Consolidated financial statements of

Eastern Platinum Limited

December 31, 2018 and 2017

Eastern Platinum Limited

December 31, 2018 and 2017

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Independent auditor's report

To the Shareholders of Eastern Platinum Limited

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Eastern Platinum Limited and its subsidiaries (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of loss for the years then ended;
- the consolidated statements of comprehensive (loss) income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Frans Minnaar.

"(signed) PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Vancouver, British Columbia
March 26, 2019

Eastern Platinum Limited

Consolidated statements of loss
(Expressed in thousands of U.S. dollars, except for per share amounts)

	Note	Year ended December 31 2018	2017
Revenue		**$ 414**	$ —
Production costs		**(427)**	—
Mining operation loss		**(13)**	—
Expenses			
General and administrative		**2,236**	3,667
Care and maintenance		**7,852**	6,661
Care and maintenance - depreciation and amortization		**144**	123
Impairment		**15,496**	—
Operating loss		**(25,741)**	(10,451)
Other income (expense)			
Gain on disposal of property, plant and equipment		**190**	270
Interest income		**1,108**	1,161
Other income		**2,290**	2,042
Finance costs	8	**(569)**	(973)
Foreign exchange loss		**(3,236)**	(949)
Loss before income taxes		**(25,958)**	(8,900)
Income tax expense	9	**(308)**	(308)
Net loss for the year		**(26,266)**	(9,208)
Attributable to			
Non-controlling interest	10	**(4,446)**	(1,841)
Equity shareholders of the Company		**(21,820)**	(7,367)
Net loss for the year		**$ (26,266)**	$ (9,208)
Loss per share			
Basic and diluted		**(0.24)**	(0.08)
Weighted average number of common shares outstanding in thousands			
Basic and diluted	7(b)	**92,599**	92,599

The accompanying notes are an integral part of these consolidated financial statements

"George Dorin"
George Dorin, Director

"Mike Cosic"
Mike Cosic, Director

Eastern Platinum Limited

Consolidated statements of comprehensive (loss) income
(Expressed in thousands of U.S. dollars)

			Year ended December 31		
	Note		**2018**		2017
Net loss for the year		**$**	**(26,266)**	$	(9,208)
Other comprehensive (loss) income					
Items that may subsequently be reclassified to loss or profit					
- Exchange differences on translating foreign operations			**(24,017)**		17,109
- Exchange differences on translating non-controlling interest	10		**6,477**		(4,297)
Comprehensive (loss) income for the year			**(43,806)**		3,604
Attributable to					
Equity shareholders of the Company			**(45,837)**		9,742
Non-controlling interest			**2,031**		(6,138)
Comprehensive (loss) income for the year		**$**	**(43,806)**	$	3,604

The accompanying notes are an integral part of these consolidated financial statements

Eastern Platinum Limited

Consolidated statements of financial position
(Expressed in thousands of U.S. dollars)

	Note		As at December 31 2018		As at December 31 2017
Assets					
Current assets					
Cash and cash equivalents	11	**$**	**4,213**	$	8,392
Short-term investments	12		**1,397**		17,152
Trade and other receivables			**1,345**		894
Inventories			**1,055**		1,256
			8,010		27,694
Non-current assets					
Restricted cash			**84**		92
Inventories			**807**		975
Property, plant and equipment	6		**133,704**		109,631
Other assets	13		**7,940**		8,557
		$	**150,545**	$	146,949
Liabilities					
Current liabilities					
Trade and other payables		**$**	**2,979**	$	1,541
Deferred revenue	14		**2,195**		—
			5,174		1,541
Non-current liabilities					
Deferred revenue	14		**11,131**		—
Contracts payable	14		**35,834**		—
Provision for environmental rehabilitation	15		**3,239**		6,340
Deferred tax liabilities	9		**3,147**		3,373
			58,525		11,254
Equity					
Issued capital	7		**1,230,171**		1,230,171
Treasury shares			**(204)**		(204)
Equity-settled employee benefits reserve			**410**		569
Accumulated other comprehensive loss			**(295,888)**		(271,871)
Deficit			**(800,170)**		(778,640)
Total equity attributable to equity shareholders of the Company			**134,319**		180,025
Non-controlling interest	10		**(42,299)**		(44,330)
			92,020		135,695
		$	**150,545**	$	146,949

Going concern (Note 1(b))
Commitments (Note 17)
Contingencies (Note 21)
Subsequent event (Note 23)

The accompanying notes are an integral part of these consolidated financial statements.

Eastern Platinum Limited

Consolidated statements of changes in equity
(Expressed in thousands of U.S. dollars)

	Issued capital	Treasury shares	Equity-settled employee benefits reserve	Accumulated other comprehensive income (loss)	Deficit	Total equity attributable to equity shareholders of the company	Non-controlling interest	Equity
Balance, December 31, 2016	**$ 1,230,171**	**$ (204)**	**$ 590**	**$ (288,980)**	**$ (771,400)**	**$ 170,177**	**$ (38,192)**	**$ 131,985**
Net loss	—	—	—	—	(7,367)	(7,367)	(1,841)	(9,208)
Other comprehensive income (loss)	—	—	—	17,109	—	17,109	(4,297)	12,812
Total comprehensive income (loss)	—	—	—	17,109	(7,367)	9,742	(6,138)	3,604
Share-based compensation	—	—	106	—	—	106	—	106
Transfer equity reserve relating to expired options	—	—	(127)	—	127	—	—	—
Balance, December 31, 2017	**$ 1,230,171**	**$ (204)**	**$ 569**	**$ (271,871)**	**$ (778,640)**	**$ 180,025**	**$ (44,330)**	**$ 135,695**
Net loss	—	—	—	—	(21,820)	(21,820)	(4,446)	(26,266)
Other comprehensive income (loss)	—	—	—	(24,017)	—	(24,017)	6,477	(17,540)
Total comprehensive income (loss)	—	—	—	(24,017)	(21,820)	(45,837)	2,031	(43,806)
Share-based compensation	—	—	131	—	—	131	—	131
Transfer equity reserve relating to expired options	—	—	(290)	—	290	—	—	—
Balance, December 31, 2018	**$ 1,230,171**	**$ (204)**	**$ 410**	**$ (295,888)**	**$ (800,170)**	**$ 134,319**	**$ (42,299)**	**$ 92,020**

The accompanying notes are an integral part of these consolidated financial statements

Eastern Platinum Limited

Consolidated statements of cash flows
(Expressed in thousands of U.S. dollars)

	Year ended December 31	
	2018	2017
Operating activities		
Loss before income taxes	**$ (25,958)**	$ (8,900)
Adjustments to net loss for non-cash items		
Care and maintenance depreciation and amortization	**144**	123
Stock based compensation	**131**	106
Impairment of receivable provisions	**26**	285
Impairment of mineral properties	**15,496**	—
Gain on disposal of property, plant and equipment	**(190)**	(270)
Interest income	**(1,108)**	(1,161)
Finance costs	**569**	973
Foreign exchange loss	**3,236**	949
Net changes in non-cash working capital items		
Trade and other receivables	**(1,062)**	(227)
Inventories	**50**	22
Trade and other payables	**1,205**	(406)
Deferred revenue	**3,562**	—
Cash used in operations	**(3,899)**	(8,506)
Adjustments to net loss for cash items		
Interest income received	**1,210**	871
Finance costs paid	**—**	(3)
Taxes paid	**(155)**	(138)
Net operating cash flows	**(2,844)**	(7,776)
Financing activities		
Contracts payable	**3,556**	—
Net financing cash flows	**3,556**	**—**
Investing activities		
Purchases of short-term investments	**(10,086)**	(37,126)
Redemptions of short-term investments	**25,513**	41,373
Release of restricted cash	**—**	5,000
(Increase) decrease of other assets	**(778)**	2,281
Property, plant and equipment expenditures	**(19,292)**	(1,594)
Disposal of property, plant and equipment	**256**	348
Net investing cash flows	**(4,387)**	10,282
Effect of exchange rate changes on cash and cash equivalents	**(504)**	(4)
(Decrease) increase in cash and cash equivalents	**(4,179)**	2,502
Cash and cash equivalents, beginning of year	**8,392**	5,890
Cash and cash equivalents, end of year	**$ 4,213**	$ 8,392

The accompanying notes are an integral part of these consolidated financial statements

1. Nature of operations and Going concern

(a) General

Eastern Platinum Limited (the "Company") is a platinum group metal ("PGM") and chrome company engaged in the mining, exploration and development of PGM and chrome properties located in various provinces in South Africa.

