

EASTERN PLATINUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Eastern Platinum Limited ("Eastplats" or the "Company") as at December 31, 2019 and for the three months and year then ended in comparison to the same periods in 2018.

This MD&A should be read in conjunction with the audited consolidated financial statements and the related notes for the year ended December 31, 2019 and the annual information form ("AIF") for the year ended December 31, 2019. The audited consolidated financial statements have been prepared using accounting policies prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

The Company's presentation currency is U.S dollars. Monetary amounts in this MD&A are in thousands of U.S. dollars (" \$" or "U.S. dollars"), except when indicated as thousands of Canadian dollars ("Cdn\$" or "Canadian dollars"), thousands of South African Rand ("ZAR" or "Rand") and except for per share amounts, per tonnage amounts or as otherwise indicated. The effective date of this MD&A is March 26, 2020. Additional information relating to the Company, including its AIF for the year ended, December 31, 2019, is available under the Company's profile on SEDAR at www.sedar.com.

1. Overview

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

As at December 31, 2019, the Company's primary assets were:

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

Operations at the CRM currently include re-mining and processing its tailings resource, with an offtake of the chrome concentrate from the Barplats Mines (Pty) Limited ("**Barplats**") Zandfontein UG2 tailings facility ("**Retreatment Project**") and a PGM scavenger plant operation expected to ramp up during Q2 2020.

Operations of the Retreatment Project began in December 2018 with the recovery of chrome concentrate and using feed expanded to PGM recovery in 2020.

The Company agreed to and entered into an agreement for the sale of the Maroelabult resource property on October 24, 2019.

In addition, the Company continues to actively monitor the PGM markets and other developments in the mining and minerals sector to assess the overall economics related to resuming active underground mining at CRM, which is currently in care and maintenance. The Company is currently completing an EIA, required for the Mareesburg project, following which the Company expects to complete an updated project assessment, currently forecast to begin during Q4 2020.

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

The Company’s ownership percentages and compliance with the South African Mining Charter released in September 2018 may be impacted by certain agreements purportedly entered into by former management of the Company in June 2016 and other legal proceedings as discussed in detail in the December 31, 2019 audited consolidated financial statements and, in this MD&A (also see section 5.3 Contractual Obligations, Commitments and Contingencies).

COVID-19 (“**Coronavirus**”)

The Company and the world (Coronavirus is now present on every continent) are now dealing with the results of this worldwide Coronavirus pandemic. The global impact continues to evolve and may have various potential direct effects on our South Africa operations, our Canadian office or other logistics related issues. The Company is evolving with health and safety guidelines and country directives to maintain employee safety.

On March 16, 2020 the President of South Africa, Mr. Cyril Ramaphosa declared a national disaster because of the Coronavirus and on March 23, 2020 Mr. Ramaphosa announced the nation-wide twenty-one (21) day lockdown to fight the Coronavirus outbreak. The lockdown will begin at midnight on March 26, 2020 in South Africa and end at midnight on April 16, 2020. Individuals will not be allowed to leave their homes except under strictly controlled circumstances, such as to seek medical care and buy food and medicine.

As a result, the Company will temporarily close all operations in South Africa including the current re-mining operations at the CRM, except for some critical underground care and maintenance activities where the Company will obtain an exception.

The effects of the Coronavirus are changing rapidly and the consequences of the temporary shutdown of the CRM cannot be reasonably estimated at this time but could have material adverse effects on the Company’s business and cashflows.

2. Fiscal Year 2019 Highlights

2.1 Significant Events

(a) Retreatment Project Update and Production

The Company has completed one year of operations of the Retreatment Project. During 2019, Eastplats produced 598,034 tons of chrome concentrate from the Retreatment Project, with an average grade of Cr₂O₃ at 38.6%. The production in Q4 2019 was 214,828 tons, making it the Company’s best production quarter to date.

During January and February 2020, Eastplats produced in excess of 100,000 tons of chrome concentrate each month. Based on the 2020 re-mining plan, the Company had forecasted similar operation and

production outputs during March and April 2020, however the lockdown in South Africa nullified this forecast.

Operations consist of re-mining of the tailings material and processing the material through the Company's chrome plant and the chrome processing circuit, related technology and knowhow (the "**Chrome Circuit**").

In February 2020, with the goal to further optimize and increase the chrome recovery of the Retreatment Project, Eastplats has determined that it will invest in additional equipment to enhance chrome concentrate recovery (the "**Optimization Program**"). The Optimization Program began in February 2020.

During Q4 2019 Eastplats made the decision to refurbish the small-scale PGM circuit D (previously the scavenger plant circuit) ("**PGM Scavenger Circuit**") and utilizing the feed, following the recovery of chrome concentrate, has successfully produced PGM concentrate. The Company was forecasting a ramping up of production in Q2 2020, but will proceed following the temporary lockdown in South Africa.

The Company will continue its assessment of the larger PGM recoverability opportunities in relation to the tailings resource, which it has a life of mine offtake agreement in place.

(b) Sale of the Maroelabult Resource Property

On October 24, 2019, the Company and its subsidiary, Barplats, entered into a sales agreement (the "**Sale Agreement**") with Eland Platinum (Pty) Limited ("**Eland**"). The Sales Agreement provides for the sale of the mining rights, immovable property, infrastructure and equipment of the Maroelabult resource property located near Brits in South Africa from the Company to Eland. The consideration to be paid by Eland to the Company consists of \$1,428 (ZAR 20,000), the assumption of the rehabilitation obligation and the assumption in November 2019 of the care and maintenance costs (the "**Purchase Price**") payable on closing upon giving effect to the transfers of legal title. The Sales Agreement is subject to standard representations and warranties by both parties and various legal and regulatory obligations required in South Africa which may take over one year.

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

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

2.2 Financial Highlights 2019

- Revenue producing operations for the full 12 months of 2019;
- Revenue from the Retreatment Project was \$12,096 and \$39,242 for the three months and year ended December 31, 2019 respectively, compared to only \$414 that was generated in Q4 2018 (year ended December 31, 2018).
- Mining operation income of \$724 and \$5,524 for the three months and year ended December 31, 2019 respectively, compared to a mining operating loss of \$13 that occurred in Q4 2018 (year ended December 31, 2018).
- Operating income of \$694 and operating loss of \$2,384 for the three months and year ended December 31, 2019 respectively, compared to operating losses of \$18,461 and \$25,741 for the same periods in 2018.

- Net income attributable to equity stakeholders of \$3,099 and \$103 for the three months and year ended December 31, 2019, respectively compared to net losses attributable to equity stakeholders of \$15,328 and \$21,820 for the same periods in 2018.

