transferred to the buyer.

Restated and Revised Retreatment Project Agreements

On March 10, 2021, the Company and its subsidiary, Barplats, entered into updated Retreatment Project Agreements with Union Goal, which included:

The 2021 Revised and Restated Framework Agreement;
The 2021 Revised and Restated Offtake Agreement;
The 2021 Revised and Restated Eastplats Loan Agreement; and
The 2021 Revised and Restated Barplats Equipment and Chrome Plant Agreement.

Summary of chrome production for the three months and year ended December 31, 2022 and 2021:

	Q4 2022	**Q4 2021**	**FY2022**	**FY2021**
Total Tailings Feed (Tons)	**655,011**	597,814	**2,548,785**	2,504,777
Average grade Cr concentrate	**38.64%**	39.29%	**38.73%**	38.71%
Tons of Cr concentrate	**156,738**	149,943	**602,111**	773,273

The financing of the costs of the Optimization Program were agreed in principle with Union Goal during 2020 and formalized as part of the updated agreements signed on March 10, 2021. The timing of completion of the Optimization Program is dependent on receipt of financing from Union Goal.

The Company continues the TSF wall building program, utilizing waste rock and paddocking, to raise the wall to facilitate continued depositing of reprocessed tailings.

PGM Circuits

During 2020, the Company completed the refurbishment of the PGM Circuit D. The Company restarted and began operating the PGM Circuit D during the third quarter of 2020 following the mandatory general lockdown imposed by the Government of South Africa in connection with COVID-19. The Company generated approximately 134 tons of pressed filter cake PGM concentrate and delivered approximately 32 dry tons during 2020. During early January 2021, the Company confirmed the provisional payment terms of the first delivered shipment of pressed filter cake PGM concentrate under the existing PGM Offtake Agreement between Barplats and Impala. These terms confirm the restart of PGM revenue.

Refurbishment work commenced on the PGM Circuit B during April 2021 and the circuit was commissioned in October 2021.

Summary of PGM production for the three months and year ended December 31, 2022 and 2021:

	Q4 2022	**Q4 2021**	**FY2022**	**FY2021**
Tons of PGM concentrate (dry)	**1,337**	905	**5,616**	1,853
PGM ounces produced (6E)*	**2,161**	1,381	**8,670**	3,253

*PGM 6E ounces are estimates until final exchanges and umpire results have been concluded, which can take up to three months.

Project agreement – PGM Circuit H

As mentioned earlier in this MD&A, on January 25, 2022, the Agreement between Barplats and ABT was terminated. The Agreement between Barplats and ABT is the subject of a dispute between the parties and ABT has requested that Barplats enter into arbitration in that regard. On March 31, 2022 the statement of claim from ABT was received as part of the confidential arbitration process and the Company and its advisors are considering this statement of claim for the purposes of filing a response.

Sale of Maroelabult

In March 2022, the Company and its subsidiary, Barplats, completed the sale of the Maroelabult resource property located near Brits in South Africa to Eland Platinum (Pty) Limited ("Eland"), which was entered into during October 2019. The Company sold the mining rights, immovable property, infrastructure and equipment of Maroelabult. Eland paid Eastplats ZAR 20,000 (approximately $1,253) in consideration upon closing and the transfer of legal title, and assumed the rehabilitation obligation and the care and maintenance costs in November 2019. The sale was subject to standard representations and warranties by both parties and various legal and regulatory obligations required in South Africa which took significant time. The closing was also delayed due to COVID-19.

Barplats obtained immediate benefit by reducing its ongoing costs. Eland, without cost to Barplats, was appointed to render the required care and maintenance services for the related assets until closing of the transaction.

The Company will continue to look for opportunities to divest some of its non-core assets to focus its efforts and resources on core projects, primarily regarding the CRM in the short term.

4.2 Mareesburg Project

The Company has experienced delays in completing the legal analysis in relation to its EIA, and plans to continue work on an updated internal project assessment and then follow on with mine design study and technical review, environmental studies and amendments during 2023.

5. Liquidity and Capital Resources

As mentioned earlier in this MD&A, On March 24, 2023, the Company announced its Rights Offering to acquire Common Shares of the Company at the close of business on the record date of April 6, 2023, on the basis of one Right for each Common Share held. Each Right will entitle the holder to subscribe for one Common Share of the Company upon payment of the subscription price of Cdn$0.11 or ZAR 1.4564 per Common Share.

On January 22, 2021 the Company completed a rights offering to its existing shareholders. Eastplats issued 36,841,741 common shares of the Company at a price of Cdn $0.32 per Common Share for rights exercised on the TSX and R3.77 per Common Share for rights exercised on the JSE and raised total gross proceeds of approximately $9,307 (TSX – Cdn $11,364 and JSE – ZAR 5,011). A total of 32,808,630 Common Shares were issued under the basic subscription privilege and an additional 4,033,111 Common Shares were issued under the additional subscription privilege. No Common Shares were issued under a stand-by commitment and no fees or commissions were paid in connection with the distribution.

As at December 31, 2022, the Company had a working capital deficit (current assets less current liabilities) of $39,545 (December 31, 2021 – working capital of $14,596) and short term cash resources of $2,448 (consisting of cash, cash equivalents and short-term investments) (December 31, 2021 – $6,147). The decrease in working capital was mainly due to the Union Goal contract payable of $48,794 being recorded as a current liability in the year. The due date of the contract payable was extended by written agreement on December 31, 2020 to January 14, 2022, and further extended as per the Revised and Restated Union Goal Agreements signed on March 10, 2021 to 210 days after the date of issuing the plant commissioning certificate on the optimization equipment. There is a possibility that the Company can receive the necessary funding from Union Goal and complete the project within the next two months, which would mean the contract payable could become due at the earliest, by the end of 2023. Under the Union Goal Agreements, the Company has purchased the equipment for the Chrome Circuit, subject to a put option if the operating performance of the equipment and chrome plant are not as agreed. The Company can exercise its option to return the equipment and extinguish the debt in full if an agreement on the final purchase price cannot be reached.

