EASTERN PLATINUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018 and for the three months and year ended in comparison to the same periods in 2017.

This MD&A should be read in conjunction with the audited consolidated financial statements and the related notes for the year ended December 31, 2018 and the annual information form ("AIF") for the year ended December 31, 2018. The audited consolidated financial statements have been prepared using accounting policies 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 March 26, 2019. Additional information relating to the Company, including its Annual Information Form for the year ended, December 31, 2018, 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 December 31, 2018, the Company's primary assets were:

(a) an 87.5% direct and indirect interest in Barplats Investments Limited ("BIL"), whose main assets are an indirect interest in the Crocodile River Mine (the "CRM") located on the western limb of the BCX and the Kennedy's Vale ("KV") project located on the eastern limb of the BCX;
(b) an 87% direct and indirect interest in the Mareesburg project, located on the eastern limb of the BCX; and
(c) a 93.4% direct and indirect interest in the Spitzkop project, also located on the eastern limb of the BCX.

On March 1, 2018, Eastplats and its subsidiary Barplats Mines (Pty) Limited ("Barplats") entered into an agreement (the "UG Agreement") with Union Goal Offshore Solution Limited ("Union Goal"). The UG Agreement provides for construction, re-mining and processing of the tailings resource, and the subsequent offtake of chrome concentrate from the Barplats Zandfontein UG2 tailings facility ("Retreatment Project") located at the CRM in South Africa (also see section 2.1(a) *Fiscal Year 2018 Highlights - Significant Events* and section 4.1CRM).

The Retreatment Project began commissioning in December 2018, shortly following this the Company began providing material from re-mining the tailings as required and then produced chrome concentrate in December 2018. The first ocean shipment of 10,000 tons of chrome concentrate was completed in February 2019.

In addition, the Company continues to actively monitor the PGM markets and other developments in the mining and minerals sector to assess the opportunities related to the addition of a PGM recovery circuit as part of the Retreatment Project or resuming active underground mining at CRM, which is currently in care and maintenance. The Company will continue its assessment of the Mareesburg project, which did not move forward in 2018.

There are no developments to report in connection with the KV or the Spitzkop projects, both of which remain in care and maintenance. The KV, the Spitzkop and the Mareesburg projects (collectively the "Eastern Limb Projects") currently report as a group to management.

The Company's ownership percentages and compliance with the South African Mining Charter released in September 2018 may be impacted by certain agreements purportedly entered into in June 2016 and other legal proceedings as discussed in detail in the December 31, 2018 audited consolidated financial statements and, in this MD&A (*See section 2.3 Fiscal Year 2018 Highlights – New Mining Charter in South Africa - Issued and also section 5.3 Contractual Obligations, Commitments and Contingencies*).

2. Fiscal Year 2018 Highlights

*2.1 **Significant Events***

(a) Retreatment Project Update and Production

The Company began providing ore for processing from re-mining the tailings as required under the UG Agreement in December 2018 and Eastplats began producing chrome concentrate.

In December 2018 the Company commenced commissioning all its re-mining equipment, pumps and piping required to provide material from re-mining of the tailings and its newly constructed chrome plant and the chrome processing circuit, related technology and knowhow (the "**Chrome Circuit**").

In December 2018, Eastplats began the delivery of material from re-mining of the tailings as it continued to make adjustments in operations and in the ramp-up process. In February 2019 the Company continued ramping-up the tons of material from re-mining of the tailings delivered and production results and successfully delivered the first ocean shipment of 10,000 tons with an additional 53,000 tons expected to be shipped in March 2019. Since the completion of the water commissioning in mid-December the Company has provided material from re-mining the tailings in increasing amounts to the Chrome Circuit. The Company is focused on ramping-up throughput of tailings material. The Company expects to ramp-up to near full capacity during Q2 2019.

The Company's target is to deliver a minimum of 220,000 tons of tailings material to the plant monthly. This production target is based on the Chrome Circuit design capacity.

During Q2 2019 Eastplats will begin to test and assess the PGM recovery opportunity available as part of the Retreatment Project.

(b) Management Reorganization

Mr. Anton Lubbe, Vice President of South African Operations resigned effective August 31, 2018.

The Company reorganized Mr. Lubbe's duties among Diana Hu, CEO, Andrea Zhang, COO and Hannelie Hanson, promoted to General Manager of South African Operations.

Ms. Hanson has been with the Company's South African Operations since 2012 and has over 20 years of extensive operational experience with Anglovaal Mining Limited and Lonmin, PLC. Ms. Hanson holds a Bachelor of Science with Honours, a Master of Engineering and a Masters of Business Administration degree. She has been integrally involved with the technical details of all current projects and has worked closely with management since 2016, and has been fully involved in the 2018 transition from care and maintenance into operations at CRM.

The reorganization in the Company's management and other changes in site management as well as the Company's return to operations in South Africa (Retreatment Project) have resulted in certain adjustments to the reporting structure of the Company which will assist operational effectiveness as we move forward.

2.2 Financial Highlights

- Revenue from operation $414.
- Cash inflow of $3,556 (ZAR48,139) - Retreatment Project construction loan from Union Goal in accordance to the UG Agreement.
- Cash inflow of $3,562 (ZAR42,200) – Upfront payment in March 2018 from Union Goal in accordance to the UG Agreement.
- The Company capitalized $63,966 on the Chrome Circuit and construction activities to further the Retreatment Project during 2018.
- Impairment of the CRM underground property of $15,496 based on the net present value of the updated financial model.

2.3 New Mining Charter in South Africa - Issued

On September 27, 2018, the South African Minister of Mineral Resources Gwede Mantashe gazetted and released the Mining Charter 2018 after seven months of engagement with various industry stakeholders. In that notice the Minister indicates that the Mining Charter 2018 must be read with "Implementation Guidelines" which was gazetted in late December 2018.

Set out below is a summary of the salient points of the Mining Charter 2018.

Ownership

A) In respect of ownership, the Mining Charter 2018 differentiates between existing mining rights, new mining rights and pending applications for mining rights.

B) An existing mining right holder who achieved a minimum of 26% black economic empowerment ("BEE") shareholding including a right holder whose BEE partner has since exited is recognised as compliant for the duration of the right. Such recognition is not transferrable and will lapse upon transfer of such mining right or part thereof and will not apply to an application for a new mining right or renewal of the mining right.

The Mining Charter 2018 recognises this 'once empowered, always empowered' principle for the duration of the mining right, not for the life of the mine.

C) The target for BEE ownership in terms of new mining rights in the Mining Charter 2018 is a minimum of 30% BEE shareholding for the duration of the mining right.

The 30% BEE shareholding must be made up of 5% to qualifying employees, 5% to host communities; and 20% to a BEE entrepreneur, of which 5% should preferably be women (but excluding host communities and qualifying employees). A host community is a community within a local municipality adjacent to the mining area. Mining companies can choose to offset this 5% by investing in community development instead, but this will not replace the social and labour plan commitments as contemplated in section 23 of the Mineral and Petroleum Resources Development Act South Africa ("MPRDA").

