Condensed interim consolidated financial statements of

Eastern Platinum Limited

For the three and six months ended June 30, 2020
(Unaudited)

Eastern Platinum Limited

For the three and six months ended June 30, 2020

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Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Professional Chartered Accountants for a review of interim financial statements by an entity’s auditor.

Eastern Platinum Limited

Condensed interim consolidated statements of (loss) income
(Expressed in thousands of U.S. dollars, except for per share amounts - unaudited)

		Three months ended June 30		Six months ended June 30	
	Note	**2020**	2019	**2020**	2019
Revenue		**$ 9,298**	$ 10,486	**$ 23,477**	$ 15,836
Production costs		**(7,670)**	(8,008)	**(19,466)**	(12,427)
Production costs - depreciation		**(688)**	(593)	**(1,641)**	(593)
Mining operation income		**940**	1,885	**2,370**	2,816
Expenses					
General and administrative		**431**	582	**1,146**	1,373
Site services	14	**1,063**	992	**2,279**	2,199
Care and maintenance		**429**	683	**1,079**	1,411
Care and maintenance - depreciation and amortization		**35**	36	**75**	74
Operating loss		**(1,018)**	(408)	**(2,209)**	(2,241)
Other income (expense)					
Gain on disposal of property, plant and equipment		**205**	290	**372**	407
Interest income		**153**	181	**312**	387
Other income		**394**	442	**1,521**	923
Finance costs		**(1,281)**	(793)	**(2,521)**	(874)
AlphaGlobal settlement	4	**(2,787)**	—	**(2,787)**	—
Foreign exchange gain (loss)		**1,166**	736	**(7,517)**	654
Loss before income taxes		**(3,168)**	448	**(12,829)**	(744)
Income tax expense		**(72)**	(66)	**(103)**	(129)
Net (loss) income for the period		**(3,240)**	382	**(12,932)**	(873)
Net (loss) income attributable to					
Non-controlling interest		**(231)**	(216)	**(1,738)**	(633)
Equity shareholders of the Company		**(3,009)**	598	**(11,194)**	(240)
Net (loss) income for the period		**$ (3,240)**	$ 382	**$ (12,932)**	$ (873)
(Loss) earnings per share					
Basic and diluted		**(0.03)**	0.01	**$ (0.12)**	$ (0.00)
Weighted average number of common shares outstanding in thousands					
Basic and diluted		**92,951**	92,599	**92,775**	92,599

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

"George Dorin"
George Dorin, Director

"Mike Cosic"
Mike Cosic, Director

Eastern Platinum Limited

Condensed interim consolidated statements of comprehensive (loss) income
(Expressed in thousands of U.S. dollars - unaudited)

		Three months ended June 30		Six months ended June 30	
	Note	**2020**	2019	**2020**	2019
Net (loss) income for the period		**$ (3,240)**	$ 382	**$ (12,932)**	$ (873)
Other comprehensive (loss) income					
Items that may subsequently be reclassified to loss or profit					
- Exchange differences on translating foreign operations		**2,511**	3,103	**(27,007)**	2,570
- Exchange differences on translating non-controlling interest		**(972)**	(991)	**8,822**	(809)
Comprehensive (loss) income for the period		**(1,701)**	2,494	**(31,117)**	888
Comprehensive (loss) income attributable to					
Equity shareholders of the Company		**(498)**	3,701	**(38,201)**	2,330
Non-controlling interest		**(1,203)**	(1,207)	**7,084**	(1,442)
Comprehensive (loss) income for the period		**$ (1,701)**	$ 2,494	**$ (31,117)**	$ 888

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

Eastern Platinum Limited

Condensed interim consolidated statements of financial position
(Expressed in thousands of U.S. dollars - unaudited)

	Note		As at June 30 2020		As at December 31 2019
Assets					
Current assets					
Cash and cash equivalents		**$**	**4,671**	$	1,957
Trade and other receivables			**10,414**		15,796
Inventories			**804**		1,090
			15,889		18,843
Non-current assets					
Restricted cash			**84**		89
Inventories			**1,416**		1,748
Property, plant and equipment	3		**111,697**		135,397
Other assets			**5,613**		6,789
Assets held for sale	3(a)		**1,599**		1,982
		$	**136,298**	$	164,848
Liabilities					
Current liabilities					
Trade and other payables		**$**	**7,828**	$	9,145
Deferred revenue	6		**2,241**		2,527
Lease payable			**20**		18
			10,089		11,690
Non-current liabilities					
Deferred revenue	6		**7,688**		10,012
Contracts payable	6		**47,455**		42,307
Lease payable			**29**		45
Provision for environmental rehabilitation			**2,872**		3,371
Deferred tax liabilities			**3,064**		3,368
Liabilities associated with assets held for sale	3(a)		**447**		554
			71,644		71,347
Equity					
Issued capital	5		**1,231,873**		1,230,171
Treasury shares			**(204)**		(204)
Contributed surplus	5		**1,069**		501
Accumulated other comprehensive loss			**(319,195)**		(292,188)
Deficit			**(811,235)**		(800,041)
Total equity attributable to equity shareholders of the Company			**102,308**		138,239
Non-controlling interest			**(37,654)**		(44,738)
			64,654		93,501
		$	**136,298**	$	164,848

