

EASTERN PLATINUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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 March 31, 2023 and for the three months then ended in comparison to the same periods in 2022.

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and the related notes for the three months ended March 31, 2023. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and in accordance with International Standard 34 Interim Financial Reporting.

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 May 11, 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.

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 March 31, 2023, 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 re-mining and processing its tailings resource. The chrome and PGM concentrates produced from the Barplats Mines (Pty) Limited ("Barplats") Zandfontein UG2 tailings facility are contracted to be delivered to off-takers under related off-take agreements. Since July 2022, with the consent of the chrome off-taker, chrome concentrates have been stored on-site at the CRM and sold directly to third-parties. During the three months ended March 31, 2023 ("Q1 2023"), the Company recognized sales of 146,010 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 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. 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 April 24, 2023, the Company announced that its Board of Directors (the “Board”) has received unproven whistleblower allegations, including allegations of undisclosed related party transactions pertaining to the sale of chrome concentrate at discounted prices (the “Allegations”). The Board has determined that it is in the best interests of the Company to form a special committee (the “Committee”) consisting of two independent directors which, together with independent counsel retained by the Committee, will conduct an investigation, review and analysis of the Allegations and if deemed appropriate will provide recommendations to the Board on any necessary steps to be taken in connection with the Allegations. The Committee has begun to investigate these Allegations and will report its findings to the Board expeditiously.

On May 8, 2023, the Company announced the completion of its offering to its shareholders (the “Rights Offering”) (see news release on March 24, 2023), subject to final approval of the TSX and JSE. On May 12, 2023, (the “Issue Date”), Eastplats will issue an aggregate of 64,080,653 common shares of the Company at a price of Cdn\$0.11 per common share issued in respect of the exercise of rights trading on the TSX and ZAR1.4564 per common share issued in respect of the exercise of rights trading on the JSE for total gross proceeds of approximately Cdn\$7,043. The aggregate number of 64,080,653 Common Shares is comprised of 52,313,551 Common Shares, which will be issued in respect of the rights exercised under the Basic Subscription Privilege, and an additional 11,767,102 Common Shares, which will be issued in respect of applications to subscribe for additional Common Shares received by the Company under the Additional Subscription Privilege (on the basis that all applications for additional Common Shares have been allocated in full). As of the Issue Date, 201,901,426 Common Shares of Eastplats will be issued and outstanding.

In 2020, Barplats entered into a Project Framework Agreement (the “Agreement”) with Advanced Beneficiation Technologies Proprietary Limited (“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, 2023, a 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.

2. Fiscal Year 2023 First 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 500 contractors and employees engaged in supporting the Retreatment Project. The current Retreatment Project is expected to continue operating into 2024.

Operations consist of re-mining of the tailings material and processing the material through the Company's chrome plant and the chrome processing circuit (the "Chrome Circuit"). During Q1 2023, the Company produced 147,090 tons of chrome concentrate from the Retreatment Project, with an average grade of Cr₂O₃ at 38.65% (three months ended March 31, 2022 ("Q1 2022") – 121,122). Year over year production increased between Q1 2022 and Q1 2023 due to operational challenges incurred in the prior period as lower grade materials were being processed and maintenance issues caused an increase in plant downtime.

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 commissioning and testing.

(b) PGM Circuits

During Q1 2023, the Company produced 1,156 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 (879 dry tons produced) due to the decreased production rates in the prior period as discussed above. 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.

2.2 Financial Results – Q1 2023 vs Q1 2022

- Revenue was \$22,058 in Q1 2023 compared to \$17,407 in Q1 2022. The increase in revenue for Q1 2023 was primarily due to an increase in chrome sales volume at higher rates in the period. This was offset by a reduction in PGM revenue in the period as spot PGM prices, most notably palladium prices, were significantly lower in the current period than in the comparable period.
- Mine operating income was \$5,233 in Q1 2023 compared to \$3,403 in Q1 2022. The increase was driven by the increased tonnage of chrome concentrate sales in the quarter sold at higher market prices.
- Gross margin increased to 23.7% in Q1 2023 compared to 19.5% in Q1 2022, as market priced chrome sales increased as the Company continued to transition to third-party sales in the quarter. This was offset somewhat by the decrease in PGM sales, which historically have had higher gross margins.
- Operating income was \$3,497 in Q1 2023 compared to operating income of \$95 in Q1 2022, due to the higher chrome concentrate sales, which was offset somewhat by decreased PGM sales in the period. In the prior period, the Company also recorded an increase in the expected credit loss on outstanding receivables and higher site services costs in the quarter.
- Net income attributable to equity shareholders was \$1,344 in Q1 2023 compared to \$3,006 in Q1 2022. The decrease in net income was largely attributable to a foreign exchange loss incurred in the current period of (\$1,498) as the South African Rand weakened against the US Dollar. In the prior period, the Company recorded a foreign exchange gain of \$3,703 as the South African Rand had strengthened significantly 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)