D) Pending applications lodged and accepted prior to the commencement of the Mining Charter 2018 will be processed in terms of the requirements of the Mining Charter 2010 with a minimum of 26% BEE shareholding. However, such mining companies must, within a period of 5 years from the effective date of such mining right, increase their BEE shareholding to 30%.

Disposal of BEE Shareholding

A) If the BEE shareholding or part thereof is disposed of below the prescribed minimum shareholding, a mining right holder's empowerment credentials will still be recognised for the duration of the mining right, provided that certain requirements are met such as - compliance with the Mining Charter 2018 at the time of disposal, the shares were held for a minimum period of time and certain other stated requirements. The requirement in a previous charter that the BEE shareholder had to reinvest 40% of the proceeds from the share sale into mining, was removed.

B) The recognition of consequences of previous deals cannot be claimed against future mining rights or mining right renewal applications.

Beneficiation

A mining right holder may claim the equity equivalent against a maximum of 5% points of a BEE Entrepreneur shareholding, if the mining right holder engages in certain stated activities regarding beneficiation.

Human Resources Development

A mining right holder is expected to invest a minimum 5% of a leviable amount (excluding the statutory skills development levy) on essential skills development of employees (excluding directors and executives) — including science, technology, engineering and mathematical skills, graduate training programmes and research and development initiatives.

Employment Equity

A) The Mining Charter 2018 has increased employment equity requirements compared to the 2010 Mining Charter.

Employment equity is aimed at achieving equity in the workplace by eliminating unfair discrimination and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups in the past.

B) The Mining Charter 2018 provides that 50% of appointments to Boards must be historically disadvantaged persons, of which 20% representation must be women. This standard is also applicable to appointments at an executive management level, proportionally represented in terms of provincial or national demographics.

C) Minimum requirements are set for senior, middle and junior management and for employees with disabilities.

D) The mining right holder must ensure that 60% of its core and critical skills are rendered by historically disadvantaged persons. Core and critical skills should include science, technology, engineering and mathematical skills.

Mine Community Development

A) A mining right holder must meaningfully contribute towards mine community development, and the identified development priorities must be contained in the prescribed and approved Social and Labour Plan.

B) The term "Mine Community" refers to communities where mining takes place, major labour sending areas and adjacent communities within a municipality.

Housing and Living Conditions

Mining companies must improve the standard of housing and living conditions of mine employees, as stipulated in the Housing and Living Conditions Standards for the Mining and Minerals Industry developed in terms of the MPRDA.

Procurement, Supplier and Enterprise Development

A) A mining right holder is required to promote economic growth through the development or nurturing of small, medium and micro South African enterprises and suppliers of mining goods and services.

B) Minimum standards are set for the procurement of South African manufactured goods and for the supply of services from South African based companies. These standards are then split into sub-minima regarding companies owned and controlled by historically disadvantaged, women or youth and produced by BEE compliant companies.

C) In instances where a mining right holder procures goods and services of a contractor to undertake extraction or processing (crushing and concentration) of minerals on their behalf, such goods and services will be deemed to have been procured by the mining right holder.

D) Mining companies have a period of 5 years to comply progressively with the procurement targets.

E) A mining right holder may invest in enterprise and supplier development against which it may offset its procurement element obligations.

F) With regards to research and development capabilities, a mining right holder must spend a minimum of 70% of its total research and development budget on South African based research and development entities, either public or private.

G) A mining right holder is required to use South African based facilities or companies for analysis of 100% of all mineral samples across the mining value chain. Prior written consent of the Minister is required for a mining company to use foreign-based facilities to conduct sample analysis.

Non-Compliance with the Mining Charter 2018

A) Transitional arrangements are prescribed regarding procurement targets, employment equity and housing standards.

B) According to the Mining Charter 2018, the Minister may, by notice in the Gazette, review the Mining Charter 2018.

C) Furthermore, the Mining Charter 2018 requires that mining right holders should submit annual compliance reports to the Department of Mineral Resources.

D) The Charter expressly states that a mining right holder who has not complied with the certain elements shall be in breach of the MPRDA and subject to the provisions of section 93, read in conjunction with section 47 (Ministers power to cancel rights), 98 (offences) and 99 (penalties) of the MPRDA. Section 93 deals with orders, suspensions and instructions by officials for failures and contraventions of the MPRDA.

E) Although, the Minister has stated that the Mining Charter 2018 is a consensus document after intensive engagements with mining companies, financial institutions, the legal fraternity, investors, mining communities and the cabinet, its status remains in question due to pending litigation.

F) The court in the case of *Chamber of Mines of South Africa v Minister of Mineral Resources and Others* called into question the validity of the 2010 Mining Charter and by implication subsequent charters. On the basis of the judgment the validity of Mining Charter 2018 may be in question. The Mineral Resources Minister Gwede Mantashe has appealed this High Court ruling.

The Company is reviewing the Mining Charter 2018 and its implication. Further consideration will be required to fully understand and assess its full implications and consider the appropriate actions where required in the various activities and operations of the Company.

3. Selected Quarterly Financial Data

The table below sets forth selected results of operations for the Company's eight most recently completed quarters; prepared in accordance with IFRS.

Table 1

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

	2018				2017			
	Dec. 31	Sept.30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31
	$	$	$	$	$	$	$	$
Revenue	414	—	—	—	—	—	—	—
Production costs	(427)	—	—	—	—	—	—	—
Mining operation loss	(13)	—	—	—	—	—	—	—
General and administrative	(445)	(562)	(474)	(755)	(1,068)	(776)	(687)	(1,136)
Care and maintenance	(2,458)	(1,759)	(1,865)	(1,770)	(1,763)	(1,344)	(1,828)	(1,726)
Care and maintenance depreciation	(49)	(29)	(37)	(29)	(31)	(31)	(30)	(31)
Impairment expense	(15,496)	—	—	—	—	—	—	—
	(18,448)	(2,350)	(2,376)	(2,554)	(2,862)	(2,151)	(2,545)	(2,893)
Other income (expenses), net	691	(611)	(1,452)	1,155	694	61	402	394
Loss before income taxes	(17,770)	(2,961)	(3,828)	(1,399)	(2,168)	(2,090)	(2,143)	(2,499)
Net loss for the period	(17,881)	(2,975)	(4,238)	(1,172)	(2,368)	(2,105)	(2,213)	(2,522)
Net loss attributable to equity shareholders of the Company	(15,328)	(2,357)	(3,441)	(694)	(1,907)	(1,681)	(1,750)	(2,029)
Loss per share - basic and diluted	(0.17)	(0.03)	(0.04)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)
Average foreign exchange rates								
South African Rand per US dollar	14.25	14.05	12.63	11.95	13.61	13.18	13.20	13.22
US dollar per Canadian dollar	0.7570	0.7652	0.7747	0.7909	0.7866	0.7986	0.7437	0.7559
Period end foreign exchange rates								
South African Rand per US dollar	14.39	14.16	13.75	11.85	12.36	13.52	13.09	13.40
US dollar per Canadian dollar	0.7330	0.7725	0.7594	0.7756	0.7971	0.8013	0.7706	0.7519