The Company's cash and short-term investments decreased by $3,699 as at December 31, 2022 compared to the balance as at December 31, 2021. The decrease was driven mainly from operational activities such as a build-up in inventories with a cash cost of $6,431 and a decrease in cash from trade and other receivables of $5,073, mostly related to amounts owing from the chrome optimization project, as well as from investments in equipment at the CRM of $2,836. These cash outflows were offset by other net operating cash inflows of $4,815, $2,032 in cash received from the disposal of assets including the Maroelabult sale, and an increase in the Union Goal credit facility of $1,176.

The Retreatment Project, in relation to the recovery of chrome concentrate at CRM, is in steady operation and has been operating for over three years. The Company was also able to begin operations via PGM Circuit D in December 2020 and commissioned PGM Circuit B in October 2021 to deliver PGM concentrates under the PGM Offtake Agreement with Impala. The CRM underground and all other properties and projects are under care and maintenance or are at an earlier stage of development.

As the Company continues to operate the Retreatment Project, there remains material uncertainty as to whether the Company will be able to achieve sufficient cash inflows to meet its expected obligations in the next 12 months. Although management expects to fully meet its payment obligations as they become due, a further re-financing of the contract payable debt may need to be negotiated with Union Goal. Other sources of financing may also be required and are actively being pursued.

Significant judgments and estimates are involved in projecting the future cash flows including the level of production of the Retreatment Project or other operations. The Company has recently closed a finance facility with Investec, previously raised funds through a rights offering and on March 24, 2023, announced a new rights offering, but additional funding may be required to advance the larger PGM development opportunity for commencing underground production at the CRM, continued development of the Mareesburg Project or other development in the Eastern Limb Projects to bring them into production.

The Company's cash forecasts include certain assumptions; there exists liquidity risk (See section 8 (c)(v)) if certain of these assumptions do not hold. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansionary plans.

The Company has approved $501 in capital funding at December 31, 2022 to complete the chrome plant optimization and Phase 2 construction of the TSF dam lifts. The Company approved its 2023 budget in January 2023 to execute the corporate objectives discussed in Section 5.1 of this MD&A. The Company's 2023 objectives are expected to be funded through a combination of existing working capital, funds from current operations, and through additional financing. Approval of the capital required to restart the Zandfontein underground operations will be submitted upon a successful fundraise.

The uncertainty around COVID-19 and other global challenges such as inflation and rising interest rates may impact fundraising in the future.

5.1 Outlook

The Company's CRM Retreatment Project in South Africa was operating without restrictions at December 31, 2022 and as of the date of this MD&A. The Company restarted PGM Circuit D during Q4 2020 and PGM Circuit B was commissioned in October 2021. Eastplats continues to deliver PGM concentrates under its offtake agreement with Impala.

In July 2022, with the consent of Union Goal, the Company began stockpiling chrome concentrate inventory and negotiating third-party sales. The Company completed its first third-party sales of chrome concentrate in Q4 2022.

The Company continues to work with Union Goal on the Optimization Program which is expected to be completed during 2023 pending funding from Union Goal. This, however, is also predicated on Union Goal's ability to provide funding to reduce the Company's outstanding trade receivable balance. A default on the receivable or lack of payment from Union Goal could have a significant impact not only on the instrument credit risk adjustments recorded to date but on the Company's liquidity as a whole. With the consent of Union Goal, the Company has begun making third-party sales of the chrome concentrate produced at the CRM. However, continued delays in payment by Union Goal of the outstanding trade receivable balance may require the Company to re-evaluate the fair value of the contract payable, re-evaluate the exclusivity of the contract, and could lead to a renegotiation/change of the Union Goal contracts, including target completion dates for the Optimization Program and payment by the Company of the related loans owing to Union Goal. The Company still expects to receive all monies owed to it and will pursue all commercial options available to it to collect these amounts, which may include offsetting Eastplats' accounts receivable with the Union Goal accounts payable to realize on our outstanding receivable, an option available to Eastplats as part of the Framework Agreement with Union Goal. The Company will continue to keep shareholders informed of these risks and the Company's chosen course of action in due course.

The Company remains vigilant in continuing its high standards in regards to maintaining safe operations. Although the current outlook is positive due to reduced COVID-19 restrictions, all operations could be affected by new COVID-19 issues or new lockdown directives in South Africa. The Company will update its forecasts following the completion of the Optimization Program. The effects of COVID-19 are changing and could have material effects on the Company's outlook and its ability to attain targets.

The Company's targets for 2023 are as follows:

- Operate and optimize the PGM Circuits (ongoing);
- Raise capital to restart Zandfontein underground operations at the CRM (ongoing);
- Operate and optimize the Retreatment Project and maximize returns (ongoing)
    - Completion of the Optimization Program for the Retreatment Project (ongoing)
    - Assess the value for continued use of the chrome recovery plant after optimization (initiated);
- Completion of the second phase of the TSF capital works program (ongoing);
- Advance the Mareesburg project environmental work to complete the legal analysis on the EIA and other environmental studies and amendments (ongoing);
- Continue prospecting and assessment work in relation to Zandfontein, Crocette and Spitzkop ore bodies (ongoing);
- Commission Main Plant Circuit A for underground operations; and

- Update other capital assessments upon completion of capital fundraising.

Care and maintenance with respect to the underground portion of the CRM will continue while the Company raises funds for the underground operations restart. Eastplats completed a life-of-mine study and underground mine design for Zandfontein and the Board of Directors supported carrying out the Zandfontein underground restart business plan, subject to final evaluation and funding arrangements. Care and maintenance will also continue for the Company's Eastern Limb Projects for 2023. The Company is actively looking at opportunities for its other assets including continuing to explore options to utilize or monetize these assets.

The Company continually reviews, as appropriate, its other assets and the larger PGM market developments beyond the near term. All decisions will be made based on long-term economic determinations. Any restart of projects currently under care and maintenance would require additional funding that may or may not be available to the Company or require changes to the current operations at the CRM.

