EASTERN PLATINUM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

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 March 31, 2021 and for the three months ended March 31, 2021 ("Q1 2021") in comparison to the same period in 2020 ("Q1 2020").

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and the related notes for the three months ended March 31, 2021. 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 May 13, 2021. Additional information relating to the Company, including its Annual Information Form for the year ended, December 31, 2020, is available under the Company's profile on SEDAR at www.sedar.com.

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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 March 31, 2021, 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. The chrome and PGM concentrates produced from the Barplats Mines (Pty) Limited ("**Barplats**") Zandfontein UG2 tailings facility ("**Retreatment Project**") have been delivered to offtakers under their respective offtake agreements.

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 feasibility study continues and has not been completed at filing but is expected during May 2021.

The Company is currently completing an environmental impact assessment ("**EIA**") required for the Mareesburg project which unfortunately has experienced delays as a result of COVID-19. The Company plans to complete an updated project assessment in Q2 of 2021 and then follow on with the EIA.

The Company entered an agreement for the sale of the Maroelabult resource property on October 24, 2019, and continues to work through the regulatory process to complete.

In addition, the Company continues to actively monitor the PGM markets and other developments in the mining and minerals sector to assess the overall economics related to resuming active underground mining at CRM, which is currently in care and maintenance. The Company is currently busy with a review of the mine design and life of mine scheduling of its Zandfontein resource.

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.

COVID-19

The Company continues operations of the Retreatment Project at CRM. As at the date of the MD&A there were no operation shutdowns or days lost due to COVID-19 or lockdowns in 2021. During the first quarter of 2020, South Africa began a nation-wide lock-down to fight COVID-19 and has since opened up the economy in stages. On December 31, 2020, South Africa increased its restrictions by moving up the alert level to stage 3 to fight COVID-19. The alert level was subsequently reduced back to alert level 1 on March 1, 2021. The Company continues to operate with precautions and follow the health guidelines of the Government of South Africa. The Company will work through the Minerals Council together with the government on the future roll-out of vaccines under the second phase of essential services.

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

On April 6, 2021, the Company announced the appointment of Mr. Wylie Hui as Chief Financial Officer and Corporate Secretary of Eastplats. Mr. Hui began his tenure effective May 1, 2021.

2. First Quarter of Fiscal Year 2021 Highlights

2.1 Significant events

(a) Retreatment Project Update and Production

The Retreatment Project is a proprietary operation in South Africa producing chrome concentrates. It includes a combined hydro and mechanical re-mining method, magnetic separation applied to produce chrome concentrates, thus obtaining superior yield result compared to traditional gravity technology. The Retreatment Project is the only large-scale magnetic separation application in South Africa. Since 2017 Barplats has grown from 100 employees to over 350 contractors and employees engaged in supporting the Retreatment Project. The current Retreatment Project is expected to continue operating into 2024.

During Q1 2021, the Company produced 203,901 (Q1 2020 – 293,968) tons of chrome concentrate from the Retreatment Project, with an average grade of Cr_2O_3 at 38.47%. Year over year production decreased between Q1 2021 and Q1 2020 due to lower-than-expected input grades.

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**").

The Company remains focused on lowering the costs and increasing the effectiveness of the logistics operations. It remains critical to ensure the chrome concentrate is transported to ports for shipping to China. The Company continues to expand its options for transport and will continue to actively manage logistics and monitor domestic and international issues that affect logistics.

Restated and Revised Retreatment Project Agreements

On March 10, 2021, the Company and its subsidiary, Barplats, entered into updated Retreatment Project Agreements with Union Goal Offshore Solution Limited ("Union Goal"), which include:

The 2021 Revised and Restated Framework Agreement;
The 2021 Revised and Restated Offtake Agreement;
The 2021 Revised and Restated Eastplats Loan Agreement; and
The 2021 Revised and Restated Barplats Equipment and Chrome Plant Agreement.

The above review highlighted the excellent operating results achieved to date and the updated Retreatment Project Agreements capitalize on two years of operating knowledge and Eastplats' continued commitment to the long-term benefits of the Retreatment Project.

The Company and Barplats maintain the put option and Union Goal retains the call option for the re-purchase of the Retreatment Project equipment and chrome plant, and loan in the event that both parties cannot agree on the pricing for the entire circuit once assessment is complete.