The Company's operations are 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 Q1 2018, the Company began the construction of the Retreatment Project and reallocated certain staff as appropriate to this active project. During 2018, new construction contractors were engaged to work on the Retreatment Project but it was not until Q4 2018, that the Company began to add new operators for the Retreatment Project. During Q4 2018, plant employees and re-mining contractors were hired. This ramp up of personnel continued into Q1 2019. As operations only began in December 2018, there was a loss from mining operations in Q4 2018. The Company is pleased with the continued work to increase the re-mining and material delivery to the plant and the ramp-up in operations in January and February 2019 and it expects to achieve mining operation profitability during the first half of 2019.

*3.1 **Results of Operations for the Fourth Quarter of 2018***

During December 2018, the Company began operating the plant, re-mining and delivering material from the tailings to the plant and the first chrome concentrate was produced.

The Company generated $414 of revenue, the first mining revenue since 2013, but experienced a loss from mining operations of $13 during the first month due to fixed overhead and a loss from operations of $18,448 of which $15,496 represents the impairment charges recognized towards to the CRM underground during Q4 2018.

Ramp up of the Retreatment Project will continue in Q1 2019, as the Company increases the tons of material from the re-mining of the tailings delivered. The Company expects to reach near-full operating capacity in Q2 2019.

24-hour operations began in February 2019, reflecting a further increase in the labour requirements. Throughout the ramp-up of the Chrome Circuit the delivery of material from re-mining of the tailings is the basis for the Company’s revenue generation and operational activity during December 2018. The chrome concentrate production was also mixed with the required commissioning shut downs as the plant needed adjustments and modifications. The Company is pleased with the continued ramp-up in January and February 2019 and will begin to assess the profitability of its operations during the first half of 2019.

Cash inflows of $1,882 (ZAR26,833) - Retreatment Project construction loan from Union Goal in accordance to the UG Agreement during Q4 2018.

The Company capitalized an additional $10,558 (including $2,310 of accretion) on the Chrome Circuit and construction activities to complete the Retreatment Project during Q4 2018.

As at December 31, 2018, the Company had cash, cash equivalents and short-term investments (“Cash Position”) of $5,610, a decrease of $1,878 from $7,488 held as at September 30, 2018. The decrease in Cash Position was related to the Company’s investment into the construction of the Retreatment Project, mine care and maintenance expenditures and general and administrative expenses. This decrease was partially offset with the Retreatment Project construction loan of $1,882 received from Union Goal in accordance with the UG Agreement.

4. Results of Operations for Year ended December 31, 2018

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

South African operational funding is 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 Africa Rand.

The Company's presentation currency is the U.S. dollar while the Company's operating expenses are predominately incurred in Canadian dollars and Rand. The annual average foreign exchange rate for 2018, 2017 and 2016 is listed below:

	Cdn to USD	ZAR to USD
2018	0.7719	0.0760
2017	0.7712	0.0753
2016	0.7552	0.0683

The estimated annual inflation rate in South Africa has been 4.50% in 2018, 5.19% in 2017 and 6.59% in 2016.

The following table sets forth selected consolidated financial information for the years ended December 31, 2018, 2017 and 2016:

Table 2

Consolidated statements of loss			
(Expressed in thousands of U.S. dollars, except per share amounts)			
		Year ended December 31	
	2018	2017	2016
	$	$	$
Revenue	**414**	—	—
Mine operating loss	**(13)**	—	—
Expenses			
General and administrative	**2,236**	3,667	6,883
Care and maintenance	**7,852**	6,661	7,064
Care and maintenance depreciation and amortization	**144**	123	272
Impairment of minerial properties	**15,496**	—	29,159
Impairment of prepayments	**—**	—	13,367
Operating loss	**(25,741)**	(10,451)	(56,745)
Other income (expense) and income tax expense	**(525)**	1,243	1,621
Net loss for the year	**(26,266)**	(9,208)	(55,124)
Attributable to			
Non-controlling interest	**(4,446)**	(1,841)	(4,328)
Equity shareholders of the Company	**(21,820)**	(7,367)	(50,796)
Net loss for the year	**(26,266)**	(9,208)	(55,124)
Loss per share			
Basic and diluted	**(0.24)**	(0.08)	(0.55)
Weighted average number of common shares outstanding			
Basic and diluted	**92,599**	92,599	92,599

Consolidated statements of financial position			
	December 31 2018	December 31 2017	December 31 2016
	$	$	$
Total assets	**150,545**	146,949	144,786
Total non-current liabilities	**53,351**	9,713	11,215

The Company recorded a loss attributable to equity shareholders of the Company of $21,820 (or $0.24 loss per share) in 2018 compared to a loss of $7,367 (or $0.08 loss per share) in 2017. This difference is predominatly the result of an impairment charge on the CRM underground in 2018. The activities during 2018 have changed the Company and its focus due to the signing of the UG Agreement and the construction and operations of the Retreatment Project. The Company has again began producing Revenue. Detailed discussions are presented below.

4.1 *Crocodile River Mine*

The Retreatment Project is currently in production. As discussed above, the Company is now into an operational ramp-up. The Retreatment Project is producing revenue based on tons of material made available for processing by re-mining the tailings, recovery of the operational costs and the offtake of the chrome concentrates to Union Goal.

The Company generated $414 of Revenue, the first mining Revenue since 2013, but experienced a loss from mining operations of $13 from the Retreatment Project in 2018, the first operating month.

A summary of production during the initial operation to the end of February 2019:

Average grade Cr concentrate	Tons of concentrate
38.6	46,786

The Retreatment Project costs related to the tailing's facility Phase 1 and the upfront tailings relocation were budgeted at ZAR153,373 ($10,955). At December 31, 2018 the Phase 1 tailings facility project is forecast at ZAR206,180 ($14,727) of which ZAR180,499 ($12,587) was spent at December 31, 2018. The estimated cost overrun of approximately ZAR53,000 or 34% relates to additional unexpected engineering, adjustments to the hydro mining equipment, additional logistical costs due to extra loading equipment, a crusher which was not originally in scope and other owner costs such as additional environmental and monitoring, security and installation of a cloud-based ERP system. The costs associated with the additional height required in the tailings dam (tailings dam raises) in phase 2 and 3 are estimated at ZAR62,000 ($4,379) but will not begin until mid 2019 for Phase 2 and 2020 for phase 3. The Chrome plant construction costs (funded or loaned from Union Goal) have been estimated at ZAR87,900, excluding the equipment costs of $41,423. Total amounts of the Retreatment Project capitalized at December 31, 2018 was $63,966.

