

Condensed interim consolidated financial
statements of

Eastern Platinum Limited

For the three and six months ended June
30, 2022 (Unaudited)

Eastern Platinum Limited

For the three and six months ended June 30, 2022

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Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

Eastern Platinum Limited

Condensed interim consolidated statement of income

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

| | Note | Three months ended | | Six months ended | |
|--|------|--------------------|-----------------|------------------|-----------------|
| | | June 30 | | June 30 | |
| | | 2022 | 2021 | 2022 | 2021 |
| Revenue | 11 | \$ 20,488 | \$ 19,982 | \$ 37,895 | \$ 36,665 |
| Production costs | | (14,421) | (14,707) | (26,681) | (28,351) |
| Production costs - depreciation | | (1,913) | (1,958) | (3,657) | (3,564) |
| Mine operating income | | 4,154 | 3,317 | 7,557 | 4,750 |
| Expenses | | | | | |
| General and administrative | | 938 | 524 | 2,557 | 1,573 |
| Site services | | 1,408 | 1,215 | 2,464 | 2,591 |
| Care and maintenance | | 867 | 870 | 1,500 | 1,607 |
| Operating income (loss) | | 941 | 708 | 1,036 | (1,021) |
| Other income (expense) | | | | | |
| (Loss) gain on disposal of property, plant and equipment | | 63 | (587) | 291 | 697 |
| Interest income | | 144 | 93 | 246 | 180 |
| Other income | | 423 | 733 | 935 | 1,597 |
| Finance costs | | (817) | (1,295) | (2,151) | (2,832) |
| Settlement gain | | - | 3,258 | - | 3,258 |
| Foreign exchange gain (loss) | | (1,944) | 1,186 | 1,760 | 1,030 |
| Income (loss) before income taxes | | (1,190) | 4,096 | 2,117 | 2,909 |
| Income tax recovery (expense) | | 2,237 | (49) | 2,248 | (47) |
| Net income for the period | | 1,047 | 4,047 | 4,365 | 2,862 |
| Net income (loss) attributable to | | | | | |
| Non-controlling interest | 3 | (165) | (93) | 146 | (413) |
| Equity shareholders of the Company | | 1,212 | 4,140 | 4,219 | 3,275 |
| Net income for the period | | \$ 1,047 | \$ 4,047 | \$ 4,365 | \$ 2,862 |
| Earnings per share | | | | | |
| Basic and diluted | | \$ 0.01 | \$ 0.03 | \$ 0.03 | \$ 0.02 |
| Weighted average number of common shares outstanding ('000s) | | | | | |
| Basic | | 137,821 | 137,521 | 137,821 | 133,033 |
| Diluted | | 138,406 | 140,341 | 138,830 | 135,922 |

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

"George Dorin"

George Dorin, Director

"Lisa Ng"

Lisa Ng, Director

Eastern Platinum Limited

Condensed interim consolidated statement of comprehensive income (loss)

(Unaudited - expressed in thousands of U.S. dollars)

| | Note | Three months ended | | Six months ended | |
|--|------|--------------------|-----------------|------------------|-----------------|
| | | June 30 | | June 30 | |
| | | 2022 | 2021 | 2022 | 2021 |
| Net income for the period | | \$ 1,047 | \$ 4,047 | \$ 4,365 | \$ 2,862 |
| Other comprehensive income (loss) | | | | | |
| Items that may subsequently be reclassified to loss or profit | | | | | |
| - Exchange differences on translating foreign operations | | (15,205) | 4,424 | (2,254) | 3,490 |
| - Exchange differences on translating non-controlling interest | | 4,717 | (1,468) | 520 | (1,194) |
| Comprehensive income (loss) for the period | | (9,441) | 7,003 | 2,631 | 5,158 |
| Comprehensive income (loss) attributable to | | | | | |
| Equity shareholders of the Company | | (13,993) | 8,564 | 1,965 | 6,765 |
| Non-controlling interest | 3 | 4,552 | (1,561) | 666 | (1,607) |
| Comprehensive income (loss) for the period | | \$ (9,441) | \$ 7,003 | \$ 2,631 | \$ 5,158 |