Export tax

On October 22, 2020 The South African Government announced they had approved an export tax on chrome ore. Unfortunately, there are no additional details related to the timing of implementation or the proposed rate as of the date of this MD&A.

Although this potential cost will be absorbed by the Company's offtaker during the Retreatment Project, this proposed export tax may decrease demand for Chrome ore exports and could affect Eastplats' growth potential in the future.

Optimization Program

Due to COVID-19, Eastplats was required to delay the construction and installation of the additional equipment to optimize the chrome plant's overall efficiency and 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 COVID-19 lockdown in March 2020. Some construction work restarted in June 2020 with the original scope of civil works completed in December 2020. The Company has now completed the updated scope of civil work. The Company is now organizing an updated scope of civil work to be completed in Q2 2021. However, the completion time of the entire Optimization Program has not been scheduled due to various uncertainties in relation to COVID-19 related delays.

(b) PGM Scavenger Circuit

During 2020, the Company completed the refurbishment of the small-scale PGM circuit (previously the scavenger plant circuit) (“**PGM Circuit D**”). The Company only restarted and began operating the PGM Circuit D during Q3 2020 following the mandatory general lockdown imposed by the Government of South Africa in connection with COVID-19. The Company has generated approximately 134 tons of pressed filter cake PGM concentrate and delivered approximately 32.18 tons during 2020. During early January 2021, the Company confirmed the provisional payment terms of the first delivered shipment of pressed filter cake PGM concentrate under the existing offtake agreement between Barplats and Impala Refining Services Limited, now Impala Platinum Limited (the “**PGM Offtake Agreement**”). These terms confirm the restart of PGM revenue.

During early 2021, Barplats has committed ZAR9,000 (Cdn$767) to the reconfiguring and optimization of the PGM Circuit D which also includes funding for some of the initial work required to restart the main PGM plant circuit (“**PGM Main Circuit**”). Barplats completed the work during February 2021 and recommissioning and operations restarted in March 2021. The Company is pursuing the upgrades to obtain higher quality concentrate and to consistently produce a minimum of 200 tons of PGM concentrate (“**PGM Concentrate**”) per month which is projected to further increase the revenue of the Company. The optimization of PGM Circuit D will also benefit the refurbishment of the PGM Main Circuit which is estimated to commission in October 2021, when 600 tons of PGM Concentrate per month will be added to Barplats’ production, thereby continuing the Company’s revenue growth.

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

(c) Rights Offering

On December 11, 2020 the Company announced the issuance of a rights offering to its existing shareholders (the “**Rights Offering**”) and the rights were issued on December 18, 2020. On January 22, 2021 the Company completed the Rights Offering to its shareholders. Eastplats issued 36,841,741 common shares of the Company (each a “**Common Share**”) at a price of Cdn$0.32 per Common Share for rights exercised on the TSX and R3.77136 per Common Share for rights exercised on the JSE and raised total gross proceeds of approximately $9,307 (TSX – Cdn$11,364 and JSE – ZAR5,011).

A total of 32,808,630 Common Shares were issued under the basic subscription privilege and an additional 4,033,111 Common Shares were issued under the additional subscription privilege. No Common Shares were issued under a stand-by commitment and no fees or commissions were paid in connection with the distribution.

(d) Project Agreement – PGM Circuit H

In July 2020, Barplats entered a Project Agreement with Advanced Beneficiation Technologies Proprietary Limited of South Africa (“**ABT**”), an organization fully compliant as a Black Economic Empowerment (**“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 PGMs of the tailings re-deposited 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 an expected rate of 50,000 tons per month (the “**Circuit H Project**”).

There are several milestones required by Eastplats and the Project Agreement to complete and establish this Circuit H Project, including, at ABT’s risk and cost, the completion, assessment, and acceptance of the Feasibility Study, which is now expected during Q2 2021. The work has been delayed as a result of COVID-

19 related issues and extensive assay lab delays. A successful Feasibility Study will be followed by the conclusion of various agreements, including a joint venture agreement between Barplats and ABT and the procurement of appropriate funding.

Barplats will supply the material and related infrastructure for PGMs processing from the Tailings Dam Area A, establish an appropriate offtake 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.

(e) AlphaGlobal Settlement

On June 25, 2020, the Company reached a settlement agreement (the "**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 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 ($289); and (c) has issued a promissory note in favour of AlphaGlobal for the payment of ZAR4,000 ($229) in four equal instalments, payable on September 30, 2020 (paid), December 31, 2020 (paid), March 31, 2021 (paid) and June 30, 2021.