The Company was incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company's shares are listed on the Toronto Stock Exchange (primary listing) and the Johannesburg Stock Exchange (secondary listing). The head office and principal address of the Company are located at 1080 – 1188 West Georgia Street, Vancouver, British Columbia, Canada.

On March 1, 2018, the Company and its subsidiary Barplats Mines (Pty) Limited ("Barplats") entered into an agreement (the "Framework Agreement") with Union Goal Offshore Solution Limited ("Union Goal"). The Framework 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"). During 2018, the Company constructed the Retreatment Project and in December 2018 began providing material from re-mining the tailings and produced chrome concentrate. Since August 2013, the Company's other existing projects have been either in care and maintenance or on hold.

The Company's presentation currency is U.S. dollars. All monetary amounts presented in these consolidated financial statements are in thousands of U.S. dollars ("$"), thousands of Canadian dollars ("Cdn$") or thousands of South African Rand ("ZAR"), except for per share amounts or otherwise indicated.

(b) Going concern

These consolidated financial statements, including comparatives, have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

As at December 31, 2018, although the Company had started generating revenue from its Retreatment Project, it was in the initial stages of production and ramp-up. The Crocodile River Mine ("CRM") underground remains in care and maintenance and all other properties and projects are 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") and 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.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

The consolidated financial statements were authorized for issue by the Board of Directors on March 26, 2019.

(b) Judgements and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 (t) and (u).

(c) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for those as explained in the accounting policies below.

3. Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations, are not yet effective for the year ended 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.

(a) New standard IFRS 16, Leases

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 obligations as at December 31, 2018. The Company does not expect the adoption of this standard to have a significant impact on its consolidated financial statements.

4. Summary of significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) *Basis of consolidation*

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has (i) power over the investee, (ii) exposure, or rights, to variable returns from its involvement with the investee, and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions, balances, revenues and expenses have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of profit or loss and other comprehensive income or loss since the date of acquisition, even if this results in the non-controlling interest having a deficit balance. Changes in the Company's ownership percentage in subsidiaries that do not result in loss of control are accounted for as equity transactions. The carrying amount of the Company's interest and the non-controlling interests are adjusted to reflect the change in their relative interests in the subsidiary. Any difference between the fair value of the consideration paid or received and the adjustment to the Company's non-controlling interest is recognized directly to equity.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the acquisition date) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Any costs directly attributable to the business combination are generally recognized in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations,* which are recognized and measured at fair value less costs to sell. Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized immediately in profit or loss. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

4. Summary of significant accounting policies (continued)

(b) Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

When the Company or a subsidiary of the Company transacts with an associate of the Company, profits and losses resulting from the transactions with the associate are recognized in the Company's consolidated financial statements only to the extent of interests in the associate that are not related to the Company.

(c) Presentation currency and foreign currency translation

The Company’s presentation currency is the U.S. dollar. The functional currencies of the Company, its BVI and Barbados intermediate holding companies are the Canadian dollar, while the South African subsidiaries are the South African Rand. These consolidated financial statements have been translated to the U.S. dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). All resulting exchange differences are recognized directly in other comprehensive income.

(d) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

4. Summary of significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

(f) Short-term investments

Short-term investments are investments which are transitional or current in nature, with an original maturity greater than three months.

(g) Inventories

Inventories, comprising consumable parts and supplies, are valued at the lower of cost and net realizable value, with replacement cost used as the best available measure of net realizable value. Cost is determined using the weighted average method and includes direct mining expenditures and an appropriate portion of normal overhead expenditure. Certain parts and supplies which may not be used within 1 year are classified as non-current.

(h) Property, plant and equipment

(i) Mining assets

Assets owned and mineral properties being depleted are recorded at cost less accumulated depreciation and accumulated impairment losses. Mineral properties not being depleted are recorded at cost less accumulated impairment losses. All direct costs related to the acquisition, exploration and development of mineral properties are capitalized until the properties to which they relate are ready for their intended use, sold, abandoned or management has determined there to be impairment. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mineral properties being depleted and amortized using the units-of-production method following commencement of commercial production. Interest on borrowings incurred to finance mining assets is capitalized until the asset is capable of carrying out its intended use.

Mining properties and mining and process facility assets are amortized on a units-of-production basis which is measured by the portion of the mine's proven and probable ore reserves recovered during the period. Capital work-in-progress, which is included in mining assets, is not depreciated until the assets are ready for their intended use.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

4. Summary of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

(ii) Residential properties and other property, plant and equipment

Residential properties and other property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. These assets are depreciated using the straight-line method based on estimated useful lives. Land is not depreciated.

Where an item of plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal overheads.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the weighted average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is ready for its intended use.

(iii) Depreciation

The depreciation method, useful life and residual values are assessed annually. The carrying amounts of property, plant and equipment are depreciated using either the straight-line or unit-of-production method over the short of the estimated useful life of asset or the life of mine. The estimated useful lives of property, plant and equipment are as follows:

Plant and equipment owned	
Underground and other assets	life of mine
Mine houses	50 years
Office buildings	20 years
Plant	life of mine
Tailings retreatment plant	life of mine
Computer equipment	3 years
Mineral properties being depleted	life of mine
Residential properties	50 years

4. Summary of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

(iv) Subsequent costs

The cost of replacing part of an item within property, plant and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the group and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced is expensed. All other costs are recognized as an expense as incurred.

(v) Impairment

The Company's tangible assets are reviewed for indications of impairment at each statement of financial position date. If an indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit ("CGU"), exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss for the period.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(vi) Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Financial instruments

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.

4. Summary of significant accounting policies (continued)

(i) Financial instruments (continued)

Under IFRS 9, financial assets are classified into one of three categories below:

- amortized cost;
- fair value changes through other comprehensive income ("FVTOCI"); and
- fair value through profit or loss ("FVTPL")

Under IFRS 9, financial liabilities are classified into one of two categories below:

- amortized cost; and
- FVTOCI

(i) Initial recognition

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. On initial recognition, all financial assets and financial liabilities are recorded at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case transaction costs are expensed as incurred.

(ii) Subsequent measure of financial assets

Financial assets classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization from the effective interest method is included in finance income. Financial assets classified as FVTPL are measured at fair value with changes in fair values recognized in profit or loss. Equity investments designated as FVTOCI are measured at fair value with changes in fair values recognized in other comprehensive income ("OCI"). Dividends from that investment are recorded in profit or loss when the Company's right to receive payment of the dividend is established unless they represent a recovery of part of the cost of the investment.

As at years ended December 31, 2018 and 2017, the Company does not have any financial assets that are classified as FVTPL and FVTOCI.

(iii) Impairment of financial assets carried at amortized cost

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets or group of financial assets measured at amortized cost are impaired. Impairment losses and reversal of impairment losses, if any, are recognized in profit or loss in the period they are incurred.

