EASTERN PLATINUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020

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 June 30, 2020 and for the three and six months then ended in comparison to the same periods in 2019.

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and the related notes for the three and six months ended June 30, 2020. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and in accordance with International Standard 34 Interim Financial Reporting.

The Company's presentation currency is U.S dollars. Monetary amounts in this MD&A are in thousands of U.S. dollars ("$" or "U.S. dollars"), except when indicated as thousands of Canadian dollars ("Cdn$" or "Canadian dollars"), thousands of South African Rand ("ZAR" or "Rand") and except for per share amounts, per tonnage amounts or as otherwise indicated. The effective date of this MD&A is August 6, 2020. Additional information relating to the Company, including its Annual Information Form 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 June 30, 2020, the Company's primary assets were:

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

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 with operation restarted in late July 2020 due to the effects of COVID-19 related delays.

On July 17, 2020, Barplats entered into a project framework agreement (the "**Project Agreement**") setting out the terms to complete a feasibility study and source funding for the recovery of PGM's through a joint venture from certain areas of the redeposited tailings from the Retreatment Project.

The Company is currently completing an environmental impact assessment ("**EIA**") required for the Mareesburg project, following which the Company expects to complete an updated project assessment, currently forecast to begin during Q4 2020.

The Company entered 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.

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

On March 27, 2020, South Africa began a government directed nation-wide lock-down to fight COVID-19 and as a result the Company temporarily ceased its operations at CRM, until an essential services permit was issued by the government on April 8, 2020. Accordingly, the Company began to recall certain of its workers and following some additional maintenance and a short ramp-up the Company began operating at 50% of the workforce until May 1, 2020.

On May 1, 2020 South Africa moved from the level 5 lock-down restrictions to level 4 in their alert system in response to COVID-19. This change permitted the Company to begin recalling its remaining workforce who were on paid leave during the lockdown, back to the mine in a carefully planned and phased return to work during May 2020. All employees were pre-screened as per the requirements and the Company continues to screen on a daily basis.

On June 1, 2020 the Retreatment Project was operating at a full workforce and South Africa entered level 3 in their alert system.

On June 13, 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, resumed operations at CRM.

At filing South Africa was at level 3 in their COVID-19 alert system and CRM was operating with a full workforce.

The Company was able to perform all required care and maintenance activities in relation to its underground mine and environmental commitments during all phases of the lockdown.

The effects of COVID-19 are evolving and changing and the consequences of a further temporary shutdown of the CRM or other related issues cannot be reasonably estimated at this time but could potentially have material adverse effects on the Company's business, liquidity and cashflows.

Corporate Update

The 2020 Annual General Meeting will be held on October 15, 2020 in Vancouver, BC. Due to COVID-19 the Company will encourage all to vote by proxy.

The Company has granted 50,000 stock options to a member of management of the Company that vest in 90 days. The options were granted for a term of five years, and expire on April 29, 2025. Each option allows the holder to purchase one common share of Eastplats at an exercise price of Cdn$0.24.

2. Second Quarter of Fiscal Year 2020 Highlights

2.1 Significant events

(a) Retreatment Project Update and Production

During Q2 2020, the Company produced 214,994 (Q2 2019 – 114,446) tons of chrome concentrate from the Retreatment Project, with an average grade of Cr_2O_3 at 38.51%. Although year over year production has increased there was a significant decrease from the previous quarter (293,968 tons) due to two temporary shutdowns (COVID-19) which affected the tons produced during Q2 2020.

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**").

A significant area of cost and focus for the Company is logistics. It's critical to ensuring the chrome concentrate is transported to ports for shipping to China. During the lock-down this area of operations was also significantly affected and the Company has expanded its options for transport and will continue to actively manage logistics and monitor domestic and international issues that affect logistics.

Due to COVID-19, Eastplats delayed the construction and installation of the additional equipment to optimize the plant's overall efficiency and its processing which is designed to provide increased chrome recovery and grade (the "**Optimization Program**"). The Optimization Program began in February 2020 but was paused due to the lockdown. Some aspects of construction were restarted in June 2020. Civil works are currently in progress and are expected to be complete during October 2020. However, completion of the entire Optimization Program remains uncertain due to international travel restrictions and regulations in South Africa as a result of COVID-19 related delays.