The Settlement Agreement received approval by the Toronto Stock Exchange (the "**TSX**"). The Common Shares, the Warrants and the Common Shares issuable upon exercise of the Warrants were subject to a hold period until October 27, 2020 in accordance with applicable securities laws. The Settlement Agreement has settled all matters related to the Claims and any litigation outstanding between the parties. Subsequently, AlphaGlobal's nominee exercised 40,000 warrants during February 2021.

2.2 Financial Results – Q1 2021 vs. Q1 2020

- Revenue from the Retreatment Project was $16,683 in Q1 2021 compared to $14,179 in Q1 2020, an increase of $2,164 excluding the foreign currency translation gain of $340 resulting from the appreciation of ZAR to U.S. dollar in 2021;

- Mining operation income was $1,433 in Q1 2021 compared to $1,430 in Q1 2020, representing a decrease of $31 excluding foreign currency translation gain of $34. This 2% decrease is the result of increased production related costs including logistics, energy rate, wage, and additional maintenance costs, and increased depletion and depreciation costs in 2021;

- Operating loss was $1,729 in Q1 2021 compared to $1,191 in Q1 2020, primarily due to increases in depreciation recorded in Q1 2021 resulting from increased tonnages remined compared to the prior year and amortization of assets acquired during the second half of 2020, wages and site services costs; and

- Net loss attributable to equity stakeholders of $865 in Q1 2021 compared to $8,184 in Q1 2020. The Q1 2020 net loss was largely attributable to the foreign exchange loss of $8,683 due to the significant drop in the South African Rand to the U.S. dollar in March 2020 at the backdrop 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)

	2021	2020				2019		
	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30
	$	$	$	$	$	$	$	$
Revenue	16,683	15,819	16,847	9,298	14,179	12,096	11,310	10,486
Production costs	(13,644)	(12,584)	(14,287)	(7,670)	(11,796)	(10,445)	(8,361)	(8,008)
Production costs - depreciation	(1,606)	(1,700)	(910)	(688)	(953)	(927)	(965)	(593)
Mining operation income	1,433	1,535	1,650	940	1,430	724	1,984	1,885
General and administrative	(1,049)	(775)	(943)	(431)	(715)	(525)	(744)	(582)
Care and maintenance & site services	(2,113)	(1,446)	(1,548)	(1,527)	(1,906)	(1,108)	(2,077)	(1,711)
Impairment reversal	—	—	—	—	—	1,603	—	—
	(3,162)	(2,221)	(2,491)	(1,958)	(2,621)	(30)	(2,821)	(2,293)
Operating (loss) income	(1,729)	(686)	(841)	(1,018)	(1,191)	694	(837)	(408)
Other income (expenses), net	542	4,160	978	(2,150)	(8,470)	2,572	(2,609)	856
(Loss) income before income taxes	(1,187)	3,474	137	(3,168)	(9,661)	3,266	(3,446)	448
Net (loss) income for the period	(1,185)	3,419	117	(3,240)	(9,692)	3,185	(3,458)	382
Net (loss) income attributable to equity shareholders of the Company	(865)	3,047	172	(3,009)	(8,184)	3,099	(2,756)	598
(Loss) earnings per share - basic and diluted	(0.01)	0.03	0.00	(0.03)	(0.09)	0.03	(0.03)	0.01
Average foreign exchange rates								
US dollar per South African Rand	0.0668	0.0641	0.0592	0.0558	0.0652	0.0680	0.0682	0.0695
US dollar per Canadian dollar	0.7896	0.7676	0.7511	0.7218	0.7447	0.7576	0.7573	0.7477
Period end foreign exchange rates								
US dollar per South African Rand	0.0677	0.0682	0.0597	0.0576	0.0561	0.0714	0.0659	0.0708
US dollar per Canadian dollar	0.7952	0.7854	0.7497	0.7338	0.7049	0.7699	0.7551	0.7641

The Company's operations are not materially impacted by seasonality considerations, with the exception of seasonal electricity tariffs (winter rates in South Africa are 1.5 times the summer rates). The Company began ramping-up operations in early 2019 with appropriate staffing levels and they were maintained for 2019 and 2020. In 2021, as a result of the ramp up of PGM operations there will be additional staff recruitment required.