3. Selected Quarterly Financial Data

The table below sets forth selected results of operations for the Company's eight most recently completed quarters:

Table 1

Selected quarterly data (Expressed in thousands of U.S. dollars, except for per share amounts and foreign exchange rates)								
	2019				2018			
	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	12,096	11,310	10,486	5,350	414	—	—	—
Production costs	(10,445)	(8,361)	(8,008)	(4,419)	(427)	—	—	—
Production costs - depreciation	(927)	(965)	(593)	—	—	—	—	—
Mining operation income (loss)	724	1,984	1,885	931	(13)	—	—	—
General and administrative	(525)	(744)	(582)	(791)	(445)	(562)	(474)	(755)
Care and maintenance	(1,067)	(2,041)	(1,675)	(1,935)	(2,458)	(1,759)	(1,865)	(1,770)
Care and maintenance depreciation	(41)	(36)	(36)	(38)	(49)	(29)	(37)	(29)
Impairment reversal (expense)	1,603	—	—	—	(15,496)	—	—	—
	(30)	(2,821)	(2,293)	(2,764)	(18,448)	(2,350)	(2,376)	(2,554)
Operating income (loss)	694	(837)	(408)	(1,833)	(18,461)	(2,350)	(2,376)	(2,554)
Other income (expenses), net	2,572	(2,609)	856	641	691	(611)	(1,452)	1,155
Income (loss) before income taxes	3,266	(3,446)	448	(1,192)	(17,770)	(2,961)	(3,828)	(1,399)
Net income (loss) for the period	3,185	(3,458)	382	(1,255)	(17,881)	(2,975)	(4,238)	(1,172)
Net income (loss) attributable to equity shareholders of the Company	3,099	(2,756)	598	(838)	(15,328)	(2,357)	(3,441)	(694)
Earnings (loss) per share - basic and diluted	0.03	(0.03)	0.01	(0.01)	(0.17)	(0.03)	(0.04)	(0.01)
Average foreign exchange rates								
South African Rand per US dollar	14.70	14.67	14.38	14.01	14.25	14.05	12.63	11.95
US dollar per Canadian dollar	0.7576	0.7573	0.7477	0.7524	0.7570	0.7652	0.7747	0.7909
Period end foreign exchange rates								
South African Rand per US dollar	14.01	15.17	14.12	14.45	14.39	14.16	13.75	11.85
US dollar per Canadian dollar	0.7699	0.7551	0.7641	0.7483	0.7330	0.7725	0.7594	0.7756

The Company's operations are not materially impacted by seasonality considerations, with the exception of seasonal electricity tariffs (winter rates in South Africa are 1.5 times the summer rates). The Company began the construction of the Retreatment Project in Q1 2018 and reallocated staff as appropriate to construction until Q4 2018 when operations began and additional staff was hired. During the 2019 ramp-up, appropriate staffing levels were determined and maintained. In 2020 as a result of the PGM operations there will be additional staff recruitment required.

During Q4, the Company began increasing the chrome concentrate recoveries and production with fewer tones delivered into the plant. This significantly increased the logistics costs, which while fully recovered decreased the margins in Q4 2020. Other costs directly decreasing the margin were mining royalties and annual bonuses for site employees and management, all paid in Q4 2019.

4. Results of Operations for the Fourth Quarter of 2019 and Year ended December 31, 2019

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

Prior to the Retreatment Project, almost all South African funding was provided from Canada by its parent company, which holds its cash and cash equivalents, and short-term investments in U.S dollars, Canadian dollars and South Africa Rand. Following the operational ramp up in 2019, the Company is now operating the Retreatment Project at a profit and has been able to fund its core operations in South Africa. Capital funding needs beyond the Retreatment Project need to be funded from other sources.

The Company's presentation currency is the U.S. dollar while the Company's operating expenses are predominately incurred in Canadian dollars and Rand. The annual average foreign exchange rate for 2019, 2018 and 2017 is listed below:

	<u>Cdn to USD</u>	<u>ZAR to USD</u>
2019	0.7574	0.0681
2018	0.7719	0.0760
2017	0.7712	0.0753

The estimated annual inflation rate in South Africa has been 4.13% in 2019, 4.50% in 2018 and 5.19% in 2017.

The following table sets forth selected consolidated financial information for the years ended December 31, 2019, 2018 and 2017:

Table 2

Consolidated statements of loss			
(Expressed in thousands of U.S. dollars, except per share amounts)			
	Year ended December 31		
	2019	2018	2017
	\$	\$	\$
Revenue	39,242	414	—
Mine operation income (loss)	5,524	(13)	—
Expenses			
General and administrative	2,642	2,236	3,667
Care and maintenance	6,718	7,852	6,661
Care and maintenance depreciation and amortization	151	144	123
Impairment (reversal) expenses of mineral properties	(1,603)	15,496	—
Operating loss	(2,384)	(25,741)	(10,451)
Other net income (expenses) and income tax expense	1,238	(525)	1,243
Net loss for the year	(1,146)	(26,266)	(9,208)
Attributable to			
Non-controlling interest	(1,249)	(4,446)	(1,841)
Equity shareholders of the Company	103	(21,820)	(7,367)
Net loss for the year	(1,146)	(26,266)	(9,208)
Loss per share			
Basic and diluted	0.00	(0.24)	(0.08)
Weighted average number of common shares outstanding			
Basic	92,599	92,599	92,599
Diluted	92,791	92,599	92,599
Consolidated statements of financial position			
	December 31	December 31	December 31
	2019	2018	2017
	\$	\$	\$
Total assets	164,848	150,545	146,949
Total non-current liabilities	59,657	53,351	9,713

The Company recorded income attributable to equity shareholders of the Company of \$103 (or \$0.00 income per share) in 2019 compared to a loss of \$21,820 (or \$0.24 loss per share) in 2018. This difference is the result of the Retreatment Project operations in 2019. The activities during 2019 have changed the Company as it has been producing revenue since December 2018 through operations from re-mining and processing the tailings material to produce chrome concentrate. The large increase in the net loss of 2018 compared to 2017 was the result of an impairment charge on the CRM underground assets in 2018.

4.1 Crocodile River Mine

Retreatment Project – Chrome recovery

The Retreatment Project produces revenue based on tons of material made available for processing by re-mining the tailings, recovery of certain operational costs and allocation of the upfront cash payment from Union Goal for the offtake of chrome concentrate.

The Company and Union Goal are working to finalize and update the Framework Agreement (including the Loan, Escrow and Equipment Agreement) in several areas after one year of operations. Once concluded and signed the Company will provide a detailed update.

A summary of production to the end of December 2019:

Average grade Cr concentrate	Tons of Cr concentrate
38.6	598.034

In February 2020, with the goal to further optimize and increase the chrome recovery of the Retreatment Project, Eastplats began the Optimization Program which will invest approximately ZAR90,000 (\$6,000) in additional equipment, including installation, to enhance the efficiency of the plant and processing which is designed to provide increased chrome recovery and grade. The financing of these costs has been agreed to in principal with Union Goal on similar loan terms to those contained in the Framework Agreement. As mentioned, the Company and Union Goal are working on updating and finalizing this as soon as reasonably possible.