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

Eastern Platinum Limited

Condensed interim consolidated statements of financial position

(Unaudited - expressed in thousands of U.S. dollars)

| | Note | As at June 30 2022 | As at December 31 2021 |
|--|------|--------------------------|------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 4,324 | 2,203 |
| Short-term investments | | 2,116 | 3,944 |
| Trade and other receivables | | 24,036 | 21,355 |
| Inventories | | 1,419 | 1,792 |
| Assets held for sale | 4 | - | 1,739 |
| Total current assets | | 31,895 | 31,033 |
| Non-current assets | | | |
| Restricted cash | | 89 | 91 |
| Inventories | | 632 | 940 |
| Property, plant and equipment | 4 | 120,533 | 124,226 |
| Other assets | | 6,488 | 6,493 |
| Total Assets | | \$ 159,637 | 162,783 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | \$ 9,671 | 10,078 |
| Deferred revenue | 5 | 4,361 | 4,424 |
| Lease liabilities | | 1,760 | 1,448 |
| Liabilities associated with assets held for sale | 4 | - | 487 |
| Total current liabilities | | 15,792 | 16,437 |
| Non-current liabilities | | | |
| Deferred revenue | | 6,919 | 7,382 |
| Contracts payable | | 48,332 | 49,914 |
| Lease liabilities | | 1,253 | 2,216 |
| Provision for environmental rehabilitation | | 3,199 | 3,114 |
| Deferred tax liabilities | | 1,048 | 3,367 |
| | | 76,543 | 82,430 |
| Equity | | | |
| Issued capital | 9 | 1,240,890 | 1,240,890 |
| Contributed surplus | | 1,285 | 1,175 |
| Accumulated other comprehensive loss | | (312,996) | (310,742) |
| Deficit | | (845,063) | (808,846) |
| Total equity attributable to equity shareholders of the Company | | 84,116 | 122,477 |
| Non-controlling interest | 3 | (1,022) | (42,124) |
| | | 83,094 | 80,353 |
| Total liabilities and equity | | \$ 159,637 | 162,783 |
| Contingencies (Note 13) | | | |
| Subsequent events (Note 14) | | | |

Eastern Platinum Limited

Condensed interim consolidated statement of changes in equity
(Unaudited - expressed in thousands of U.S. dollars)

