

ON THE COVER

Eastern Platinum: the story so far...



IN MARCH 2006, VANCOUVER-BASED EASTERN PLATINUM LIMITED EXTENDED ITS HOLD ON PGM PRODUCING SOUTH AFRICA WITH THE ACQUISITION OF BARPLATS INVESTMENTS LIMITED. IAN ROZIER, PRESIDENT AND CEO OF EASTPLATS, RETURNS TO ACQ THIS MONTH WITH A GLEAMING REPORT ON THE BUSINESS. MORAG DICKSON REPORTS

Mr Rozier, last year Eastplats acquired a 100% interest in each of three private companies that, combined, represent a 60% interest in Barplats Investments Limited. How successful has the transaction been for you?

As anticipated, the Barplats acquisition has been an extremely successful transaction. It immediately elevated Eastplats to 'producer' status, and this has been reflected in our share price, which has almost doubled in recent months.

That's wonderful news! What other kinds of financial and operational successes has Eastern Platinum been enjoying since the company's re-admission to AIM in July? Has production stepped up in accordance with your targets?

The acquisition and the associated capital raising has resulted in success across the board. Operationally, we have increased production by nearly 300%, improved our ore handling and processing systems, and expanded our plant capacity – all of which have increased our efficiencies at the mine. We continue to see record production and this is reflected on our balance sheet as well as in our share price. The production 'ramp-up' is on schedule and our deadlines have been met.

Ian, in our previous discussion, you mentioned that Europe would

progressively become a trading base for Eastplats' shares. What is the evidence to date to support this?

Eastplats is regularly one of the biggest-volume traders on the TSX, and we were recently included on the TSX 300 index. We have not yet developed a good trading profile on AIM but this will be one of our corporate goals for 2007.

Last year, you raised Cdn\$150m to feed the company's strategic development plan, with the up-grading of existing operations and the development of proposed operations across Barplats two main assets; the Crocodile River Mine (CRM) Project and the Kennedy's Vale Project. How has the capital been deployed and when do you expect to reap the rewards?

We installed a conveyor ore handling system at the Zandfontein section of the Crocodile River mine and completely replaced our truck fleet. We have also installed a tailings retreatment plant and are in the process of installing a chrome recovery circuit. We are also refurbishing a 500m-deep shaft for additional access to the lower levels of the mine that we are currently developing. We are already reaping the rewards from this investment and will see the return on our investment continue to increase. We are on the way to becoming a 250,000 ounce Platinum Group Metals producer at Crocodile River alone.

I understand that on 6 March 2007, Eastern Platinum reached an agreement to acquire 42.39% of the shares of Gubevu Consortium Investment Holdings (Proprietary) Limited, which holds approximately 26% of the shares of Barplats Investments Ltd, thereby upping your stake in the Platinum Group Metals producer. Congratulations! Is this recent development part and parcel of the company's growth strategy? Tell us a bit about it.

During 2007, we re-engineered the mine and that was our main focus. We also built up a first-class management and operating team in South Africa. The acquisition of a 42% interest in Gubevu effectively increases our interest in Barplats to 80%, and with the inward listing of Eastplats on the Johannesburg Stock Exchange we will acquire the outstanding 5% minorities interest in Barplats, and so increase our interest to 85%. Our growth strategy is one of accretive corporate acquisitions and these transactions reflect that.

A few months on, how would you assess the development of the Platinum Group Metals industry in South Africa and how, do you forecast, will it evolve in accordance with market potential?

The fundamentals of this sector, particularly for platinum, are very strong. I don't think that proposed new project developments will keep up with demand for the metal, and it follows that the producers will enjoy a very prosperous period. There will be further consolidations in the sector, and we intend to be involved in them!

Naturally! So tell me what new ambitions the company is fostering for 2007 and beyond.

Our objective is to become one of the leading players in the platinum business. This will not happen overnight but progress in 2007 will act as a major

stepping stone towards our achieving that goal. We anticipate record production for every quarter and we will be progressively rated as a 'producer,' as opposed to being rated a 'developer,' which should result in a significant premium in our share price. Over the next three years, we will be putting three new mines into production – that is phenomenal growth – and this should result in us being able to hit our target of being a 500,000 ounce per year producer within five years. We are also evaluating our options with respect to the smelter at the Crocodile River mine that is 80% complete so that we become a smelter of Platinum Group Metals and not just a producer of concentrate – this would be a major event in the development of Eastplats.

Ok. Now for news hot off the press... We note that late last week, you announced a Cdn\$200m capital raising for Eastplats. Is this being done to finance your development projects or for further acquisitions?

Primarily, it's for fast-tracking development projects, particularly Spitzkop. We also propose to aggressively evaluate our options with regards to the smelter. But with our track record of mergers and acquisitions, don't bet against us doing something very accretive for the company this year! ACQ

EASTPLATS
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details...

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