The Company continues to consider the installation of a PGM recovery circuit in the Retreatment Project to generate additional revenue. The Company has numerous alternatives and is seeking the best possible path forward. Samples and testing from the operating chrome plant will allow this assessment to begin. The Company expects to be able to make a decision in this regard during Q2 2019.

The Retreatment Project is also discussed above under section *2.1 – Fiscal Year 2018 Highlights*.

In 2018 an impairment charge of $15,496 was made against the CRM underground as a result of continued depressed long-term metal prices relating to the PGM basket of metals, even though some spot prices are significantly higher. Fortunately, the CRM underground retains significant value and the Company will continue to protect the CRM underground reserves through diligent care and maintenance activities.

4.2 Mareesburg Project

The Mareesburg feasibility study was placed on hold in May 2018 as the Company worked to obtain additional certainty over its ability to dispose of the ore to third parties. The Company was working on solutions in 2018 and during Q1 2019 the Company was provided with alternative parameters from third parties relating to ore delivery options which it will begin to assess in 2019. SRK Consulting (South Africa) Pty Ltd ("SRK") will need about four months to finalize the feasibility study once the Company decides to resume this endeavour.

4.3 Corporate and Other Expenses for the Fourth Quarter and for the Year Ended December 31, 2018

General and Administrative

G&A costs are associated with the Company's Vancouver corporate head office and are summarized below:

The G&A costs decreased by $623 to $445 in Q4 2018, compared to total costs of $1,068 for the same period in 2017. The decrease in 2018 is primarily due to lower professional fees in Q4 2018. The Company incurred higher professional fees in Q4 2017 because of the additional legal fees and the settlement payment in the amount of $420 as a result of termination of a 2016 CRM share purchase agreement.

The G&A costs decreased by $1,431 to $2,236 for the year ended December 31, 2018, compared to $3,667 for the same period in 2017. The decrease of G&A cost in 2018 compared to the same period in 2017 is primarily due to higher professional fees in Q4 2017 (discussed above) and the higher professional fees of the first three quarters of 2017 relating to various investigation costs as a result of agreements purportedly entered into by the Company's former management in 2016 and the settlement payment made in 2017 (discussed above).

Care and Maintenance, and Care and Maintenance Depreciation

Care and maintenance costs are incurred when production of the PGM projects is 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, G&A 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 operation was placed on care and maintenance in the third quarter of 2013.

Care and maintenance costs increased by $775 (excluding foreign currency translation impact of $80) to $2,458 in Q4 2018 compared to $1,763 for the same period in 2017 in connection with the CRM and Eastern Limb Projects. This increase was the result of additional work as a result of operational preparations, additional labour and a 2018 performance bonus in South Africa due to construction.

Care and maintenance costs increased by $1,089 (excluding foreign currency translation impact of $102) to $7,852 for the year ended December 31, 2018 compared to $6,661 for the same period in 2017 in connection with the CRM and Eastern Limb Projects. The reason for the increase includes a severance payment made to the Vice President of South African Operations who resigned effective August 31, 2018, an annual wage adjustment in South Africa related to the cost of living, additional labour and a 2018 performance bonus in South Africa due to construction.

Care and maintenance depreciation consist of the depreciation expense related to the residential properties only as the project is currently on care and maintenance. Care and maintenance depreciation increased to $49 in 2018 Q4 and increased to $144 for the year ended December 31, 2018, respectively compared to $31 and $123 for the same periods in 2017.

Impairment

Mineral properties are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or previous impairment on assets are recoverable. During the fourth quarter of 2018, management determined that there were indicators of impairment due to the significant fluctuation in the forecasted metal prices and the decline in the forecasted platinum prices. Management performed the impairment assessment of CRM and Mareesburg based on fair value less cost to sell ("FVLCTS") (level 3 in the fair value hierarchy) as at December 31, 2018. The CGU carrying amount for the purposes of this test includes the carrying value of the mineral properties less deferred tax liabilities related to each CGU.

For the purpose of the impairment assessment, the Company has considered that CRM, KV, Spitzkop and Mareesburg are each separate CGUs which is consistent with the 2017 year-end impairment assessment.

From an accounting perspective, the recoverable amount calculated for CRM and Mareesburg is based on the "fair value less cost to sell" accounting principle ("FVLCTS"). The FVLCTS of CRM (level 3 in the fair value hierarchy) as at December 31, 2018 was calculated using a weighted average cost of capital of 11.27% and forecasted average exchange rates and key forecasted metal prices based on the average of analysts' consensus estimates issued in January 2019. The Company has updated its economic models in Q4 2018 to reflect management's current assessment in relation to costs, timing and recoveries. As a result of this analysis, the Company recorded an impairment charge of $15,496 on the CRM underground and no impairment charge was required for Mareesburg because its recoverable amount exceeded the carrying amount.

KV and Spitzkop projects were both suspended in 2012. As at December 31, 2018, the recoverable amounts of the KV and Spitzkop projects were determined on a FVLCTS basis (level 3 in the fair value hierarchy) with reference to market transactions as well as a purchase offer received at the time. During the year ended December 31, 2018, there were no significant changes on the observable market transactions for the properties that are similar to KV and Spitzkop as compared to 2017. Therefore, no impairment charge was recorded for the KV or Spitzkop projects during the year ended December 31, 2018.

Interest Income

Interest income mainly represents the interest and investment return earned through various money market funds invested in Canada and South Africa.

Interest income decreased by $29 (excluding of foreign currency translation impact of $13) to $242 in Q4 2018 compared to $284 for the same period in 2017 due to slightly lower market returns. Interest income decreased by $65 (excluding of foreign currency translation impact of $12) to $1,108 for the year ended December 31, 2018 compared to $1,161 for the same period in 2017 due to slightly year-to-date lower market returns.

Other Income

Other income consists of rental income from company-owned residential properties on the Eastern Limb Projects and at the CRM as well as scrap metal sales not directly related to operations.

Other income increased by $216 (excluding of foreign currency translation impact of $23) to $702 in Q4 2018 compared to $509 for the same period in 2017 mostly due to increased rental income and scrap metals sales. Other income increased by $224 (excluding of foreign currency translation impact of $24) to $2,290 for the year ended December 31, 2018 compared to $2,042 for the same period in 2017 mostly due to increased rental income and scrap metals sales.

Finance Costs

Finance costs include interest accretion on the provision for environmental rehabilitation and miscellaneous interest charges.

Finance cost decreased by $245 (excluding of foreign currency translation impact of $18) to $132 in Q4 2018 compared to $395 for the same period in 2017 as a result of decreased accretion. Finance cost decreased by $403 (excluding of foreign currency translation impact of $1) to $569 for the year ended December 31, 2018 compared to $973 for the same period in 2017 as a result of decreased accretion.