With respect to the Mareesburg project, subject to the completion of the legal analysis in relation to its EIA, the Company plans to work on an updated internal project assessment during 2023 and then follow on with mine design study and technical review, environmental studies and amendments. This may lead to the possible development of the Mareesburg open cast mine, subject to capital requirements and the availability of financing.

Potential funding for any of the possibilities discussed above may include debt financing arrangements, joint venture or other third-party participation in one or more of these projects, or sales of equity or debt securities of the Company. Any additional financing may be dilutive to shareholders of the Company, and debt financing, if available, may involve restrictions on financing, investing and operating activities. There can be no assurance that additional funding will be available to the Company when needed or, if available, that this funding will be on acceptable terms. If adequate funds are not available, including funds generated from any producing operations, the Company may be required to further delay or reduce the scope of these development projects or mining operations.

5.2 Share Capital

On January 22, 2021 the Company completed a rights offering to its shareholders and issued 36,841,741 common shares at a price of Cdn$0.32 per share. Total gross proceeds of approximately $9,307 (TSX – Cdn $11,364 and JSE – ZAR 5,011) were raised.

In February 2021, 40,000 warrants were exercised at Cdn$0.24 per common share.

In July 2021, 300,000 stock options were exercised at a price of Cdn$0.21 per share for total proceeds of $50.

On June 3 2022, the Company extended the expiry date of 5,960,000 of its outstanding warrants originally issued on June 26, 2020, by one year to June 26, 2023. All other terms remained unchanged. The Company recorded a share-based compensation expense of $110 in the second quarter of 2022.

On July 8, 2022, the Company announced that it granted 1,870,000 stock options to directors, officers, and employees of the Company that vest in 90 days. The options were granted for a term of five years and expire on July 6, 2027. Each option allows the holder to purchase one common share of Eastplats at an exercise price of Cdn$0.23.

On August 1, 2022, an additional 80,000 stock options were granted to an officer of the Company that vest in 90 days. The options were granted for a term of five years and expire on August 1, 2027. Each option allows the holder to purchase one common share of Eastplats at an exercise price of Cdn$0.23.

During Q4 2022 and YTD 2022, a total of $nil and $146 (Q4 2021: $nil; YTD 202 - $228) was recorded as share-based compensation expense relating to employee stock options.

During Q4 2022 and YTD 2022, a total of 840,000 and 4,090,000 stock options expired.

As mentioned earlier in this MD&A, the Company announced the Rights Offering to its shareholders to acquire common shares of the Company on March 24, 2023.

As at the date of this MD&A, the Company had:

- 137,820,773 common shares issued and outstanding;
- 5,960,000 warrants outstanding; and
- 3,200,000 stock options outstanding as listed as follows:

Table 3

Options outstanding	Options exercisable	Exercise price Cdn$	Remaining Contractual Life (Years)	Expiry date
100,000	100,000	0.39	0.06	April 26, 2023
450,000	450,000	0.21	1.20	June 13, 2024
450,000	450,000	0.37	2.54	October 16, 2025
650,000	650,000	0.34	3.22	June 23, 2026
1,550,000	1,550,000	0.23	4.26	July 6, 2027
3,200,000	3,200,000		3.25	

5.3 Contractual Obligations, Commitments and Contingencies

The Company's major contractual obligations and commitments as at December 31, 2022 were as follows:

Table 4

(in thousands of U.S. dollars)	Total	Less than 1 year	1 - 5 years	More than 5 years
	$	$	$	$
Provision for environmental rehabilitation (i)	4,033	—	—	4,033
Lease obligations (ii)	2,337	1,735	602	—
Contracts payable (iii)	52,765	52,765	—	—
Other obligations (iv)	8,101	8,101	—	—
Capital expenditure and purchase commitments (v)	130	130	—	—
	67,366	62,731	602	4,033

(i) Environmental rehabilitation provision over the life of mining operations and amounts shown are estimated expenditures at fair value, assuming weighted average credit adjusted risk-free discount rates of 11 - 12% and an inflation factor of 5.21%.

(ii) Lease contracts for mining equipment relating to CRM operations and office space at head office. The amount shown is the undiscounted minimum lease payment.

(iii) Union Goal equipment and construction financing relating to the Retreatment Project. The amount shown represents the undiscounted payment based on the agreed nil interest rate until the due date according to the 2021 Updated Retreatment Project Agreement. The due date is 210 days after the date of issuing the plant commissioning certificate when the optimization program is completed and commissioned, which is estimated to be the end of 2023. The terms in details are more fully described in Note 15 Contracts payable of the audited financial statements for the year ended December 31, 2022.

(iv) Other obligations consist of trade and other payables and the draw on the Investec finance facility.

(v) Capital expenditure and purchase commitments contracted at December 31, 2022 but not recognized on the consolidated statement of financial position.

Petition by 2538520 Ontario Limited to File a Derivative Action against the Company

On November 6, 2018, the Company received a petition filed with the Supreme Court of British Columbia, by 2538520 Ontario Limited ("253"), a shareholder of the Company, seeking leave from the court to commence a derivative action on behalf of the Company against certain of its current and former directors in relation to the approval of the transactions between the Company and Union Goal. The Board of Directors of the Company formed a Special Committee to review the petition and make a recommendation on the appropriate action. Following its detailed review of this matter, the Special Committee of the Board of Directors recommended opposing this petition, and this recommendation was accepted by the Board of Directors. As such, the Company filed its opposition to the petition and was provided security for costs. In June 2019 the petition was heard by the court and was dismissed on August 27, 2019. On September 27, 2019, the petitioner filed an appeal of the judgment which was heard on June 1, 2020 and dismissed on November 16, 2020. In January 2021, 253 sought leave to appeal to the Supreme Court of Canada, which declined to hear the appeal. The Company sought recovery from 253 of the costs incurred in responding to 253's unsuccessful petition and appeal. The Company settled on an amount of costs to be paid by 253, which 253 paid in April 2022.