The Company has also mobilized at CRM, a portion of the required construction team and has begun the construction work at site including infrastructure and civil works in relation to the chrome plant optimization as announced previously.

The Optimization Program is schedule to be completed during Q3 2020.

Retreatment Project – PGM

During Q4 2019 Eastplats made the decision to refurbish the PGM Scavenger Circuit and utilizing the feed, following the recovery of chrome concentrate, has successfully produced PGM concentrate. The PGM Scavenger Circuit is able to process 40,000 tons of feed per month and the construction costs were \$150 as the Company utilized significant existing infrastructure that was maintained on care and maintenance at CRM.

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

Sale of Maroelabult

On October 24, 2019 the Company and its subsidiary Barplats entered into the Sale Agreement with Eland which provides for the sale of the mining rights, immovable property, infrastructure and equipment of the Maroelabult resource property located near Brits in South Africa (additional details in Section 2.1 (b)).

Barplats obtains immediate benefits by reducing its ongoing costs. Eland, without cost to Barplats, will be appointed to render the required care and maintenance services for the Assets until closing the transaction.

4.2 Maresburg Project

The Maresburg feasibility study was placed on hold in May 2018; however, work began again in Q2 2019 in connection with the environmental assessment (“EIA”) which is required to begin the road building. The Company expects completion of the EIA in Q4 2020 and the Company is currently assessing the appropriate time to begin and complete the feasibility study. SRK Consulting (South Africa) Pty Ltd (“SRK”) will need about four months to finalize the feasibility study once the Company decides to resume this endeavour.

4.3 Results of Operations

Revenue

During 2019, the Company has only one source of revenue, the offtake agreement (the “**Union Goal Offtake Agreement**”) entered into between the Company, its subsidiary Barplats Mines (Pty) Limited and Union Goal Offshore Solution Limited (“**Union Goal**”) in relation to the offtake of chrome concentrate production from the Retreatment Project. The Retreatment Project produces revenue based on tons of material made available for processing by re-mining the tailings, recovery of the certain operational costs and allocation of the upfront cash payment for the offtake of chrome concentrate to Union Goal. Additional non-cash deferred revenue is recognized based on tons made available for processing from the discounting of the chrome equipment debt and the construction loan based on the effective interest rate.

The Company generated revenue of \$12,096 and \$39,242 in Q4 2019 and for the year ended December 31, 2019, respectively compared to \$414 and \$414 for the same periods in 2018 as the Retreatment Project ramped up during 2019.

Mining operation income

Although the direct operating costs (re-mining, processing, disposition and logistics) are included as cost recoveries, certain management salary costs directly related to the Retreatment Project are not directly recovered. As operations have increased the Company increased its mine operation income as the salaries are effectively a fixed cost, to \$724 and \$5,524 in Q4 2019 and for the year ended December 31, 2019, respectively, compared to mine operating loss of \$13 and \$13 for the same periods in 2018.

Operating income (loss)

The Company generated operating income of \$694 in Q4 2019 and incurred an operating loss of \$2,384 for the year ended December 31, 2019 compared to operating losses of \$18,461 and \$25,741 for the same periods in 2018. This significant improvement is the result of revenue producing operations throughout 2019, however, a significant part of the 2018 operating loss were as a result of an impairment charge on mineral properties in the amount of \$15,496 during the Q4 2018 and the Company had no revenue producing operations until Q4 2018. In Q4 2019, the Company recorded an impairment reversal of \$1,603 relating to Maroelabult property as it was placed as assets held for sale as at December 31, 2019. The reversal was calculated based on the sales price less cost of sale.

General and Administrative

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

The G&A costs increased by \$80 to \$525 in Q4 2019, compared to total costs of \$445 for the same period in 2018. The increase in 2019 is primarily due to increased legal fees in Q4 2019 resulting from various legal disputes described elsewhere, including the attempted recovery of the 2016 payment of \$13,367.

The G&A costs increased by \$406 to \$2,642 for the year ended December 31, 2019 compared to \$2,236 for the same period in 2018. The increase of G&A cost in 2019 compared to the same period in 2018 is primarily due to increased insurance costs, professional fees relating several legal disputes and management bonuses paid out in 2019 as the result of restarting operations.

Care and Maintenance

Care and maintenance costs have been incurred since production of the PGM projects was suspended and expenditures have been limited to the level required to maintain the good condition of such assets. Such costs consist of maintenance, pumping to prevent flooding of the workings, underground inspections to ensure that the integrity of critical excavations is preserved, G&A and other costs necessary to safeguard such projects and their associated assets. The Mareesburg and KV concentrator projects were placed on care and maintenance in the fourth quarter of 2012 and the CRM underground operation was placed on care and maintenance in the third quarter of 2013.

Care and maintenance costs decreased by \$1,316 (excluding foreign currency translation impact of \$75) to \$1,067 in Q4 2019 compared to \$2,458 for the same period in 2018 in connection with the CRM and Eastern Limb Projects. This decrease was the result of the use of labour in the active operations of the Retreatment Project and the beginning of the PGM refurbishment.

Care and maintenance costs decreased by \$498 (excluding foreign currency translation impact of \$636) to \$6,718 for the year ended December 31, 2019 compared to \$7,852 for the same period in 2018 in connection with the CRM and Eastern Limb Projects. This decrease was the result of the use of labour in the active operations of the Retreatment Project and the beginning of the PGM refurbishment. Some of the costs did increase and offset the decrease including the payments of incentives, salary adjustment in South Africa related to the cost of living and annual electricity increase.

Care and maintenance depreciation consist of the depreciation expense related to the residential properties only as the project is currently on care and maintenance. Care and maintenance depreciation decreased to \$41 in 2019 Q4 and increased to \$151 for the year ended December 31, 2019, respectively compared to \$49 and \$144 for the same periods in 2018.

Impairment

Mineral properties are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or previous impairment on assets are recoverable.

2019

During 2019 and as at December 31, 2019, management determined that there were no indicators of impairment. Except in Q4 2019, the Company recorded an impairment reversal of \$1,603 (ZAR22,457) relating to Maroelabult property as it was placed as assets held for sale as at December 31, 2019. The reversal was calculated based on the sales price less cost of sale. Historically, the Company has taken an accumulated impairment charge approximately of \$1,887 (ZAR26,437) towards to the Maroelabult property.

2018

During the fourth quarter of 2018, management determined that there were indicators of impairment due to the significant fluctuation in the forecasted metal prices and the decline in the forecasted platinum prices. Management performed the impairment assessment of CRM and Mareesburg based on fair value less cost to sell ("FVLCTS") (level 3 in the fair value hierarchy) as at December 31, 2018. The CGU carrying

amount for the purposes of this test includes the carrying value of the mineral properties less deferred tax liabilities related to each CGU.