	2023		2022			2021		
	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	22,058	8,347	3,592	20,488	17,407	15,606	15,927	19,982
Production costs	(15,360)	(11,351)	(1,707)	(14,421)	(12,260)	(10,982)	(12,322)	(14,707)
Production costs – depreciation	(1,465)	(508)	-	(1,913)	(1,744)	(1,649)	(1,712)	(1,958)
Mine operating income	5,233	(3,512)	1,885	4,154	3,403	2,975	1,893	3,317
General and administrative & expected credit loss	(474)	(1,270)	(915)	(938)	(1,619)	(671)	(602)	(524)
Care and maintenance & site services	(1,262)	(1,766)	(1,911)	(2,275)	(1,689)	(2,122)	(1,677)	(2,085)
	(1,736)	(3,036)	(2,826)	(3,213)	(3,308)	(2,793)	(2,279)	(2,609)
Operating income (loss)	3,497	(6,548)	(941)	941	95	182	(386)	708
Other (expenses) income, net	(2,157)	6,312	(5,665)	(2,131)	3,212	(2,573)	(2,718)	3,388
Income (loss) before income taxes	1,340	(236)	(6,606)	(1,190)	3,307	(2,391)	(3,104)	4,096
Income tax (expense) recovery	3	(29)	3	2,237	11	(65)	(13)	(49)
Net income (loss) for the period	1,343	(265)	(6,603)	1,047	3,318	(2,456)	(3,117)	4,047
Net income (loss) attributable to equity shareholders of the Company	1,344	(264)	(6,602)	1,212	3,007	(1,918)	(2,507)	4,140
Earnings (loss) per share – basic and diluted	0.01	0.00	(0.05)	0.01	0.02	(0.01)	(0.02)	0.03
Average foreign exchange rates								
US dollar per South African Rand	0.0564	0.0568	0.0587	0.0642	0.0657	0.0649	0.0683	0.0709
US dollar per Canadian dollar	0.7398	0.7364	0.7658	0.7835	0.7897	0.7938	0.7936	0.8145
Period end foreign exchange rates								
US dollar per South African Rand	0.0562	0.0587	0.0556	0.0615	0.0689	0.0626	0.0660	0.0700
US dollar per Canadian dollar	0.7383	0.7370	0.7302	0.7744	0.7981	0.7888	0.7849	0.8068

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. In Q1 2023, the Company completed its first full quarter under this new revenue model. While it continues to negotiate with Union Goal, as discussed further in section 4.1, the Company expects to continue selling chrome concentrate produced at the CRM to third-parties.

4. Results of Operations for the Three Months Ended March 31, 2023

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 average foreign exchange rates for Q1 2023 and 2022 are summarized as follows:

	ZAR to USD	Cdn to USD
Q1 2023	0.0564	0.7398
Q1 2022	0.0657	0.7897

The average inflation rate in South Africa in Q1 2023 was 7.0%; the annual inflation rate in South Africa was 6.9% in 2022, 4.5% in 2021, and 3.3% in 2020 (Consumer Price Index, March 2023).