Further litigation by 2538520 Ontario Limited against the Company

On February 7, 2020, 253 and its CEO, Rong Kai Hong, (the "Plaintiffs") filed a further claim regarding various allegations, including that the Company was acting to oppress the Plaintiffs' rights among other claims. The Plaintiffs seek, among other relief, orders requiring a change to the Company share ownership, election of new Directors, several changes to senior management and damages of US$50,000 (or such greater amount as may be proven at trial) from the Company, certain present and former Directors and Officers, and separately seven other listed defendants. On June 11, 2021, the Plaintiffs filed an amended claim in response to an imminent application from the Company and its directors and officers to dismiss the claim as an abuse of process. The Plaintiffs agreed to a consent dismissal of the claims against the non-executive directors and struck a substantial portion of the contents of their notice of civil claim. Claims against the Company, certain senior management as well as claims against certain other parties remain extant**.** An application with respect to service on other parties was heard in February 2022 and the Supreme Court of British Columbia determined on June 30, 2022 that those other parties have been properly served. Counsel for 253 and Hong demanded that certain parties deliver responses to the civil claim by no later than July 31, 2022, failing which 253 and Hong would seek default judgment. No responses have been filed as of the date of this MD&A, however, the Plaintiffs have not sought default judgment, instead applying for an order requiring that responses be filed. That application was adjourned and responses to civil claim by those certain parties remain outstanding.

The Company intends to apply to dismiss the lawsuit. No provision is made in the Company's consolidated financial statements as the Company assessed the allegations have no merit.

Litigation by Xiaoling Ren against the Company

During December 2020, the Company received a petition filed with the Supreme Court of British Columbia, by Xiaoling Ren, a shareholder of the Company, seeking leave from the court to commence a derivative action on behalf of the Company against certain of its current and former directors, interest in accordance with the Court Orders Interest Act, R.S.B.C. 1996, c.79, costs, and such further and other relief as the Supreme Court deems just. Ms. Ren is represented by the same law firm that filed a similar petition in November 2018 for 253, which was dismissed in 2019, the appeal denied by the British Columbia Court of Appeal in November 2020, and application for leave to appeal to the Supreme Court of Canada denied in May 2021. The Company filed a response seeking a dismissal of the petition as an abuse of process.

On March 16, 2023, the British Columbia Supreme Court released reasons for judgment indexed at 2023 BCSC 404. While no order is to be entered at this time, the reasons for judgment indicate that the court has denied Eastplats' application to dismiss the petition as an abuse of process but held that leave to commence a derivative action against certain current and former non-executive directors George Dorin, Michael Cosic, Bielin Shi, Shen (Sam) Wang, Xin (Alex) Guan and Nigel Dentoom was denied. The reasons for judgment indicated that leave to commence the derivative action proposed at the hearing against former CEO, Diana Hu, was also denied but that Ms. Ren may prepare and submit a fresh draft notice of civil claim setting out a proposed derivative action. Ms. Ren has submitted the fresh notice of civil claim, which is being reviewed and assessed by the Company and its advisors. It is not possible to provide a further evaluation of the claim as of the date of this MD&A.

2016 BEE Buyout Transactions

On June 30, 2016, two days after concluding agreements for the sale of Crocodile River Mine (which agreements were subsequently terminated), the former management of the Company purportedly entered into a number of agreements (the "2016 BEE Buyout Transactions") with Ingwenya and Serina (collectively the "Vendors") to acquire or cancel all of the interests previously held by the Company's black economic empowerment partners (the "BEE Partners") in the Company's South African projects except for the

17.65% equity interest in Afrimineral Holdings (Pty) Ltd. ("Afrimineral") for a total of $13,367. The Vendors represented to the Company and to its relevant subsidiaries that the Vendors are or will be the registered and beneficial owners of the respective equity interests in the Company's South African projects as at the closing date defined under the 2016 BEE Buyout Transactions. The 2016 BEE Buyout Transactions consist of the acquisition of (i) 44.12% equity interest in Gubevu Consortium Investment Holdings (Pty) Ltd ("Gubevu") for a total of $8,955 and an 18% equity interest in Lion's Head Platinum (Pty) Ltd. ("Lion's Head") for $1,099 from Ingwenya; and (ii) 8% interest in Lion's Head for $502, a 5.89% equity interest in Gubevu for $1,194 and a 33.35% equity interest in Afrimineral for $1,617 from Serina.

In 2017, the Company was advised on behalf of the BEE Partners that they no longer considered themselves as the Company's BEE Partners. However, the Company was not provided with all of the background details and documents concerning those arrangements and was unable to otherwise confirm or document that result. In 2020, the Company was provided with certain documents and records confirming that Serina, Ingwenya and the BEE Partners had purportedly agreed to nullify and reverse the transactions among them with the result that the BEE Partners' interests (save for the 17.65% equity interest in Afrimineral) had reverted to Serina and Ingwenya, effective as of June 2017.

The Company notes that as a result of the foregoing, it had sufficient documentation and other representations to allow it to confirm and record that it no longer had BEE Partners as of June 2017 and any interest purportedly held by Serina and Ingwenya could be considered transferred. South African mining regulations require certain levels of black economic empowerment ("BEE") shareholdings from a party granted mining rights. The Company believes that it was and is in compliance with the applicable BEE requirements throughout the relevant time under the "once empowered, always empowered" principle under the applicable South African mining laws, as stated in September 2021 by the High Court (Gauteng Division, Pretoria) in South Africa as a result of a court challenge by the Minerals Council of South Africa. This judgment decided that this principle applied to the renewal of existing mining rights. Given the time that has passed since the judgement and due to statements made by certain officials, it is unlikely that this judgment will be appealed. However, there is a risk that the effect of this Court decision could be changed by legislative means in the future, and further direction in this regard is awaited from the Department of Mineral Resources and Energy ("DMR"). Failure to address any such alleged non-compliance may negatively impact the Company's operations and the value of its assets. No provision is made in the consolidated financial statements and the Company remains committed to working with the DMR to ensure ongoing compliance.