Effective interest on the Union Goal Contract was capitalized as part of development cost until the asset is ready for its intended use. Accretion in the amount of $2,310 was capitalized during the year.

Income Tax

The income tax expense consists of the income tax payable relating to the non-mining income (i.e. rental and scrap metal sales) earned in South African subsidiaries and the origination and reversal of temporary differences which arose due to changes in the Company's net assets and the foreign exchange impact on deferred tax liabilities.

The Company recorded a net income tax expense of $111 in Q4 2018 compared to $200 for the same period in 2017. The Company recorded a net income tax expense of $308 for both the year ended December 31, 2018 and 2017.

5. Liquidity and Capital Resources

As at December 31, 2018, the Company had working capital (current assets minus current liabilities) of $2,836 (December 31, 2017 – $26,153) and a Cash Position of $5,610 (December 31, 2017 – $25,544).

The Company's Cash Position decreased by $1,878 in Q4 2018 compared to the balance as at September 30, 2018. If the foreign currency translation loss impact of $3 is excluded, the actual decrease of Cash Position is $1,875. The decrease resulted from: (i) cash incurred of approximately $2,000 in operations, including G&A and care and maintenance of the CRM and the Eastern Limb Projects; (ii) a net acquisition of property, plant and equipment of $4,458 (the majority being the investment in the construction of the Retreatment Project); and (iii) tax paid of $88, offset with cash received of (i) $1,882 from Union Goal in accordance with the UG Agreement; (ii) $1,645 as a VAT refund received in connection with VAT paid on imported Chrome Circuit equipment; (iii) $891 as a refund of the investment in other assets: and (iii) $253 as interest received.

The Company's Cash Position decreased by $19,934 during the year ended December 31, 2018 compared to the balance as at December 31, 2017. If the foreign currency translation loss impact of $888 is excluded, the actual decrease of Cash Position is $19,046. The decrease resulted from: (i) cash incurred of approximately $11,295 in operations, including G&A and care and maintenance of the CRM and the Eastern Limb Projects; (ii) a net acquisition of property, plant and equipment of $18,908 (the majority related to construction of the Retreatment Project); (iii) an investment in other assets to secure contracts for the Retreatment Project plus interest resulting in an increase in the amount of $778; and (iv) income tax paid of $155, offset with the cash received of (i) $7,118 from Union Goal in accordance with the UG Agreement; (ii) $3,762 as a VAT refund in connection with VAT paid on imported Chrome Circuit equipment; and (iii) $1,210 as interest received.

In March 2018, the UG Agreement was signed and the construction phase began with operations expected to commence in Q4 2018. The CRM underground and all other properties and projects are at an earlier stage of development or on hold. The Company also generated revenues from interest and other income, but these additional revenues at December 31, 2018 are not sufficient to cover the Company's operating expenses. Significant judgements and estimates are involved in projecting the future cash flows including the level of production of the Retreatment Project. Additional funding will be required in the future to commence underground production at CRM, and to develop Kennedy's Vale ("KV"), Spitzkop PGM ("Spitzkop") and Mareesburg Project (the "Eastern Limb Projects") to bring them into production.

Despite the continued ramp up of the Retreatment Project, there remains material uncertainty that the Company will be able to achieve sufficient cash inflows to meet its expected obligations in the next 12 months and 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. These factors raise significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related expense that would be necessary should the Company be unable to continue as a going concern and such adjustments maybe material.

The Company has allocated $1,800 in capital funding to complete and commission the Retreatment Project during Q1 2019. The additional capital of $4,400 required to begin Phase II of the tailings dam lifts is expected to be financed from revenue generated from the Retreatment Project. The Company approved its 2019 budget in February 2019 and the corporate objectives discussed in Section 5.1 of this MD&A are accounted for in the 2019 capital budget. Funding of the objectives is expected from existing working capital and revenue generated from operations.

Under the UG Agreement the Company has committed to purchase the Chrome Circuit, subject to a put option if the operating performance and outputs are not as agreed. This liability, the provision for environmental rehabilitation relating to the CRM and Eastern Limb Projects and certain deferred income tax liabilities are considered non-current liabilities.

5.1 Outlook

In 2018, the Company focused on the construction of the Retreatment Project which is now generating revenue for the Company. The Company and Union Goal seek to ensure the Retreatment Project is brought into full operations, which is estimated to occur in Q2 2019. Once the Retreatment Project has reached full commercial production, the Company will announce its production targets for the remainder of 2019. Based on early results the Company believes that it will make a definitive decision with respect to PGM's in Q2 2019.

The Company's other projects were placed on hold in 2018 as Eastplats resources were allocated to achieve revenue-producing operations. The Company's targets for 2019 include:

- Retreatment Project full commercial production in Q2 2019;
- Assessment and decision regarding the PGM production for the tailings resource;
- Finalize the Retreatment Project Chrome Circuit purchase in accordance with the option under the Framework Agreement;
- Assessment and decision regarding Mareesburg project; and
- Assessment and discussions regarding the CRM Zandfontein underground operations.

As at the date of this MD&A, the Company notes that the 2016 BEE Buyout Transactions (As defined in section 5.3 of this MD&A) have not been completed. However, completion of the BEE Buyout Transaction could potentially give rise to non-compliance with the mining rights and certain provisions of the MPRDA in respect of BEE requirements, unless other steps are taken to rectify the potential non-compliance. Accordingly, the Company has met with the Department of Mineral Resources of the Republic of South Africa (“DMR”) and the Company is working proactively to address such potential issues. Failure to address such potential issues may result in an order from the DMR to rectify any such non-compliance and potentially in the cancelling of or modification of the mining rights granted to the Company under the MPRDA. The Company is also reviewing the Mining Charter 2018 in relation to such issues.

Care and maintenance with respect to the underground portion of the CRM will continue while the Company assess the underground operations. Care and maintenance will also continue for the Company's Eastern Limb Projects for 2019. The Company is actively looking at opportunities for its other assets including continuing to explore options to utilize or monetize these assets.

The Company, following ramp-up of the Retreatment Project, will review its other assets and will be able to reassess the PGM market developments beyond the near term. It will also reassess the Chrome Circuit operations and the overall economics of such operations including reviewing the possibility to develop the CRM underground. However, 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.

Subject to the restart and completion of an economic feasibility study, the development of the Mareesburg open cast mine may also begin once market and operating conditions support such decision, subject to capital requirements and the availability of financing.

Additional funding may also be required to bring other projects to production.

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

The Company did not issue any common shares or other securities except as discussed under this section, during the years ended December 31, 2018 and 2017.

During the year ended December 31, 2018, the Company granted 300,000 stock options to the directors, officers and certain employees of the Company to acquire common shares of the Company at a weighted average exercise price of Cdn$0.37 per share, expiring in five years from grant date. These stock options vest 90 days from the grant date.