Although the refurbished small-scale PGM circuit D (previously the scavenger plant circuit) ("**PGM Scavenger Circuit**") successfully produced PGM concentrate in Q1 2020, and utilized the feed, following the recovery of chrome concentrate, this was paused by Eastplats due to COVID-19 and the South African lockdown. The PGM Scavenger Circuit was only restarted in late July 2020.

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

(b) AlphaGlobal Settlement

On June 25, 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 had against the Company or its subsidiaries (the "**Claims**"), in exchange for which the Company closed on June 26, 2020 and has: (a) issued 8,000,000 common shares of the Company (the "**Common Shares**") at a deemed subscription price of Cdn$0.235, and 6,000,000 common share purchase warrants to a nominee of AlphaGlobal (the "**Warrants**"), with each such Warrant entitling the holder to acquire one Common Share of the Company (each a "**Warrant Share**") for a period of two years upon payment of the exercise price of Cdn$0.24; (b) made a payment of ZAR5,000; and (c) has issued a promissory note in favour of AlphaGlobal for the payment of ZAR4,000 in four equal instalments, each payable on September 30, 2020, December 31, 2020, March 31, 2021 and June 30, 2021.

The Settlement Transaction received approval by the Toronto Stock Exchange (the "**TSX**"). The Common Shares, 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 (October 27, 2020) 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 (approximately $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 Settlement Transaction has settled all matters related to the Claims and any litigation outstanding between the parties.

(c) Project Agreement – PGM reprocessing Circuit H

On July, 2017 Barplats entered a Project Agreement with Advanced Beneficiation Technologies Proprietary Limited of South Africa ("**ABT**"), an organization fully compliant as a Black Economic Empowerment Entrepreneur ("**BEE Entrepreneur**") and a member of the Omang Group of companies, to complete an independent feasibility study (the "**Feasibility Study**") for the development and construction of a new modular plant with a capacity to process the PGM's of the tailings redeposited from the Retreatment Project at a designated area of the Zandfontein Tailings Dam (the "**Tailings Dam Area A**") situated at the Crocodile River Mine in South Africa at a rate of between 20,000 and 50,000 tons per month (the final rate is dependent on the optimal outcome of the Feasibility Study) (the "**Circuit H Project**").

There are several milestones required by Eastplats and the Project Agreement to complete and establish this Circuit H Project, including the completion (at ABT's risk and cost), assessment and acceptance of the Feasibility Study expected during November 2020, to be followed by the conclusion of various agreements, including a joint venture agreement between Barplats and ABT and procuring appropriate funding.

Barplats will supply the material and related infrastructure for PGMs processing from the Tailings Dam Area A, establish an appropriate off-take agreement, and support the Circuit H Project through both executive management and administration.

ABT, as the intended operator, is responsible to complete the Feasibility Study (including appropriate drilling), secure appropriate funding, oversee the construction and commissioning and operate the Circuit H Project as governed by the Project Agreement.

The Project will be subject to the results of the Feasibility Study, the access to funding for the Project and the execution of definitive transaction agreements.

2.2 Financial Results – three months ended June 30, 2020

- Revenue from the Retreatment Project is $9,298 in Q2 2020 compared to $10,486 in Q2 2019, if excluding the foreign currency translation loss of $2,072 resulting from the depreciation of ZAR to US dollar in 2020, there is increased revenue in the base currency even after taking into consideration the COVID-19 shut-downs in April and June 2020;

- Mining operation income of $940 in Q2 2020 compared to $1,885 in Q2 2019, a decrease of 38% (excluding foreign currency translation loss) – this decrease is the result of continued wage costs during the 2 shutdowns related to COVID-19 plus amortization during the full period compare to 2019;

- Operating loss of $1,018 in Q2 2020 compared to $408 in Q2 2019 resulted from the increased regulation and site costs due to COVID-19 plus the continued salary costs during the 2 shutdowns; and

- Net loss attributable to equity stakeholders of $3,009 in Q2 2020 compared to net income attributable to equity stakeholders of $598 in Q2 2019. This loss is mostly related to the settlement with AlphaGlobal of $2,787 and the higher operating loss which was largely the result of COVID-19.