For the purpose of the impairment assessment, the Company considered that CRM, KV, Spitzkop and Mareesburg are each separate CGUs which was consistent with the previous impairment assessments.

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

KV and Spitzkop projects were both suspended in 2012. As at December 31, 2019, the recoverable amounts of the KV and Spitzkop projects were determined on a FVLCTS basis (level 3 in the fair value hierarchy) with reference to market transactions as well as a purchase offer received at the time. During the year ended December 31, 2019, there were no significant changes on the observable market transactions for the properties that are similar to KV and Spitzkop as compared to 2018. Therefore, no impairment charge was recorded for the KV or Spitzkop projects during the year ended December 31, 2019.

Interest Income

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

Interest income decreased by \$67 (excluding of foreign currency translation impact of \$7) to \$168 in Q4 2019 compared to \$242 for the same period in 2018 due to slightly lower market returns and lower cash balances for 2019. Interest income decreased by \$301 (excluding of foreign currency translation impact of \$99) to \$708 for the year ended December 31, 2019 compared to \$1,108 for the same period in 2018 due to slightly year-to-date lower market returns and the lower overall operating cash balances.

Other Income

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

Other income decreased by \$255 (excluding of foreign currency translation impact of \$21) to \$426 in Q4 2019 compared to \$702 for the same period in 2018 mostly due to lower scrap metals sales. Other income decreased by \$275 (excluding of foreign currency translation impact of \$193) to \$1,822 for the year ended December 31, 2019 compared to \$2,290 for the same period in 2018 mostly due to decreased scrap metals sales.

Finance Costs

Finance costs include interest accretion on the provision for environmental rehabilitation, Union Goal contracts payable, and other miscellaneous interest charges.

Finance cost increased by \$1,067 (excluding of foreign currency translation impact of \$4) to \$1,203 in Q4 2019 compared to \$132 for the same period in 2018. Finance cost increased by \$2,723 (excluding of foreign

currency translation impact of \$51) to \$3,241 for the year ended December 31, 2019 compared to \$569 for the same period in 2018.

The increase is because of the accretion of Union Goal contracts payable. Effective interest on the Union Goal Contract was capitalized as part of development cost until the end of April 2019 when the asset was ready for its intended use. Accretion in the amount of \$857 and \$2,310 was capitalized in Q4 2018 and for the year ended December 31, 2018, respectively.

Income Tax

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

The Company recorded a net income tax expense of \$81 and \$222 in Q4 2019 and for the year ended December 31, 2019 respectively, compared to \$111 and \$308 for the same periods in 2018.

5. Liquidity and Capital Resources

As at December 31, 2019, the Company had working capital (current assets minus current liabilities) of \$7,153 (December 31, 2018 – \$2,836) and a Cash Position of \$1,957 (December 31, 2018 – \$5,610). The increase in working capital is a reflection of the positive effect of the Retreatment Project operations on the overall business. However, timing of accounts receivable collections in 2019 has resulted in lower cash balances, although the Company continues to work on the timing of collections. \$3,648 of 2019 receivables were received in early January, 2020 due to holiday shutdowns reflecting the cycle of working capital.

The Company's Cash Position decreased by \$662 in Q4 2019 compared to the balance as at September 30, 2019. If the foreign currency translation gain impact of \$215 is excluded, the actual decrease of Cash Position is \$877. The decrease resulted from: (i) net cash used in operations of \$1,371 (proceeds received from sales of chrome concentrate \$9,520 – used \$10,891), including chrome production cost, G&A and care and maintenance of the CRM and the Eastern Limb Projects; (ii) a net change of increase of other assets of \$110; and (iii) tax paid of \$82, offset with cash received of: (A) a net proceeds of disposal of property, plant and equipment of \$532 (net of acquisition of property, plant and equipment); and (B) net interest received net of finance cost paid) of \$154.

The Company's Cash Position decreased by \$3,653 during the year ended December 31, 2019 compared to the balance as at December 31, 2018. If the foreign currency translation gain impact of \$289 is excluded, the actual decrease of Cash Position is \$3,942. The decrease resulted from: (i) net cash used in operations of \$9,415 (proceeds received from sales of chrome concentrate \$24,732 – used \$34,147), including chrome production cost, G&A and care and maintenance of the CRM and the Eastern Limb Projects; (ii) tax paid of \$132, offset with cash received of: (A) construction loan in the amount of \$2,765 received from Union Goal in accordance with the Union Goal Agreement; (B) an increase in other assets in the amount of \$1,332; (C) a net proceeds of disposal of property, plant and equipment of \$804 (net of acquisition of property, plant and equipment); and (D) net interest received (net of finance cost paid) of \$704.

The Retreatment Project and the recovery of Chrome concentrate at CRM was in operations throughout 2019. The CRM underground and all other properties and projects are at an earlier stage of development or on hold. The Company also generated revenues from interest and other income, but all these revenues, as the Company was ramping up operations, were not sufficient to cover the Company's operating expenses during the year ending December 31, 2019. However, moving forward the Company has now forecast sufficient cashflows to cover operating cost, care and maintenance and other short-term commitments for

the next 12 months. Significant judgements and estimates are involved in projecting the future cash flows including the level of production of the Retreatment Project or other operations. The Company has forecasted that during 2020 forward the Company has sufficient working capital and operating income to cover all operating and approved capital projects including all care and maintenance and other costs. Additional funding may be required to advance the larger PGM development opportunity for tailings recovery and will be required for commencing underground production at CRM, continued development of the Maresburg Project or other developments in the Eastern Limb Projects to bring them into production.

However, as our forecasts are based on assumptions and all the revenue is from a single offtake contract there exists Liquidity risk (See section 8 (c) (v)) if certain assumptions do not hold. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansionary plans.

As a result of the 21-day South African lockdown beginning at Midnight on March 26th, the Company will temporarily close all operations in South Africa including the current re-mining operations at the CRM, except for some critical underground care and maintenance activities where the Company will obtain an exception.

The effects of the coronavirus are changing rapidly and the consequences of the temporary shutdown of the CRM cannot be reasonably estimated at this time but could have material adverse effects on the Company's business, liquidity, cashflows and the timing of project completions.

The Company has approved \$3,516 in capital funding at December 31, 2019 to complete the PGM Scavenger Plant, Phase II of the tailing's storage facility ("TSF") dam lifts, the EIA at Maresburg and specific regulatory changes required during 2020. All additional capital projects that are being considered for 2020 will require approval and additional funding. The Company approved its 2020 budget in December 2019 and the corporate objectives which are discussed in Section 5.1 of this MD&A. The Company's 2020 objectives are either funded through approved capital which is accounted for in the 2020 capital budget and is funded through existing working capital and operations or are unfunded and will require new capital that will require new approvals and funding in 2020. The uncertainty around the coronavirus may create additional challenges in raising new capital

The Optimization Program, is one such new capital program that was approved in February 2020, with the goal to further optimize and increase the chrome recovery of the Retreatment Project. Eastplats began the Optimization Program which will invest approximately ZAR90 million (US\$6 million) in additional equipment, including installation, to enhance the efficiency of the plant and processing which is designed to provide increased chrome recovery and grade. The financing of these costs has been agreed to in principal with Union Goal on similar loan terms to those contained in the Framework Agreement. The Company and Union Goal are working on updating and finalizing this as soon as reasonably possible.