Claim against Serina and Ingwenya

On June 7, 2018, the Company filed a claim in the Supreme Court of British Columbia against Serina and Ingwenya in relation to the payment of $13,367. The Company filed an application for default judgment against Serina in the British Columbia Supreme Court in December 2018, and default judgment was granted in 2019. The Company has been unable to successfully contact either Serina or Ingwenya to date. The Company has been advised that recovery of the funds or judgement appears remote. No amount has been accrued on the Company's financial statements for this claim as it would be a contingent amount if successful.

Previous Claims against former Directors and Officers

On October 7, 2020 the Company filed an amended notice of civil claim (original notice filed on June 7, 2018) in the Supreme Court of British Columbia against certain former officers and directors of the Company, which updated the specifics of the claim and added two defendants, which are companies related to former officers. The amended notice of civil claim alleges that the former officer and directors purported to enter into agreements with Serina and Ingwenya on behalf of the Company pursuant to which $13,367 was transferred without consideration and without any apparent benefit to the Company and in doing so breached their duties as directors and officers of the Company. Eastplats sought damages from the former directors and officers on a number of legal grounds.

As a response to this claim, the former directors and officers filed a counterclaim denying liability and seeking indemnity. The Company filed its defence to oppose this counterclaim.

On June 21, 2021, the Company announced it had agreed with the defendants to settle and dismiss the outstanding lawsuits and to settle certain related disputes including the counterclaim. The settlements provided for an amount of $3,258 (Cdn$4,000) in cash to be paid to the Company. The terms of the settlements are confidential and no party to them has admitted any wrongdoing or liability. No further amounts can be claimed under the settlement.

Claim dispute regarding Spitzkop

The Company has received a notice from the DMR on October 25, 2018 of an appeal launched with the DMR with respect to the Company's mineral license issued in 2012 relating to the Spitzkop property. In addition, the claimant has launched an appeal against a water use license and a related review application in respect thereof in the High Court in South Africa. The Company, with the assistance of counsel, is addressing this matter and intends to defend this issue related to the issued mineral rights and water use license of Spitzkop. Further to this, the Company and the claimant are currently engaging to amicably resolve this matter and it does not expect that it will result in a cash outflow by the Company in the foreseeable future.

Project Agreement – PGM Circuit H

In July 2020, Barplats entered into an Agreement with ABT, an organization recognized as a BEE Entrepreneur, to complete an independent feasibility study for the Circuit H Project. The Agreement between Barplats and ABT is the subject of a dispute between the parties and ABT has requested that Barplats enter into arbitration in that regard. On March 31, 2022 the statement of claim from ABT was received as part of the confidential arbitration process and the Company and its advisors are considering this statement of claim for the purposes of filing a response. No provision is made in the Company's consolidated financial statements as it is not possible to provide a further evaluation of the claim as of the date of this MD&A.

General

The Company is subject to claims and legal proceedings arising in the ordinary course of business activities, each of which is subject to various uncertainties and it is possible that some of these matters may be resolved unfavourably to the Company. For matters that are probable and can be reasonably estimated, the Company establishes provisions in its financial statements. When evaluating legal proceedings that are pending against the Company, the Company and its legal counsel assess the perceived merits of the legal proceedings along with the perceived merits of the amount of relief sought. It is management's opinion that there are currently no other claims expected to have a material effect on the results of operations or financial condition of the Company and therefore no accrual is provided.

6. Related Party Transactions

Summarized as follows is a list of related parties with whom the Company had transactions with for the three months and year ended December 31, 2022 and 2021, as well as a description of the nature of the services provided therein.

The Company incurred the following fees and expenses in the normal course of operations in connection with certain companies owned by current and former officers and directors. Expenses have been measured at the exchange amount which is determined on a cost recovery basis.

Table 5

(Expressed in thousands of U.S. dollars)	**Three months ended December 31**		**Year ended December 31**	
	2022	2021	**2022**	2021
	$	$	**$**	$
Trading transactions				
Director fees	**48**	40	**189**	161
Management fees	**-**	63	**329**	342
Share-based payments	**-**	-	**75**	126
Total	**48**	103	**593**	629
Compensation of key management personnel				
Remuneration	**89**	262	**806**	1,299
Payment to former management	**170**	-	**595**	-
Share-based payments	**-**	-	**68**	135
Total compensation of key management personnel	**259**	262	**1,469**	1,434

The Company had a consulting agreement with Oriental Fortune Consulting Services Limited ("Oriental Fortune") which is controlled by the Company's former Vice President ("VP"). The Company agreed to pay $21 per month to Oriental Fortune for management consulting services rendered. The consulting agreement was terminated on August 16, 2022. During the year ended December 31, 2022, Oriental Fortune received a bonus payment of $41 (2021 – $88) and a contract termination payment of $132.

The Company's key management includes the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the VP, and the Chief Operating Officer ("COO**")**. Key management personnel were not paid post-employment benefits or other long-term benefits in Q4 2022 and FY2022 and the comparative periods of 2021.

7. Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting impact on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Furthermore, the continued impact of COVID-19, with its combined health toll and sharp decline of economic output in certain sectors, is unprecedented and the full extent of the impact will depend on future developments. These developments are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning its severity, its duration and actions by government authorities to contain the outbreak or manage its impact. As a result, it is possible that circumstances may arise which cause actual results to differ from the estimates and judgments applied in these consolidated financial statements, and such differences affecting Eastplats future financial position and results cannot be determined at this time.

The Company has three reportable segments – the CRM, the Eastern Limb Projects and Corporate. The Eastern Limb Projects consist of the KV, Spitzkop and Mareesburg projects. Corporate operations in Barbados, BVI and Canada collectively are the Corporate segment. All of the reportable segments have consistently applied the same accounting policies as disclosed in Note 4 of the Company's consolidated financial statements.