Contingencies (Note 13)

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

Eastern Platinum Limited

Condensed consolidated statements of changes in equity
(Expressed in thousands of U.S. dollars - unaudited)

	Issued capital	Treasury shares	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity attributable to equity shareholders of the company	Non-controlling interest	Equity
Balance, December 31, 2018	**$ 1,230,171**	**$ (204)**	**$ 410**	**$ (295,888)**	**$ (800,170)**	**$ 134,319**	**$ (42,299)**	**$ 92,020**
Net (loss)	—	—	—	—	(240)	(240)	(633)	(873)
Other comprehensive income (loss)	—	—	—	2,570	—	2,570	(809)	1,761
Total comprehensive income (loss)	—	—	—	2,570	(240)	2,330	(1,442)	888
Share-based compensation	—	—	22	—	—	22	—	22
Transfer equity reserve relating to expired options	—	—	(3)	—	3	—	—	—
Balance, June 30, 2019	**$ 1,230,171**	**$ (204)**	**$ 429**	**$ (293,318)**	**$ (800,407)**	**$ 136,671**	**$ (43,741)**	**$ 92,930**
Net income (loss)	—	—	—	—	343	343	(616)	(273)
Other comprehensive income (loss)	—	—	—	1,130	—	1,130	(381)	749
Total comprehensive income (loss)	—	—	—	1,130	343	1,473	(997)	476
Share-based compensation	—	—	95	—	—	95	—	95
Transfer equity reserve relating to expired options	—	—	(23)	—	23	—	—	—
Balance, December 31, 2019	**$ 1,230,171**	**$ (204)**	**$ 501**	**$ (292,188)**	**$ (800,041)**	**$ 138,239**	**$ (44,738)**	**$ 93,501**
Net loss	—	—	—	—	(11,194)	(11,194)	(1,738)	(12,932)
Other comprehensive (loss) income	—	—	—	(27,007)	—	(27,007)	8,822	(18,185)
Total comprehensive (loss) income	—	—	—	(27,007)	(11,194)	(38,201)	7,084	(31,117)
AlphaGlobal settlement (Note 4)	1,702	—	564	—	—	2,266	—	2,266
Share-based compensation	—	—	4	—	—	4	—	4
Balance, June 30, 2020	**$ 1,231,873**	**$ (204)**	**$ 1,069**	**$ (319,195)**	**$ (811,235)**	**$ 102,308**	**$ (37,654)**	**$ 64,654**

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

Eastern Platinum Limited

Condensed interim consolidated statements of cash flows
(Expressed in thousands of U.S. dollars - unaudited)

	Six months ended June 30	
	2020	2019
Operating activities		
(Loss) income before income taxes	**$ (12,829)**	$ (744)
Adjustments to net loss for non-cash items		
Depreciation and amortization	**1,716**	667
Stock based compensation	**4**	22
Shares and warrants issued for AlphaGlobal settlement	**2,266**	—
Gain on disposal of property, plant and equipment	**(372)**	(407)
Interest income	**(312)**	(384)
Finance costs	**2,521**	874
Foreign exchange loss	**7,517**	(654)
Net changes in non-cash working capital items		—
Trade and other receivables	**2,765**	(8,304)
Inventories	**75**	(50)
Trade and other payables	**663**	1,379
Deferred revenue	**(946)**	(698)
Cash used in operations	**3,068**	(8,299)
Adjustments to net loss for cash items		
Interest income received	**307**	396
Finance costs paid	**(8)**	—
Taxes paid	**(62)**	(50)
Net operating cash flows	**3,305**	(7,953)
Financing activities		
Contracts payable	**1,077**	2,765
Net financing cash flows	**1,077**	2,765
Investing activities		
Purchases of short-term investments	**—**	(500)
Redemptions of short-term investments	**—**	1,593
Increase of other assets	**(138)**	1,560
Property, plant and equipment expenditures	**(910)**	(431)
Disposal of property, plant and equipment	**646**	475
Net investing cash flows	**(402)**	2,697
Effect of exchange rate changes on cash and cash equivalents	**(1,266)**	160
Increase (decrease) in cash and cash equivalents	**2,714**	(2,331)
Cash and cash equivalents, beginning of period	**1,957**	4,213
Cash and cash equivalents, end of period	**$ 4,671**	$ 1,882

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

1. Nature of operations

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"). Operations from re-mining the tailings material produce 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 condensed interim 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.

These condensed interim consolidated financial statements were approved and authorized for issuance by the board of directors on August 6, 2020.