During the year ended December 31, 2017, the Company granted 1,575,000 stock options to the directors, officers, employees and consultants of the Company to acquire common shares of the Company at an exercise price of Cdn$0.33 per share, expiring in five years from the grant date. These stock options vest 90 days from the grant date.

During the year ended December 31, 2018, a total of $131 (2017 – $106) was recorded as share-based compensation expense relating to G&A.

No stock options have been exercised during the years ended December 31, 2018 and 2017.

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

- 92,639,032 common shares issued;
- 92,599,310 common shares outstanding;
- 39,722 treasury shares outstanding and held in trust; and
- 2,075,000 stock options outstanding as listed below:

Table 3

Options outstanding	Options exercisable	Exercise price Cdn$	Remaining Contractual Life (Years)	Expiry date
200,000	200,000	1.05	2.51	July 4, 2021
300,000	300,000	1.05	2.62	August 14, 2021
100,000	100,000	1.05	2.72	September 20, 2021
100,000	100,000	0.40	3.15	Febuary 24, 2022
600,000	600,000	0.32	3.86	November 9, 2022
575,000	575,000	0.33	3.94	December 7, 2022
100,000	100,000	0.37	4.24	March 27, 2023
100,000	100,000	0.39	4.32	April 26, 2023
2,075,000	2,075,000		3.52	

5.3 Contractual Obligations, Commitments and Contingencies

The Company's major contractual obligations and commitments as at December 31, 2018 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	3,239	—	—	3,239
Operating lease	20	20	—	—
Capital expenditure and purchase commitments contracted at December 31, 2018 but not recognized on the consolidated statement of financial position	477	477	—	—
	3,736	497	—	3,239

Alpha Global South Africa Claim against the Company

On January 23, 2019, Alpha Global Capital Inc. ("Alpha Global") withdrew its claim with costs.

On March 14, 2017, the Company was served with a claim by Alpha Global, an entity registered in the British Virgin Islands. In its claim, Alpha Global had sought relief under a provision of South African company legislation contemplating that a South African court may make an order to wind up an "external company" registered in South Africa on the basis that it is just and equitable to do so or that it is unable to pay its debts. Alpha Global had asserted that it is entitled to bring its action on the basis that an alleged default occurred under a promissory note originally issued in 2007 and that it is now entitled to approximately ZAR30,797 ($2,140) plus default interest (the "Promissory Note").

The Promissory Note was provided pursuant to an agreement dated April 25, 2007 (the "Alpha Global Agreement") between Eastplats International Inc. ("EII"), a wholly-owned subsidiary of the Company and Alpha Global. The Alpha Global Agreement states that Alpha Global is to receive ZAR30,797 ($2,140) upon the closing of a fundamental transaction defined in the Alpha Global Agreement as the sale of 40%

or more of the assets (as determined on a fair market value basis) of the combined or separate assets of the Company, EII, their subsidiaries and/or an additional 5% of BIL which indirectly holds the CRM.

On May 12, 2017, the Company served its response to the claim filed by Alpha Global in the High Court of South Africa. In its response, the Company has denied Alpha Global's allegations, in particular as to the Company's solvency or the state of its business. The Company also refuted that Alpha Global had any legal standing to bring its action under the above provision since, even based on the facts as asserted by Alpha Global, the claim under the Promissory Note has prescribed (or not been made within the limitation period) and no amount was currently owing to it. The Company also asserted that if there was any dispute as to Alpha Global's status as a creditor of the Company, that this was a matter for the Courts of the British Virgin Islands to decide, being the law under which the parties agreed the Promissory Note was to be governed and interpreted.

Due to the inaction and delay by Alpha Global the matter was removed from the court roll for hearing in South Africa. The Company scheduled a new hearing on February 4, 2019, seeking to dismiss the claim with costs, however Alpha Global withdrew this application on January 23, 2019.

Alpha Global British Virgin Islands Claim against the Company

On July 19, 2018, the Company was served with a further claim by Alpha Global initiated in the British Virgin Islands for recovery of amounts allegedly owed under the Promissory Note. Alpha Global is seeking payment of an amount of ZAR30,797 ($2,140) plus an amount it alleges is owing for default interest, for a total claim of ZAR142,887 ($9,929).

The Company is of the view that no amount is currently owing to Alpha Global and as a result it is not entitled to any remedy in connection with its alleged claim. The Company has filed its defence to oppose the claim and Alpha Global has requested a case management conference in March 2019 to proceed to trial.

Petition 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, 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 of three non-management Directors 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 has filed its opposition to the petition, sought security for costs and will seek to have this petition dismissed.

2016 BEE Buyout Transactions

The Company has been advised by the non-controlling partners ("BEE Shareholders") of Gubevu Consortium Investment Holdings (Pty) Ltd. ("Gubevu") and Lion's Head Platinum (Pty) Ltd. ("Lion's Head") that they have purportedly relinquished their interests in those companies in varying amounts to either Serina Services AG ("Serina") or Ingwenya Incorporated ("Ingwenya"). Serina is incorporated in Switzerland and Ingwenya is incorporated in Lichtenstein. Gubevu is the Company's BEE partner in BIL and Lion's Head is a BEE compliant corporation in the Company's Mareesburg Joint Venture. The Company has been advised that the BEE shareholders originally acquired these shares from Serina and Ingwenya, and these shares have purportedly now reverted to them. Neither the Company nor its subsidiaries were parties to these purported transactions and the Company has not been provided with further direct information regarding, or sufficient documentation confirming these transactions.

On June 30, 2016, two days following the announcement of agreements having been entered into for the sale of CRM (which agreements were subsequently terminated), former management purportedly caused the Company to enter into certain buyout agreements with Serina and Ingwenya (the "BEE Buyout Agreements"). Those BEE Buyout Agreements contemplated payment by Eastplats of $13,367 upon any change of control of the Company in exchange for the acquisition/cancellation of the BEE Shareholders shares. Following a change of control at the 2016 AGM, former management caused those funds to be paid (see News Release of July 4, 2016).

The Company has met and discussed the above issues with the DMR in South Africa. As previously disclosed, South African mining regulations require certain levels of BEE in respect of mining rights. The Company is working to understand the nature and possible implications of the above transactions and, if necessary, to reorganize or remedy its BEE arrangements.

The Company notes that the BEE Buyout Transactions have not been completed. If the BEE Buyout Agreements are complete, the Company may no longer have its BEE Partners, and the Company may be in breach of the provisions of its mining rights and certain provisions of applicable legislation, unless steps are taken to rectify those requirements. The Company is working proactively to resolve these issues contemplated in the BEE Buyout Agreements. If required to do so, there is no guarantee that the Company will be able to successfully rectify those requirements within the required timeframe. Failure to rectify any non-compliance with the obligations under applicable legislation may negatively impact the Company's operations and value of its assets and could lead to the Minister cancelling or modifying the mining rights under the MPRDA. The Company remains committed to working with the DMR to ensure ongoing compliance.