| | Issued capital | Contributed surplus | Accumulated other comprehensive income (loss) | Deficit | Total equity attributed to equity shareholders of the company | Non-controlling interest | Equity |
|--|---------------------|---------------------|---|---------------------|---|--------------------------|------------------|
| Balance, December 31, 2020 | \$ 1,231,563 | \$ 1,290 | \$ (299,258) | \$ (808,015) | \$125,580 | \$ (44,250) | \$ 81,330 |
| Net income (loss) | - | - | - | 3,275 | 3,275 | (413) | 2,862 |
| Other comprehensive income (loss) | - | - | 3,490 | - | 3,490 | (1,194) | 2,296 |
| Total comprehensive income (loss) | - | - | 3,490 | 3,275 | 6,765 | (1,607) | 5,158 |
| Rights offering for 36,841,741 common shares | 9,307 | - | - | - | 9,307 | - | 9,307 |
| Rights offering share issuance cost | (62) | - | - | - | (62) | - | (62) |
| Warrants exercised for 40,000 common shares | 12 | (4) | - | - | 8 | - | 8 |
| Share-based compensation | - | 57 | - | - | 57 | - | 57 |
| Balance, June 30, 2021 | \$ 1,240,820 | \$ 1,343 | \$ (295,768) | \$ (804,740) | \$ 141,655 | \$ (45,857) | \$ 95,798 |
| Net income (loss) | - | - | - | (4,425) | (4,425) | (1,148) | (5,573) |
| Other comprehensive income (loss) | - | - | (14,974) | - | (14,974) | 4,881 | (10,093) |
| Total comprehensive income (loss) | - | - | (14,974) | (4,425) | (19,399) | 3,733 | (15,666) |
| Stock options exercised for 300,000 common shares | 70 | (20) | - | - | (20) | - | (20) |
| Share-based compensation | - | 171 | - | - | 241 | - | 241 |
| Transfer equity reserve relating to expired options | - | (319) | - | 319 | - | - | - |
| Balance, December 31, 2021 | \$ 1,240,890 | \$ 1,175 | \$ (310,742) | \$ (808,846) | \$ 122,477 | \$ (42,124) | \$ 80,353 |
| Net income | - | - | - | 4,219 | 4,219 | 146 | 4,365 |
| Other comprehensive income (loss) | - | - | (2,254) | - | (2,254) | 520 | (1,734) |
| Total comprehensive income (loss) | - | - | (2,254) | 4,219 | 1,965 | 666 | 2,631 |
| Share-based compensation | - | 110 | - | - | 110 | - | 110 |
| Transfer deficit relating to change in minority interest | - | - | - | (40,436) | (40,436) | 40,436 | - |
| Balance, June 30, 2022 | \$ 1,240,890 | \$ 1,285 | \$ (312,996) | \$ (845,063) | \$ 84,116 | \$ (1,022) | \$ 83,094 |

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

Eastern Platinum Limited

Condensed interim consolidated financial statements of cash flows
(Unaudited - expressed in thousands of U.S. dollars)

| | Six months ended | |
|--|-------------------------|----------|
| | June 30 | |
| | 2022 | 2021 |
| Operating activities | | |
| Income (loss) before income taxes | \$ 2,117 | \$ 2,909 |
| Adjustments to net income (loss) for non-cash items | | |
| Depreciation and amortization | 3,731 | 3,648 |
| Stock based compensation | 110 | 57 |
| Gain on disposal of property, plant and equipment | (293) | (697) |
| Interest income | (248) | (180) |
| Finance costs | 2,151 | 2,832 |
| Foreign exchange loss | (1,755) | (1,030) |
| Net changes in non-cash working capital items | | |
| Trade and other receivables | (3,243) | (9,143) |
| Inventories | 662 | 331 |
| Trade and other payables | (808) | 4,886 |
| Deferred revenue | (2,162) | (1,600) |
| Cash provided from operations | 262 | 2,013 |
| Adjustments to net income (loss) for cash items | | |
| Taxes paid | (57) | (48) |
| Net operating cash flows | 205 | 1,965 |
| Financing activities | | |
| Share issued, net of issuance cost | - | 9,253 |
| Contracts payable - credit facility | 1,176 | - |
| Finance costs paid | (7) | (16) |
| Lease payments | (884) | (846) |
| Net financing cash flows | 285 | 8,391 |
| Investing activities | | |
| Purchases of short-term investments | (30) | (5,174) |
| Interest income received | 248 | 180 |
| Redemption of short-term investments | 1,821 | - |
| Decrease of other assets | (111) | (128) |
| Property, plant and equipment additions | (2,126) | (3,764) |
| Disposal of property, plant and equipment | 1,977 | 1,588 |
| Net investing cash flows | 1,779 | (7,298) |
| Effect of exchange rate changes on cash and cash equivalents | (148) | 230 |
| Increase in cash and cash equivalents | 2,121 | 3,288 |
| Cash and cash equivalents, beginning of period | 2,203 | 1,772 |
| Cash and cash equivalents, end of period | \$ 4,324 | \$ 5,060 |

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

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2022

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

1. Nature of operations

Eastern Platinum Limited ("Eastplats" or the "Company") was incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company's shares are listed on the Toronto Stock Exchange (primary listing) and the Johannesburg Stock Exchange (secondary listing). The head office and principal address of the Company is located at 1080 – 1188 West Georgia Street, Vancouver, British Columbia, Canada.