4. Results of Operations for the Three Months Ended March 31, 2021

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.

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

The Company's presentation currency is the U.S. dollar while the Company's operating expenses are predominately incurred in Canadian dollars and South African Rand. The average foreign exchange rate for Q1 2021 and Q1 2020 is listed below:

	Cdn to USD	ZAR to USD
Q1 2021	0.7896	0.0668
Q1 2020	0.7447	0.0652

The estimated South African 2021 year to date average inflation rate was 3.08% (2020 – 3.23%).

The following table sets forth selected consolidated financial information for Q1 2021 and 2020 (See Non-GAAP Measures):

Table 2

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

	Three months March 31	
	2021	2020
	$	$
Revenue	**16,683**	14,179
Mine operation income	**1,433**	1,430
Expenses		
General and administrative	**1,049**	715
Site services	**1,376**	1,216
Care and maintenance	**737**	690
Operating loss	**(1,729)**	(1,191)
Other net income (expenses) and income tax expense	**544**	(8,501)
Net loss for the period	**(1,185)**	(9,692)
Attributable to		
Non-controlling interest	**(320)**	(1,508)
Equity shareholders of the Company	**(865)**	(8,184)
Net loss for the period	**(1,185)**	(9,692)
Loss per share		
Basic and diluted	**(0.01)**	(0.09)
Weighted average number of common shares outstanding		
Basic and diluted	**128,456**	92,599

Consolidated statements of financial position

	March 31 2021	December 31 2020
	$	$
Total assets	174,105	162,985
Total non-current liabilities	68,582	69,775

The Company recorded a net loss attributable to equity shareholders of the Company of $865 (or $0.00 loss per share) in Q1 2021 compared to a net loss of $8,184 (or $0.09 loss per share) in Q1 2020. Detailed explanations are presented below.

4.1 Overall Performance

Revenue

In Q1 2021, the Company generated revenue from processing Chrome and PGM concentrates. The Company's majority of revenue (approximately 96% of total Q1 2021 revenue) is from 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 also started to generate PGM revenue under a PGM offtake agreement with Impala Platinum Limited from further processing of tailings materials following the production of chrome concentrates. The Company has a PGM offtake agreement with Impala Platinum Limited ("Impala") dated September 10, 2020.

The Company generated Chrome processing revenue of $15,947 in Q1 2021 compared to $14,179 in Q1 2020 as the Company produced 203,901 tons of concentrate in Q1 2021 compared to 293,968 in the same period in 2020. The increase in revenue year-on-year is mainly attributable to increases in:

- Overhead service fee as a result of an inflation adjustment,
- Tonnages remined, and
- Terminal handling costs, which the Company started paying on a monthly basis from July 2020.

The Company generated PGM concentrate revenue of $736 in Q1 2021; no PGM concentrate revenue was generated in Q1 2020 or any quarter after Q3 2013 until Q1 2021.

Mining operation income

Mining operation income in Q1 2021 was $1,433 compared to $1,430 in Q1 2020, representing a decrease of $31 excluding foreign currency translation gain of $34. As mentioned earlier in this MD&A, this 2% decrease is the result of increased production related costs including logistics, energy rate, wage, and additional maintenance costs, and increased depletion and depreciation costs in 2021.

Although the direct operating costs (re-mining, processing, disposition and logistics) are included as cost recoveries, certain management salary costs directly related to the Retreatment Project are not directly recovered.

Depletion and depreciation was $1,606 in Q1 2021 compared $953 in Q1 2020 due to the increase of cost of equipment relating to the Retreatment Project.

Operating loss

The Company incurred $1,729 of operating loss in Q1 2021 compared to $1,191 in Q1 2020, representing a $538 increase. The Company is working to increase production and looking to achieve additional revenue streams but until new sources of revenue are activated or a significant decrease in care and maintenance costs occur, the Company has forecasted to continue to sustain a certain level of operating loss.

General and administrative

General & administrative ("G&A") costs are associated with the Company's Vancouver corporate head office and associated professional and corporate costs.

The G&A costs increased $358 excluding foreign currency translation loss of $24 to $1,049 in Q1 2021 from $715 for the comparable period in 2020. The increase in 2021 is primarily due to the management bonus payment in Q1 2021.