3. Selected Quarterly Financial Data

The table below sets forth selected results of operations for the Company's eight most recently completed quarters; compiled from the Company's quarterly and annual financial statements, prepared in accordance with IFRS.

Table 1

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

	2020		2019				2018	
	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept.30
	$		$	$	$	$	$	$
Revenue	9,298	14,179	12,096	11,310	10,486	5,350	414	—
Production costs	(7,670)	(11,796)	(10,445)	(8,361)	(8,008)	(4,419)	(427)	—
Production costs - depreciation	(688)	(953)	(927)	(965)	(593)	—	—	—
Mining operation income (loss)	940	1,430	724	1,984	1,885	931	(13)	—
General and administrative	(431)	(715)	(525)	(744)	(582)	(791)	(445)	(562)
Care maintenance and site services	(1,492)	(1,866)	(1,067)	(2,041)	(1,675)	(1,935)	(2,458)	(1,759)
Care and maintenance depreciation	(35)	(40)	(41)	(36)	(36)	(38)	(49)	(29)
Impairment reversal (expense)	—	—	1,603	—	—	—	(15,496)	—
	(1,958)	(2,621)	(30)	(2,821)	(2,293)	(2,764)	(18,448)	(2,350)
Operating (loss) income	(1,018)	(1,191)	694	(837)	(408)	(1,833)	(18,461)	(2,350)
Other (expenses) income, net	(2,150)	(8,470)	2,572	(2,609)	856	641	691	(611)
Loss (income) before income taxes	(3,168)	(9,661)	3,266	(3,446)	448	(1,192)	(17,770)	(2,961)
Net (loss) income for the period	(3,240)	(9,692)	3,185	(3,458)	382	(1,255)	(17,881)	(2,975)
Net (loss) income attributable to equity shareholders of the Company	(3,009)	(8,184)	3,099	(2,756)	598	(838)	(15,328)	(2,357)
(Loss) earnings per share - basic and diluted	(0.03)	(0.09)	0.03	(0.03)	0.01	(0.01)	(0.17)	(0.03)
Average foreign exchange rates								
US dollar per South African Rand	0.0558	0.0652	0.0680	0.0682	0.0695	0.0714	0.0702	0.0712
US dollar per Canadian dollar	0.7218	0.7447	0.7576	0.7573	0.7477	0.7524	0.7570	0.7652
Period end foreign exchange rates								
US dollar per South African Rand	0.0576	0.0561	0.0714	0.0659	0.0708	0.0692	0.0695	0.0706
US dollar per Canadian dollar	0.7338	0.7049	0.7699	0.7551	0.7641	0.7483	0.7330	0.7725

The Company's operations are not materially impacted by seasonality considerations, with the exception of electricity which has seasonal tariffs (winter rates in South Africa are 1.5 times the summer rates). During Q2 & Q3 2018 the Company began the construction of the Retreatment Project and reallocated staff as appropriate towards this active project. Q4 2018 was the first changes in operational staff due to commissioning and operational ramp-up. Q1 and part of Q2 2019 was a continuation of operations ramp-up. The balance of Q2, Q3 and Q4 2019 and Q1 2020 operations were much more consistent as the Company continued to drive for higher production. As noted above on March 26, 2020, operations were wound down and temporarily stopped due to the South African national lockdown which began on March 27, 2020 due to COVID-19 which has resulted in increased losses.