The Company is a platinum group metal ("PGM") and chrome producing company engaged in re-mining and processing of tailings at the Crocodile River Mine ("CRM") and the exploration and development of other PGM and chrome properties located in various provinces in South Africa.

The Company's presentation currency is U.S. dollars. All monetary amounts presented in these condensed interim consolidated financial statements are in thousands of U.S. dollars ("\$"), thousands of Canadian dollars ("Cdn\$") or thousands of South African Rand ("ZAR"), except for per share amounts or otherwise indicated. The Company has re-presented certain prior year figures to reflect current period presentation in these condensed interim consolidated financial statements. Accordingly, on the condensed interim consolidated statement of cash flows, Finance costs paid of (\$7) has been included in Financing activities, while Interest income received of \$248 has been included in Investing activities.

These condensed interim consolidated financial statements were approved and authorized for issuance by the board of directors on August 11, 2022.

The Company and its subsidiary, Barplats Mines (Pty) Limited ("Barplats") entered into an agreement (the "Framework agreement") with Union Goal Offshore Solution Limited ("Union Goal") on March 1, 2018 and subsequently various transactional agreements including equipment and chrome plant agreement, loan agreement, escrow agreement and offtake agreement were signed on August 31, 2018 under the Framework Agreement (collectively referred to as the "2018 Retreatment Project Agreements"). On March 10, 2021, the Company, Barplats and Union Goal executed updated Retreatment Project Agreements (the "2021 Updated Retreatment Project Agreements") (see Note 5). All of these agreements are collectively referred to as the Union Goal Contracts and provide for construction, re-mining and processing of the tailings resource, and the subsequent offtake of chrome concentrate from the Barplats Zandfontein UG2 tailings facility ("Retreatment Project"). Operations from re-mining the tailings material have produced chrome concentrate since December 2018 and have produced PGM concentrates in December 2020. Since August 2013, the Company's other existing projects have been either in care and maintenance or on hold.

Although the Retreatment Project and PGM production have generated cash flows, CRM underground remains in care and maintenance and all other properties and projects are not generating revenue. The projected cash flows for the next twelve months are sufficient to cover the Company's operating expenses, approved capital expenditures and all other care and maintenance expenses. However, significant judgements and estimates are involved in projecting the future cash flows including the level of production and the global impact of the novel coronavirus ("COVID-19"). The Retreatment Project is also dependent on its operating cash inflows from Union Goal, its sole offtaker of chrome concentrate, in order to fund its current operating activities and eventually fulfil all obligations under the Union Goal Contracts. Lastly, in addition to cash inflows from current operations, additional funding will be required in the future to commence underground production at CRM, and to develop the Kennedy's Vale ("KV"), Spitzkop PGM ("Spitzkop") and Mareesburg PGM ("Mareesburg") projects (together the "Eastern Limb Projects") and to bring them into production. For more information, refer to Financial risk management - liquidity risk (Note 10(c)(v)).

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2022

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

2. Basis of preparation

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

The preparation of these unaudited condensed interim consolidated financial statements is based on accounting principles and methods consistent with those used in the preparation of the audited consolidated financial statements as at December 31, 2021. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021. The Company's interim results are not necessarily indicative of its results for a full year.

(a) Judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

The Company's primary operation is in South Africa. The Government of South Africa lifted the National State of Disaster in response to the COVID-19 pandemic on April 4, 2022. The Company's operation continues with precautions and follows the health guidelines of the Government of South Africa. The effects of COVID-19 are evolving and changing and the impact of a temporary shutdown of any operations or other related issues cannot be reasonably estimated at this time, but could potentially have material adverse effects on the Company's business, operations, liquidity and cashflows.