Areas of significant judgment and estimates made by management for the year ended December 31, 2022 are as summarized as follows**:**

Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

(i) Impairment

Impairment of property, plant and equipment is based on the Company's estimate of the recoverable amount of the underlying cash generating unit. The estimate of recoverable amounts of a cash generating unit involving a mineral property is a complex estimate involving significant judgement and assumptions including analyzing the observable market transactions with the comparable assets, analyzing appropriate offtake contracts, estimating the quantity and grade of the recoverable reserves and resources, future production timing, rates and operating costs, future capital requirements, future metal prices, discount rates, and appropriate foreign exchange rates. The estimate of the quantity and grade of the recoverable reserves and resources involves assumptions about mining costs and metal prices, and is based on information compiled by appropriately qualified persons relating to data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. If any of these estimates or assumptions prove to be inaccurate, or if the Company's operating plans are revised in the future, there could be a material impact on the estimated fair value of a mineral property.

Since 2016, management reassessed how the Eastern Limb projects would be brought to further development and into production, and concluded to advance the three Eastern Limb properties (consisting of KV, Spitzkop and Mareesburg) separately rather than concurrently. Therefore, it was determined that the Eastern Limb Projects comprised three independent CGUs. As such, for the purposes of the Company's impairment testing from 2017 onwards, management identified CRM, KV, Spitzkop and Mareesburg each as separate CGUs. There are no changes to the Company's CGUs in 2022 and 2021. Determination of the CGUs requires significant estimates and judgements.

During the year ended December 31, 2022, management determined that the continued weakness in the Company's share price during 2022, resulting in the Company's market capitalization being below the carrying amount of the net assets of the Company, constituted an impairment indicator. As such, impairment tests were performed at December 31, 2022. Based on this analysis, the Company concluded its assets were not impaired. The significant assumptions utilized in the Company's impairment analysis are discussed in further detail in Note 6(f) of the Company's consolidated financial statements.

(ii) Environmental rehabilitation provision

Environmental rehabilitation obligations have been estimated by appropriately qualified external persons based on the Company's interpretation of current regulatory and best practice requirements and have been measured at the net present value of expected future cash expenditures that would be required upon mine closure. These estimates require significant judgement about the nature, cost and timing of work to be completed, and may change with future changes to costs, environmental laws, regulations and remediation practices and the expected timing of remediation work. The details of assumptions used in calculating the Company's environmental rehabilitation provision are disclosed in Note 16 of the Company's consolidated financial statements.

(iii) Union Goal Contracts

The Company purchased the Chrome Circuit equipment based on the Union Goal Contracts in connection with construction, remining and processing of the tailings resource, and the subsequent offtake of chrome concentrate from the Barplats Zandfontein UG2 tailings facility (the "Retreatment Project"). The Chrome Circuit equipment is subject to put and call options in the event that either party is not satisfied with the agreed pricing or performance of the Chrome Circuit equipment during the initial contract period. There are significant estimates and uncertainties involved in assessing the future performance of the Chrome Circuit equipment and the total economic assessment of the project. The Retreatment Project has an estimated remaining life of approximately 2 years based on estimated production. Management believes the Chrome Circuit equipment can be utilized after the completion of the Retreatment Project. Therefore, the Chrome Circuit equipment is amortized based on the unit of production with the total production estimated inclusive of the projected underground ore tonnage.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

(i) Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currencies of the Company and its South African subsidiaries are the Canadian dollar and South African Rand, respectively as these are the currencies of the primary economic environment in which the companies operate.

(ii) Provision and contingency

The Company is subject to claims and legal proceedings arising in the ordinary course of business activities, each of which is subject to various uncertainties and it is possible that some of these matters may be resolved unfavourably to the Company. For matters that are probable and can be reasonably estimated, the Company establishes provisions in its consolidated financial statements. When evaluating legal proceedings that are pending against the Company, the Company and its legal counsel assess the perceived merits of the legal proceedings along with the perceived merits of the amount of relief sought. Management assesses the probability of liability being payable as either remote, more than remote or probable. If liability is considered to be less than probable, then the liability is not recorded and it is only disclosed as a contingent liability.

(iii) Liquidity risk

The Company has been successful in obtaining significant equity and other financings since inception and intends to continue financing its future requirements through re-mining and processing of the tailings resource and through a combination of equity, debt and/or other arrangements. These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from December 31, 2022. However significant judgements and estimates are involved in projecting the future cash flows including the level of production of the Retreatment Project and PGM production. The Retreatment Project is also dependent on its operating cash inflows from Union Goal, its key offtaker of chrome concentrate (see Note 15(d) of the consolidated financial statements), in order to fund its current operating activities and eventually fulfill all obligations under the Framework Agreement. The Union Goal contract payable is estimated to become due in Q4 2023. Although management expects to fully meet its payment obligations, a further re-financing of the debt may be negotiated with Union Goal.

8. Financial Instruments and Other Instruments

(a) Management of capital risk

The capital structure of the Company consists of contracts payable, equity attributable to common shareholders, comprised of issued capital, equity-settled employee benefits reserve, deficit, and accumulated other comprehensive loss. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

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 attempt to issue new shares, increase the amount of the contracts payable or acquire or dispose of assets.

The Company is not subject to any capital requirements imposed by any other party.

(b) Fair value of financial instruments

(i) Fair value estimation of financial instruments

The fair values of cash and cash equivalents, restricted cash, trade and other receivables, short-term investments, other assets, trade and other payables approximate their carrying values due to the short-term to maturities of these financial instruments.

Contracts payable and lease liabilities required assessing the appropriate market interest rates on the liabilities. Financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. The Union Goal contracts payable did not contain any derivatives that required bifurcation and measurement at fair value through profit and loss.

(ii) Fair value measurements recognized in the consolidated statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into a hierarchy based on the degree to which the fair value is observable. Level 1 fair value measurements are derived from unadjusted, quoted prices in active markets for identical assets or liabilities. Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly. Level 3 fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

There were no transfers between levels during the three months and year ended December 31, 2022 and 2021.

(c) Financial risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Company's exposure to these risks and its methods of managing the risks remain consistent since year end.