(iv) Subsequent measure of financial liabilities

Financial liabilities classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization using the effective interest method is included in finance costs.

Financial liabilities classified as FVTPL are measured at fair value with gains and losses recognized in profit or loss.

4. Summary of significant accounting policies (continued)

(i) Financial instruments (continued)

(v) Derecognition of financial assets and financial liabilities

A financial asset is derecognized when the rights to receive cash flows from the asset have expired; or The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass - through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Gains and losses on derecognition of financial assets and liabilities classified as amortized cost are recognized in profit or loss when the instrument is derecognized or impaired, as well as through the amortization process. Gains and losses on derecognition of equity investments designated as FVTOCI (including any related foreign exchange component) are recognized in OCI. Amounts presented in OCI are not subsequently transferred to profit or loss, although the cumulative gain or loss may be transferred within equity.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability. In this case, a new liability is recognized, and the difference in the respective carrying amounts is recognized in the statement of income.

(vi) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle liabilities simultaneously.

(vii) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without deduction for transaction costs. For financial instruments that are not traded in active markets, the fair value is determined using appropriate valuation techniques, such as using a recent arm's length market transaction between knowledgeable and willing parties, discounted cash flow analysis, reference to the current fair value of another instrument that is substantially the same, or other valuation models.

4. Summary of significant accounting policies (continued)

(j) Leases

(i) The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the corresponding lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

(ii) The Company as lessee

Operating lease payments are expensed on a straight-line basis over the term of the relevant lease. Incentives received upon entry into an operating lease are recognized straight-line over the lease term.

(k) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle, a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(l) Environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation provision is accreted over time to reflect the unwinding of the discount with the accretion expense included in finance costs in the consolidated statements of comprehensive loss. The rehabilitation asset is depreciated on the same basis as mining assets.

The rehabilitation provision is re-measured at the end of each reporting period for changes of estimates and circumstances. Changes in estimates and circumstances include changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. The carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit or loss as incurred.

4. Summary of significant accounting policies (continued)

(m) Employee benefits

(i) Employee post-retirement obligations – defined contribution retirement plan

The Company's South African subsidiaries operate a defined contribution retirement plan for its employees. The pension plan is funded by payments from the employees and the subsidiaries and payments are charged to profit and loss for the period as incurred. The assets of the different plans are held by independently managed trust funds. The South African Pension Funds Act of 1956 governs these funds.

(ii) Leave pay

Employee entitlements to annual leave are recognized as they are earned by the employees. A provision, stated at current cost, is made for the estimated liability at period end.

(n) Revenue recognition

The Company's revenue consists of chrome concentrate sales based on an offtake agreement with Union Goal and other income. The Company followed 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.

Chrome concentrate revenue is recognized when control is transferred to Union Goal which is when the chrome concentrate is produced by the chrome processing circuits and related technology (the "Chrome Circuit") equipment which is the point of time the control is transferred in accordance with offtake agreement with Union Goal.

The sales price of chrome concentrate is determined based on a direct cost recovery basis including capital, operational, processing cost and logistics plus an upfront payment and a per ton fee based on the number of tons of material from re-mining the tailings made available to the chrome processing plant (based on the September 2017 feasibility study).

Additionally, IFRS 15 requires entities to apportion the transaction price attributable to contracts from customers to distinct performance obligations on a relative standalone selling price basis. In accordance with the terms of the offtake agreement with Union Goal, the Company must contract for and pay certain logistic cost. Therefore, a portion of the revenue representing the obligation to fulfill these services that occur after the transfer of control, is deferred and recognized over time (although a very short period) as the obligations are fulfilled. Revenue relating to the logistic costs is not material for the year ended December 31, 2018.

Other income consists of rental income and scrap metals sale. The Company concluded that there was no change in the timing of other income amounts with respect to rental income and scrape metal sales. Rental income from residential properties is recognized on a straight-line basis over the term of the lease. Interest income is recognized in profit or loss as it accrues, using the effective interest method. Scrap metals sale is incidental income and is recognized when goods are delivered and the collection from the sale is assured which is the same time of transfer the control.

4. Summary of significant accounting policies (continued)

(o) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the average of the closing market price on the 5 days preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. When fully vested stock options expire, are forfeited or are cancelled, the expenses previously recognized within equity-settled employee benefits reserve is reallocated to deficit.

(p) Finance costs

Finance costs primary comprise interest payable on provision for environmental rehabilitation. Interest payable on provision for environmental rehabilitation is calculated using the effective interest method.

(q) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit or loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to unused tax loss carry forwards, unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit
- goodwill
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4. Summary of significant accounting policies (continued)

(r) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. During the years ended December 31, 2018 and 2017, stock options are not included in the computation of loss per share as such inclusion would be anti-dilutive.

(s) Other comprehensive income (loss)

Other comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit (loss) such as fair value movements in certain investments designated through other comprehensive income, gains or losses on certain derivative instruments and foreign currency gains or losses related to translation of the financial statements of foreign operations. As at December 31, 2018 and 2017, the Company's other comprehensive income (loss) was comprised of foreign currency translation gains and losses.

4. Summary of significant accounting policies (continued)

(t) 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 of property, plant and equipment

Impairment of property, plant and equipment is based on the Company's estimate of the recoverable amount of cash generating unit. The estimate of recoverable amounts of a cash generating unit involving a mineral property is a complex estimate involving significant judgement and assumptions including analyzing the observable market transactions with the comparable assets, analyzing appropriate offtake contracts, estimating the quantity and grade of the recoverable 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 significant assumptions utilized in the Company's impairment analysis are discussed in detail in Note 6.

The Company has determined that there are impairment indicators as at December 31, 2018 and performed an impairment test on December 31, 2018 resulting in an impairment charge of $15,496 to the existing CRM underground property (Note 6). The Company had determined that there were no impairment indicators as at December 31, 2017. Since the fourth quarter of 2016, management reassessed how the Eastern Limb projects would be brought to further development and into production, and concluded to advance the three Eastern Limb properties (consisting of Kennedy's Vale ("KV"), Spitzkop PGM ("Spitzkop") and Mareesburg Project) separately rather than concurrently. Therefore, it was determined that the Eastern Limb Projects comprised three independent CGUs. As such, for the purposes of the Company's impairment testing in 2017 forward, management identified CRM, KV, Spitzkop and Mareesburg each as separate CGUs. There are no changes of the Company's CGUs in 2018. 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 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 calculation of the Company's environmental rehabilitation provision are disclosed in Note 15.

4. Summary of significant accounting policies (continued)

(t) Critical accounting estimates (continued)

(iii) Union Goal Contracts

The Company purchased the Chrome Circuit equipment based on the Union Goal Contracts in connection with the Retreatment Project (Note 14). The Chrome Circuit equipment is subject to put and call options in the event that either party is not satisfied with the agreed pricing or performance of the Chrome Circuit equipment. 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 has an estimated 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.

(u) 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 contingencies

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. See Note 21.

In June 2016, the former management signed certain agreements in connection with the proposed acquisition/cancellation of certain non-controlling interests in the Company's South African operations (Note 21 (d)) and sale of the CRM (which was terminated in November 2017). These transactions are complex and the agreements are subject to interpretations of laws under the various jurisdictions. The Company has been unable to complete the proposed non-controlling interest's acquisition/cancellation transaction due to difficulties in accessing the underlying documents, obtaining the cooperation of various parties and the review of the implications these transactions under the Company's mining rights and certain provisions under the *Mineral & Petroleum Resources Development Act (South African)*.