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

5.1 Outlook

The year ended December 31, 2019 was a full year of Retreatment Project operation and revenue generation. In 2020, the Company approved an optimization project designed to enhance Chrome production for the Retreatment Project and also commissioned a PGM scavenger plant utilizing as it feed a portion of the disposition from the Chrome operation. The Company will update our forecast for the year following the temporary lockdown in South Africa and the completion of the Optimization Project. The effects of the

Coronavirus are changing daily and could have material effects on the Company's 2020 outlook and its ability to attain targets.

The Company's targets for 2020 subject to capital availability include:

- Completion of the optimization project for the Retreatment Project;
- Maximize operating results of the Retreatment Project;
- Establishment of the appropriate TSF phase II capital works program;
- Commissioning and operation of the PGM scavenger plant;
- Assessment and decision regarding the larger scale PGM production for the tailings resource;
- Assessment of the CRM Zandfontein underground operations;
- Ensure appropriate care and maintenance on all resource properties; and
- Assessment and decision regarding Mareesburg project.

As at the date of this MD&A, the Company notes that the 2016 BEE Buyout Transactions (As defined in section 5.3 of this MD&A) have not been completed. However, completion of the BEE Buyout Transaction could potentially give rise to non-compliance with the mining rights and certain provisions of the MPRDA in respect of BEE requirements, unless other steps are taken to rectify the potential non-compliance. Accordingly, the Company has met with the Department of Mineral Resources of the Republic of South Africa ("DMR") during 2019 and is working proactively to address such potential issues. Failure to address such potential issues may result in an order from the DMR to rectify any such non-compliance and potentially in the cancelling of or modification of the mining rights granted to the Company under the MPRDA. The Company is also reviewing the Mining Charter 2018 in relation to such issues.

Care and maintenance with respect to the underground portion of the CRM will continue while the Company assesses the underground operations. Care and maintenance will also continue for the Company's Eastern Limb Projects for 2020. The Company is actively looking at opportunities for its other assets including continuing to explore options to utilize or monetize these assets.

The Company continually reviews, as appropriate, its other assets and the larger PGM market developments beyond the near term. It will also reassess the Chrome Circuit operations and the overall economics of such operations including reviewing the possibility to develop the CRM underground. However, all decisions will be made based on the long term economic determinations. Any restart of projects currently under care and maintenance would require additional funding that may or may not be available to the Company or require changes to the current operations at the CRM.

Subject to the completion of the EIA and the restart and completion of an economic feasibility study, the development of the Mareesburg open cast mine may also begin, subject to capital requirements and the availability of financing.

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

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

5.2 Share Capital

The Company did not issue any common shares or other securities except as discussed under this section, during the years ended December 31, 2019 and 2018.

During the year ended December 31, 2019, the Company granted 1,800,000 stock options to the directors, officers and certain employees of the Company to acquire common shares of the Company at a weighted average exercise price of Cdn\$0.21 per share, expiring in five years from grant date. These stock options vest 90 days from the grant date.

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

During the year ended December 31, 2019, a total of \$117 (2018 – \$131) was recorded as share-based compensation expense relating to G&A.

No stock options have been exercised during the years ended December 31, 2019 and 2018.

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

- 92,639,032 common shares issued;
- 92,599,310 common shares outstanding;
- 39,722 treasury shares outstanding and held in trust; and
- 3,600,000 stock options outstanding as listed below:

Table 3

Options outstanding	Options exercisable	Exercise price Cdn\$	Remaining Contractual Life (Years)	Expiry date
200,000	200,000	1.05	1.51	July 4, 2021
300,000	300,000	1.05	1.62	August 14, 2021
100,000	100,000	1.05	1.72	September 20, 2021
100,000	100,000	0.40	2.15	February 24, 2022
600,000	600,000	0.32	2.86	November 9, 2022
550,000	550,000	0.33	2.94	December 7, 2022
100,000	100,000	0.39	3.32	April 26, 2023
1,650,000	1,650,000	0.21	4.45	June 13, 2024
3,600,000	3,600,000		3.39	

5.3 Contractual Obligations, Commitments and Contingencies

The Company's major contractual obligations and commitments as at December 31, 2019 were as follows:

Table 4

(in thousands of U.S. dollars)	Total	Less than 1 year	1 - 5 years	More than 5 years
	\$	\$	\$	\$
Provision for environmental rehabilitation (i)	3,925	—	—	3,925
Operating lease	70	24	46	—
Contracts payable (ii)	42,307	—	42,307	—
Other obligations	9,145	9,145	—	—
	55,447	9,169	42,353	3,925

(i) Environmental rehabilitation provision over the life of mining operations (including \$554 environmental rehabilitation provision relating to Maroelabult that has been presented as liabilities associated with the assets held for sale on the Company's statement of financial position), and amounts shown are estimated expenditures at fair value, assuming weighted average credit adjusted risk-free discount rate of 9.86% and an inflation factor of 5.03%.

(ii) Presents Union Goal equipment and construction financing relating to the Retreatment Project. The amount shown represents the amortized cost based on the agreed interest rate of LIBOR plus 1% (estimated to be 3.76%), discounted from the estimated market rates between 10.5% to 12.90%. These amounts which are currently expected to be due in Q4 2021. The terms, the alternative settlement options and the agreement details are more fully described in Note 14 Union Goal Contracts of the Audited Financial Statements for the Year Ended December 31, 2019.

(iii) Trade and capital payables related to operations and completion of the PGM scavenger facility

Alpha Global South Africa Claim against the Company

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

Alpha Global British Virgin Islands Claim against the Company

On July 19, 2018, the Company was served with a further claim by Alpha Global initiated in the British Virgin Islands for recovery of amounts allegedly owed under a 2007 promissory note. Alpha Global is seeking payment of an amount of ZAR30,797 (approximately \$2,198) plus an amount it alleges is owing for default interest, for a total claim of ZAR142,887 (approximately \$10,199).

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 is now proceeding to trial.

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

On November 6, 2018, the Company received a petition filed with the Supreme Court of British Columbia, by 2538520 Ontario Limited, 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 filed its opposition to the petition and was provided security for costs. In June 2019 the petition was heard by the court and was dismissed on August 27, 2019. On September 27, 2019 the petitioner filed an appeal of the judgement and the Company will now proceed to court. The Company is of the view that this is without merit and that no provision in this matter is required.