4. Results of Operations for the Three and Six Months Ended June 30, 2020

The Company's presentation currency is the U.S. dollar while the Company's operating expenses are predominately incurred in Canadian dollars and Rand. The average foreign exchange rate for Q2 2020 and Q2 2019 is listed below:

	Cdn to USD	ZAR to USD
Q2 2020	0.7218	0.0558
Q2 2019	0.7477	0.0695

The estimated South African 2020 annual average inflation rate is 3.59% (2019 – 4.13%). All of the Company's mineral properties are located in South Africa and all of the care and maintenance costs, impairment recovery/charges towards the mineral properties, gain on disposal of property, plant and equipment, interest income, other income and finance costs are incurred in South Africa. Therefore, the Company is subject to the risks of the foreign exchange and inflation fluctuations in South Africa. South African operational funding is provided from Canada by its parent company, which holds its cash and cash equivalents, and short-term investments in U.S dollars and Canadian dollars.

The following table sets forth selected consolidated financial information for Q2 2020 and 2019 (See Non-GAAP Measures):

Table 2

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

	Three months ended June 30		Six months ended June 30	
	2020	2019	**2020**	2019
	$	$	**$**	$
Revenue	**9,298**	10,486	**23,477**	15,836
Mine operation income	**940**	1,885	**2,370**	2,816
Expenses				
General and administrative	**431**	582	**1,146**	1,373
Site services	**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 net expenses (income) and income tax expense	**(2,222)**	790	**(10,723)**	1,368
Net (loss) income for the period	**(3,240)**	382	**(12,932)**	(873)
Attributable to				
Non-controlling interest	**(231)**	(216)	**(1,770)**	(633)
Equity shareholders of the Company	**(3,009)**	598	**(11,162)**	(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				
Basic and diluted	**92,951**	92,599	**92,775**	92,599

Consolidated statements of financial position

	June 30	December 31
	2020	2019
	$	$
Total assets	**136,298**	164,848
Total non-current liabilities	**61,555**	59,657

The Company recorded a loss attributable to equity shareholders of the Company of $3,009 (or $0.03 loss per share) in Q2 2020 compared to a net income of $598 (or $0.01 earnings per share) in Q2 2019. Detailed explanations are presented below.

4.1 Overall Performance

Revenue

The Company currently has only one source of revenue, the Union Goal Offtake Agreement in relation to chrome concentrate production from the Retreatment Project. 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 $9,298 and $23,477 respectively for the three and six months ended June 30, 2020 compared to $10,486 and $15,836 respectively for the same periods in 2019. If excluding the foreign currency exchange impact of $2,072 and $2,534 resulting from the depreciation of South African Rand against US dollar in 2020 then the revenue for the three and six months ended June 30, 2020 increased $884 and $10,175, respectively compared to the same periods in 2019. The overall increase of gross revenue in 2020 when compared to 2019 is the result of the operational ramp-up during 2019.

Mining operation income

Mining operation income for the three and six months ended June 30, 2020 is $940 and $2,370, respectively compared to $1,885 and $2,816 for the same periods in 2019. The decrease of 50% and 16% are discussed below.

Although the direct operating costs (re-mining, processing, deposition and logistics) are included as cost recoveries, certain management salary costs directly related to the Retreatment Project are not directly recovered. Further, as a result of a drop in revenue and continued wage costs during the 2 shutdowns related to COVID-19 the loss has increased. Lastly, there is only partial amortization and depletion in the comparative figure of 2019 as the performance of the Chrome Circuit had not yet achieved its intended use until May 1, 2019.

Operating loss

The Company generated $1,018 and $2,209 of operating loss respectively for the three and six months ended June 30, 2020 compared to $408 and $2,241 respectively for the same periods in 2019. The increase in the three month period lose and the marginal improved loss for the six months are the result of increased regulation and site costs due to COVID-19 plus the continued salary costs during the 2 shutdowns.

General and administrative

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

The G&A costs were $431 and $1,146 respectively for the three and six months ended June 30, 2020 compared to $582 and $1,373 respectively for the same periods in 2019. These decreases in Q2 2020 is a continued minimization of head office costs plus the deferral of the Annual General Meeting ("**AGM**") until October 15, 2020 as a result of COVID-19.