(i) Currency risk

The Company is exposed to foreign exchange risk as the Company undertakes certain transactions and holds assets and liabilities in currencies other than its functional currencies. The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations. The Company's exposure to currency risk affecting net income is summarized in Table 6 as follows:

Table 6

	December 31 2022 $	December 31 2021 $
Financial assets		
Denominated in USD at South African subsidiaries	**5,050**	2,155
Denominated in USD at Canadian head office	**-**	1
Denominated in Rand at Canadian head office	**21**	-
Total	**5,071**	2,156
Financial liabilities		
Contracts payable denominated in Rand at Canadian head office	**6,549**	6,340
Contracts payable denominated in USD at South African subsidiaries	**42,245**	43,574
Total	**48,794**	49,914

As at December 31, 2022, with other variables unchanged, a 10% strengthening (weakening) of Canadian dollars against the South African Rand would have increased (decreased) net income by approximately $593; with other variables unchanged, a 10% strengthening (weakening) of the South African Rand against U.S dollars would have increased (decreased) net income by approximately $3,381.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. On November 10, 2022, the Company announced it had signed a finance facility agreement with Investec providing a secured credit facility of up to $6.1 million (ZAR 110 million) with an interest rate set at the Johannesburg Interbank Average Rate ("JIBAR") + margin agreed between the Company and Investec. The Company has drawn $1,910 (ZAR 34,116) as of the date of this MD&A. The Company is also exposed to interest rate risk on its short-term investments. The risk that the Company will realize a loss as a result of a decline in the fair value of short-term investments is limited because these investments, although financial assets, will mature within 12 months from the year end and are generally not sold before maturity. The Company also staggers the maturity dates of its investments over different time periods and dates to minimize exposure to interest rate changes. The Company monitors its exposure to interest rates and has not entered into any derivative financial instruments to manage this risk. The sensitivity of the Company's net earnings due to changes in interest rates is not significant.

(iii) *Commodity price risk*

The Company's PGM concentrate sales are exposed to commodity price risk with respect to fluctuations in the prices of platinum group metals going forward. Prior to January 1, 2021, the Company did not have material revenues from PGM concentrate sales. Chrome concentrate sales are structured based on the tonnage processed referenced to the long-term chrome concentrate commodity price according to the Union Goal contract. As management is in the process of considering and evaluating its rights under the various agreements with Union Goal, the Company may be exposed to commodity price risk with respect to fluctuations in the prices of chrome going forward.

(iv) Credit risk and concentration risk

Credit risk is the risk of an unexpected loss if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, trade and other receivables and other assets. The carrying value of these assets included in the consolidated statements of financial position represents the maximum credit exposure.

Substantially all of the Company's revenues in FY2022 were from two customers, of which the chrome concentrate production revenue was solely from Union Goal up until Q3 2022, and PGM revenue was solely from Impala. There is both a credit risk and concentration risk associated with the collection of revenue from Union Goal. This risk is mitigated due to the addition of third-party sales initiated in the second half of 2022 as well as the contract structure and the significant outstanding contracts payable due to Union Goal.

The trade and other receivable balances are monitored on an ongoing basis. The Company seeks to maintain strict control over its outstanding receivables to minimize credit risk. Provision for doubtful debts is calculated based on the payment history. The Company has been actively communicating with Union Goal regarding its trade receivable balance. A provision was recorded in Q1 2022 and updated for Q4 2022. Although the Company continued to receive payments from Union Goal in 2022, its trade receivable balance has become a significant portion of the Company's current assets. Further increases in this balance may impact the viability of the Retreatment Project. Management is in the process of considering and evaluating its rights under the various agreements with Union Goal.

With respect to credit risk arising from cash and cash equivalents and other assets, the Company limits its counterparty credit risk on these assets by dealing only with financial institutions with strong credit ratings.

(v) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansionary plans. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments.

The Company started generating revenue from its Retreatment Project in December 2018, and at consistent levels since May 1, 2019. Despite the Retreatment Project and the forecasted PGM production cash flows, CRM underground remains in care and maintenance and all other properties and projects are on hold. The Company also generated some income from interest on investments and other income from the sale of non-core properties; although not expected to be significant, some of this income will be recurring in 2023 and in future years. The Company also holds a secured credit facility which can provide financing up to $6.1 million (ZAR 110 million). At December 31, 2022, the credit facility had a balance owing of $2.9 million (ZAR 50.1 million). There remains material uncertainty that the Company will be able to achieve sufficient cash flows to cover the Company's expected obligations for the next 12 months. Additional funding will be required in the future to commence underground production at CRM, and to develop and bring the Eastern Limb Projects into commercial production. Settlement of the contract liability payable to Union Goal, with a calculated due date in late 2023, may also require additional funding, refinancing or renegotiation with Union Goal.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. Table 4 summarizes the Company's significant commitments and corresponding due dates.

9. Application of New and Revised IFRS

Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use

Amendments were issued to IAS 16 to (i) prohibit an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use, (ii) clarify that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset; and (iii) require certain related disclosures. The amendments were effective January 1, 2022. These amendments did not affect the Company's financial statements.

Several other amendments and interpretations were applied for the first time in 2022 but did not have an impact on the consolidated financial statements of the Company, while the standards and amendments to standards and interpretations which have been issued but are not yet effective are not expected to have a significant effect on the Company's consolidated financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

10. Off-Balance Sheet Arrangements

As at December 31, 2022, the Company had not entered into any off-balance sheet arrangements.

11. Internal Control Over Financial Reporting and Disclosure Controls and Procedures

Disclosure Controls and Procedures

The CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("DCP") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been recorded, processed, summarized and disclosed in a timely manner in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements.

The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that based on this evaluation, our disclosure controls and procedures are not effective at a reasonable assurance level due to the material weakness described below in Internal Control over Financial Reporting.

Internal Control over Financial Reporting

The CEO and the CFO have designed, or caused to be designed under their supervision, the Company's internal controls over financial reporting ("ICFR") in order to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS").

A material weakness is a control deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement in the annual or interim financial statements will not be prevented or detected on a timely basis.