As discussed in Note 5, the Company signed the 2021 Updated Retreatment Project Agreements on March 10, 2021. The assessment of the accounting effect of the 2021 Updated Retreatment Project Agreements requires significant judgement.

At June 30, 2022, the Company calculated an expected credit loss ("ECL") related to the outstanding trade receivable balance owed by Union Goal to the Company. The trade receivable balance is fully guaranteed by way of the 2021 Updated Retreatment Project Agreements with any outstanding receivable balance applied against the debt owed to Union Goal. The ECL is estimated based on the expected timing of the debt settlement discounted to the current period.

Below are the key assumptions used to calculate the ECL. The value of the initial ECL was recorded at March 31, 2022 and is reviewed quarterly:

| | |
|--------------------------------------|----------------|
| Discount rate | 11% |
| Estimated payment date | April 30, 2023 |
| Expected credit loss, June 30, 2022 | \$1,076 |
| Expected credit loss, March 31, 2022 | \$1,076 |
| Change in the period | - |

The Company has been actively communicating with Union Goal regarding its outstanding trade receivable balance. The effects of this increasing balance are evolving and may impact the viability of the Retreatment Project and have material adverse effects of the Company's business, operations, liquidity and cash flows. Management is in the process of considering and evaluating its rights under the various agreements with Union Goal.

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Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2022

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

Other areas of significant judgement and estimates made by management for the three and six months ended June 30, 2022 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, 2021.

3. Subsidiaries and associates

During the three and six months ended June 30, 2022, the Company determined that the previous shareholders of Gubevu Consortium Investment Holding (Pty) Ltd, ("Gubevu"), of which the Company owned 49.99%, had relinquished their holdings. As such, the Company now holds 100% of Gubevu and has adjusted the carrying value of its Non-controlling interest accordingly. This also removes the non-controlling interest in the following companies, previously jointly held by Gubevu and the Company:

Barplats Investments (Pty) Ltd.
Barplats Mines (Pty) Ltd.
Brilliant Bravo Science and Technology Pty Ltd.
EPL Pellets (Pty) Limited
Lion's Head Platinum (Pty) Ltd.
Mareesburg Joint Venture
Rhodium Reefs (Pty) Ltd.
Royal Anthem Investments 134 (Pty) Ltd.
SA New Land Communication Technology Pty Ltd.
SA Tian Jin Bo Yi Communications Technology Pty Ltd.
SA Victoria International Technology Pty Ltd.

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2022

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

(a) Subsidiaries

Details of the Company's subsidiaries are as follows:

| Name of subsidiary | Principal activity | Place of incorporation and operation | Proportion of ownership interest and voting power held | |
|--|--------------------|--------------------------------------|--|-------------------|
| | | | June 30, 2022 | December 31, 2021 |
| Eastplats International Incorporated | Holding company | Barbados | 100% | 100% |
| Eastern Platinum Holdings Limited | Holding company | BVI (i) | 100% | 100% |
| Eastplats Holdings Limited | Holding company | BVI (i) | 100% | 100% |
| Eastplats Acquisition Co. Ltd. | Holding company | BVI (i) | 100% | 100% |
| Barplats Investments (Pty) Ltd. | Holding company | South Africa | 100% | 87.49% |
| Barplats Mines (Pty) Ltd. | Mining | South Africa | 100% | 87.49% |
| Brilliant Bravo Science and Technology Pty Ltd. | Mining | South Africa | 90.00% | 78.74% |
| EPL Pellets (Pty) Limited | Holding company | South Africa | 100% | - |
| Gubevu Consortium Investment Holding (Pty) Ltd | Holding company | South Africa | 100% | 49.99% |
| Lion's Head Platinum (Pty) Ltd. | Holding company | South Africa | 100% | 74% |
| Mareesburg Joint Venture | Mining | South Africa | 100% | 87% |
| Rhodium Reefs (Pty) Ltd. | Mining | South Africa | 100% | 87.49% |
| Royal Anthem Investments 134 (Pty) Ltd. | Holding company | South Africa | 100% | 100% |
| SA New Land Communication Technology Pty Ltd. | Mining | South Africa | 90.00% | 78.74% |
| SA Tian Jin Bo Yi Communications Technology Pty Ltd. | Mining | South Africa | 90.00% | 78.74% |
| SA Victiria International Technology Pty Ltd. | Mining | South Africa | 90.00% | 78.74% |
| Spitzkop Joint Venture | Mining | South Africa | 97.71% | 93.37% |
| Spitzkop Platinum (Pty) Ltd. | Mining | South Africa | 95.41% | 86.74% |