Claims against Serina and Ingwenya

On June 7, 2018, the Company along with its subsidiaries Eastplats Acquisition Co. Ltd, and Eastern Platinum Holdings Limited (collectively, along with Eastplats, the "Eastplats Companies") filed a notice of civil claim in the Supreme Court of British Columbia against Serina and Ingwenya in relation to the payment of the $13,367 to them from the Eastplats Companies during 2016 purportedly in connection with the BEE Buyout Agreements. The claim alleges that the BEE Buyout Agreements between those corporations and the Eastplats Companies are not binding, that the funds were not properly received by them, are an unjust enrichment to them and should be returned. 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, as Serina provided no response to the claim. Service of the claim on Ingwenya is continuing. No amount has been accrued on the Company's financial statement for this claim as it would be a contingent amount if successful.

Claims against former Directors and Officers

On June 7, 2018, the Eastplats Companies filed a notice of civil claim in the Supreme Court of British Columbia against certain former officers and directors of Eastplats. It alleges that the former officers and directors purported to enter into agreements with Serina and Ingwenya on behalf of the Eastplats Companies pursuant to which $13,367 was transferred without consideration and without any apparent benefit to the Eastplats Companies and in doing so breached their duties as directors and officers of the Company. The Eastplats Companies are seeking damages from the former directors and officers on a number of legal grounds. No amount is accrued for this claim on the Company's financial statements as it would be a contingent gain if successful.

As a response to this claim, the former directors and officers have filed a counterclaim claiming indemnity for costs and claims. The Company has filed its defence to oppose this counterclaim.

Claim against the former Chief Financial Officer and Administrative Service Provider

On October 16, 2017, the Company filed a claim in the Supreme Court of British Columbia against its former Chief Financial Officer ("CFO") and Corporate Secretary, Mr. Lee for breach of fiduciary duty and conflict of interest and against the Company's former general and administrative service provider Sterling West Management Ltd. in regards to recovery of termination fees, withholding of deposits, recovery of property and records, breach of contract, conspiracy and negligence. The Company is demanding recovery of the payments, value of property withheld, general and punitive damages. No amount is accrued for this claim on the Company's financial statements as it would be a contingent gain if successful.

Claim dispute regarding Spitzkop

The Company has recently received a notice from the DMR of an appeal launched with the DMR with respect to the Company's mineral license issued in 2012 relating to the Spitzkop property. The Company with the assistance of counsel are addressing and intend to defend this issue related to the validly issued mineral rights of Spitzkop.

General

The Company is also 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 below is a list of related parties with whom the Company had transactions with in Q4 2018 and 2017 and for the years ended December 31, 2018 and 2017, 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	
	2018	2017	**2018**	2017
	$	$	**$**	$
Trading transactions				
Consulting fees	**—**	—	**—**	65
Director fees	**48**	39	**156**	165
Management fees	**51**	140	**212**	471
Share-based payments	**—**	70	**115**	101
Total	99	249	**483**	802
Compensation of key management personnel				
Remuneration	**150**	264	**894**	878
Share-based payments	**—**	34	**62**	65
Total compensation of key management personnel	**150**	298	**956**	943

The Company had transactions with the following related parties in Q4 2018 and 2017:

The Company has agreed to pay $17 (Cdn$23) per month to Oriental Fortune Consulting Services Limited ("Oriental Fortune), an entity controlled by the Company's chief operating officer ("COO"), for the management consulting services rendered.

At September 30, 2018, the Company held a loan receivable from Gubevu in the amount of $66,830 (ZAR961,583) (December 31, 2017 – $70,987 (ZAR877,468)). This loan is secured by Gubevu's interest in BIL, bears interest at the Johannesburg Interbank Agreed Rate + 3% and has been provided for in full. The Company did not record any interest income with regards to this loan or receive cash from, or lend any further cash to, Gubevu in Q4 2018 and 2017 or for the years ended December 31, 2018 and 2017.

Accounts receivable as at December 31, 2018 included $37 (December 31, 2017 - $40) due from Remington Resource Inc. ("Remington") representing the reimbursement receivable for certain general and administrative expenses incurred by the Company on behalf of Remington. The Company's former management are the principal shareholders of Remington. Amount due from the related party is unsecured and due on demand.

During the three and twelve months ended December 31, 2018 and 2017, the Company's key management includes the Chief Executive Officer (the "CEO"), Chief Financial Officer ("CFO"), COO, and vice president of South African Operations (resigned effective August 31, 2018). As stated in Table 5, for the three months and year ended December 31, 2018, the total remuneration to the key management, excluding share-based payments was $150 and $894 (three months and year ended December 31, 2017 - $264 and $878), respectively. For the three months and year ended December 31, 2018, key management received share-based payments of $Nil and $62 (three months and year ended December 31, 2017 – $34 and $65), respectively.

Key management personnel were not paid post-employment benefits or other long-term for the three months and years ended December 31, 2018 and 2017.

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.

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 audited consolidated financial statements for the year ended December 31, 2018.

Areas of significant judgment and estimates made by management for the year ended December 31, 2018 are as summarized below.

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 fair value of mineral properties. The estimate of the recoverable amount of a mineral property is complex and involves significant judgement and assumptions including estimating the quantity and grade of the recoverable resources, future production rates and operating costs, future capital requirements, future metal prices, discount rates, and appropriate foreign exchange rates. The estimate of the recoverable 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 judgements 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.

The Company has determined that there are impairment indicators as at December 31, 2018 and therefore performed impairment analysis resulted an impairment charge of $15,496 on the CRM underground. During the impairment assessment of the fourth quarter of 2016, management has determined that the Eastern Limb Projects have three CGUs, being KV, Spitzkop and Mareesburg, instead of being considered as one CGU as was the case in prior years. This change in CGUs was based on management's reassessment in the fourth quarter of 2016 on how the Eastern Limb Projects could be further developed and brought into production separately. Determination of the CGUs requires significant estimates and judgements.

(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 15 of the Company's audited consolidated financial statements for the year ended December 31, 2018.

(iii) *Union Goal Contracts*

The Company purchased the Chrome Circuit equipment based on contracts with Union Goal in connection with 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 upon pricing or performance of the Chrome Circuit equipment. 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 Company currently does not have other producing properties other than the Retreatment Project which is estimated to have a useful life of 5 – 6 years based on the estimated production. Management believes the Chrome Circuit equipment can be utilized after the completion of the Retreatment Project but is not able to fully assess the value and economics at this time.

Critical Accounting Judgments

Critical accounting judgements 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.