The CEO and CFO have evaluated the effectiveness of the Company's ICFR as at December 31, 2022 based on *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") for the Company as a whole. The assessment incorporated the review of the South African operations and all of the other subsidiaries of the Company in regards to ICFR. Based on this assessment, and as a continuance of the material weakness described below, our management concluded that, as of December 31, 2022, the Company's internal control over financial reporting was not effective based on those criteria because a material weakness in internal control over financial reporting existed as of that date.

Management previously reported a material weakness in the Company's internal controls over financial reporting as at September 30, 2022, resulting in the restatement of the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2022. Management did not, at the time, identify the changes in circumstances with respect to the shipping of chrome concentrate produced at the CRM to be a key factor in the analysis when applying the revenue recognition criteria under IFRS 15. As a result, the Company restated its Q3 2022 results and filed amended interim financial statements and an amended Management's Discussion & Analysis on March 20, 2023.

The control deficiency was concluded to be operational in nature. Management is remediating this control deficiency with the implementation of additional review and oversight procedures with respect to the preparation and review of all new or amended sales arrangements and the corresponding revenue amounts included in the financial statements. The material weakness cannot be considered fully remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Limitation of Controls and Procedures

The Company's management, including its CEO and CFO, believe that any DCP and ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override to the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any control system will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective, control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control over Financial Reporting

There have been no changes to our internal control over financial reporting, other than pertaining to the material weakness described in Internal Control over Financial Reporting, for the fiscal year ended December 31, 2022, that could have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

12. Risk Factors

The exploration of mineral deposits involves significant risks and uncertainties. A comprehensive list of risk factors relating to the Company's business is provided under the heading "Risk Factors" in the Company's AIF for the year ended December 31, 2022, which is available under the Company's profile on SEDAR at www.sedar.com.

Global Factors

The Company's business could be significantly adversely affected by geopolitical risks and events, inflation, rising interest rates and the continuing effects of the global COVID-19 pandemic. The effects of COVID-19 are changing rapidly and the consequences of future shutdowns cannot be reasonably estimated at this time but could have material adverse effects on the Company's business, liquidity and cash flows. The Company has provided specific information in the December 31, 2022 AIF in relation to the risks and possible effects to its operations and business in relation to COVID-19.

13. Non-GAAP Measures

This MD&A may include certain terms or performance measures commonly used in the mining industry that are not defined under IFRS as issued by the International Accounting Standards Board, which is incorporated in the CPA Canada Handbook. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance. Any such data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Any such non-GAAP measures should be read in conjunction with our financial statements.

14. Cautionary Statement on Forward-Looking Information

This MD&A contains certain "forward-looking statements" or "forward-looking information" (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. This MD&A contains forward-looking statements, pertaining to, among other things: profitability; the Company's targets for 2023; forecast of operational activity and optimization of the Retreatment Project; estimated operations and production of the PGM Circuits; estimated ramp-up or upgrades to the PGM Circuits; establishment of the second phase of the TSF capital works program; potential additional revenue growth and gross margin improvement from the PGM Circuits; execution of the Zandfontein Underground restart business plan and related funding; Mareesburg project environmental work to complete the legal analysis on the EIA and other environmental studies and amendments; prospecting and assessment work in relation to Zandfontein, Crocette and Spitzkop ore bodies; EIA and assessment work regarding a vertical furnace and pelletizer of chrome concentrate; CRM underground assessment including all chrome recovery activities in relation to the Retreatment Project; the Company's plans for its properties; the resolution of current litigation; the 2016 BEE Buyout Transactions and all related transactions; the pandemic and COVID-19 issues currently occurring; the seasonality of the Company's operations; the continuing impact of adverse economic factors on the South African PGM industry; the potential restarts of the CRM if there is a sustained strengthening of PGM prices and a marked improvement in the South African operating environment; the possibility of restarting the development of the Mareesburg open cast mine; the possibility of developing the Kennedy's Vale and Spitzkop project in the future; the requirement of additional funding to bring projects into production and how that funding will be attained; estimated resources and reserves; economic assessments; extension of the life of the Retreatment Project; estimated costs and timelines of construction; estimated operations; capital costs and payment terms related to the Chrome Circuit and PGM Circuits; estimated timelines for revenue, production and anticipated capital costs; test work results; the possibility of any impairment or reversal of impairment if there are any changes to future market conditions and commodity prices; the composition of G&A costs; potential non-compliance with the MPRDA and the corresponding impact; the possible impact of Mining Charter 2018; the share capital of the Company; the renewal of consulting agreements; the ongoing assessment of mine life; critical accounting judgments made by the Company; the impact of the new IFRS on consolidated financial statements; adoption of new IFRS standards; impairment estimates and the applicable risk factors.

With respect to the forward-looking statements contained in this MD&A, assumptions have been made regarding, among other things: the 2016 BEE Buyout Transactions, the resolution of the BEE requirements, the price of PGMs and chrome concentrate, fluctuations in currency markets, inflation, the regulatory framework in the jurisdictions that the Company conducts its business, operating costs, the Company's ability to obtain financing on acceptable terms and litigation outcome.

Forward-looking statements are subject to all of the risks and uncertainties normally incident in the mining and development of PGMs that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These risks include, but are not limited to: the risk of fluctuations in the assumed exchange rates of currencies that directly impact the Company, such as the Canadian dollar, Rand and U.S. dollar; the risk of fluctuations in the assumed prices of PGM and other commodities; the risk of changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, South Africa, Barbados or other countries in which the Company carries, or may carry on business in the future; litigation risks and the uncertainty thereof; risks associated with mining or development activities; the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, assumed quantities or grades of reserves, need for additional funding, availability and terms of additional funding, and certain other known and unknown risks detailed from time to time in the Company's public disclosure documents, copies of which are available on the Company's SEDAR profile at www.sedar.com.

Although the Company believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements were made, no assurances can be given as to future results, levels of activity and achievements and such statements are not guarantees of future performance. The Company's actual results may differ materially from those expressed or implied in forward-looking statements and readers should not place undue importance or reliance on the forward-looking statements. Statements including forward-looking statements are made as of the date they are given and, except as required by applicable securities laws, the Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.