Site services

Site services relate to work performed indirectly to 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 $131 excluding foreign currency translation gain of $29 to $1,376 in Q1 2021 from $1,216 in Q1 2020 as a result of the overall salary increases in South Africa, annual electricity increases and general increased costs of operating due to new operations.

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 increased $30 excluding foreign currency translation gain of $17 to $737 in Q1 2021 from $690 in Q1 2020. The increase was due to a rise in labour costs in South Africa and underground care and maintenance work in connection with the CRM and Eastern Limb Projects.

Other significant item (foreign exchange loss)

Other income consisted of rental income from Company-owned residential properties on the Eastern Limb Projects and at the CRM as well as scrap metal sales not directly related to operations. Other income increased $566 excluding foreign currency translation gain of $27 to $1,720 in Q1 2021 compared to $1,127 in Q1 2020 mostly due to increased scrap metals sales and a recovery of $395 from the legal settlement.

Foreign exchange loss was $156 in Q1 2021 compared to $8,683 in Q1 2020. During Q1 2020, there was a significant decline in the foreign exchange rate of the South African Rand to the U.S. dollar, which created a significant foreign exchange loss on the Company's U.S. dollar contract payable liability.

4.2 *Crocodile River Mine*

Retreatment Project – Chrome recovery

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

As mentioned earlier in this MD&A, the Company and Union Goal entered into updated Retreatment Project Agreements.

A summary of chrome recovery production during Q1 2021:

Average grade Cr concentrate	Tons of Cr concentrate
38.47%	203,901

The financing of the costs of the Optimization Program were agreed in principle with Union Goal during 2020 and formalized in the updated agreements signed on March 10, 2021. The timing of completion of the Optimization Program, as discussed above, cannot be accurately projected due to COVID-19 restrictions. During Q1 2021, the Company continued to work on the Optimization Program.

The Company received an advance of $nil in Q1 2021 (Q1 2020 – ZAR8,450 (approximately $551) construction loan from Union Goal).

The Company continues the tailing's storage facility ("**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 Circuit D</u>

The Company completed refurbishment of PGM Circuit D and successfully produced PGM concentrate and delivered under the Offtake Agreement in Q1 2021.

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

<u>Project agreement – PGM Circuit H</u>

As discussed in section 2.1 significant events (d) *Project Agreement – PGM 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. Results from the feasibility study are now expected during Q2 2021.

<u>Sale of Maroelabult</u>

On October 24, 2019, the Company and its subsidiary, Barplats, entered into a sales agreement (the "**Sales Agreement**") with Eland Platinum (Pty) Limited ("**Eland**"). The Sales Agreement provides for the sale of the mining rights, immovable property, infrastructure and equipment of the Maroelabult resource property located near Brits in South Africa from the Company to Eland. The consideration to be paid by Eland to the Company consists of ZAR20,000 (approximately $1,355), the assumption of the rehabilitation obligation and the assumption (in November 2019) of the care and maintenance costs (the "**Purchase Price**") payable on closing upon giving effect to the transfers of legal title. The Sales Agreement is subject to standard representations and warranties by both parties and various legal and regulatory obligations required in South Africa which have taken significant time. The closing has been delayed due to COVID-19 but the Company has put in significant work and is targeting to close in Q3 2021.

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

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

4.3 Mareesburg Project

The Company has experienced delays in completing the EIA (due to COVID-19), and plans to complete an updated project assessment in Q2 2021. The Company is currently assessing the appropriate time to begin and complete the feasibility study following the assessment and EIA. 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 March 31, 2021, the Company had working capital (current assets less current liabilities) of $11,360 (December 31, 2020 – $4,080) and a cash position of $9,194 (consisting of cash and cash equivalents and short-term investments) (December 31, 2020 – $1,772).

The increase in working capital was mainly the result of the completion of a fundraise through the rights offering in Q1 2021.

The Company's cash position increased by $7,422 in Q1 2021 compared to the balance as at December 31, 2020. If the foreign currency translation gain impact of $99 is excluded, the actual increase of cash position would be $7,323. The increase results from: (i) $9,252 of net proceeds from the rights offering (net share issuance costs) and $8 from warrants exercised; (ii) $81 of interest received net of finance cost paid; (iii) $395 of recovery from a legal settlement; offset with cash payment of (i) $378 incurred for operations including G&A and care and maintenance of the CRM and the Eastern Limb Projects net of cash received from concentrates sales; (ii) a net addition of property, plant and equipment of $1,503; (iii) $411 of lease payments; (iv) an increase in other assets of $51; and (v) $70 (ZAR1,000) in connection with the AlphaGlobal Settlement (the third instalment payment).