Site services

Prior to 2019 all site costs were considered care and maintenance as the Company had no operations. The Company has separated all site services which indirectly support operations and direct care and maintenance costs. As such costs such as security, management and support operations are included in site services. These services have increased by $267 (excluding foreign currency translation impact of $196) and $380 (excluding foreign currency translation impact $300) to $1,063 and $2,279 for the three and six months ended June 30, 2020, respectively compared to $992 and $2,199 for the same periods in 2019 as a result of the overall salary increases in South Africa, annual electricity increases plus additional cost required due to COVID-19.

Care and maintenance

Care and maintenance costs are incurred when production of the underground mining or other PGM projects are suspended and expenditures are reduced to the level required to maintain the good condition of such assets. Such costs consist of maintenance, pumping to prevent flooding of the workings, underground inspections to ensure that the integrity of critical excavations is preserved, certain general costs and other costs necessary to safeguard such projects and their associated assets. The Mareesburg and KV concentrator projects were placed on care and maintenance in the fourth quarter of 2012 and the CRM underground was placed on care and maintenance in the third quarter of 2013.

Care and maintenance costs decreased $119 (excluding foreign currency translation impact of $135) and $134 (excluding foreign currency translation impact of $198) to $429 and $1,079 for the three and six months ended June 30, 2020, respectively compared to $683 and $1,411 for the same periods in 2019 in connection with the CRM and Eastern Limb Projects. This decrease is the result of offloading costs as part of the agreement for the sale of the Maroelabult resource property combined with the overall salary increases in South Africa.

Foreign exchange loss

During the period Q2 2020 there was a partial recovery on the significant decline during Q1 2020 in the foreign exchange rate of the South African rand to US dollar which created a significant foreign exchange loss on the Company's US dollar contract payable liability. The FX gain of $1,166 and FX loss of $7,517 respectively for the three and six months ended June 30, 2020 compared to FX gains of $736 and $654 respectively for the same periods in 2019.

Other income

Other income increased $39 (excluding of foreign currency translation impact of $87) and $727 (excluding foreign currency transaction impact of $129) to $394 and $1,521 for the three and six months ended June 30, 2020, respectively compared to $442 and $923 for the same periods in 2019 mostly due to increased scrap metals sales. Other income consists of rental income from company-owned residential properties on the Eastern Limb Projects and at the CRM as well as scrap metal sales not directly related to operations.

Settlement costs

See 2.1 Significant events (b*) AlphaGlobal Settlement*

4.2 *Crocodile River Mine*

<u>Retreatment Project – Chrome recovery</u>

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. Due to COVID-19 this has taken additional time but once concluded and signed the Company will provide a detailed update.

A summary of chrome recovery production during Q2-2020:

Average grade Cr concentrate	Tons of Cr concentrate
38.51%	214,994

A summary of chrome recovery production during Q2-2019:

Average grade Cr concentrate	Tons of Cr concentrate
38.72%	114,446

The financing of the costs of the Optimization Program has been agreed to in principal with Union Goal on similar 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.

The completion of the Optimization Program, as discussed above, cannot be accurately projected due to COVID-19 restrictions. The investment in additional equipment, including civil construction during the six months ended June 30, 2020 is ZAR75,346 ($4,284) (Budget - ZAR90,000 ($6,000)), to enhance the efficiency of the plant, to provide increased chrome recovery and grade has restarted but uncertainty due to the lockdown regulations associated with COVID-19 have not allowed a full resumption of the Optimization Program.

The Company received an advance of ZAR9,330 (approximately $526) in Q2 2020 and ZAR17,780 (approximately $1,077) to date related to a construction loan from Union Goal in relation to the Optimization Project.

The Company continues the TSF wall building program, utilizing waste rock and paddocking, to continue to raise the wall for continued deposition of the Retreatment Project following the re-processed tailings.

<u>Retreatment Project – PGM</u>

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 during Q1 2020. 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.

As discussed above the PGM Scavenger Circuit was placed on hold and only restarted in late July 2020.