(i) British Virgin Islands ("BVI")

(b) Associates

Details of the Company's associates are as follows:

| Name of associate | Principal activity | Place of incorporation and operation | June 30, 2022 | December 31, 2021 |
|----------------------------------|--------------------|--------------------------------------|---------------|-------------------|
| Afriminerall Holdings (Pty) Ltd. | Holding company | South Africa | 82.35% | 49.00% |

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2022

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

4. Property, plant and equipment

| | Right-of-use assets \$ | Plant and equipment owned \$ | Mineral properties previously depleted \$ | Mineral properties not being depleted \$ | Properties and land \$ | Total \$ |
|--|------------------------------|---------------------------------------|---|--|------------------------------|----------------|
| Cost | | | | | | |
| Balance as at December 31, 2020 | 4,606 | 379,237 | 69,178 | 282,515 | 12,906 | 748,442 |
| Additions | 707 | 5,979 | — | 28 | — | 6,714 |
| Environmental provision change in estimate | — | (28) | — | (18) | — | (46) |
| Disposals | — | (876) | — | — | (172) | (1,048) |
| Foreign exchange movement | (392) | (31,093) | (5,608) | (22,905) | (1,037) | (61,035) |
| Balance as at December 31, 2021 | 4,921 | 353,219 | 63,570 | 259,620 | 11,697 | 693,027 |
| Additions | — | 1,990 | — | 59 | — | 2,049 |
| Disposals | — | (569) | — | — | (75) | (644) |
| Foreign exchange movement | 10 | (6,590) | (1,149) | (4,697) | (208) | (12,634) |
| Balance as at June 30, 2022 | 4,931 | 348,050 | 62,421 | 254,982 | 11,414 | 681,798 |
| Accumulated depreciation and impairment | | | | | | |
| Balance as at December 31, 2020 | 350 | 298,937 | 56,685 | 253,749 | 2,142 | 611,863 |
| Depreciation | 1,378 | 5,667 | — | — | 44 | 7,089 |
| Depreciation of disposed assets | — | — | — | — | (51) | (51) |
| Foreign exchange movement | (119) | (24,719) | (4,516) | (20,572) | (174) | (50,100) |
| Balance as at December 31, 2021 | 1,609 | 279,885 | 52,169 | 233,177 | 1,961 | 568,801 |
| Depreciation | 2,127 | 2,867 | — | — | 45 | 5,039 |
| Depreciation of disposed assets | (1,324) | (575) | — | — | (27) | (1,926) |
| Foreign exchange movement | (43) | (5,428) | (926) | (4,216) | (36) | (10,629) |
| Balance as at June 30, 2022 | 2,369 | 276,749 | 51,243 | 228,961 | 1,943 | 561,265 |
| Carrying amounts | | | | | | |
| At December 31, 2020 | 4,256 | 80,300 | 12,493 | 28,766 | 10,764 | 136,579 |
| At December 31, 2021 | 3,312 | 73,334 | 11,401 | 26,443 | 9,736 | 124,226 |
| At June 30, 2022 | 2,562 | 71,301 | 11,178 | 26,021 | 9,471 | 120,533 |