The Retreatment Project, in relation to the recovery of chrome concentrate at CRM, is now in steady operation and has been operating for over 2 years. The Company was also able to begin operations on its PGM Circuit D and delivery of PGM concentrates under the PGM Offtake Agreement in December 2020. The CRM underground and all other properties and projects are under care and maintenance or at an earlier stage of development.

The Company continues to forecast sufficient cashflows (working capital and operating income) to cover all operating, 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. As discussed earlier in this MD&A, funding was raised through the Rights Offering but 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 a significant portion of the current revenue is from a single offtake contract. There exists liquidity risk (See section 8 (c)(v)) if certain assumptions do not hold. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansionary plans.

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 $3,793 in capital funding at December 31, 2020 to complete the chrome plant optimization and Phase II of the tailings storage facility ("TSF") dam lifts. Additional capital projects were approved in February 2021 following the Rights Offering. The Company approved its 2021 budget in December 2020 with additional capital approval of $4,846 in February 2021 to execute the corporate objectives discussed in Section 5.1 of this MD&A. The Company's 2021 objectives are expected to be funded through existing working capital and operations or funding obtained from the Rights Offering. The uncertainty around Covid-19 and other challenges may impact fundraising in the future.

Under the Union Goal Agreements, the Company has committed to purchase the Chrome Circuit, subject to a put option if the operating performance of the equipment and chrome plant are not as agreed. This contract payable, the provision for environmental rehabilitation relating to the CRM and Eastern Limb Projects and certain deferred income tax liabilities are considered non-current liabilities. The due date of the contract payable was extended by written agreement on December 31, 2020 to January 14, 2022, and further extended as per the Revised and Restated Union Goal Agreements signed on March 10, 2021. The updated purchase time, under current estimation is May 2022.

5.1 Outlook

The Company's CRM Retreatment Project in South Africa was operating without restrictions at March 31, 2021 and as of the date of the MD&A following the temporary shut downs of operations in Q2 2020 due to COVID-19. The Company has also restarted the PGM Circuit D and delivered PGM concentrates under the respective offtake agreements in Q1 2021. The Company remains vigilant to continue its high standards in regards to maintaining safe operations.

Although the current outlook is positive due to the reduced restrictions, all operations could be affected by new COVID-19 issues or new lockdown directives in South Africa.

The completion timing of the Optimization Program remains uncertain due to the lockdown impact on 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 2021 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 2021 outlook and its ability to attain targets.

The Company's targets for 2021 were updated following the completed Rights Offering in January 2021, including:

- Continue operating the Retreatment Project efficiently;
- Reconfigure, optimize, and consistently operate the small-scale PGM Circuit D (previously the scavenger plant circuit) which also includes funding for some of the initial work required to restart the PGM Main Circuit (See press release of February 2, 2021);
- Completion of the Optimization Project for the Retreatment Project;
- Establishment of the appropriate TSF phase II capital works program;

- Upgrades and repairs to the CRM Zandfontein underground shaft and rock winder to ensure they are available for underground mining operations;
- Completion of the refurbishment of the existing PGM Main Circuit to increase the capacity and recovery opportunity of PGM recovery and sales;
- Mareesburg project environmental work to complete the EIA regarding the haul road and project;
- Prospecting and assessment work in relation to Zandfontein, Crocette and Spitzkop ore bodies;
- EIA and assessment work regarding a vertical furnace and pelletizer of chrome concentrate;
- CRM underground assessment including all chrome recovery activities in relation to the Retreatment Project; and
- Capital requirements for care and maintenance, working capital and general and administrative costs.

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 Transactions could potentially give rise to non-compliance with the mining rights and certain provisions of the Mineral and Petroleum Resources Development Act (**"MPRDA"**) in respect of BEE requirements, unless other steps are taken to rectify the potential non-compliance. Accordingly, the Company has previously met with the Department of Mineral Resources and Energy of the Republic of South Africa ("**DMR**") and is working proactively to address such potential issues. Failure to address such potential issues may result in an order from the DMR to rectify any such non-compliance and potentially in the cancelling of or modification of the mining rights granted to the Company under the MPRDA. The Company is also reviewing the Mining Charter 2018 in relation to such issues.