Further litigation by 2538520 Ontario Limited against the Company

On March 5, 2020 the Company received a further claim filed by 2538520 and its CEO, Rong Kai Hong, (“Plaintiffs”) regarding various allegations, including that the Company was acting to oppress the Plaintiffs’ rights among other claims. Several of these claims are similar to the derivative action that was dismissed by the Court and appear to primarily relate to 2538520’s unsuccessful attempt to acquire control of the Company. The Plaintiffs seek orders requiring a change to the Company ownership, election of new Directors, several changes to senior management and damages of US\$50 million (or such greater amount as may be proven at trial) from the Company, certain present and former Directors and Officers, and separately seven other listed defendants.

The Company intends to vigorously defend the lawsuit and to refute the information and many of the allegations made in the claim. The Company and others will respond in due course.

2016 BEE Buyout Transactions

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

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

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

The Company notes that the BEE Buyout Transactions have not been completed. If the BEE Buyout Agreements are complete, the Company may no longer have its BEE Partners, and the Company may be in breach of the provisions of its mining rights and certain provisions of applicable legislation, unless steps are taken to rectify those requirements. The Company is working proactively to resolve these issues

contemplated in the BEE Buyout Agreements. If required to do so, there is no guarantee that the Company will be able to successfully rectify those requirements within the required timeframe. Failure to rectify any non-compliance with the obligations under applicable legislation may negatively impact the Company's operations and value of its assets and could lead to the Minister cancelling or modifying the mining rights under the MPRDA. The Company remains committed to working with the DMR to ensure ongoing compliance.

Claims against Serina and Ingwenya

On June 7, 2018, the Company along with its subsidiaries Eastplats Acquisition Co. Ltd, and Eastern Platinum Holdings Limited (collectively, along with Eastplats, the “**Eastplats Companies**”) filed a notice of civil claim in the Supreme Court of British Columbia against Serina and Ingwenya in relation to the payment of the \$13,367 to them from the Eastplats Companies during 2016 purportedly in connection with the BEE Buyout Agreements. The claim alleges that the BEE Buyout Agreements between those corporations and the Eastplats Companies are not binding, that the funds were not properly received by them, are an unjust enrichment to them and should be returned. The Company filed an application for default judgment against Serina in the British Columbia Supreme Court in December 2018, and default judgment was granted in 2019, as Serina provided no response to the claim. Service of the claim on Ingwenya is continuing. No amount has been accrued on the Company's financial statements for this claim as it would be a contingent amount if successful.

Claims against former Directors and Officers

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

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

Claim against the former Chief Financial Officer and Administrative Service Provider

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

Claim dispute regarding Spitzkop

The Company has received a notice from the DMR of an appeal launched with the DMR with respect to the Company's mineral license issued in 2012 relating to the Spitzkop property. In addition, the claimant, has launched a dispute of the issue into the High court in South Africa for review. The Company with the assistance of counsel is addressing this matter and intends to defend this issue related to the validly issued mineral rights of Spitzkop.

General

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

6. Related Party Transactions

Summarized below is a list of related parties with whom the Company had transactions with in Q4 2019 and 2018 and for the years ended December 31, 2019 and 2018, as well as a description of the nature of the services provided therein.

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

Table 5

(Expressed in thousands of U.S. dollars)	Three months ended		Year ended	
	December 31		December 31	
	2019	2018	2019	2018
	\$	\$	\$	\$
Trading transactions				
Director fees	39	48	168	156
Management fees	58	51	297	212
Share-based payments	—	—	117	115
Total	97	99	582	483
Compensation of key management personnel				
Remuneration	168	150	865	894
Share-based payments	—	—	68	62
Total compensation of key management personnel	168	150	933	956

The Company had transactions with the following related parties in Q4 2019 and 2018:

The Company has agreed to pay \$19 (Cdn\$25) per month to Oriental Fortune Consulting Services Limited (“**Oriental Fortune**”), an entity controlled by the Company’s chief operating officer (“**COO**”), for the management consulting services rendered. During the year ended December 31, 2019, Oriental Fortune also received a bonus payment of \$69 (Cdn\$92) (2018 – Nil).

At December 31, 2019, the Company held a loan receivable from Gubevu in the amount of \$75,266 (ZAR1,054,473) (December 31, 2018 – \$66,830 (ZAR961,583)). This loan is secured by Gubevu’s interest in BIL, bears interest at the Johannesburg Interbank Agreed Rate + 3% and has been provided for in full in previous year. The Company did not record any interest income with regards to this loan or receive cash from, or lend any further cash to, Gubevu in Q4 2019 and 2018 or for the years ended December 31, 2019 and 2018.

Accounts receivable as at December 31, 2019 included \$38 (December 31, 2018 - \$37) due from Remington Resource Inc. (“**Remington**”) representing the reimbursement receivable for certain general and

administrative expenses incurred by the Company on behalf of Remington. The Company's former management are the principal shareholders of Remington. Amount due from the related party is unsecured and due on demand.

During the three months years ended December 31, 2019 and 2018, the Company's key management includes the Chief Executive Officer (the "CEO"), CFO, COO, and formerly the vice president of South African Operations (resigned effective August 31, 2018). As stated in Table 5, for the three months and year ended December 31, 2019, the total remuneration to the key management, excluding share-based payments was \$168 and \$865 (three months and year ended December 31, 2018 - \$150 and \$894), respectively. For the three months and year ended December 31, 2019, key management received share-based payments of Nil and \$68 (three months and year ended December 31, 2018 - Nil and \$62), respectively.

Key management personnel were not paid post-employment benefits or other long-term for the three months and years ended December 31, 2019 and 2018.

7. Critical Accounting Estimates and Judgments

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

The Company has three reportable segments – the CRM, the Eastern Limb Projects and corporate. The Eastern Limb Projects consist of the KV, Spitzkop and Mareesburg projects. Corporate operations in Barbados, BVI and Canada collectively are the corporate segment. All of the reportable segments have consistently applied the same accounting policies as disclosed in Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2019.

Areas of significant judgment and estimates made by management for the year ended December 31, 2019 are as summarized below.

Critical Accounting Estimates

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

(i) Impairment

Impairment of property, plant and equipment is based on the Company's estimate of fair value of mineral properties. The estimate of the recoverable amount of a mineral property is complex and involves significant judgement and assumptions including estimating the quantity and grade of the recoverable resources, future production rates and operating costs, future capital requirements, future metal prices, discount rates, and appropriate foreign exchange rates. The estimate of the recoverable resources involves assumptions about mining costs and metal prices and is based on information compiled by appropriately qualified persons relating to data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. If any of these estimates or assumptions prove to be inaccurate,

or if the Company's operating plans are revised in the future, there could be a material impact on the estimated fair value of a mineral property.