The following table sets forth selected consolidated financial information for the three months ended March 31, 2023 and 2022, respectively:

Table 2

	Three months ended	
	March 31	
	2023	2022
	\$	\$
Consolidated statements of (loss) income		
(Expressed in thousands of U.S. dollars, except per share amounts)		
Revenue	22,058	17,407
Mine operating income	5,233	3,403
Expenses		
General and administrative	474	543
Expected credit loss	-	1,076
Site services	667	1,056
Care and maintenance	595	633
Operating income (loss)	3,497	95
Other net (expenses) income and income tax expense	(2,154)	3,222
Net income for the period	1,343	3,317
Attributable to		
Non-controlling interest	(1)	311
Equity shareholders of the Company	1,344	3,006
Net income for the period	1,343	3,317
Earnings per share		
Basic and diluted	0.01	0.02
Weighted average number of common shares outstanding		
Basic	137,821	137,821
Diluted	137,821	139,330
Consolidated statements of financial position		
	March 31,	December 31,
	2023	2022
	\$	\$
Total assets	152,227	155,603
Total non-current liabilities	7,726	8,242

The Company recorded net income attributable to equity shareholders of the Company of \$1,344 (or \$0.01 per share) in Q1 2023 compared to a net income attributable to equity shareholders of the Company of \$3,006 (or \$0.02 per share) in Q1 2022. Detailed explanations are presented in the following section.

4.1 Overall Performance

Revenue

The Company generated revenue from processing PGM and chrome concentrates during Q1 2023 and Q1 2022. The Company's majority of revenue (approximately 91% and 84% for Q1 2023 and Q1 2022, 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 of 2022, 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 \$20,139 for Q1 2023 compared to \$14,648 for the comparative period in 2022, an increase of \$5,491 for the period. The increase was primarily due to higher tonnages sold to third-parties.

As part of chrome concentrate sales to third-parties during Q1 2023, the Company recognized revenue of \$5,638, which related to chrome concentrates sales contracted in the prior year to a certain customer, and \$14,501 of chrome concentrate sales to two new customers. Chrome concentrate transactions are contracted based on prevailing market prices, adjusted for actual chrome grades; certain discounts may be provided in exchange for favourable payment terms.

The Company generated PGM concentrate revenue of \$1,919 in Q1 2023 compared to \$2,759 in Q1 2022. The decrease in PGM revenue was due to a significant decrease in spot PGM prices as PGM production increased from 1,363 ounces produced in Q1 2022 to 2,072 ounces produced in Q1 2023. Sales prices per ounce decreased 54% from the prior year period and 24% from the previous quarter.

Mine operating income

Mine operating income for Q1 2023 was \$5,233 as compared to \$3,403 for the comparative quarter in 2022. Gross margin increased to 23.7% in Q1 2023 from 19.5% in Q1 2021. As mentioned earlier in this MD&A, the increase in mine operation income is consistent with the overall increase in revenue, ongoing effort to optimize production and higher gross margins on third-party chrome sales.

Depletion and depreciation was \$1,465 for Q1 2023, as compared to \$1,744 for the respective period in 2022, with the decrease related to capitalized costs with respect to the Union Goal contracts, which were previously included as part of depreciation and not amortized in the current period.

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 \$474 for Q1 2023 compared to \$543 for respective period in 2022. The G&A cost decrease for the quarter was due to lower remuneration and consulting costs in the period.

Expected credit loss on trade receivables

An expected credit loss (“ECL”) was recorded against the Company’s trade receivables of \$1,076 for Q1 2022. There was no ECL adjustment recorded in the current period. The majority of the ECL 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 \$389 to \$667 in Q1 2023 from \$1,056 in Q1 2022. The decrease was due to negotiated credits provided from vendors for previously billed services in prior years. Excluding these credits, site services costs increased slightly for the period due to cost pressures from rising inflation including electricity rates and higher employment costs.

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 to \$595 in Q1 2023 from \$633 for the same respective period in 2022. Costs were approximately 10% higher in Rand terms due to increased cost pressures, but these were offset by changes in foreign exchange rates.

Operating (loss) income

The Company generated operating income of \$3,497 for Q1 2023 compared to operating income of \$95 for the respective period in 2022. The increase in operating income in Q1 2023 resulted from increased third-party chrome concentrate sales and lower operating expenses, as the Company recorded an expected credit loss expense of \$nil in the current period and \$1,076 in the comparable period.

Other income (expense)

Other income (expense) excluding foreign exchange gains and losses for Q1 2023 was (\$659) representing an increase in expense of (\$167) compared to (\$492) for the same period in 2022. The change from the prior period was related to a gain on disposal of the Maroelabult assets recognized in the prior period. 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

Foreign exchange loss was (\$1,498) for Q1 2023 as compared to a foreign exchange gain of \$3,703 for the same period in 2022. The South African Rand weakened in the quarter, while in the previous quarter it strengthened by approximately 9% relative to the US dollar. A stronger Rand in a period creates a foreign exchange gain on the Company’s U.S. dollar contract payable liability.