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

<u>Project agreement – PGM reprocessing</u>

As discussed in section 2.1 significant events (c) *Project Agreement – PGM reprocessing Circuit H*

In July 2020, the Company entered into a Project Agreement setting out the terms to complete a feasibility study and source funding for the recovery of PGM's through a joint venture from the redeposited tailings from the Retreatment Project.

<u>Sale of Maroelabult</u>

On October 24, 2019 the Company and its subsidiary Barplats entered into a sales agreement (the "**Sale Agreement**") with Eland Platinum (Pty) Limited ("**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. The Sales Agreement is subject to standard representations and warranties by both parties and various legal and regulatory obligations required in South Africa. This process has been delayed due to the lockdown in Q2 2020. The Section 102 transfer of rights is expected to be submitted to the Department of Mineral Resources and Energy of the Republic of South Africa ("**DMR**") in August 2020 with the transaction expected to be completed in a further 12 to 18 months as a result of delays in South Africa.

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

4.3 Mareesburg Project

The Mareesburg feasibility study was placed on hold in May 2018; however, work began again in Q2 2019 in connection with the 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.

5. Liquidity and Capital Resources

As at June 30, 2020, the Company had working capital (current assets less current liabilities) of $5,800 (December 31, 2019 – $7,153) and a Cash Position of $4,671 (December 31, 2019 – $1,957).

The Company's cash position decreased by $3,600 in Q2 2020 compared to the balance as at March 31, 2020. If the foreign currency translation gain impact of $137 is excluded, the actual decrease of cash position would be $3,737. The decrease results from: (i) $4,049 of operating expenditures incurred including G&A and care and maintenance of the CRM and the Eastern Limb Projects, net of cash received from operations; (ii) $289 (ZAR5,000) in connection of AlphaGlobal Settlement; (iii) an increase in other assets of $98; and (iv) $62 tax paid; offset with cash received from (i) $526 UG construction loan; (ii) $148 of interest net of finance cost paid; and (iii) proceeds from deposition of equipment net of acquisition of property, plant and equipment of $87.

The Company's cash position increased by $2,714 in the six months ended June 30, 2020 compared to the balance as at December 31, 2019. If the foreign currency translation loss impact of $1,266 is excluded, the actual increase of cash position would be $3,980. The increase results from: (i) $3,357 of cash received from operations net of the operating expenditures incurred including G&A and care and maintenance of the CRM and the Eastern Limb Projects; (ii) $1,077 of UG construction loan received; and (iii) $299 of interest received; offset with cash payment of (i) $289 (ZAR5,000) in connection with the AlphaGlobal Settlement; (ii) an increase in other assets of $138; (iii) a net acquisition of property, plant and equipment (net of deposition of equipment proceeds received) of $264; and (iv) tax paid of $62.

During Q2 2020 the Company received a $29 (Cdn$40) interest free revolving loan from the Canadian Government due to COVID-19, which has been fully utilized. This amount is included in the accounts payable and accrued liabilities as at June 30, 2020.

The Retreatment Project, in relation to the recovery of chrome concentrate at CRM, was shut down twice during the second quarter due to COVID-19 and this decreased production and increased operating losses. The Company was also not able to continue operations on its Scavenger PGM circuit. 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. The Company continues to forecast sufficient cashflows (working capital and operating income) to cover all operating and approved capital projects including all care and maintenance and other short-term commitments or costs 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. 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, the Company's forecasts are based on assumptions and all the revenue is from a single offtake contract. There exists Liquidity risk (See section 9 (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.

The effects of COVID-19 are changing and evolving and the Company cannot reasonably estimate at this time all the impacts of COVID-19 or if new or unexpected changes to the lockdown levels imposed by the Government of South Africa will occur both of which could have material adverse effects on the Company's business, liquidity and cashflows and the timing of project completions.

The Company has approved $3,336 in capital funding for the balance of 2020 to complete Phase II of the tailing's storage facility ("**TSF**"), the Optimization Program, the EIA at Mareesburg and specific regulatory changes required during 2020. 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, contracts payable and operations or are unfunded and will require new capital that will require new approvals and funding in 2020. The uncertainty around COVID-19 may create additional challenges in raising new capital.