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Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2022

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

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

| | Crocodile River | Mareesburg | Kennedy's Vale | Spitzkop | Other plant and equipment | Total |
|--|--------------------|---------------|-------------------|---------------|---------------------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | | |
| Balance as at December 31, 2020 | 383,217 | 16,971 | 284,146 | 63,867 | 241 | 748,442 |
| Additions | 6,652 | 27 | 27 | — | 8 | 6,714 |
| Environmental provision change in estimate | 18 | (18) | (46) | — | — | (46) |
| Disposals | (77) | — | (971) | — | — | (1,048) |
| Foreign exchange movement | (31,550) | (1,376) | (22,932) | (5,178) | 1 | (61,035) |
| Balance as at December 31, 2021 | 358,260 | 15,604 | 260,224 | 58,689 | 250 | 693,027 |
| Additions | 1,890 | 8 | — | 51 | 100 | 2,409 |
| Disposals | (644) | — | — | — | — | (644) |
| Foreign exchange movement | (6,578) | (282) | (4,705) | (1,063) | (6) | (12,634) |
| Balance as at June 30, 2022 | 352,928 | 15,330 | 255,519 | 57,677 | 344 | 681,798 |
| Accumulated depreciation and impairment | | | | | | |
| Balance as at December 31, 2020 | 271,153 | 7,205 | 273,398 | 59,921 | 186 | 611,863 |
| Depreciation | 6,997 | — | 57 | — | 35 | 7,089 |
| Depreciation of disposed assets | (34) | — | (17) | — | — | (51) |
| Foreign exchange movement | (22,489) | (584) | (22,169) | (4,858) | — | (50,100) |
| Balance as at December 31, 2021 | 255,627 | 6,621 | 251,269 | 55,063 | 221 | 568,801 |
| Depreciation | 4,997 | — | 26 | — | 16 | 5,039 |
| Depreciation of disposed assets | (1,926) | — | — | — | — | (1,926) |
| Foreign exchange movement | (4,985) | (120) | (4,545) | (995) | (4) | (10,649) |
| Balance as at June 30, 2022 | 253,713 | 6,501 | 246,750 | 54,068 | 233 | 561,265 |
| Carrying amounts | | | | | | |
| At December 31, 2020 | 112,064 | 9,766 | 10,748 | 3,946 | 55 | 136,579 |
| At December 31, 2021 | 102,633 | 8,983 | 8,955 | 3,626 | 29 | 124,226 |
| At June 30, 2022 | 99,215 | 8,829 | 8,769 | 3,609 | 111 | 120,533 |

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

(a) *Assets held for sale*

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 (collectively referred to as the "Maroelabult Assets") located near Brits in South Africa. The consideration to be received is ZAR20,000 (approximately \$1,355), the assumption of the rehabilitation obligation and immediate assumption of the care and maintenance costs (the "Purchase Price") subject to representations and warranties by both parties. The Purchase Price is payable and enforceable on closing the transaction following the transfer of legal title and the completion of the various legal and regulatory obligations required in South Africa.

At December 31, 2021, the carrying value of the Maroelabult Assets of \$1,739 (ZAR27,768) had been presented as assets held for sale and the related rehabilitation obligation in the amount of \$487 (ZAR7,768) had been presented as liabilities associated with the assets held for sale. The asset sale was completed on March 9, 2022 with the Company receiving \$1,378 (ZAR20,000) per the Sales Agreement.

(b) *Impairment of property, plant and equipment*

(i) *Three and six months ended June 30, 2022*

The Company assesses the carrying values of its mineral properties for indication of impairment at each quarter end. Based on its assessment, the Company concluded that there were no indicators of impairment as at June 30, 2022.