The Company started generating revenue from its Retreatment Project in December 2018. Although the Retreatment Project has generated cash flows, the Crocodile River Mine ("CRM") underground remains in care and maintenance and all other properties and projects are on hold. The projected cash flows for 2020 are sufficient to cover the Company's operating expenses, approved capital expenditures and all other care and maintenance expenses. However significant judgements and estimates are involved in projecting the future cash flows including the level of production of the Retreatment Project and the global impact of COVID-19 (see below). The Retreatment Project is also dependent on its operating cash inflows from Union Goal, its sole off taker of chrome concentrate (see Note 9), in order to fund its current operating activities and eventually fulfil all obligations under the Framework Agreement. Lastly, in addition to cash inflows from current operations, 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. For more information, refer to liquidity risk (Note 9(c)).

Additionally, the Company's business could be significantly adversely affected by the effects of the novel coronavirus ("COVID-19"). South Africa began a nation-wide lock-down to fight COVID-19 on March 27, 2020 but has since opened up the economy and moved to lower levels of the alert system. Effective April 8, 2020, Barplats Mines (Pty) Ltd. ("Barplats") was permitted to continue operating its Retreatment Project at a reduced capacity and workforce during the South African lock-down following the issuance of an essential services permit. On May 1, 2020, South Africa moved from level 5 lock-down restrictions to level 4 in their alert system and on June 1, 2020 moved to Level 3 in response to COVID-19. These changes permitted Barplats to begin recalling its remaining workforce, that were on paid leave during the lockdown, back to the mine in a carefully planned and phased return to work during May 2020. During June 2020 the Company temporarily halted production for several days at CRM due to positive COVID-19 cases, but after full scale deep cleaning and testing the Company resumed operations at CRM.

The Company continued all required care and maintenance activities in relation to its underground mine and environmental commitments during the entire lockdown.

1. Nature of operations (continued)

The Company cannot accurately predict the impact COVID-19 will have on third parties' ability to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration and or reoccurrence of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, limitations on travel, the availability of industry experts and personnel, restrictions to the Optimization Program or other objectives and targets and other factors that will depend on future developments beyond the Company's control. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries (including South Africa, Canada and China), resulting in an economic downturn that could negatively impact the Company's financial position, financial performance, cash flows, and its ability to raise capital, in 2020 or the future. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's anticipated activities, and operations, cannot be reasonably estimated at this time.

2. Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The preparation of these unaudited condensed interim consolidated financial statements is based on accounting principles and methods consistent with those used in the preparation of the audited consolidated financial statements as at December 31, 2019. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019. The Company's interim results are not necessarily indicative of its results for a full year.

Judgments and estimates

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 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 estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

The impact of the COVID-19 pandemic, with its combined health toll and decline in global economic output, is unprecedented and the full extent of the impact will depend on future developments. These developments are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning its severity, its duration and actions by government authorities to contain the outbreak or manage its impact. As a result, it is possible that circumstances may arise which cause actual results to differ from the estimates applied in these interim consolidated financial statements, and such differences affecting the Company's future financial position and results cannot be accurately determined at this time.

Areas of significant judgement and estimates made by management for the three and six months ended June 30, 2020 in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Notes 4(t) and 4(u) of the Company's audited consolidated financial statements for the year ended December 31, 2019.

(Unaudited - expressed in thousands of U.S. dollars, except for per share amounts)

3. Property, plant and equipment

	Plant and equipment owned $	Mineral properties previously depleted $	Mineral properties not being depleted $	Properties and land $	Total $
Cost					
Balance as at December 31, 2018	**380,404**	**70,521**	**287,795**	**13,605**	**752,325**
Assets acquired (net of $888 spare parts reclassified to long-term inventory)	1,112	—	20	—	1,132
Environmental provision change in estimate	(25)	—	285	—	260
Assets disposed	(724)	—	—	(260)	(984)
Reclassify as assets held for sale (a)	(1,982)	—	—	—	(1,982)
Foreign exchange movement	10,347	1,917	7,838	359	20,461
Balance as at December 31, 2019	**389,132**	**72,438**	**295,938**	**13,704**	**771,212**
Assets acquired	4,284	—	—	—	4,284
Assets disposed	(339)	—	—	(57)	(396)
Foreign exchange movement	(75,137)	(14,009)	(57,230)	(2,643)	(149,019)
Balance as June 30, 2020	**317,940**	**58,429**	**238,708**	**11,004**	**626,081**
Accumulated depreciation and impairment losses					
Balance as at December 31, 2018	**300,037**	**57,766**	**258,676**	**2,142**	**618,621**
Depreciation	2,534	—	—	102	2,636
Depreciation of disposed assets	(688)	—	—	(80)	(768)
Impairment reversal (b)	(1,603)	—	—	—	(1,603)
Foreign exchange movement	8,294	1,544	7,032	59	16,929
Balance as at December 31, 2019	**308,574**	**59,310**	**265,708**	**2,223**	**635,815**
Depreciation	1,672	—	—	44	1,716
Depreciation of disposed assets	(98)	—	—	(24)	(122)
Foreign exchange movement	(59,932)	(11,280)	(51,385)	(428)	(123,025)
Balance as June 30, 2020	**250,216**	**48,030**	**214,323**	**1,815**	**514,384**
Carrying amounts					
At December 31, 2018	80,367	12,755	29,119	11,463	133,704
At December 31, 2019	80,558	13,128	30,230	11,481	135,397
At June 30, 2020	**67,724**	**10,399**	**24,385**	**9,189**	**111,697**