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

5. Subsidiaries and associates

(a) Subsidiaries

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held **December 31, 2018**	December 31, 2017
Eastern Platinum Holdings Limited	Holding company	BVI (i)	**100%**	100%
Eastplats Holdings Limited	Holding company	BVI (i)	**100%**	100%
Eastplats Acquisition Co. Ltd.	Holding company	BVI (i)	**100%**	100%
Eastplats International Incorporated	Holding company	Barbados	**100%**	100%
Royal Anthem Investments 134 (Pty) Ltd.	Holding company	South Africa	**100%**	100%
Spitzkop Joint Venture	Mining	South Africa	**93.37%**	93.37%
Barplats Investments (Pty) Ltd.	Holding company	South Africa	**87.49%**	87.49%
Barplats Mines (Pty) Ltd.	Mining	South Africa	**87.49%**	87.49%
Rhodium Reefs (Pty) Ltd.	Mining	South Africa	**87.49%**	87.49%
Spitzkop Platinum (Pty) Ltd.	Mining	South Africa	**86.74%**	86.74%
Mareesburg Joint Venture	Mining	South Africa	**87%**	87%
Lion's Head Platinum (Pty) Ltd.	Holding company	South Africa	**74%**	74%
SA Victiria International Technology Pty Ltd.	Mining	South Africa	**78.74%**	—
Brilliant Bravo Science and Technology Pty Ltd.	Mining	South Africa	**78.74%**	—
SA Tian Jin Bo Yi Communications Technology Pty Ltd.	Mining	South Africa	**78.74%**	—
SA New Land Communication Technology Pty Ltd.	Mining	South Africa	**78.74%**	—

(i) British Virgin Islands ("BVI")

(b) Associates

Details of the Company's associates are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held **December 31, 2018**	December 31, 2017
Afrimineral Holdings (Pty) Ltd.	Holding company	South Africa	**49.00%**	49.00%
Gubevu Consortium Investment Holdings (Pty) Ltd.	Holding company	South Africa	**49.99%**	49.99%

During the year ended December 31, 2018 and 2017, these associates are inactive.

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

6. Property, plant and equipment

	(Note 14) Retreatment project $	Plant and equipment owned $	Mineral properties previously being depleted $	Mineral properties not being depleted $	(Note 15) Properties and land $	Total $
Cost						
Balance as at December 31, 2016	**—**	**343,985**	**74,060**	**301,536**	**14,466**	**734,047**
Assets acquired	—	889	—	705	—	1,594
Environmental provision change in estimate	—	(3,348)	—	27	—	(3,321)
Assets disposed	—	—	—	—	(87)	(87)
Foreign exchange movement	—	37,140	8,056	32,858	1,567	79,621
Balance as at December 31, 2017	**—**	**378,666**	**82,116**	**335,126**	**15,946**	**811,854**
Assets acquired	63,966	214	—	334	—	64,514
Environmental provision change in estimate	—	(2,448)	—	(304)	—	(2,752)
Assets disposed	—	(63)	—	—	(102)	(165)
Foreign exchange movement	(639)	(59,292)	(11,595)	(47,361)	(2,239)	(121,126)
Balance as at December 31, 2018	**63,327**	**317,077**	**70,521**	**287,795**	**13,605**	**752,325**
Accumulated depreciation and impairment losses						
Balance as at December 31, 2016	**—**	**298,886**	**60,616**	**271,657**	**2,072**	**633,231**
Depreciation	—	9	—	—	114	123
Depreciation of disposed assets	—	—	—	—	(9)	(9)
Foreign exchange movement	—	32,608	6,487	29,550	233	68,878
Balance as at December 31, 2017	**—**	**331,503**	**67,103**	**301,207**	**2,410**	**702,223**
Depreciation	—	31	—	—	113	144
Depreciation of disposed assets	—	(63)	—	—	(36)	(99)
Impairment loss	—	15,496	—	—	—	15,496
Foreign exchange movement	—	(46,930)	(9,337)	(42,531)	(345)	(99,143)
Balance as at December 31, 2018	**—**	**300,037**	**57,766**	**258,676**	**2,142**	**618,621**
Carrying amounts						
At December 31, 2016	—	45,099	13,444	29,879	12,394	100,816
At December 31, 2017	—	47,163	15,013	33,919	13,536	109,631
At December 31, 2018	**63,327**	**17,040**	**12,755**	**29,119**	**11,463**	**133,704**

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

6. Property, plant and equipment (continued)

The following is property, plant and equipment categorized by project:

	Crocodile River Mine (a) $	Mareesburg Project (b) $	Kennedy's Vale and Concentrator (c) $	Spitzkop PGM Project (d) $	Other property plant and equipment $	Total $
Cost						
Balance as at December 31, 2016	**341,575**	**16,917**	**306,700**	**68,710**	**145**	**734,047**
Assets acquired	881	705	—	—	8	1,594
Environmental provision change in estimate	(2,450)	169	(898)	(142)	—	(3,321)
Assets disposed	(87)	—	—	—	—	(87)
Foreign exchange movement	36,968	1,912	33,271	7,460	10	79,621
Balance as at December 31, 2017	**376,887**	**19,703**	**339,073**	**76,028**	**163**	**811,854**
Assets acquired	174	334	40	—	—	548
Construction work in progress	63,966	—	—	—	—	63,966
Environmental provision change in estimate	(1,181)	(140)	(1,267)	(164)	—	(2,752)
Assets disposed	(149)	—	(16)	—	—	(165)
Foreign exchange movement	(59,688)	(2,825)	(47,867)	(10,734)	(12)	(121,126)
Balance as at December 31, 2018	**380,009**	**17,072**	**289,963**	**65,130**	**151**	**752,325**
Accumulated depreciation and impairment losses						
Balance as at December 31, 2016	**268,787**	**7,714**	**292,468**	**64,151**	**111**	**633,231**
Depreciation	55	—	59	—	9	123
Depreciation of disposed assets	(9)	—	—	—	—	(9)
Foreign exchange movement	29,234	839	31,819	6,978	8	68,878
Balance as at December 31, 2017	**298,067**	**8,553**	**324,346**	**71,129**	**128**	**702,223**
Depreciation	71	—	62	—	11	144
Depreciation of disposed assets	(83)	—	(16)	—	—	(99)
Impairment loss	15,496	—	—	—	—	15,496
Foreign exchange movement	(42,077)	(1,209)	(45,801)	(10,044)	(12)	(99,143)
Balance as at December 31, 2018	**271,474**	**7,344**	**278,591**	**61,085**	**127**	**618,621**
Carrying amounts						
At December 31, 2016	72,788	9,203	14,232	4,559	34	100,816
At December 31, 2017	78,820	11,150	14,727	4,899	35	109,631
At December 31, 2018	**108,535**	**9,728**	**11,372**	**4,045**	**24**	**133,704**

6. Property, plant and equipment (continued)

(a) Crocodile River Mine ("CRM")

The Company holds directly and indirectly an 87.5% interest in CRM, through Barplats Investments (Pty) Ltd. ("Barplats Investment"), which is located on the eastern portion of the western limb of the Bushveld Complex. In 2018, the Company constructed the Retreatment Project, began providing material from re-mining the tailings and production in December 2018 (See Notes 14 and 21(d)). The underground operations of the CRM were placed on care and maintenance since 2013.

(b) Mareesburg Project

The Company holds directly and indirectly an 87% interest in the Mareesburg Project located on the eastern limb of the Bushveld Complex.

(c) Kennedy's Vale Project ("KV")

The Company holds directly and indirectly an 87.5% interest in KV, which is located on the eastern limb of the Bushveld Complex. The concentrator located on the KV property has been on care and maintenance since 2012.