Care and maintenance with respect to the underground portion of the CRM will continue while the Company assesses the underground operations. Care and maintenance will also continue for the Company's Eastern Limb Projects for 2021. 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

On January 22, 2021 the Company completed the Rights Offering to its shareholders and raised total gross proceeds of approximately $9,307 (TSX – Cdn$11,364 and JSE – ZAR5,011). Eastplats issued 36,841,741 common shares at a price of Cdn$0.32 per common share for rights exercised on the TSX and ZAR3.77136 per common share for rights exercised on the JSE. A total of 32,808,630 common shares were issued under the basic subscription privilege and an additional 4,033,111 common shares were issued under the additional subscription privilege. No common shares were issued under a stand-by commitment and no fees or commissions were paid in connection with the distribution.

During February 2021, 40,000 warrants were exercised at Cdn$0.24 per common share.

In Q1 2021, a total of $42 (Q1 2020 - $nil) was recorded as share-based compensation expense relating to general and administration costs.

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

- 137,520,773 common shares issued;
- 137,481,051 common shares outstanding;
- 39,722 treasury shares outstanding and held;
- 5,960,000 warrants outstanding; and
- 5,420,000 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	0.14	July 4, 2021
300,000	300,000	1.05	0.25	August 14, 2021
100,000	100,000	1.05	0.36	September 20, 2021
100,000	100,000	0.40	0.79	Febuary 24, 2022
600,000	600,000	0.32	1.49	November 9, 2022
550,000	550,000	0.33	1.57	December 7, 2022
100,000	100,000	0.39	1.95	April 26, 2023
1,650,000	1,650,000	0.21	3.09	June 13, 2024
50,000	50,000	0.24	3.96	April 29, 2025
1,770,000	1,770,000	0.37	4.43	October 16, 2025
5,420,000	5,420,000		2.82	

5.3 Contractual Obligations, Commitments and Contingencies

The Company's major contractual obligations and commitments as at March 31, 2021 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)	3,661	—	—	3,661
Lease obligations (ii)	5,023	1,664	3,359	—
Contracts payable (iii)	52,321	—	52,321	—
Other obligations (iv)	10,852	10,852	—	—
Capital expenditure and purchase commitments (v)	1,521	1,521	—	—
	73,378	14,037	55,680	3,661

(i) Environmental rehabilitation provision over the life of mining operations (including $526 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 10.75% and an inflation factor of 4.20%.

(ii) Lease contracts for mining equipment relating to CRM operations and office space at head office. The amount shown is the undiscounted minimum lease payment.

(iii) Union Goal equipment and construction financing relating to the Retreatment Project. The amount shown represents the undiscounted payment based on the agreed nil interest rate until the due date according to the 2021 Updated Retreatment Project Agreement. The due date is estimated to be in May 2022, depending on when the optimization program is completed and commissioned. The terms in details are more fully described in Note 15 Contracts payable of the audited financial statements for the year ended December 31, 2020 and Note 4 of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2021.

(iv) Trade and capital payables related to operations and commissioning of the PGM Circuit D.

(v) Capital expenditure and purchase commitments contracted at March 31, 2021 but not recognized on the consolidated statement of financial position.

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 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 which was heard on June 1, 2020 and dismissed on November 16, 2020. In January 2020, 2538520 sought leave to appeal to the Supreme Court of Canada. The Company has opposed the granting of leave and is of the view that this petition is without merit and that no provision in this matter is required.

Further litigation by 2538520 Ontario Limited against the Company

On February 7, 2020 2538520 and its CEO, Rong Kai Hong, ("**Plaintiffs**") filed a further claim 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 (appeal denied). The Plaintiffs seek, among other relief, orders requiring a change to the Company share ownership, election of new Directors, several changes to senior management and damages of US$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 apply to dismiss the lawsuit. No provision is made in the consolidated financial statements as the Company assessed the allegations have no merit.

Litigation by Xiaoling Ren against the Company

During December 2020, the Company received a petition filed with the Supreme Court of British Columbia, by Xiaoling Ren, 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. Ms. Ren is represented by the same law firm who filed a similar petition in November 2018 for 2538520, which was dismissed in 2019 and the appeal denied in November 2020.