(Unaudited - expressed in thousands of U.S. dollars, except for per share amounts)

3. Property, plant and equipment (continued)

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

	Crocodile River Mine $	Mareesburg Project $	Kennedy's Vale and Concentrator $	Spitzkop PGM Project $	Other property plant and equipment $	Total $
Cost						
Balance as at December 31, 2018	**380,009**	**17,072**	**289,963**	**65,130**	**151**	**752,325**
Assets acquired	—	20	—	—	77	97
Retreatment Project additions (net of $888 spare parts reclassified to long-term inventory)	1,035	—	—	—	—	1,035
Environmental provision change in estimate	30	291	(55)	(6)	—	260
Assets disposed	(984)	—	—	—	—	(984)
Reclassify as assets held for sale (a)	(1,982)	—	—	—	—	(1,982)
Foreign exchange movement	10,325	478	7,880	1,770	8	20,461
Balance as at December 31, 2019	**388,433**	**17,861**	**297,788**	**66,894**	**236**	**771,212**
Assets acquired	4,284	—	—	—	—	4,284
Assets disposed	(396)	—	—	—	—	(396)
Foreign exchange movement	(75,030)	(3,454)	(57,588)	(12,936)	(11)	(149,019)
Balance as June 30, 2020	**317,291**	**14,407**	**240,200**	**53,958**	**225**	**626,081**
Accumulated depreciation and impairment losses						
Balance as at December 31, 2018	**271,474**	**7,344**	**278,591**	**61,085**	**127**	**618,621**
Depreciation	2,562	—	58	—	16	2,636
Depreciation of disposed assets	(768)	—	—	—	—	(768)
Impairment reversal	(1,603)	—	—	—	—	(1,603)
Foreign exchange movement	7,487	200	7,574	1,661	7	16,929
Balance as at December 31, 2019	**279,152**	**7,544**	**286,223**	**62,746**	**150**	**635,815**
Depreciation	1,675	—	25	—	16	1,716
Depreciation of disposed assets	(122)	—	—	—	—	(122)
Foreign exchange movement	(54,071)	(1,459)	(55,353)	(12,135)	(7)	(123,025)
Balance as June 30, 2020	**226,634**	**6,085**	**230,895**	**50,611**	**159**	**514,384**
Carrying amounts						
At December 31, 2018	108,535	9,728	11,372	4,045	24	133,704
At December 31, 2019	109,281	10,317	11,565	4,148	86	135,397
At June 30, 2020	**90,657**	**8,322**	**9,305**	**3,347**	**66**	**111,697**

3. Property, plant and equipment (continued)

(a) Assets held for sale

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 sale of the mining rights, immovable property, infrastructure and equipment of the Maroelabult resource property (collectively referred as the "Maroelabult Assets") located near Brits in South Africa. The consideration to be received is ZAR20,000 (approximately $1,151), the assumption of the rehabilitation obligation and the immediate assumption (November 2019) of the care and maintenance costs (the "Purchase Price") subject to representations and warranties by both parties. The Purchase Price is payable and enforceable on closing the transaction following the transfer of legal title and the completion of the various legal and regulatory obligations required in South Africa.

As at June 30, 2020, the sale of Maroelabult Assets has not been completed. The carrying value of the Maroelabult Assets of ZAR27,768 (approximately $1,599) have been presented as assets held for sale and the related rehabilitation obligation in the amount of ZAR7,768 (approximately $447) has been presented as liabilities associated with the assets held for sale. The Company recorded an impairment reversal of ZAR22,457 (approximately $1,603) in 2019 as a result of classifying Maroelabult Assets as assets held for sale.

(b) Impairment of property, plant and equipment

(i) Three and six months ended June 30, 2020

The Company assesses the carrying values of its mineral properties for indication of impairment at each quarter end. Based on its assessment, the Company concluded that there were no indicators of impairment as at June 30, 2020.

(ii) Year ended December 31, 2019

Management determined that there were no indicators of impairment for the CRM and Mareesburg CGU for the year ended December 31, 2019. Also see above (Note 3 (a)), an impairment reversal of $1,603 (ZAR22,457) was recorded in 2019 as a result of classifying Maroelabult Assets as assets held for sale.