4.2 Crocodile River Mine

Retreatment Project – Chrome recovery

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 ended March 31, 2023 and 2022:

	Q1 2023	Q1 2022
Total Tailings Feed (Tons)	432,005	574,252
Average grade Cr concentrate	38.65%	38.97%
Tons of Cr concentrate	147,090	121,122

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 tailings storage facility (“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. 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 ended March 31, 2023 and 2022:

	Q1 2023	Q1 2022
Tons of PGM concentrate(dry)	1,156	879
PGM ounces produced (6E)*	2,072	1,363

*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, 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, 2023 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.

4.3 Maresburg 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 May 8, 2023, the Company announced the completion of its previously announced rights offering to its shareholders subject to final approval of the TSX and JSE. On Friday, May 12, 2023, Eastplats will issue an aggregate of 64,080,653 common shares of the Company at a price of Cdn\$0.11 per common share issued in respect of the exercise of rights trading on the TSX and ZAR1.4564 per common share issued in respect of the exercise of rights trading on the JSE for total gross proceeds of approximately Cdn\$7,043.

As at March 31, 2023, the Company had a working capital deficit (current assets less current liabilities) of \$35,157 (December 31, 2022 – working capital deficit of \$39,545) and short term cash resources of \$3,771 (consisting of cash, cash equivalents and short-term investments) (December 31, 2022 – \$2,448). The working capital deficit is mainly due to the Union Goal contract payable of \$49,619 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 increased by \$1,323 as at March 31, 2023 compared to the balance as at December 31, 2022. The increase was driven mainly from operational activities which provided net cash inflows of \$5,402 before changes in non-cash working capital items. This was offset by a decrease in cash from trade and other receivables of (\$3,709), a net reduction in the Company's finance facility of (\$588) and finance and lease costs of (\$1,275).

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 closed a finance facility with Investec during the last half of 2022, previously raised funds through a rights offering and on May 5, 2023, closed a new rights offering, but additional funding may be required to advance the larger PGM development opportunity for 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 March 31, 2023 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. Despite providing its consent to the Company to initiate third-party sales of the chrome concentrate produced at the CRM, 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. The Company's targets for 2023 are as follows:

- Operate and optimize the PGM Circuits (ongoing);
- Raise additional capital to support the full re-opening of 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 continues to raise additional funds to support the full re-opening of underground operations. 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

During Q1 2023, a total of 50,000 stock options expired (Q1 2022 – nil). An additional 100,000 stock options expired in April 2023.

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. On May 8, 2023, the Company announced the completion of the Rights Offering, subject to final approval of the TSX and JSE. On Friday, May 12, 2023, Eastplats will issue an aggregate of 64,080,653 common shares of the Company at a price of Cdn\$0.11 per common share issued in respect of the exercise of rights trading on the TSX and ZAR1.4564 per common share issued in respect of the exercise of rights trading on the JSE for total gross proceeds of approximately Cdn\$7,043.

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
- 3,050,000 stock options outstanding as listed as follows:

Table 3

Options outstanding	Options exercisable	Exercise price Cdn\$	Remaining Contractual Life (Years)	Expiry date
450,000	450,000	0.21	1.09	June 13, 2024
450,000	450,000	0.37	2.44	October 16, 2025
650,000	650,000	0.34	3.12	June 23, 2026
1,500,000	1,500,000	0.23	4.16	July 6, 2027
3,050,000	3,050,000		3.23	

5.3 Contractual Obligations, Commitments and Contingencies

The Company's major contractual obligations and commitments as at March 31, 2023 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)	3,977	—	—	3,977
Lease obligations (ii)	2,227	1,646	581	—
Contracts payable (iii)	52,465	52,465	—	—
Other obligations (iv)	4,724	4,724	—	—
Capital expenditure and purchase commitments (v)	95	95	—	—
	63,488	58,930	581	3,977

(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 4 – Union Goal Contracts in the interim condensed consolidated financial statements for the three months ended March 31, 2023.

(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 March 31, 2023 but not recognized on the consolidated statement of financial position.