The Company has filed a response opposing the granting of the petition and the claims and allegations made. No provision is made in the consolidated financial statements as the Company assessed the allegations have no merit.

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. The Company has been unable to successfully contact either Serina or Ingwenya to date and any recovery of the funds or judgement appears remote. 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 October 7, 2020 the Eastplats Companies filed an amended notice of civil claim (original notice filed on June 7, 2018) in the Supreme Court of British Columbia against certain former officers and directors of Eastplats, which update the specifics of the claim and added two defendants, which are companies related to former officers. The amended notice of civil claim alleges that the former officer 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. The Company is of the view that this is without merit and that no provision in this matter is required.

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 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 months ended March 31, 2021 and 2020, 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 March 31**	
	2021	2020
	$	$
Trading transactions		
Director fees	**36**	36
Management fees	**151**	57
Share-based payments	**42**	—
Total	**229**	93
Compensation of key management personnel		
Remuneration	**581**	165
Share-based payments	**28**	—
Total compensation of key management personnel	**609**	165

The Company had transactions with the following related parties for Q1 2021 and 2020**:**

The Company has agreed to pay $21 (Cdn$27) 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. Oriental Fortune received a bonus payment of $88 (Cdn$112) in Q1 2021 (Q1 2020 - $nil)

The Company's key management includes the Chief Executive Officer (the "**CEO**"), Chief Financial Officer ("**CFO**"), COO and the General Manager of South Africa ("GM"). As stated in table 5, the total remuneration to the key management in Q1 2021 was $609 (Q1 2020 - $165), of which $28 in Q1 2021 (Q1 2020 - $nil) related to share-based compensation.

Key management personnel were not paid post-employment benefits or other long-term benefits in Q1 2021 and 2020.

7. Critical Accounting Estimates and Judgments

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

Furthermore, the impact of the COVID-19, 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.

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, 2020.

Areas of significant judgement and estimates made by management for the three months ended March 31, 2021 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(u) and 4(v) of the Company's audited consolidated financial statements for the year ended December 31, 2020.

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, short-term investments, other assets, trade and other payables approximate their carrying values due to the short-term to maturities of these financial instruments.

Contracts payable and lease liabilities 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.

(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 March 31, 2021 and December 31, 2020, the Company did not have financial assets and financial liabilities measured at fair value on a recurring basis. There were no transfers between levels during three months ended March 31, 2021 and 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.

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

Table 6

	March 31 2021 $	December 31 2020 $
Financial assets		
Denominated in USD at Canadian head office	**4**	—
Denominated in Rand at Canadian head office	**1**	7
Total	**5**	7
Financial liabilities		
Contracts payable denominated in Rand at Canadian head office	**6,413**	6,890
Contracts payable denominated in USD at South African subsidiaries	**40,662**	43,686
Total	**47,075**	50,576

As at March 31, 2021, with other variables unchanged, a 10% strengthening (weakening) of Canadian dollars against the South African Rand would have increased (decreased) net income by approximately $583; 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 $3,697.

(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's PGM concentrate sales are exposed to commodity price risk with respect to fluctuations in the prices of platinum group metals going forward. Prior to January 1, 2021, the Company did not have material revenues from PGM concentrate sales. Chrome concentrate sales is structured based on the tonnage processed referenced to the long-term chrome concentrate commodity price according to the Union Goal contract.

(iv) Credit risk 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 statements of financial position represents the maximum credit exposure.

There is both a credit risk and concentration risk associated with the collection of revenue from Union Goal. 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 levels since May 1, 2019. Despite the Retreatment Project and the forecasted PGM production cash flows, CRM underground remains in care and maintenance and all other properties and projects are on hold. The Company also generated some income from interest and other income and sale of non-core properties, and although not expected to be significant, some of which will be recurring in 2021 and future years. The projected cash flows for the next 12 months are sufficient to cover the Company's operating expenses, capital expenditures and all other care and maintenance expenses. 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. Table 4 summarizes the Company's significant commitments and corresponding due dates.

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 2021. 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 months ended March 31, 2021, would expect to have a material impact on the Company's consolidated financial statements.

10. Off-Balance Sheet Arrangements

As at March 31, 2021, 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 the Company's 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, 2020, which is available under the Company's profile on SEDAR at www.sedar.com.

COVID-19

The effects of COVID-19 are changing rapidly and the consequences of 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, 2020 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. Any such 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.