

EASTERN PLATINUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2019

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, 2019 and for the three months then ended in comparison to the same period in 2018.

This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and the related notes for the three months ended March 31, 2019. 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 14, 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 March 31, 2019, the Company's primary assets were:

- (a) an 87.5% direct and indirect interest in Barplats Investments (Pty) 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.

The CRM is currently re-mining and processing its tailings resource, with an offtake of the chrome concentrate from the Barplats Zandfontein UG2 tailings facility ("Retreatment Project").

Operations of the Retreatment Project began in December 2018 as the Company began providing material from the tailings, processing and producing chrome concentrate.

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 is expected to restart and update its assessment of the Mareesburg project in Q2 2019, which has not moved forward since May 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 are monitored collectively as a group by 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 (also see section 5.3 Contractual Obligations, Commitments and Contingencies).

2. First Quarter of Fiscal Year 2019 Highlights

2.1 Significant events

(a) Retreatment Project Update

The Company is operating the Retreatment Project and during Q1 2019, reached 45% of processing capacity. Based on the Company targets, the Retreatment Project is forecast to reach full capacity by July 2019. During April 2019, material from re-mining the tailings reached over 70% of processing capacity. With these processing levels achieved in April 2019, the Company expects to begin amortization and depletion of the Retreatment Project assets effective May 1, 2019.

Operations consist of re-mining of the tailings material and processing the material through the Company’s newly constructed chrome plant and the chrome processing circuit, related technology and knowhow (the “**Chrome Circuit**”).

The Company is continuing to focus on ramping-up throughput of tailings material. The Company’s target is to deliver a minimum of 220,000 tons of tailings material to the plant on a monthly basis. The Company also continues to improve and develop the efficiency and production output of the Chrome Circuit during the ramp-up process.

During April 2019 Eastplats prepared an internal assessment of the PGM recovery opportunity on the tailings resource. During the next few months the Company will continue testing its application and consider its viability on tailings resource.

Despite some minor issues during this ramp-up phase the Company continues to monitor and adjust operations but remains focused on achieving its targeted ramp-up.

2.2 Financial Highlights

- Revenue from the Retreatment Project \$5,350
- Operating loss \$1,833 in Q1 2019 compared to \$2,554 in Q1 2018
- Net financing cash flow of \$2,217 (ZAR31,267) - Retreatment Project construction loan from Union Goal in accordance to the UG Agreement.

3. Selected Quarterly Financial Data

The table below 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, 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)								
	2019		2018			2017		
	Mar. 31	Dec. 31	Sept.30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	5,350	414	—	—	—	—	—	—
Production costs	(4,419)	(427)	—	—	—	—	—	—
Mining operation income (loss)	931	(13)	—	—	—	—	—	—
General and administrative	(791)	(445)	(562)	(474)	(755)	(1,068)	(776)	(687)
Care and maintenance	(1,935)	(2,458)	(1,759)	(1,865)	(1,770)	(1,763)	(1,344)	(1,828)
Care and maintenance depreciation	(38)	(49)	(29)	(37)	(29)	(31)	(31)	(30)
Impairment expense	—	(15,496)	—	—	—	—	—	—
	(2,764)	(18,448)	(2,350)	(2,376)	(2,554)	(2,862)	(2,151)	(2,545)
Other income (expenses), net	641	691	(611)	(1,452)	1,155	694	61	402
Loss before income taxes	(1,192)	(17,770)	(2,961)	(3,828)	(1,399)	(2,168)	(2,090)	(2,143)
Net loss for the period	(1,255)	(17,881)	(2,975)	(4,238)	(1,172)	(2,368)	(2,105)	(2,213)
Net loss attributable to equity shareholders of the Company	(838)	(15,328)	(2,357)	(3,441)	(694)	(1,907)	(1,681)	(1,750)
Loss per share - basic and diluted	(0.01)	(0.17)	(0.03)	(0.04)	(0.01)	(0.02)	(0.02)	(0.02)
Average foreign exchange rates								
South African Rand per US dollar	14.01	14.25	14.05	12.63	11.95	13.61	13.18	13.20
US dollar per Canadian dollar	0.7524	0.7570	0.7652	0.7747	0.7909	0.7866	0.7986	0.7437
Period end foreign exchange rates								
South African Rand per US dollar	14.45	14.39	14.16	13.75	11.85	12.36	13.52	13.09
US dollar per Canadian dollar	0.7483	0.7330	0.7725	0.7594	0.7756	0.7971	0.8013	0.7706

The Company's operations are not materially impacted by seasonality considerations, with the exception of electricity which has seasonal 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 staff as appropriate towards this active project. Although construction contractors were engaged during 2018 no changes occurred in the operations staff until Q4 2018 when commissioning began and the operation ramp up continued in Q1 2019.