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

During Q2 2020, the Company's CRM Retreatment Project in South Africa temporarily shut down operations for several days in each of April and June 2020 due to COVID-19 but currently operations continue without restrictions. The Company remains vigilant to continue its high standards in regards to safe operations for all.

The Company was able to restart the PGM Scavenger Plant in late July 2020 utilizing as its feed a portion of the deposition from the Chrome operation. All operations could be affected by new COVID-19 issues or new lockdown directives in South Africa and therefore all forecasts are uncertain.

The completion timing of the Optimization Program is uncertain due to the lockdown travel and construction regulations and other COVID-19 related issues. Subject to changes due to COVID-19 or other government directives the Company will do its best to establish an updated schedule as soon as practical.

The Company will update its forecasts for the year following the completion of the Optimization Program, which is currently not known. The effects of COVID-19 are changing rapidly 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 Program for the Retreatment Project;
- Maximize operating results of the Retreatment Project;
- Establishment and execution of the appropriate TSF phase II capital works program;

- Commissioning and operation of the PGM scavenger plant;
- Assessment of the Circuit H Project;
- 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/or the mining charter 2018 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 and Energy of the Republic of South Africa ("**DMR**") during 2020 and the Company is working proactively to address such potential issues. Failure to address such potential issues may result in an order from the DMR to rectify any such non-compliance and potentially in the cancelling of or modification of the mining rights granted to the Company under the MPRDA. The Company is also reviewing the Mining Charter 2018 in relation to such issues.

Care and maintenance with respect to the underground portion of the CRM will continue while the Company 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 issued 8,000,000 common shares and 6,000,000 warrants in June 2020 (as part of the AlphaGlobal Settlement) and the Company granted 50,000 stock options to management in Q2 2020. In Q2 2020, a total of $4 (Q2 2019 – $22) was recorded as share-based compensation expense relating to G&A. No stock options were granted in Q1 2020 and 2019.

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

- 100,639,032 common shares issued;
- 100,599,310 common shares outstanding;
- 39,722 treasury shares outstanding and held;
- 6,000,000 warrants outstanding exercisable at Cdn$0.24 until June 26, 2022; and
- 3,650,000 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	1.01	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	Febuary 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		2.85	

5.3 Contractual Obligations, Commitments and Contingencies

The Company's major contractual obligations and commitments as at June 30, 2020 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)	3,319	—	—	3,319
Office lease	52	22	30	—
Contracts payable (ii)	47,455	—	47,455	—
Other obligations (iii)	7,828	7,828	—	—
Capital expenditure and purchase commitments contracted at June 30, 2020 but not recognized on the consolidated statement of financial position (iii)	943	943	—	—
	59,597	8,793	47,485	3,319

(i) Environmental rehabilitation provision over the life of mining operations (including $447 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 9% to 12.90%. These amounts 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 and Note 6 of the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2020.

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

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 ("**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 appeal 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.

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 $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.

2016 BEE Buyout Transactions

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

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

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

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

Claims against Serina and Ingwenya

On June 7, 2018, the Company along with its subsidiaries Eastplats Acquisition Co. Ltd, and Eastern Platinum Holdings Limited (collectively, along with Eastplats, the "**Eastplats Companies**") filed a notice of civil claim in the Supreme Court of British Columbia against Serina and Ingwenya in relation to the payment of the $13,367 to them from the Eastplats Companies during 2016 purportedly in connection with the BEE Buyout Agreements. The claim alleges that the BEE Buyout Agreements between those corporations and the Eastplats Companies are not binding, that the funds were not properly received by them, are an unjust enrichment to them and should be returned. The Company filed an application for default judgment against Serina in the British Columbia Supreme Court in December 2018, and default judgment was granted in 2019, as Serina provided no response to the claim. Service of the claim on Ingwenya is continuing. No amount has been accrued on the Company's financial 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 ("**Former 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 for the three and six months ended June 30, 2020 and 2019, 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 June 30**		**Six months ended June 30**	
	2020	2019	**2020**	2019
	$	$	**$**	$
Trading transactions				
Director fees	**34**	47	**70**	90
Management fees	**55**	79	**112**	182
Share-based payments	**4**	22	**4**	22
Total	**93**	148	**186**	294
Compensation of key management personnel				
Remuneration	**254**	210	**419**	529
Share-based payments	**4**	13	**4**	13
Total compensation of key management personnel	**258**	223	**423**	542