Consistent with prior year, the KV and Spitzkop projects recoverable amounts were determined on a FVLCTS basis with reference to market transactions as well as an updated purchase offer received. No impairment was determined based on these assessments.

4. Settlement with AlphaGlobal Capital Inc.

On June 26, 2020 the Company reached a settlement agreement with AlphaGlobal Capital Inc. ("AlphaGlobal") to dismiss all claims against the Company and its subsidiaries and to release the Company from any and all claims that AlphaGlobal may have against the Company or its subsidiaries (the "Claims"), in exchange for the issuance of 8,000,000 common shares of the Company (the "Common Share") at a deemed subscription price of Cdn$0.235 per share, 6,000,000 common share purchase warrants exercisable at Cdn$0.24, each share purchase warrant entitling the holder to acquire one Common Share of the Company for a period of two years (the "Warrants"), and the payment of ZAR 9,000 (approximately $518), of which ZAR5,000 (approximately $289) was paid on June 26, 2020 and the balance in the form of promissory note (accrued and included in the accounts payable and accrued liabilities as at June 30, 2020) payable ZAR1,000 each quarter end starting on September 30, 2020 (the "Alpha Global Settlement"). The 8,000,000 common shares were valued to be $1,702 based on the Company stock's trading price at the issuance and the 6 million warrants were valued to be $564 based on the Black-Scholes options pricing model (Note 5).

The Common Shares and the Warrants and the Common Shares issuable upon exercise of the Warrants will be subject to a hold period of four months and a day in accordance with applicable securities laws.

The Claims against the Company were first initiated by commencement of litigation in 2017 in South Africa and continued by litigation in 2018 in the British Virgin Islands in relation to the payment of amounts alleged to be owing under a 2007 promissory note entered into by the Company and AlphaGlobal. AlphaGlobal sought payment of the amount of ZAR30,797 ($1,773) plus an amount that AlphaGlobal claimed was owing for default interest from 2007, for an estimated total claim in excess of ZAR170,000 (approximately $9,788). The AlphaGlobal Settlement settled all matters related to the Claims and any litigation outstanding between the parties.

5. 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 June 30, 2020 the Company had 100,639,032 common shares issued (December 31, 2019 – 92,639,032) and 100,599,310 common shares outstanding (December 31, 2019 - 92,599,310) (also see below (c)). In June 2020, 8,000,000 common shares were issued in connection with the AlphaGlobal Settlement (see Note 4).

(c) Treasury shares

As at June 30, 2020, the Company held 39,722 treasury shares. There were no changes to the number of treasury shares during the six months ended June 30, 2020 and 2019.

(Unaudited - expressed in thousands of U.S. dollars, except for per share amounts)

5. Issued capital (continued)

(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 three months ended June 30, 2020, the Company granted 50,000 stock options to a member of manager of the Company to acquire common shares of the Company at a weighted average exercise price of Cdn$0.24 per share expiring in five years from the date of grant. These stock options vested 90 days from the grant date.

During the three months ended June 30, 2019, the Company granted 1,800,000 stock options to its directors and officers of the Company to acquire common shares of the Company at an exercise price of Cdn$0.21 per share expiring in five years from the date of grant. These stock options vested 90 days from the grant date.

There were no stock options granted during the first quarter of 2020 and 2019.

The fair value of the options granted during the second quarter of 2020 and 2019 were estimated using the Black-Scholes options pricing model with the following assumptions:

	2020	2019
Fair value (Cdn$)	**0.10**	0.09
Risk-free interest rate	**0.50%**	1.40%
Dividend yield	**0%**	0%
Expected volatility	**52.94%**	49.92%
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 three and six months ended June 30, 2020, a total of $4 and $4 (three and six months ended June 30, 2019 – $22 and $22) was recorded as share-based compensation expense relating to general and administrative services.

(Unaudited - expressed in thousands of U.S. dollars, except for per share amounts)

5. Issued capital (continued)

(d) Share options (continued)

The following is a summary of stock option transactions:

	Number of options	Weighted average exercise price Cdn$
Balance, December 31, 2018	2,075,000	0.54
Granted	1,800,000	0.21
Expired	(275,000)	0.28
Balance, December 31, 2019	3,600,000	0.40
Granted	50,000	0.24
Balance, June 30, 2020	**3,650,000**	**0.39**

The following table summarizes information concerning outstanding and exercisable options at June 30, 2020:

Number of options outstanding	Number of options exercisable	Exercise price Cdn$	Remaining contractual life (Years)	Expiry date
200,000	200,000	1.05	1.01	July 4, 2021
300,000	300,000	1.05	1.12	August 14, 2021
100,000	100,000	1.05	1.22	September 20, 2021
100,000	100,000	0.40	1.65	February 24, 2022
600,000	600,000	0.32	2.36	November 9, 2022
550,000	550,000	0.33	2.44	December 7, 2022
100,000	100,000	0.39	2.82	April 26, 2023
1,650,000	1,650,000	0.21	3.96	June 13, 2024
50,000	—	0.24	4.83	April 29, 2025
3,650,000	3,600,000			

(e) Share warrants

During the three months ended June 30, 2020, the Company issued 6,000,000 warrants in connection with the AlphaGlobal Settlement (see Note 4). These warrants had an estimated fair value of $564, using the Black-Scholes options pricing model with the following assumptions: risk-free interest rate of 0.65%, dividend yield of 0%, expected volatility of 69.77% and expected life of 2 years.