(d) Spitzkop PGM Project ("Spitzkop")

The Company holds directly and indirectly a 93.4% interest in the Spitzkop PGM Project located on the eastern limb of the Bushveld Complex. The Spitzkop PGM Project has been on hold since 2012.

(e) Impairment of property, plant and equipment

(i) Year ended December 31, 2018

Mineral properties are tested for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable, or previous impairment on assets is recoverable. In cases where the Company has current plans to develop a particular mineral property into an operating mining operation, management considers its internal discounted cash flow economic models as a proxy for the calculation of fair value less cost to sell ("FVLCTS"), given a willing market participant would use such models in establishing a value for the properties. In situations where management does not currently intend to advance a particular mineral property into production, management will use reference market transactions and/or recent offers on the properties as a proxy for FVLCTS.

The Company assesses the carrying values of its mineral properties for indication of impairment at each quarter end. 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.

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

6. Property, plant and equipment (continued)

(e) Impairment of property, plant and equipment (continued)

(i) Year ended December 31, 2018 (continued)

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

As a result, 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). The projected cash flows in the Company's economic models were updated using a weighted average cost of capital of 11.27% and the current forecasted metal prices and forecasted foreign exchange rates based on an average of analysts' consensus issued in January 2019, as presented in the table below. 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 in relation to the underground at CRM and no impairment charge was required for Mareesburg because its recoverable amount exceeded the carrying amount.

		2019	2020	2021	2022	2023	2024+
South African Rand Per U.S Dollar		14.15	14.15	14.15	14.15	14.15	14.15
Platinum	US$/oz	838	889	936	970	959	1,117
Palladium	US$/oz	1,172	1,053	979	943	932	980

KV and Spitzkop projects are both at the early stage of development. 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. 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. Therefore, no impairment charge was recorded for the KV or Spitzkop projects during the year ended December 31, 2018.

When management utilizes internal discounted cash flow economic models in determining the recoverable value of the Company's mineral properties, the key assumptions are metal prices, operating and capital costs, foreign exchange rates and discount rates. As at December 31, 2018, the Company performed a sensitivity analysis on all these key assumptions that assumed a 10% change to each individual assumption while holding the other assumptions constant. The effect of the change is below. An adverse 10% movement in any of the key assumptions in isolation caused the recoverable amount to be below the CGU carrying value for CRM. An adverse 10% movement in any of the key assumptions in isolation does not cause the recoverable amount to be below the CGU carrying value for Mareesburg.

Key assumptions	Crocodile River Mine
Metal prices	$28,137
Foreign exchange	$29,608
Operating costs	$31,651
Capital costs	$3,560
Discount rates	$9,649

6. Property, plant and equipment (continued)

(e) Impairment of property, plant and equipment (continued)

(ii) Year ended December 31, 2017

During 2017 and as at December 31, 2017, management determined that there were no indicators of impairment.

7. Issued capital

(a) Authorized

- Unlimited number of preferred redeemable, voting, non-participating shares without nominal or par value;
- Unlimited number of common shares with no par value.

(b) Issued and outstanding

As at December 31, 2018 and 2017, the Company had 92,639,032 common shares issued and 92,599,310 common shares outstanding. There were no changes to the number of common shares issued and outstanding during the years ended December 31, 2018 and 2017.

(c) Treasury shares

As at December 31, 2018 and 2017, the Company held 39,722 treasury shares. There were no changes to the number of treasury shares during the year ended December 31, 2018 and 2017.

(d) Share options

The Company has an incentive plan (the "2016 Plan"), approved by the Company's shareholders at its special meeting held on October 12, 2016, under which options to purchase common shares may be granted to its directors, officers, employees and others at the discretion of the Board of Directors. Options granted before the meeting continue to be governed by the old stock option plan but no further options can be issued under the old stock option plan.

During the year ended December 31, 2018, the Company granted 300,000 stock options to the directors, officers and 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 the date of grant. These stock options vest in 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 a weighted average exercise price of Cdn$0.33 per share expiring in five years from the date of grant. These stock options vest in 90 days from the grant date.

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

7. Issued capital (continued)

The fair value of the options granted in 2018 and 2017 were estimated using the Black-Scholes options pricing model with the following assumptions:

	2018	2017
Fair value (Cdn$)	0.17	0.21
Risk-free interest rate	2.06%	0.50%
Dividend yield	0%	0%
Expected volatility	52.10%	63.05%
Expected life of options	5	5

Option pricing models require the input of highly subjective assumptions including the expected volatility. The Company's expected volatility is based on historical volatility of the Company's share price.

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

The following is a summary of stock option transactions:

	Number of options	Weighted average exercise price Cdn$
Balance, December 31, 2016	1,144,000	1.41
Granted	1,575,000	0.33
Expired	(136,500)	2.75
Balance, December 31, 2017	2,582,500	0.68
Granted	300,000	0.37
Expired	(807,500)	0.92
Balance, December 31, 2018	**2,075,000**	**0.54**

The following table summarizes information concerning outstanding and exercisable options at December 31, 2018:

Number of options outstanding	Number of 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	February 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			

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

8. Finance costs

	Year ended December 31	
	2018	2017
	$	$
Accretion on provision for environmental rehabilitation (Note 15)	**569**	761
Other interest	**—**	212
	569	973

Effective interest on the Union Goal Contract (Note 14) 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.

9. Income tax

The income tax recognized in profit or loss is comprised of:

	December 31, 2018	December 31, 2017
	$	$
Current tax expense	**(171)**	(133)
Deferred tax expense	**(137)**	(175)
Income tax expense	**(308)**	(308)

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before tax provision due to the following:

	December 31, 2018	December 31, 2017
	$	$
Loss before income tax	**25,958**	8,900
Statutory tax rate	**27%**	26%
Expected tax recovery at the applicable tax rate	**7,009**	2,314
Difference in tax rates between foreign jurisdictions and Canada	**246**	93
Items not deductible for income tax purposes	**(6,415)**	(194)
Tax losses not recognized	**(1,148)**	(2,521)
Income tax expense	**(308)**	(308)

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

9. Income tax (continued)

The approximate tax effect of each item that gives rise to the Company's deferred tax liabilities are as follows:

	December 31, 2018	December 31, 2017
	$	$
Deferred tax liabilities		
Property, plant and equipment	**(1,208)**	(1,325)
Other temporary difference	**(1,939)**	(2,048)
	(3,147)	(3,373)

At December 31, 2018, the Company has non-capital losses of approximately Cdn$61,052 available to apply against future Canadian income for tax purposes. In South Africa, the Company has unredeemed capital expenditures of approximately ZAR6,054,800 and estimated tax losses of ZAR275,200 available for utilization against future taxable income. The South African losses do not expire unless the Company's business activities cease. The Company has $61,052 Canadian non-capital losses available to offset future taxable income in Canada expiring in various amounts from 2025 to 2038.

The tax benefit of the Company's Canadian and South African tax losses has not been recorded as assets in the consolidated financial statements due to the uncertainty of their realization.

The Company's operations are conducted in a number of countries with complex tax legislation and regulations pertaining to the Company's activities. Any reassessment of the Company's tax filings by the tax authorities may result in material adjustments to net profit or loss, tax assets, tax liabilities and operating loss carry-forwards. The Company provides for such reassessments when it is probable that a taxation authority will not sustain the Company's filing position and the amount of the tax exposure can be reasonably estimated.