4. Results of Operations for the Three Months Ended March 31, 2019

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 average foreign exchange rate for Q1 2019 and Q1 2018 is listed below

	Cdn to USD	ZAR to USD
Q1 2019	0.0949	0.0714
Q1 2018	0.7909	0.0837

The estimated South African annual inflation rate is 2019 - \$4.17% and 2018 - 3.94%. 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 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 and Canadian dollars.

The following table sets forth selected consolidated financial information for Q1 2019 and 2018:

Table 2

Interim consolidated statements of loss		
(Expressed in thousands of U.S. dollars, except per share amounts)		
	Three months ended	
	March 31	
	2019	2018
	\$	\$
Revenue	5,350	—
Mine operation income	931	—
Expenses		
General and administrative	791	755
Care and maintenance	1,935	1,770
Care and maintenance depreciation and amortization	38	29
Operating loss	(1,833)	(2,554)
Other income (net of other expenses) and income tax expense	578	1,382
Net loss for the period	(1,255)	(1,172)
Attributable to		
Non-controlling interest	(417)	(478)
Equity shareholders of the Company	(838)	(694)
Net loss for the period	(1,255)	(1,172)
Loss per share		
Basic and diluted	(0.01)	(0.01)
Weighted average number of common shares outstanding		
Basic and diluted	92,599	92,599
Consolidated statements of financial position		
	March 31	December 31
	2019	2018
	\$	\$
Total assets	154,292	150,545
Total non-current liabilities	55,984	53,351

The Company recorded a loss attributable to equity shareholders of the Company of \$838 (or \$0.01 loss per share) in Q1 2019 compared to a loss of \$694 (or \$0.01 loss per share) in Q1 2018. Detailed explanations are presented below.

4.1 Overall Performance

Revenue

The Company currently has only one source of revenue, the Union Goal Offtake Agreement in relation to chrome concentrate production from the Retreatment Project. During Q1 2019 the Company was in an operational ramp-up. The Retreatment Project produces revenue based on tons of material made available for processing by re-mining the tailings, recovery of the certain operational costs and allocation of the upfront cash payment for the offtake of chrome concentrate to Union Goal. Additional non-cash deferred revenue is recognized based on tons made available for processing from the discounting of the chrome equipment debt and the construction loan based on the effective interest rate.

While still ramping up, this is the first full quarter of operational activity. The Company achieved just under a 50% capacity of production and generated \$5,350 of revenue.

Mining operation income

Although the majority of the operating costs are included as a recovery, certain management costs directly related to the Retreatment Project are not and therefore, the Company only generated mine operation income of \$931. As the performance of the Chrome Circuit has not yet achieved its intended use at March 31, 2019 the Company has not yet begun amortization and depletion but that is expected effective May 1, 2019.

As the Company achieves increased throughput it is forecast that the margin on mining income will continue to increase after adjusting for non cash items.

Operating Loss

The Company generated \$1,833 of operating loss in Q1 2019 compared to \$2,554 during Q1 2018. The operating loss is lower as a result of the early stage of operational ramp-up on the Retreatment Project and should continue to reduce as the Retreatment Project ramps-up. The Company is working to ramp-up to full production and looking to achieve additional revenue streams, but until new sources of revenue are activated or a significant decrease in the Care and Maintenance costs are achieved the Company has forecasted to continue to sustain a certain level of Operating loss.

General and Administrative

G&A costs are associated with the Company's Vancouver corporate head office and associated professional and corporate costs.

The G&A costs increased \$36 to \$791 in Q1 2019 compared to \$755 for the same period in 2018. The increase in 2019 is primarily due to the management bonus payment in Q1 2019 offsetting with the decrease of lower professional fees and office expenses incurred in Q1 2019.

Care and Maintenance

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 was placed on care and maintenance in the third quarter of 2013.

Care and maintenance costs increased \$425 (excluding foreign currency translation impact of \$260) to \$1,935 in Q1 2019 compared to \$1,770 for the same period in 2018 in connection with the CRM and Eastern Limb Projects. This increase was the result of overall salary increases in South Africa, annual electricity increases and general increased costs of operating due to new operations.

Other Income

Other income decreased \$27 (excluding of foreign currency translation impact of \$87) to \$481 in Q1 2019 compared to \$595 for the same period in 2018 mostly due to decreased scrap metals sales. 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.