During 2019 and as at December 31, 2019, management determined that there were no indicators of impairment. The Company has determined that there were impairment indicators as at December 31, 2018 and therefore performed impairment analysis resulted in an impairment charge of \$15,496 on the CRM underground CGU.

(ii) *Environmental rehabilitation provision*

Environmental rehabilitation obligations have been estimated by appropriately qualified external persons based on the Company's interpretation of current regulatory and best practice requirements and have been measured at the net present value of expected future cash expenditures that would be required upon mine closure. These estimates require significant judgement about the nature, cost and timing of work to be completed, and may change with future changes to costs, environmental laws, regulations and remediation practices and the expected timing of remediation work. The details of assumptions used in calculating the Company's environmental rehabilitation provision are disclosed in Note 15 of the Company's audited consolidated financial statements for the year ended December 31, 2019.

(iii) *Union Goal Contracts*

The Company purchased the Chrome Circuit equipment based on contracts with Union Goal in connection with the Retreatment Project. The Chrome Circuit equipment is subject to put and call options in the event that either party is not satisfied with the agreed upon pricing or performance of the Chrome Circuit equipment. There are significant estimates and uncertainties involved in assessing the future performance of the Chrome Circuit equipment and the total economic assessment of the project. The Company currently does not have other producing properties other than the Retreatment Project which is estimated to have a useful life of 5 – 6 years based on the estimated production. Management believes the Chrome Circuit equipment can be utilized after the completion of the Retreatment Project but is not able to fully assess the value and economics at this time.

Critical Accounting Judgments

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

(i) *Determination of functional currency*

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

(ii) *Provision and contingency*

The Company is subject to claims and legal proceedings arising in the ordinary course of business activities, each of which is subject to various uncertainties and it is possible that some of these matters may be resolved unfavourably to the Company. For matters that are probable and can be reasonably estimated, the Company establishes provisions in its consolidated financial statements. When evaluating legal proceedings that are pending against the Company, the Company and its legal counsel assess the perceived merits of the legal proceedings along with the perceived merits of the amount of relief sought. Management assesses the probability of liability being payable as either remote, more than remote or probable. If liability is

considered to be less than probable, then the liability is not recorded and it is only disclosed as a contingent liability.

In June 2016, the Company's former management signed certain purported agreements in connection with the BEE Buyout Agreement of certain non-controlling interests in the Company's South African operations and in connection with the sale of the CRM (which agreement was subsequently terminated). These transactions are complex and the agreements are subject to interpretations of laws under the various jurisdictions. Although the Company reached an agreement to terminate the CRM share purchase agreement in November 2017, the BEE Transactions were not completed due to numerous difficulties in accessing the underlying documents, obtaining the cooperation of various parties and the review of the implications of these transactions under the Company's mining rights and certain provisions under the MPRDA.

(iii) Going concern and liquidity

The Company has projected 2020 cash flows are sufficient to cover the Company's operating expenses and all other care and maintenance expenses in the foreseeable future. However significant judgements and estimates are involved in projecting the future cash flows including the level of production of the Retreatment Project. The Retreatment Project is also dependent on its operating cash inflows from Union Goal, its sole off taker of chrome concentrate, in order to fund its current operating activities and eventually fulfil all obligations under the Framework Agreement.

Additionally, the effects of the coronavirus are changing rapidly and the consequences of the temporary shutdown of the CRM cannot be reasonably estimated at this time but could have material adverse effects on the Company's business and cashflows.

8. Financial Instruments and Other Instruments

(a) Management of capital risk

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

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, increase the amount of the contracts payable or acquire or dispose of assets.

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

(b) Fair value of financial instruments

(i) Fair value estimation of financial instruments

The fair values of cash and cash equivalents, short-term investments, restricted cash, trade receivables, other receivables, other assets, trade payables and other payables are approximately their carrying value.

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

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

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

As at December 31, 2019 and 2018, 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, 2019 and 2018.

(c) *Financial risk management*

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

(i) *Currency risk*

The Company is exposed to foreign exchange risk as the Company undertakes certain transactions and holds assets and liabilities in currencies other than its functional currencies. The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations.

The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations. The Company's exposure to currency risk affecting net income is summarized in table 6 below:

Table 6

	December 31 2019	December 31 2018
	\$	\$
Financial assets		
Denominated in USD at Canadian head office	508	2,751
Denominated in USD at at South African subsidiaries	—	408
Denominated in Rand at Canadian head office	1	995
Total	509	4,154
Financial liabilities		
Contracts payable denominated in Rand at Canadian head office	5,328	2,525
Contracts payable denominated in USD at South African subsidiaries	36,979	33,309
Total	42,307	35,834

As at December 31, 2019, with other variables unchanged, a 10% strengthening (weakening) of Canadian dollars against U.S dollars would have decreased (increased) net income by approximately \$46; with other variables unchanged, a 10% strengthening (weakening) of Canadian dollars against the South African Rand would have increased (decreased) net income by approximately \$484; and with other variables unchanged,

a 10% strengthening (weakening) of the South African Rand against U.S dollars would have increased (decreased) net income by approximately \$3,362.

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its short-term investments. The risk that the Company will realize a loss as a result of a decline in the fair value of short-term investments is limited because these investments, although available for sale, will mature within 12 months from the year end and are generally not sold before maturity. The Company also staggers the maturity dates of its investments over different time periods and dates to minimize exposure to interest rate changes. The Company monitors its exposure to interest rates and has not entered into any derivative financial instruments to manage this risk. The sensitivity of the Company's net earnings due to changes in interest rates is not material.

(iii) *Commodity price risk*

The Company is not exposed to commodity price risk with respect to fluctuations in the prices of platinum group metals or chrome concentrate as there were no revenues from PGM sales during the years ended December 31, 2019 and 2018 and chrome concentrate sales were structured based on a long-term chrome concentrate commodity price according to the Union Goal Agreement.

(iv) *Credit risk*

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

All of the Company's revenue is from the offtake agreement with Union Goal but based on operating cost recovery and making tons of ore available to process for the production of chrome concentrate which is produced for Union Goal under the offtake agreement. As at December 31, 2019, the Company had receivable balances associated with Union Goal of \$12,966 (December 31, 2018 – \$408). 100% of the balance was collected at filing. The trade and other receivable balances are monitored on an ongoing basis. The Company seeks to maintain strict control over its outstanding receivables to minimize credit risk but there is 100% credit concentration with one offtake. Provision for doubtful debts is calculated based on the payment history. With respect to credit risk arising from cash and cash equivalents and other assets, the Company limits its counterparty credit risk on these assets by dealing only with financial institutions with strong credit ratings.