10. Non-controlling interest

The Company has the following significant non-controlling interests in South Africa for the projects:

Holding company, incorporated and operating in South Africa	South Africa Project	Effective interest owned by non-controlling interest
Gubevu Consortium Investment Holdings (Pty) Ltd.	CRM and KV	12.5%
Lion's Head Platinum (Pty) Ltd.	Mareesburg	13%
Afriminerals Holdings (Pty) Ltd.	Spitzkop PGM	6.6%

The proportion of equity and total comprehensive loss is allocated to the non-controlling interests. The non-controlling interests are comprised of the following amounts:

	$
Balance, December 31, 2016	(38,192)
Non-controlling interests' share of loss	(1,841)
Foreign exchange movement	(4,297)
Balance, December 31, 2017	(44,330)
Non-controlling interests' share of loss	(4,446)
Foreign exchange movement	6,477
Balance, December 31, 2018	**(42,299)**

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

11. Cash and cash equivalents

Cash and cash equivalents are comprised of:

	December 31 2018	December 31 2017
	$	$
Cash in bank	**1,075**	119
Money market instruments	**3,138**	8,273
	4,213	8,392

12. Short-term investments

Short-term investments consist mainly of GICs at financial institution. Changes to short-term investments for the years ended December 31, 2018 and 2017 are as follows:

	$
Balance, December 31, 2016	20,348
Additional investments	37,126
Redemptions	(41,373)
Foreign exchange movement	1,051
Balance, December 31, 2017	17,152
Additional investments	10,086
Redemptions	(25,513)
Foreign exchange movement	(328)
Balance, December 31, 2018	**1,397**

13. Other assets

Other assets consist of various money market fund investments that are classified as amortized cost and serve as security for a guarantee issued to the Department of Mineral Resources of South Africa in respect to environmental rehabilitation. Changes to other assets for the years ended December 31, 2018 and 2017 are as follows:

	$
Balance, December 31, 2016	9,779
Additional investment	20
Funds released	(2,787)
Service fees	(125)
Interest income	746
Foreign exchange movement	924
Balance, December 31, 2017	8,557
Additional investment	135
Service fees	(59)
Interest income	702
Foreign exchange movement	(1,395)
Balance, December 31, 2018	**7,940**

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

14 Union Goal Contracts

On March 1, 2018, the Company entered into a Framework Agreement with Union Goal relating to the Retreatment Project, located at the CRM. Pursuant to the Framework Agreement, Union Goal made a non-refundable upfront payment of $2,932 (ZAR42,200) to Barplats Mines and will finance and supply Barplats Mines' Chrome Circuit while Barplats Mines will develop, re-mine and operate the Retreatment Project. On August 31, 2018, the Company and Union Goal completed the various condition precedents under the Framework Agreement including signing various transactional agreements: equipment and chrome plant agreement, loan agreement, escrow agreement and offtake agreement. In December 2018, the Company began to generate revenues from the Retreatment Project.

	December 31 2018 $	December 31 2017 $
Deferred revenue		
Non-refundable front payment (a)	2,932	—
Discounting effect from Chrome Circuit equipment payable (b)	10,328	—
Discounting effect from Credit Facility (c)	1,004	—
	14,264	—
Foreign exchange	(938)	—
	13,326	**—**
Deferred revenue - current	2,195	—
Deferred revenue - non-current	**11,131**	—
Chrome Circuit equipment payable, face value	**41,423**	—
- Discounting effect	**(10,328)**	—
Net present value	**31,095**	—
- Accretion	**2,214**	—
Chrome Circuit equipment payable, carrying value (b)	**33,309**	—
Credit Facility, face value	**3,556**	—
- Discounting effect	**(1,004)**	—
Net present value	**2,552**	—
- Accretion	**96**	—
- Foreign exchange	**(123)**	—
Credit Facility, carrying value (c)	**2,525**	—
Contracts payable, carrying value	**35,834**	—

14 Union Goal Contracts (continued)

(a) The upfront payment in the amount of $2,932 (ZAR42,200) is non-refundable to Union Goal. It will be recognized into the Company's revenue based upon material re-mined from the tailings and made available on a per ton basis to the chrome processing plant over the operations of the Retreatment Project, and it has been presented as deferred revenue on the Company's statement of financial position as at December 31, 2018. (Also see Notes (b) and (c) below)

(b) Pursuant to the equipment and chrome plant agreement, Union Goal is financing the equipment. The purchase price will not be due until the first 6.4 million tons of tailings from Barplats Mine has been processed by the plant (the "Due Date") and is subject to Barplats Mines' put option and Union Goal's call option for the re-purchase of the Chrome Circuit equipment by Union Goal in the event that either party is not satisfied with the agreed pricing or performance of the Chrome Circuit. The purchase price shall bear an interest rate equal to LIBOR rate plus 1 percent per annum commencing from the later of May 1, 2019 and the last day of a period of 240 days after the start of production of the plant as defined in the Framework Agreement. The Company has an option to pay the purchase price and the related interest before the Due Date. Subject to the Company's board's and the required regulatory approval, the Company has an option to settle the debt by issuing shares of the Company.

The Chrome Circuit equipment payable was recognized at an initial amortized cost value of $31,095 determined by discounting the future payments of interest and principal using an estimated market rate of 10.50%. The difference of the Chrome Circuit equipment payable's initial net present value and its face value, $10,328, was credited to deferred revenue and will be recognized as revenue based on material re-mined from the tailings and made available on a per ton basis to the chrome processing plant over the operations of the Retreatment Project. During the year ended December 31, 2018, an accretion charge of $2,214 was capitalized in relation to the Retreatment Project prior to its availability for its intended use.

(c) Pursuant to the loan agreement, Union Goal granted the Company a non-revolving term loan in the amount of $3,474 (ZAR50,000) (the "Credit Facility") in order to finance the plant construction cost. The Credit facility bears an interest rate equal to the LIBOR rate plus 1 percent per annum commencing from the later of May 1, 2019 and the last day of a period of 240 days after the start of production of the plant as defined in the Framework Agreement. Interest will be calculated daily and compounded monthly in arrears and payable on or before the Due Date. As at December 31, 2018, total drawdown from the Credit Facility is $3,556 (ZAR48,139) (Note 23).

The Credit Facility was recognized at an initial amortized cost value of $2,552 determined by discounting the future payments of interest and principal using an estimated market rate of 12.90%. The difference of the Credit Facility's initial present value and its face value, $1,004 was credited to deferred revenue and will be recognized as revenue based on material re-mined from the tailings and made available on a per ton basis to the chrome processing plant over the operations of the Retreatment Project. During the year ended December 31, 2018, an accretion charge of $96 was capitalized in relation to the Retreatment Project prior to its availability for its intended use.

(d) Pursuant to the offtake agreement, Union Goal will acquire all the chrome concentrate produced by the Barplats Mine from the Retreatment Project on the basis of the number of tons of material re-mined from the tailings and made available to the plant at a price equivalent to the aggregate of all the qualifying operating costs in the mining process and the logistics cost, plus other additional amount as agreed in the Framework Agreement.

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

15. Provision for environmental rehabilitation

The environmental rehabilitation provision was estimated based on information currently available, including the estimated timing of recommencing operations, the remaining mine life, closure plans and applicable regulations. Significant closure activities include land rehabilitation, demolition of buildings and mine facilities and other costs.

Actual costs in future periods can differ materially from the estimates. Accordingly, future changes to environmental laws and regulations, life-of-mine estimates and discount rates can affect the carrying amount of this provision. In particular from November 20, 2015 in South Africa, regulations governing financial provisions for asset retirement obligations was transitioned from the MPRDA to the National Environmental Management ("NEMA"). These regulations were amended in October 2016. There is currently uncertainty regarding the revised requirements for financial provisions and funding thereof pursuant to NEMA and their actual implementation for the Company. The introduction of NEMA, effective February 2020, may require changes to the estimate of the liabilities and the way in which the entity funds the obligation.