4.2 Crocodile River Mine

The Retreatment Project is continuing production and achieved 45% of capacity in March 2019 and 72% of capacity in April 2019. As discussed above, the Company is continuing an operational ramp-up. The Retreatment Project produces revenue based on tons of material made available for processing by re-mining the tailings, recovery of the certain operational costs and allocation of the upfront cash payment for the offtake of chrome concentrate to Union Goal.

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

Average grade Cr concentrate	Tons of concentrate
38.6	144,419

The Company began in April 2019 the consideration and testing of a PGM recovery circuit in relation to the tailings resource in an effort to generate additional revenue. The Company has numerous alternatives and is seeking the best possible path forward. Samples and testing from the new operating chrome plant will allow for the most accurate assessment. The Company targets a decision in this regard during Q3 2019.

The Retreatment Project is also discussed above under section 2.1 – *Significant events (a) Retreatment Project Update*.

4.3 Maresburg Project

The Maresburg 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 is planning on completing the work on this assessment during Q3 2019. The Company was provided with alternative parameters from third parties relating to ore delivery options which it will be able to incorporate into this updated assessment. 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.

5. Liquidity and Capital Resources

As at March 31, 2019, the Company had working capital (current assets less current liabilities) of \$3,064 (December 31, 2018 – \$2,836) and a Cash Position of \$3,812 (December 31, 2018 – \$5,610).

The Company’s cash position decreased by \$1,798 in Q1 2019 compared to the balance as at December 31, 2018. If excluding the foreign currency translation gain impact of \$181, the actual decrease of cash position would be \$1,979. The decrease results from: (i) cash incurred of approximately \$3,913 in operations, including G&A and care and maintenance of the CRM and the Eastern Limb Projects; (ii) an increase in other assets in the amount of \$154; and (iii) a net acquisition of property, plant and equipment of \$340; offset with the cash received of (i) \$2,217 construction loan received from Union Goal in accordance with the UG Agreement; and (ii) interest received of \$211.

In March 2018 the UG Agreement was signed and the construction phase began. The Company started to generate revenues in Q4 2018. The remaining CRM underground and all other properties and projects are at an earlier stage of development or on hold. The Company also generated income from interest and other income, but these additional incomes at March 31, 2019 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 may be material.

The Company has allocated \$1,250 in capital funding from current cash sources. The additional capital amount 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 is reviewing the updated budget for 2019 after operating for several months. 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

The Company seeks to ensure the Retreatment Project is brought into full operations, which is estimated to occur in July 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 by the end of Q3 2019.

The Company's other projects were placed on hold in 2018 and during the ramp up of Q1 2019 all of Eastplats resources were allocated to achieve and continue revenue-producing operations. The Company's targets for 2019 remain:

- Retreatment Project ramp-up to full production in July 2019;
- Assessment and decision regarding the PGM recoverability opportunities in relation to 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 continuing to review the Mining Charter 2018 in relation to such issues.

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

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 Maresburg 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, nor did the Company grant any stock options during the three months ended March 31, 2019. During the three months ended March 31, 2019, a total of \$nil (three months ended March 31, 2018 – \$93) was recorded as share-based compensation expense relating to G&A.

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; and
- 2,050,000 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	2.26	July 4, 2021
300,000	300,000	1.05	2.38	August 14, 2021
100,000	100,000	1.05	2.48	September 20, 2021
100,000	100,000	0.40	2.91	February 24, 2022
600,000	600,000	0.32	3.61	November 9, 2022
550,000	550,000	0.33	3.69	December 7, 2022
100,000	100,000	0.37	3.99	March 27, 2023
100,000	100,000	0.39	4.07	April 26, 2023
2,050,000	2,050,000		3.27	

5.3 Contractual Obligations, Commitments and Contingencies

The Company's major contractual obligations and commitments as at March 31, 2019 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	3,305	—	—	3,305
Operating lease	10	10	—	—
Capital expenditure and purchase commitments contracted at March 31, 2019 but not recognized on the consolidated statement of financial position	247	247	—	—
	3,562	257	—	3,305

Alpha Global South Africa Claim against the Company

On January 23, 2019, Alpha Global Capital Inc. (“Alpha Global”) withdrew its claim in South Africa 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 (\$2,132) plus default interest (the “Promissory Note”).

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 (\$2,132) plus an amount it alleges is owing for default interest, for a total claim of ZAR142,887 (\$9,889).

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 and the Company are proceeding 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. The Company and 2538530 Ontario Limited signed an agreement for the posting of security by 2538530 Ontario Limited.

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 Maresburg 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 statements 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 intends to defend this issue related to the validly issued mineral rights of Spitzkop.