(Unaudited - expressed in thousands of U.S. dollars, except for per share amounts)

6. Union Goal Contracts

The continuity of deferred revenue and Union Goal Contracts is presented below (also see Notes 8(c) and 10)

	June 30 2020 $	December 31 2019 $
Deferred revenue		
Balance, beginning of period	**12,539**	**13,326**
Additions		
- Discounting effect from Chrome Circuit equipment payable (a)	**345**	—
- Discounting effect from Credit Facility (b)	**164**	673
	509	673
Recognized as revenue	**(945)**	(1,817)
Foreign exchange	**(2,174)**	357
Balance, end of period	**9,929**	12,539
Deferred revenue - current	**2,241**	2,527
Deferred revenue - non-current	**7,688**	10,012
Contracts payable - Chrome Circuit equipment payable (a)		
Carrying value, begining of period	**36,979**	33,309
Additions		
- Face value	**3,318**	—
- Discounting effect	**(345)**	—
- Net present value	**2,973**	—
- Accretion	**2,026**	3,670
Carrying value, end of period	**41,978**	36,979
Contracts payable - Credit Facility (b)		
Carrying value, begining of period	**5,328**	2,525
Additions		
- Face value	**1,077**	2,765
- Discounting effect	**(164)**	(673)
Net present value	**913**	2,092
- Accretion	**326**	600
- Foreign exchange	**(1,090)**	111
Carrying value, end of period	**5,477**	5,328
Contracts payable, carrying value - total	**47,455**	42,307

(a) During the second quarter of 2020, the Company received Chrome Circuit equipment in relation to the Optimization Project in the amount of $3,318 and recognized a discounting effect of $345 based on an estimated market rate of 9% over the future payments of interest and principal. This discounting effect was credited to deferred revenue. As at June 30, 2020, the total face value of Chrome Circuit equipment payable is $44,741 (December 31, 2019 - $41,423).

(b) During the first and second quarter of 2020, the Company drew down ZAR8,450 (approximately $551) and ZAR9,330 (approximately $526), respectively from the Credit Facility. The Company recognized a discounting effect of $92 and $72 calculated by discounting the future payments of interest and principal using an estimated market rate of 12.5% and 9% respectively. This discounting effect was credited to deferred revenue. As at June 30, 2020, total drawdown from the Credit Facility is ZAR105,069 (approximately $6,049) (December 31, 2019 – ZAR87,289 (approximately $6,230)).

(Unaudited - expressed in thousands of U.S. dollars, except for per share amounts)

7. 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 condensed interim consolidated financial statements are listed below:

(a) Trading transactions

The Company's related parties consist of (a) a private company owned by a current executive officer; (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:

	Three months ended June 30		**Six months ended June 30**	
	2020	2019	**2020**	2019
	$	$	**$**	$
Director fees	**34**	47	**70**	90
Management fees	**55**	79	**112**	182
Share-based payments	**4**	22	**4**	22
	93	148	**186**	294

(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 $18 (Cdn$25) per month to Oriental Fortune for management consulting services rendered. During the three and six months ended June 30, 2020, Oriental Fortune also received a bonus payment of $Nil (three and six months ended June 30, 2019 - $17 (Cdn$23) and $69 (Cdn$92)).

(ii) At June 30, 2020, the Company held a loan receivable from Gubevu Consortium Investment Holdings (Pty) Ltd. ("Gubevu"), 49.99% owned by the Company, in the amount of $63,052 (ZAR1,095,149) (December 31, 2019 – $75,266 (ZAR1,054,473). 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 three and six months ended June 30, 2020 and 2019.

(iii) Accounts receivable as at June 30, 2020 included $37 (December 31, 2019 - $37) due from Remington representing the reimbursement receivable for certain general and administrative expenses incurred by the Company on behalf of Remington. The Company's former management are the principal shareholders of Remington.

(b) Compensation of key management personnel

The Company's key management includes the CEO, CFO, COO and the General Manager of South Africa ("GM"). The total remuneration to the key management for the three and six months ended June 30, 2020 was $258 and $423 (three and six months ended June 30, 2019 - $223 and $542), respectively for management salaries, bonuses, and consulting fees, of which $4 and $4 (three and six months ended June 30, 2019 - $13 and $13) relating to share-based compensation. Key management personnel were not paid post-employment benefits or other long-term benefits during the three and six months ended June 30, 2020 and 2019.