There is both a credit risk and credit concentration risk associated with the collection of revenue from its sole purchaser Union Goal under the offtake agreement. This risk is mitigated due to the contract structure and the significant outstanding contract payable due to Union Goal

(v) *Liquidity risk*

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

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

The Retreatment Project and the recovery of Chrome concentrate at CRM was in operations throughout 2019. The CRM underground and all other properties and projects are at an earlier stage of development or on hold. The Company also generated revenues from interest and other income, but all these revenues, as the Company was ramping up operations, were not sufficient to cover the Company's operating expenses during the year ending December 31, 2019. However, moving forward the Company has now forecast sufficient cashflows to cover operating cost, care and maintenance and other short term commitments. Significant judgements and estimates are involved in projecting the future cash flows including the level of production of the Retreatment Project or other operations. The Company has forecasted that during 2020 forward the Company has sufficient working capital and operating income to cover all operating and approved capital projects. Additional funding may be required to advance the larger PGM development opportunity for tailings recovery and will be required for commencing underground production at CRM, continued development of the Mareesburg Project or other developments in the Eastern Limb Projects to bring them into production.

However, as our forecasts are based on assumptions and all the revenue is from a single offtake contract there exists Liquidity risk if certain assumption do not hold. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansionary plans.

Additionally, the effects of the coronavirus are changing rapidly and the consequences of the temporary shutdown of the CRM cannot be reasonably estimated at this time but could have material adverse effects on the Company's business and cashflows.

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

9. Application of New and Revised IFRS

9.1 Newly adopted Accounting Standards

Effective January 1, 2019, the Company adopted IFRS 16 – Leases (“**IFRS 16**”) which requires leases to be reported on the statement of financial position unless certain requirements for exclusion are met.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset, which is included in property, plant and equipment, and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise: fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee, and the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless we are reasonably certain not to terminate early.

The Company did not have any significant operating leases as at December 31, 2018. The Company's head office lease is treated as short-term lease at the initial adoption date by applying the practical expedients as the original lease expires on September 30, 2019. On May 1, 2019, the Company signed a new office lease agreement with an effective date of October 1, 2019 (the "**New Lease Agreement**"). The New Lease Agreement extends the lease term for another three years expiring September 30, 2022, and adjusted an annual lease payment to Cdn\$34,496 for the 1st year, Cdn\$35,035 for the 2nd year and Cdn\$35,574 for the 3rd year. The New Lease Agreement is considered a separate lease since the modifications present an increase in scope and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in the scope. A right of use asset has been recognised for the new lease, in accordance with IFRS 16 during the year ended December 31, 2019.

9.2 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, 2019, and have not been applied in preparing these consolidated financial statements. None of these pronouncements are expected to have material impact on the Company's consolidated financial statements.

10. Off-Balance Sheet Arrangements

As at December 31, 2019, the Company had not entered into any off-balance sheet arrangements.

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

Disclosure Controls and Procedures

For the year ended December 31, 2019, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("**DCP**") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been recorded, processed, summarized and disclosed in a timely manner in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements.

The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that based on this evaluation the design and operation of the Company's DCP were effective as of December 31, 2019, and that the Company has the appropriate DCP to provide reasonable assurance that information used internally by management and disclosed externally is, in all material respects, complete and accurate.

Internal Control over Financial Reporting

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

The CEO and CFO have evaluated the effectiveness of the Company's ICFR as at December 31, 2019 based on *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") for the Company as a whole. The assessment incorporated the review for the South African operations and all of the other subsidiaries of the Company in regards to ICFR. Based on that evaluation, the CEO and the CFO concluded that the design and operation of the Company's ICFR were effective as at December 31, 2019.

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

Limitation of Controls and Procedures

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

Changes to ICFR

As a result of operations in 2019 the Company has implemented a new ERP system in Q3 2019 for operations which has resulted in some positive adjustments in our control systems. The Company continued the roll out during Q4 2019 and will complete this to the entire corporation during the Q1 2020 and is confident in maintaining robust and effective ICFR.

12. Risk Factors

The exploration of mineral deposits involves significant risks and uncertainties. A comprehensive list of risk factors relating to the Company's business is provided under the heading "Risk Factors", in the Company's AIF for the year ended December 31, 2019, which is available on SEDAR at www.sedar.com.

Coronavirus

The effects of the coronavirus are changing rapidly and the consequences of the temporary shutdown of the CRM cannot be reasonably estimated at this time but could have material adverse effects on the Company's

business, liquidity and cashflows. The Company has provided specific information in the AIF in relation to the risks and possible effects to our operations and business in relation to the Coronavirus.

13. Non-GAAP Measures

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

14. Cautionary Statement on Forward-Looking Information

This MD&A contains certain “forward-looking statements” or “forward-looking information” (collectively referred to herein as “forward-looking statements”) within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential” and similar expressions, or are events or conditions that “will”, “would”, “may”, “could” or “should” occur or be achieved. This MD&A contains forward-looking statements, pertaining to, among other things, future operations, operations ramp-up, the future development and funding of the Company’s projects; the Company’s plans for its properties; the resolution of current litigation; the BEE Buyout Agreements and all related transactions; The Pandemic and Coronavirus issues currently occurring; the 21 day South African lockdown; the seasonality of the Company’s operations; the continuing impact of adverse economic factors on the South African PGM industry; the potential restarts of the CRM if there is a sustained strengthening of PGM prices and a marked improvement in the South African operating environment; the possibility of restarting the development of the Mareesburg open pit mine; the possibility of developing the Kennedy’s Vale and Spitzkop project in the future; the requirement of additional funding to bring projects into production and how that funding will be attained; estimated resources and reserves; economic assessments; extension of the life of the Retreatment Project; estimated costs and timelines of construction; estimated operations; capital costs and payment terms related to the Chrome Circuit; estimated timelines for revenue, production and anticipated capital costs; timelines for feasibility studies; test work results; the possibility of any impairment or reversal of impairment if there are any changes to future market conditions and commodity prices; the composition of G&A costs; potential non-compliance with the MPRDA and the corresponding impact; the possible impact of Mining Charter 2018; the share capital of the Company; the renewal of consulting agreements; the ongoing assessment of mine life; critical accounting judgments made by the Company; the impact of the new IFRS on consolidated financial statements; adoption of new IFRS standards; impairment estimates and the applicable risk factors.

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

Forward-looking statements are subject to all of the risks and uncertainties normally incident in the mining and development of PGMs that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These risks include, but are not limited to: the risk of fluctuations in

the assumed exchange rates of currencies that directly impact the Company, such as the Canadian dollar, Rand and U.S. dollar; the risk of fluctuations in the assumed prices of PGM and other commodities; the risk of changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, South Africa, Barbados or other countries in which the Company carries, or may carry on business in the future; litigation risks and the uncertainty thereof; risks associated with mining or development activities; the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, assumed quantities or grades of reserves, need for additional funding, availability and terms of additional funding, and certain other known and unknown risks detailed from time to time in the Company's public disclosure documents, copies of which are available on the Company's SEDAR profile at www.sedar.com.

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