6. Related Party Transactions

Summarized below is a list of related parties with whom the Company had transactions with in Q1 2019 and Q1 2018, 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 6

(Expressed in thousands of U.S. dollars)	Three months ended	
	March 31	
	2019	2018
	\$	\$
Trading transactions		
Director fees	43	34
Management fees	103	55
Share-based payments	—	77
Total	146	166
Compensation of key management personnel		
Remuneration	319	243
Share-based payments	—	51
Total compensation of key management personnel	319	294

The Company had transactions with the following related parties in Q1 2019 and 2018:

The Company has agreed to pay \$18 (Cdn\$23) per month to Oriental Fortune Consulting Services Limited (“Oriental Fortune”) plus paid a discretionary bonus amount of \$52 (Cdn\$69) relating to 2018, an entity controlled by the Company’s chief operating officer (“COO”), for the management consulting services rendered.

At March 31, 2019, the Company held a loan receivable from Gubevu in the amount of \$68,095 (ZAR984,036) (December 31, 2018 – \$66,830 (ZAR961,583)). 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 Q1 2019.

Accounts receivable as at March 31, 2019 included \$37 (December 31, 2018 - \$37) due from 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.

In Q1 2019, the Company’s key management includes the Chief Executive Officer (the “CEO”), Chief Financial Officer (“CFO”) and the COO in Q1 2018 this also included the vice president of South African Operations (resigned August 31, 2018). As stated in table 6, the total remuneration to the key management in Q1 2019 was \$319 (Q1 2018 - \$294). In Q1 2019, the key management received share-based payments of \$nil (Q1 2018– \$51).

Key management personnel were not paid post-employment benefits or other long-term benefits in Q1 2019 and 2018.

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 judgement and estimates made by management for the three months ended March 31, 2019 in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Notes 4(t) and 4(u) of the Company's audited consolidated financial statements for the year ended December 31, 2018.

In addition, the Company determined the Retreatment Project had not yet achieved its intended use at March 31, 2019.

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 and other receivables, other assets, trade and other payables approximate 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 March 31, 2019 and December 31, 2018, the Company did not have financial liabilities measured at fair value on a recurring basis. There were no transfers between levels in Q1 2019.

(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, and it also has to consider the Barplats put option.

Table 7

	March 31 2019 \$	December 31 2018 \$
Financial assets		
Denominated in USD at Canadian head office	2,329	2,751
Denominated in USD at South African subsidiaries	4,930	408
Denominated in Rand at Canadian head office	31	995
Total	7,290	4,154
Financial liabilities		
Contracts payable denominated in Rand at Canadian head office	4,270	2,525
Contracts payable denominated in USD at South African subsidiaries	34,191	33,309
Total	38,461	35,834

As at March 31, 2019, with other variables unchanged, a 10% strengthening (weakening) of Canadian dollars against U.S dollars would have decreased (increased) net income by approximately \$212; with other variables unchanged, a 10% strengthening (weakening) of Canadian dollars against the South African Rand would have increased (decreased) net income by approximately \$385; 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 \$2,660.

(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 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 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 in Q1 2019 and 2018, and chrome concentrate sales were not structured based on a long-term chrome concentrate commodity price according to the Union Goal contract.

(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 March 31, 2019, the Company had receivable balances associated with Union Goal of \$4,930 (December 31, 2018 – \$408). 100% of the Company's mining revenues and trade receivables are from 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 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.

In 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 customer Union Goal under the offtake agreement. This risk is mitigated due to the contract structure and the significant outstanding contracts 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.

Although the Company had started generating revenue from its Retreatment Project since December 2018, 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 March 31, 2019 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 may be material.

9. Application of New and Revised IFRS

9.1 Newly adopted Accounting Standards

Effective January 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which requires leases to be reported on the statement of financial position unless certain requirements for exclusion are met. The Company did not enter into any significant operating leases obligations for the three months ended March 31, 2019 and did not have any significant operating leases as at December 31, 2018. Adoption of this standard does not have any material impact on the Company's condensed interim consolidated financial statements.

10. Off-Balance Sheet Arrangements

As at March 31, 2019, 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.

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 our financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS").

The Company's ICFR are designed based on the *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

The scope of the Company's design of the DCP and the ICFR excluded Gubevu Consortium Investment Holdings (Pty) Ltd., 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 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 to DCP and ICFR

As a result of operations beginning for the Retreatment Project the Company has implemented new internal procedures around revenue and operations cycle. Management restructuring at the CRM has also resulted in adjustments in the Company's procurement policies and leaders. The Company is confident these adjustments will ensure continued effective ICFR.

12. Risk Factors

The exploration of mineral deposits involves significant risks and uncertainties. A comprehensive list of risk factors relating to our 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, 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 III; 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 black economic empowerment 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.