(Unaudited - expressed in thousands of U.S. dollars, except for per share amounts)

8. Segmented Information

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

(b) *Geographic segments* - The Company's operations by geographic areas for the three and six months ended June 30, 2020 and 2019, and assets by geographic areas as at June 30, 2020 and December 31, 2019, are as follows:

	Three months ended June 30, 2020				
	Crocodile River Mine $	Eastern Limb $	Total South Africa $	Canada, Barbados and BVI $	Total $
Property, plant and equipment expenditures	—	—	—	—	—
Cost of property, plant and equipment disposed	—	—	—	—	—
Revenue	9,298	—	9,298	—	9,298
Production costs - depreciation	(685)	—	(685)	(3)	(688)
Care and maintenance depreciation and amortization	(27)	—	(27)	(8)	(35)
(Loss) before income taxes	28	(19)	9	(3,177)	(3,168)
Income tax expense	(62)	1	(61)	(11)	(72)
Net (loss)	(34)	(18)	(52)	(3,188)	(3,240)

	Six Months ended June 30, 2020				
	CRM $	Eastern Limb $	Total South Africa $	Canada, Barbados and BVI $	Total $
Property, plant and equipment additions	551	—	551	—	551
Cost of property, plant and equipment disposed	(57)	—	(57)	—	(57)
Revenue	23,477	—	23,477	—	23,477
Production costs - depreciation	(1,633)	—	(1,633)	(8)	(1,641)
Care and maintenance depreciation and amortization	(59)	—	(59)	(16)	(75)
(Loss) income before income taxes	(10,404)	706	(9,698)	(3,131)	(12,829)
Income tax expense	(62)	(17)	(79)	(24)	(103)
Net (loss) income	(10,466)	689	(9,777)	(3,155)	(12,932)

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

8. Segmented Information (continued)

(b) Geographic segments (continued)

	Three months ended June 30, 2019				
	Crocodile River Mine $	Eastern Limb $	Total South Africa $	Canada, Barbados and BVI $	Total $
Property, plant and equipment expenditures (net of $888 spare parts reclassified to long term inventory)	(382)	—	(382)	8	(374)
Cost of property, plant and equipment disposals	(101)	—	(101)	—	(101)
Revenue	10,486	—	10,486	—	10,486
Production costs - depreciation	(589)	—	(589)	(4)	(593)
Care and maintenance depreciation and amortization	(34)	—	(34)	(2)	(36)
Income (loss) before income taxes	1,043	12	1,055	(607)	448
Income tax expense	(50)	—	(50)	(16)	(66)
Net income (loss)	993	12	1,005	(623)	382

	Six months ended June 30, 2019				
	CRM $	Eastern Limb $	Total South Africa $	Canada, Barbados and BVI $	Total $
Property, plant and equipment expenditures (net of $888 spare parts reclassified to long term inventory)	867	15	882	9	891
Cost of property, plant and equipment disposals	(796)	—	(796)	—	(796)
Revenue	15,836	—	15,836	—	15,836
Production costs - depreciation	(589)	—	(589)	(4)	(593)
Income (loss) before income taxes	568	(31)	537	(1,281)	(744)
Income tax expense	(50)	(47)	(97)	(32)	(129)
Net income (loss)	518	(78)	440	(1,313)	(873)

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

8. Segmented Information (continued)

(b) Geographic segments (continued)

	June 30, 2020				
	CRM $	Eastern Limb $	Total South Africa $	Canada, Barbados and BVI $	Total $
Total assets	113,887	21,666	135,553	745	136,298
Total liabilities	60,271	1,977	62,248	9,396	71,644

	December 31, 2019				
	CRM $	Eastern Limb $	Total South Africa $	Canada, Barbados and BVI $	Total $
Total assets	137,847	26,138	163,985	863	164,848
Total liabilities	59,867	2,351	62,218	9,129	71,347

(c) Revenue

All revenues generated during the three and six months ended June 30, 2020 and 2019 are related to chrome concentrates and are from South Africa.

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

9. Financial instruments

(a) *Categories of financial instruments*

	June 30 2020 $	December 31 2019 $
Financial assets		
Amortized cost		
Cash and cash equivalents	**4,671**	1,957
Restricted cash	**84**	89
Trade and other receivables (excluding taxes receivable)	**8,541**	13,618
Other assets *	**5,613**	6,789
	18,909	22,453
Financial liabilities		
Amortized cost		
Trade and other payables	**7,828**	9,145
Lease payable	**49**	63
Contracts payable	**47,455**	42,307
	55,332	51,515

* Other assets are mainly money market fund investments and are measured at the amortized cost.