The provision for environmental rehabilitation at December 31, 2018 is $3,239 (ZAR46,617) (December 31, 2017 – $6,340 (ZAR78,359). The provision was determined using the following assumptions:

	2018	2017
Inflation rate	**5.30%**	5.40%
Weighted average discount rate	**9.74%**	9.64%
Estimated life of mine		
- Zandfontein (yrs)	**20**	20
- Maroelabult (yrs)	**12**	12
- Crocette (yrs)	**27**	27
- Kennedy's Vale (yrs)	**21**	21
- Spitzkop (yrs)	**24**	24
- Mareesburg (yrs)	**7**	7

As at December 31, 2018, cash in the amount of $7,940 (December 31, 2017 - $8,557) was pledged as security for the guarantee issued to the Department of Mineral Resources of South Africa in respect to environmental rehabilitation (Note 13). Furthermore, as at December 31, 2018, certain of the Company's residential properties in the amount of $1,473 (ZAR21,200) (December 31, 2017 - $1,715 (ZAR21,200)) were also pledged as security for the guarantee issued to the Department of Mineral Resources for the same reason. These guarantees will be utilized to cover expenses incurred to rehabilitate the mining area upon closure of the mine.

The undiscounted and inflated value of this liability is approximately $21,945 (ZAR315,815) (December 31, 2017 – $42,281 (ZAR522,547)).

Changes to the environmental rehabilitation provision are as follows:

	$
Balance, December 31, 2016	8,279
Revision in estimates	(3,321)
Accretion	761
Foreign exchange movement	621
Balance, December 31, 2017	6,340
Revision in estimates	(2,752)
Accretion (Note 8)	569
Foreign exchange movement	(918)
Balance, December 31, 2018	**3,239**

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

16 Refining contracts

The Company has a life of mine offtake contracts governing the sales of PGM concentrate production from CRM and a separate contract with Rhodium Reefs (Pty) Limited. The original carrying value of the refining contract related to CRM was the assigned value based on the purchase price allocation when the Company acquired the equity interests in Barplats Investments through a series of acquisition transactions from 2006 to 2008. The carrying value of the refining contract was fully amortized as at December 31, 2018 and 2017.

17. Commitments

(a) The Company has committed to capital expenditures in South Africa of approximately $477 (ZAR6,869) as at December 31, 2018, all of which are expected to be payable by December 31, 2019. (Also see Notes 14 and 16).

(b) The Company has an office lease agreement relating to the Company's administrative office expiring on September 30, 2019. The Company's future lease payment is approximately $20.

18. Related party transactions

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these consolidated financial statements are listed below:

(a) Trading transactions

The Company's related parties consist of (a) private companies owned by current and former executive officers and directors, (b) a public company over which a former director has significant influence, and (c) the Company's black economic empowerment partner.

The Company incurred the following fees and expenses in the normal course of operations:

	Year ended December 31	
	2018	2017
	$	$
Consulting fees	**—**	65
Director fees	**156**	165
Management fees	**212**	471
Share-based payments	**115**	101
	483	802

18. Related party transactions (continued)

(a) Trading transactions (continued)

(i) The Company has a consulting agreement with Oriental Fortune Consulting Services Limited ("Oriental Fortune") which is controlled by the Company's chief operating officer ("COO"). The Company agreed to pay $17 (Cdn$23) per month to Oriental Fortune for management consulting services rendered.

(ii) At December 31, 2018, the Company held a loan receivable from Gubevu Consortium Investment Holdings (Pty) Ltd. ("Gubevu"), 49.99% owned by the Company, in the amount of $66,830 (ZAR961,583) (December 31, 2017 – $70,987 (ZAR877,468). This loan is secured by Gubevu's interest in Barplats Investments Limited, bears interest at the Johannesburg Interbank Agreed Rate ("JIBAR") + 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 during the years ended December 31, 2018 and 2017.

(iii) Accounts receivable as at December 31, 2018 included $37 (December 31, 2017 - $40) due from Remington Resources 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.

(b) Compensation of key management personnel

The Company's key management includes the CEO, CFO, COO and the Vice-President of South African Operations until August 31, 2018 when he resigned. The total remuneration to the key management, which included management fees from the table above in Note 18 (a), for the year ended December 31, 2018 was $956 (2017 - $943) with the breakdown below:

(i) Management salaries and consulting fees of $894 (2017 - $878); and

(ii) Share-based compensation of $62 (2017 – $65).

Key management personnel were not paid post-employment benefit, termination fees or other long-term benefits during the years ended December 31, 2018 and 2017.

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

19. Segmented Information

(a) Operating segments - The Company's operations are primarily directed towards the Mining exploration and development of platinum group metals in South Africa. The Company has three reportable segments – Crocodile River Mine, Eastern Limb and corporate. Eastern Limb consists of KV, Spitzkop and Mareesburg projects. Barbados, BVI and Canada collectively are corporate segment.

(b) Geographic segments - The Company's expenses by geographic areas for the years ended December 31, 2018 and 2017, and assets by geographic areas as at December 31, 2018 and 2017, are as follows:

	Year ended December 31, 2018				
	Crocodile River Mine $	Eastern Limb $	Total South Africa $	Canada, Barbados and BVI $	Total $
Property, plant and equipment additons	64,140	374	64,514	—	64,514
Cost of property, plant and equipment disposed	(149)	(16)	(165)	—	(165)
Revenue	414	—	414	—	414
Impairment	(15,496)	—	(15,496)	—	(15,496)
Care and maintenance depreciation and amortization	(133)	—	(133)	(11)	(144)
Loss before income taxes	(24,420)	(323)	(24,743)	(1,215)	(25,958)
Income tax recovery (expense)	76	(327)	(251)	(57)	(308)
Net loss	(24,344)	(650)	(24,994)	(1,272)	(26,266)

	Year ended December 31, 2017				
	Crocodile River Mine $	Eastern Limb $	Total South Africa $	Canada, Barbados and BVI $	Total $
Property, plant and equipment expenditures	881	705	1,586	8	1,594
Cost of property, plant and equipment disposals	(87)	—	(87)	—	(87)
Care and maintenance depreciation and amortization	(113)	—	(113)	(10)	(123)
Loss before income taxes	(4,931)	(253)	(5,184)	(3,716)	(8,900)
Income tax expense	(1)	(247)	(248)	(60)	(308)
Net loss	(4,932)	(500)	(5,432)	(3,776)	(9,208)

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

19. Segmented Information (continued)

(b) Geographic segments (continued)

	December 31, 2018				
	Crocodile River Mine $	Eastern Limb $	Total South Africa $	Canada, Barbados and BVI $	Total $
Total assets	120,611	25,273	145,884	4,661	150,545
Total liabilities	51,088	1,912	53,000	5,525	58,525

	December 31, 2017				
	Crocodile River Mine $	Eastern Limb $	Total South Africa $	Canada, Barbados and BVI $	Total $
Total assets	90,740	30,931	121,671	25,278	146,949
Total liabilities	5,031	4,023	9,054	2,200	11,254

(c) Revenue

All revenues generated during the year ended December 31, 2018 are related to chrome concentrates and are from South Africa. No revenues were recorded for the year ended 2017.

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

20. Financial instruments

(a) *Management of capital risk*

The capital structure of the Company consists of contracts payable (Note 14) and 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.

The Company is not subject to externally imposed capital requirements.