The Company had transactions with the following related parties for the three and six months ended June 30, 2020 and 2019:

The Company has agreed to pay $18 (Cdn$25) per month to Oriental Fortune Consulting Services Limited ("**Oriental Fortune**") to an entity controlled by the Company's chief operating officer ("**COO**") for the 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)).

At June 30, 2020 the Company held a loan receivable from Gubevu 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 BIL, bears interest at the Johannesburg Interbank Agreed Rate + 3% and has been provided for in full. The Company did not record any interest income with regards to this loan or receive cash from, or lend any further cash to, Gubevu during the three and six month ended June 30, 2020.

Accounts receivable as at June 30, 2020 included $38 (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. Amount due from the related party is unsecured and due on demand.

The Company's key management includes the Chief Executive Officer (the "**CEO**"), Chief Financial Officer ("**CFO**"), COO and the General Manager of South Africa. As stated in table 5, the total remuneration to the key management for the three and six months ended June 30, 2020 was $258 and $423, respectively (three and six months ended June 30, 2019 - $223 and $542), of which $4 and $4 (three and six month ended June 30, 2019 - $13 and $13) related 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.

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.

Furthermore, the impact of the COVID-19 pandemic, with its combined health toll and sharp 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 and judgments applied in these interim consolidated financial statements, and such differences affecting Eastplats future financial position and results cannot be determined at this time.

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 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.

8. Financial Instruments and Other Instruments

(a) Management of capital risk

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

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

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

(b) Fair value of financial instruments

(i) Fair value estimation of financial instruments

The fair values of cash and cash equivalents, restricted cash, trade and other receivables, other assets, trade and other payables approximate their carrying value.

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

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

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

As at 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 since year end.

(i) Currency risk

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

Table 6

	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

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 in Q2 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 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 June 30, 2020, the Company had receivable balances associated with Union Goal of $6,770 (December 31, 2019 – $12,966). 100% of the Company's mining revenues and trade receivables are from Union Goal. The trade and other receivable balances are monitored on an ongoing basis. The Company seeks to maintain strict control over its outstanding receivables to minimize credit risk but there is 100% credit concentration with one offtake. Provision for doubtful debts is calculated based on the payment history. With respect to credit risk arising from cash and cash equivalents and other assets, the Company limits its counterparty credit risk on these assets by dealing only with financial institutions with strong credit ratings.

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

(v) Liquidity risk

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

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

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. The Company's 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, 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.

Additionally, the Company's business could be significantly adversely affected by the effects of COVID-19. 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 of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the risk of 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. 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.

9. Application of New and Revised IFRS

9.1 Newly adopted Accounting Standards

No new standards, amendments to standards and interpretations that are not yet effective for the three and months ended June 30, 2020 would expect to have a material impact on the Company's consolidated financial statements.

10. Off-Balance Sheet Arrangements

As at June 30, 2020, the Company had not entered into any off-balance sheet arrangements.

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

Disclosure Controls and Procedures

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

Internal Control over Financial Reporting

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

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

The scope of the Company's design of the DCP and the ICFR excluded Gubevu Consortium Investment Holdings (Pty) Ltd., an associated entity which is accounted for using the equity method under IFRS.

Limitation of Controls and Procedures

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

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.

COVID-19

The effects of COVID-19 are changing rapidly and the consequences of the temporary shutdowns of the CRM or other future shutdowns 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 December 31, 2019 AIF in relation to the risks and possible effects to its operations and business in relation to COVID-19.

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. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's 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 COVID-19 issues currently occurring; the 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.