(b) *Fair value of financial instruments*

(i) *Fair value estimation of financial instruments*

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

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

9. Financial instruments (continued)

(b) 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 other assets. Other assets are mainly money market fund investments and are level 1 financial instruments at June 30, 2020 and December 31, 2019. As at June 30, 2020 and December 31, 2019, the Company did not have financial liabilities measured at fair value on a recurring basis. There were no transfers between levels during the three and six months ended June 30, 2020.

(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.

(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.

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:

	June 30 2020 $	December 31 2019 $
Financial assets		
Denominated in USD at Canadian head office	**116**	508
Denominated in Rand at Canadian head office	**6**	1
Total	**122**	509
Financial liabilities		
Contracts payable denominated in Rand at Canadian head office	**5,477**	5,328
Contracts payable denominated in USD at South African subsidiaries	**41,978**	36,979
Total	**47,455**	42,307

9. Financial instruments (continued)

(c) Financial risk management (continued)

(i) Currency risk (continued)

As at June 30, 2020, with other variables unchanged, a 10% strengthening (weakening) of Canadian dollars against U.S dollars would have decreased (increased) net income by approximately $11; with other variables unchanged, a 10% strengthening (weakening) of Canadian dollars against the South African Rand would have increased (decreased) net income by approximately $497; 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 $3,816.

(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 three and six months ended June 30, 2020 and 2019 and chrome concentrate sales were not structured based on a long-term chrome concentrate commodity price according to the Union Goal contract.

(iv) Credit and concentration risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, trade and other receivables and other assets. The carrying value of these assets included in the consolidated 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. As at June 30, 2020, the Company had receivable balances associated with Union Goal of $6,770 (December 31, 2019 – $12,966). 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.

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

9. Financial instruments (continued)

(c) *Financial risk management (continued)*

(v) *Liquidity risk*

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

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

The Company started generating revenue from its Retreatment Project in December 2018, and at consistent expected levels since May 1, 2019. Despite the Retreatment Project cash flows, CRM underground remains in care and maintenance and all other properties and projects are on hold. The Company also generated interest income and other income from the sale of non-core properties, and although not expected to be significant, some of which will be recurring in 2020. As described in Note 1, the projected cash flows for 2020 are sufficient to cover the Company's operating expenses, approved capital expenditures and all other care and maintenance expenses. Also, in addition to cash inflows from current operations, additional funding will be required in the future to commence underground production at CRM, and to develop and bring the Eastern Limb Projects into commercial production.

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 June 30, 2020. The Company currently does not have expected payments of obligations and commitments beyond 3 years.

	<1 year	1 - 3 years	Total
	$	$	$
Trade and other payables	7,828	—	7,828
Contracts payable and interests	—	53,856	53,856
Lease payable	22	30	52
	7,850	53,886	61,736

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

10. Economic dependence

During the three and six months ended June 30, 2020 and 2019, 100% of the Company's revenue was generated from one customer pursuant to the Union Goal offtake agreement (Note 8(c)). As at June 30, 2020, all of the trade receivable balance in the amount of $6,770 (December 31, 2019 - $12,966) is from this customer.

11. Headline and diluted headline (loss) earnings 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 three and six months ended June 30, 2020 and 2019, 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.

	Three months ended June 30		**Six months ended June 30**	
	2020	2019	**2020**	2019
	$	$	**$**	$
(Loss) income attributable to shareholders of the Company	**(3,009)**	598	**(11,194)**	(240)
Adjusted for:				
Gain on disposal of property, plant and equipment	**(179)**	(254)	**(325)**	(356)
Headline (loss) income attributable to shareholders of the Company	**(3,188)**	344	**(11,519)**	(596)
Headline (loss) earnings and diluted headline (loss) earnings per share	**(0.03)**	0.00	**(0.12)**	(0.01)

12. Commitment

The Company has committed to capital expenditures in South Africa of approximately $943 (ZAR16,383) as at June 30, 2020, all of which are expected to be incurred during the next 12 months.

13. 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 unfavorably to the Company. These include the following matters:

(a) On November 6, 2018, the Company received a petition filed with the Supreme Court of British Columbia, by 2538520 Ontario Limited ("2538520"), 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 this was heard on June 1, 2020. The Company awaits the written ruling. The Company is of the view that this is without merit and that no provision in this matter is required.

(b) 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 $50,000 (or such greater amount as may be proven at trial) from the Company, certain present and former Directors and Officers, and separately seven other listed defendants.

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.

13. Contingencies (continued)

(c) 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 monitoring ongoing disputes in relation to the new Mining Charter to determine the effect on its business and operations. Depending on the results of the review and other factors there may be a significant impact on the Company's future operations.

(d) 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.

(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.

13. Contingencies (continued)

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

14. Reclassifications

The Company has reclassified $992 and $2,199 from care and maintenance to site services for the three and six months ended June 30, 2019 for conformity with the current quarter's presentation. This reclassification does not impact the net loss for the period or any balance sheet items.