In June 2016, the Company's former management signed certain purported agreements in connection with the BEE Buyout Agreement of certain non-controlling interests in the Company's South African operations and in connection with the sale of the CRM (which agreement was subsequently terminated) . These transactions are complex and the agreements are subject to interpretations of laws under the various jurisdictions. Although the Company reached an agreement to terminate the CRM share purchase agreement in November 2017, the Company was unable to complete the BEE Transactions due to difficulties in accessing the underlying documents, obtaining the cooperation of various parties and the review of the implications of these transactions under the Company's mining rights and certain provisions under the MPRDA.

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, treasury shares, 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, short-term investments, restricted cash, trade receivables, other receivables, other assets, trade payables and other payables are approximately their carrying value.

The fair value of contracts payable has been allocated between the present value of the liability and the non-monetary deferred revenue booked on initial measurement.

(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.

As at December 31, 2018 and 2017, the Company did not have financial liabilities measured at fair value on a recurring basis. There were no transfers between levels during the years ended December 31, 2018 and 2017.

(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 this year end except the new financial instrument contracts payable.

At December 31, 2018, the face value of the Chrome equipment and construction portion of the contracts payable is split between the fair value of the liability of $33,447 (before any 2018 accretion) and the amount (before any foreign exchange) allocated to deferred revenue of $11,332 based on the deferred payment term for the Chrome Circuit for up to 33 months subject to a Barplats put option and Union Goal call option for the re-purchase of the Chrome Circuit by Union Goal in the event either party is not satisfied with the agreed pricing for the Chrome Circuit once its operational capacity is established.

(i) Currency risk

The contracts payable are based on a combination of US dollars and South African Rands for the Chrome Circuit. Neither amount is part of the functional currency and therefore it is exposed to foreign exchange risk.

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 below:

Table 6

	December 31 2018 $	December 31 2017 $
Financial assets		
Denominated in USD at Canadian head office	**3,159**	12,285
Denominated in Rand at Canadian head office	**995**	—
Total	**4,154**	12,285
Financial liabilities		
Contracts payable denominated in Rand at Canadian head office	**2,525**	—
Contracts payable denominated in USD at South African subsidiaries	**33,309**	—
Total	**35,834**	—

As at December 31, 2018, with other variables unchanged, a 10% strengthening (weakening) of Canadian dollars against U.S dollars would have decreased (increased) net income by approximately $287; with other variables unchanged, a 10% strengthening (weakening) of Canadian dollars against the South African Rand would have increased (decreased) net income by approximately $139; and 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 $3,028.

(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. The Company is 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 available for sale, 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 material.

(iii) Commodity price risk

The Company is not exposed to commodity price risk with respect to fluctuations in the prices of platinum group metals or chrome concentrate as there were no revenues from PGM sales during the years ended December 31, 2018 and 2017 and chrome concentrate sales were structured based on a long-term chrome concentrate commodity price according to the UG Agreement.

(iv) Credit 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.

All of the Company's revenue is from the offtake agreement with Union Goal but based on operating cost recovery and making tons of ore available to process for the production of chrome concentrate which is produced for Union Goal under the offtake agreement. As at December 31, 2018, the Company had receivable balances associated with Union Goal of $420 (December 31, 2017 – Nil). 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 but there is 100% credit concentration with one offtake. Provision for doubtful debts is calculated based on the payment history. 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.

During 2019 and forward as the Company ramps up production, there is both a credit risk and credit concentration risk associated with the collection of revenue from its sole purchaser Union Goal under the offtake agreement. This risk is mitigated due to the contract structure and the significant outstanding contract payable due to Union Goal

(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.

As at December 31, 2018, although the Company had started generating revenue from its Retreatment Project, it was in the initial stage of ramping-up the Chrome Circuit and continues to ramp-up since then. The CRM underground and all other properties and projects are at an earlier stage of development or on hold. The Company also generated revenues from interest and other income, but these additional revenues at December 31, 2018 are not sufficient to cover the Company's operating expenses. Significant judgements and estimates are involved in projecting the future cash flows including the level of production of the Retreatment Project. Additional funding will be required in the future to commence underground production at CRM, and to develop the Kennedy's Vale ("KV"), Spitzkop PGM ("Spitzkop") and Mareesburg Project (the "Eastern Limb Projects") to bring them into production.

Despite the continued ramp up of the Retreatment Project, there remains material uncertainty that the Company will be able to achieve sufficient cash inflows to meet its expected obligations in the next 12 months and 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. These factors raise significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related expense that would be necessary should the Company be unable to continue as a going concern and such adjustments maybe material.

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

9.1 Newly adopted Accounting Standards

Effective January 1, 2018, the Company adopted IFRS 9 – Financial Instrument ("IFRS 9") using the modified retrospective approach. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The standard did not have an impact on the carrying amounts of the Company's financial instruments at the transition date.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

Effective January 1, 2018, the Company adopted IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") to recognize revenue. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 requires entities to recognize revenue when 'control' of goods or services transfers to the customer. Since the Company did not have any revenues in 2017, adoption of IFRS 15 did not have an impact on the Company's prior year's consolidated financial statements.

9.2 Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations, are not yet effective as at December 31, 2018, and have not been applied in preparing these consolidated financial statements. The following pronouncements are those that the Company considers most significant and are not intended to be a complete list of new pronouncements that may affect the financial statements.

(i) New standard IFRS 16, *Leases* ("IFRS 16")

Effective for annual periods commencing on or after January 1, 2019, this replaces existing lease accounting guidance. All leases will be required to be reported on the statement of financial position unless certain requirements for exclusion are met. The Company did not have significant operating leases obligation as at December 31, 2018. The Company does not expect that adopting this standard will have significant impact on its consolidated financial statements.

10. Off-Balance Sheet Arrangements

As at December 31, 2018, 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

For the year ended December 31, 2018, 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 the design and operation of the Company's DCP were effective as of December 31, 2018, and that the Company has the appropriate DCP to provide reasonable assurance that information used internally by management and disclosed externally is, in all material respects, complete and accurate.

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 IFRS.

The CEO and CFO have evaluated the effectiveness of the Company's ICFR as at December 31, 2018 based on I*nternal 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 for the South African operations and all of the other subsidiaries of the Company in regards to ICFR. Based on that evaluation, the CEO and the CFO concluded that the design and operation of the Company's ICFR were effective as at December 31, 2018.

The scope of the Company's design of the DCP and the ICFR excluded Gubevu, an associated entity which is accounted for using the equity method under IFRS.

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 is also 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.

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, 2018, which is available on SEDAR at www.sedar.com.

13. 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, future operations, operations ramp-up, the future development and funding of the Company's projects; the Company's plans for its properties; the resolution of current litigation; the BEE Buyout Agreements and all related transactions; 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 pit 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; estimated timelines for revenue, production and anticipated capital costs; timelines for feasibility studies; 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 BEE Buyout Agreements, the resolution of the BEE requirements, the price of PGMs, 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.