(b) *Categories of financial instruments*

	December 31 2018 $	December 31 2017 $
Financial assets		
Amortized cost		
Cash and cash equivalents	**4,213**	8,392
Restricted cash	**84**	92
Trade and other receivables (excluding taxes receivable)	**630**	176
Short-term investments *	**1,397**	17,152
Other assets *	**7,940**	8,557
	14,264	34,369
Financial liabilities		
Amortized cost		
Trade and other payables	**2,979**	1,541
Contracts payable	**35,834**	—
	38,813	1,541

* Short-term investments are mainly GICs at financial institutions with market interest rates and other assets are mainly money market fund investments and are measured at the amortized cost

(c) *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 values due to the short-term to maturities of these financial instruments.

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

20. Financial instruments (continued)

(c) Fair value of financial instruments (continued)

(ii) Fair value measurements recognized in the 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.

The Company's financial instruments that are measured at fair value on a recurring basis are financial assets consisting of short-term investments and other assets. Short-term investments are mainly GICs at financial institutions with market interest rates and other assets are mainly money market fund investments. These are level 1 financial instruments at December 31, 2018 and 2017. 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.

(d) Reclassification of financial assets

There was no reclassification of financial assets during the years ended December 31, 2018 and 2017.

(e) 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.

(i) Currency risk

The Company reports its financial statements in U.S dollars. The functional currency of head office and its BVI and Barbados intermediate holding companies is Canadian dollars and the functional currency of all South African subsidiaries is South African Rand. The Company is exposed to foreign exchange risk when the Company undertakes transactions and holds assets and liabilities in currencies other than its functional currencies.

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

20. Financial instruments (continued)

(e) Financial risk management (continued)

(i) Currency risk (continued)

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 as below:

	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; 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 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 during the years ended December 31, 2018 and 2017 and chrome concentrate sales were not structured based on a long-term chrome concentrate commodity price according to the Union Goal contract.

20. Financial instruments (continued)

(e) Financial risk management (continued)

(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 statement of financial position represents the maximum credit exposure.

All of the Company's revenue is from the chrome concentrate production to Union Goal under an offtake agreement (Note 14). As at December 31, 2018, the Company had receivable balances associated with Union Goal of $408 (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. 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.

(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 stages of ramping up its operations at the Retreatment Project. The CRM underground remains in care and maintenance with all other properties and projects on hold. The Company generated income from interest and other income, and has begun to generate revenue from its Retreatment Project. The income and revenue 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. However, additional funding will be required to commence production at the CRM underground, and develop and bring the Eastern Limb Projects into commercial production (Also see Note 1(b)).

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

20. Financial instruments (continued)

(e) Financial risk management (continued)

(iv) Liquidity risk (continue)

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's significant commitments (undiscounted) and corresponding maturities as at December 31, 2018:

	<1 year	1 - 3 years	Total
	$	$	$
Trade and other payables	2,979	—	2,979
Commitments	497	-	497
	3,476	-	3,476

21. Contingencies

(a) 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 was entitled to bring its action on the basis that an alleged default occurred under a promissory note originally issued in 2007 and that it was entitled to approximately ZAR30,797 ($2,140) plus default interest (the "Promissory Note").

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 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 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 had prescribed (or not been made within the limitation period) and no amount was 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 to whom money is owed, 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 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 but it was withdrawn as noted above.

21. Contingencies (continued)

(b) 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.

(c) 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 is of the view that this is without merit and that no provision in this matter is required.

(d) On June 30, 2016, two days after concluding the sale of CRM (which agreements were subsequently terminated), the former management of the Company purportedly entered into a number of share purchase agreements (the "BEE Buyout Agreements") with Ingwenya Incorporated ("Ingwenya") and Serina Service AG ("Serina") (collectively the "Vendors") to acquire/cancel all of the Company's black economic empowerment partners' (the "BEE Partners") interests in the Company's South African projects except for the 17.65% equity interest in Afriminerals Holdings (Pty) Ltd. ("Afriminerals") for a total of $13,367. The Vendors represented to the Company that they are or will be the registered and beneficial owners of the respective equity interests in the Company's South African projects as at the closing date defined under the BEE Buyout Agreements. The transactions under the BEE Buyout Agreements consist of the acquisition of (i) 44.12% equity interest in Gubevu for a total of $8,955 and an 18% equity interest in Lion's Head Platinum (Pty) Ltd. ("Lion's Head") for $1,099 from Ingwenya; and (ii) 8% interest in Lion's Head for $502, a 5.89% equity interest in Gubevu for $1,194 and a 33.35% equity interest in Afriminerals for $1,617 from Serina.

To date, the BEE Buyout Transactions have not been completed. However, the Company has been advised by some of its BEE partners of Gubevu and Lion's Head that they have purportedly relinquished their interests in those companies in varying amounts to either Serina or Ingwenya. This could give rise to non-compliance with the mining rights and certain provisions of the MPRDA in respect of black economic empowerment requirements in South Africa. Further, in September 2018 a new Mining Charter was issued in South Africa that includes new ownership and other new BEE requirements. In December 2018 additional implementation guidelines were published. The Company is reviewing the issues and determining the effect on its business and operations. Depending on the results of the review there may be a significant impact on the Company's future operations.

(e) On June 7, 2018, the Company filed a claim in the Supreme Court of British Columbia against Serina and Ingwenya in relation to the payment of $13,367. The claim alleges that the BEE Buyout Agreements 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.

21. Contingencies (continued)

(f) On June 7, 2018, the Company filed a notice of civil claim in the British Columbia Supreme Court against certain former officers and directors of the Company. 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 to Serina and Ingwenya without consideration, without conditions precedent for delivery of the funds being met, and without any apparent benefit to the Eastplats Companies. The Company is seeking damages from the former directors and officers on a number of legal grounds.

As a response to the claim the former Directors and Officers have filed a counterclaim claiming indemnity for costs and claims. The Company has filed its defense to oppose this claim. The Company is of the view that this is without merit and that no provision in this matter is required.

(g) On October 16, 2017, the Company filed a claim in the Supreme Court of British Columbia against its former CFO and Corporate Secretary, Mr. Lee for breach of fiduciary duty and conflict of interest and its 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.

(h) The Company has recently received a notice from the DMR of an appeal launched with the DMR of its mineral license issued in 2012 relating to the Spitkop property. The Company with the assistance of counsel are addressing and intend to defend this issue related to the validity of the issued mineral rights of Spitzkop.

(i) 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 unfavorably 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.

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

22. Headline and diluted headline loss per share

The Company's shares are also listed on the Johannesburg Stock Exchange which requires the Company to present headline and diluted headline loss per share. Headline loss per share is calculated by dividing headline loss attributable to equity shareholders of the Company by weighted average number of the common shares issued and outstanding during the year. Diluted headline loss per share is determined by adjusting the headline loss attributable to equity shareholders of the Company and the weighted average number of common shares issued and outstanding during the year after taking all potential dilutive effects. For the years ended December 31, 2018 and 2017, the Company's diluted headline loss per share is identical to the headline loss per share as inclusion of stock options would be anti-dilutive.

The following table summarized the adjustments to loss attributable to equity shareholders of the Company for the purpose of calculating headline loss attributable to the equity shareholders of the Company, and the headline loss and diluted headline loss per share.

	Year ended December 31	
	2018	2017
	$	$
Loss attributable to shareholders of the Company	**(21,820)**	(7,367)
Adjusted for:		
Gain on disposal of property, plant and equipment	**(166)**	(236)
Impairment of mineral properties	**13,557**	—
Headline loss attributable to shareholders of the Company	**(8,429)**	(7,603)
Headline loss and diluted headline loss per share	**(0.09)**	(0.08)

23. Subsequent event

Subsequent to the year ended December 31, 2018, the Company had additional drawdowns of $2,233 (ZAR31,267) from the Credit Facility (Note 14).