Litigation by 2538520 Ontario Limited against the Company

On February 7, 2020, 2538520 Ontario Limited (“253”) and its CEO, Rong Kai Hong, (the “Plaintiffs”) filed an additional claim to its previously (and since settled) petition, 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

In December 2020, the Company received a petition filed with the Supreme Court of British Columbia (the "BC Supreme Court"), 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. The petition is substantially similar to that filed in November 2018 for 253, as discussed above, which was dismissed in 2019, and which decision was upheld on appeal. The Company filed a response to and sought dismissal of Ms. Ren's petition.

In April 2023, the court released reasons for judgment denying leave to commence a derivative action against certain current and former directors other than the former CEO of the Company. In early May 2023, pursuant to the court's earlier decision granting leave, Ms. Ren filed a derivative notice of civil claim with the BC Supreme Court in the Company's name against the former CEO. The Company is reviewing and assessing the April 2023 order and May 2023 notice of civil claim with its advisors, and considering next steps. It is not possible to provide a further evaluation of the claim as of the date of this MD&A.

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 ended March 31, 2023 and 2022, 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	
	March 31	
	2023	2022
	\$	\$
Trading transactions		
Director fees	51	40
Management fees	—	63
Share-based payments	—	—
Total	51	103
Compensation of key management personnel		
Remuneration	143	253
Share-based payments	—	—
Total compensation of key management personnel	143	253

In 2022, 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. In addition to the monthly fee, for the year ended December 31, 2022, Oriental Fortune received a bonus payment of \$41 and a contract termination payment of \$132.

The Company's key management includes the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), and the VP. The Company previously employed a Chief Operating Officer ("COO") up until October 2022. Key management personnel were not paid post-employment benefits or other long-term benefits in Q1 2023, nor in the comparative period in 2022.

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, British Virgin Islands 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 audited consolidated financial statements for the year ended December 31, 2022.

Areas of significant judgment and estimates made by management for the three months ended March 31, 2023 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 2023 and 2022. Determination of the CGUs requires significant estimates and judgements.

During the three months ended March 31, 2023, management determined that the continued weakness in the Company's share price during 2023, resulting in the Company's market capitalization being below the carrying amount of the net assets of the Company, constituted an impairment indicator. As well, spot palladium prices saw a significant decline in the quarter. As such, impairment tests were performed at March 31, 2023. 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 3(f) of the Company's interim consolidated financial statements for the three months ended March 31, 2023.

(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 audited consolidated financial statements for the year ended December 31, 2022.

(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 two 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) 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.

(ii) 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 March 31, 2023. 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 4 of the interim consolidated financial statements for the three months ending March 31, 2023), 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 ended March 31, 2023 and 2022.

(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

	March 31	December 31
	2023	2022
	\$	\$
Financial assets		
Denominated in USD at South African subsidiaries	4,756	5,050
Denominated in Rand at Canadian head office	21	21
Total	4,777	5,071
Financial liabilities		
Contracts payable denominated in Rand at Canadian head office	6,417	6,549
Contracts payable denominated in USD at South African subsidiaries	43,202	42,245
Total	49,619	48,794

As at March 31, 2023, with other variables unchanged, a 10% strengthening (weakening) of Canadian dollars against the South African Rand would have increased (decreased) net income by approximately \$581; 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 \$3,495.

(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 \$2,410 (ZAR 46,340) 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 were previously 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, and in late 2022, began making third-party sales at market prices, the Company is now exposed to commodity price risk with respect to fluctuations in the prices of chrome.

(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. In late FY2022, the Company added new third-party chrome customers and temporarily ended sales to Union Goal. 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 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 adjusted in 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 March 31, 2023, the credit facility had a balance owing of \$2.4 million (ZAR 41.9 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

As of March 31, 2023, there are no IFRS or IFRIC interpretations with future effective dates that are expected to have a material impact 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 March 31, 2023, 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 March 31, 2023 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 March 31, 2023, 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. Given the Company had its restatement filed in Q1 2023, it has determined that a sufficient period of time has not taken place to properly evaluate the operating effectiveness of the new controls introduced as a result of the previous identified material weakness.

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 three months ended March 31, 2023, 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; Maresburg 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 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 Maresburg 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; 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 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.