(ii) *Year ended December 31, 2021*

As at December 31, 2021, management assessed for possible indicators of impairment. At December 31, 2021, the Company's market capitalization continued to be significantly lower than the carrying value of its net assets. In light of this, the Company updated its internal model for its flagship assets, the CRM underground and its chrome and PGM operations from remining and processing the CRM tailings. The model continues to show the recoverable amount of these assets above their net book value. No impairment was therefore required.

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

5. Union Goal Contracts

The continuity of the Union Goal Contracts is presented below:

| | June 30, 2022 \$ | December 2021 \$ |
|---|------------------------|------------------------|
| Deferred revenue | | |
| Balance, beginning of year | 11,806 | 11,999 |
| Additions | | |
| - Adjustments of contracts payable (a) | | 4,821 |
| - Discounting effect from Credit Facility | 101 | - |
| | 101 | 4,821 |
| Recognized as revenue | (2,616) | (4,156) |
| Foreign exchange | 1,989 | (858) |
| Balance, end of period | 11,280 | 11,806 |
| Deferred revenue - current | 4,361 | 4,424 |
| Deferred revenue - non-current | 6,919 | 7,382 |
| Contracts payable - Chrome Circuit equipment payable | | |
| Carrying value, beginning of year | 43,574 | 43,686 |
| Changes during the year | | |
| - Adjustments of contracts payable (a) | - | (4,167) |
| - Face value of additions | - | 47 |
| - Discounting effect | - | - |
| Net present value | - | (4,120) |
| - Accretion | (2,098) | 4,008 |
| Carrying value, end of period | 41,476 | 43,574 |
| Contracts payable - Credit Facility | | |
| Carrying value, beginning of year | 6,340 | 6,890 |
| Changes during the year | | |
| - Adjustments of contracts payable(a) | | (654) |
| - Face value of additions (b) | 1,176 | - |
| - Discounting effect | (101) | - |
| Net present value | 1,075 | (654) |
| - Accretion | 127 | 643 |
| - Foreign exchange | (686) | (539) |
| Carrying value, end of period | 6,856 | 6,340 |
| Contracts payable, carrying value - total | 48,332 | 49,914 |

(a) The 2021 Updated Retreatment Project Agreements were signed on March 10, 2021 and include the following:

- (i) The 2021 Revised and Restated Framework Agreement;
- (ii) The 2021 Revised and Restated Offtake Agreement;
- (iii) The 2021 Revised and Restated Eastplats Loan Agreement; and
- (iv) The 2021 Revised and Restated Barplats Equipment and Chrome Plant Agreement.

Significant changes included in the 2021 Updated Retreatment Project Agreements are, among other things:

- (i) An upward adjustment of the overhead per tonnage charge rate and recognition of the total capital recovery of the project required by Barplats;
- (ii) Incorporation of the optimization equipment purchase on the same updated terms as the original equipment;

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

- (iii) Removal of the entire interest charge on Chrome Circuit equipment payable and Credit Facility from day one to the due date;
- (iv) Adjustment of the contractual due date to 210 days after the date of issuing the plant commissioning certificate on the optimization equipment;
- (v) Cancellation of \$2 million escrow fund that Union Goal was required to deposit according to the 2018 Escrow Agreement; and
- (vi) Increase of the Credit Facility from ZAR50,000 to ZAR130,000.

The 2021 Updated Retreatment Project Agreements is an adjustment and refinement of the 2018 Retreatment Project Agreements based on two-years of operational history. The effect on contracts payable is considered an accounting estimate change and is recognized prospectively. The present value of the Chrome Circuit equipment payable and the Credit Facility is adjusted based on the revised future payments discounted by the estimated market rate of 9%. The difference of \$4,821 between the revised present value of the Chrome Circuit equipment payable and the Credit Facility, and their carry values was credited to deferred revenue in line with the treatment of the 2018 Retreatment Project Agreements, and will be recognized as revenue based on the material re-mined from the tailings and made available on a per ton basis to the chrome plant over the remaining operations of the Retreatment Project.

- (b) In March 2022, the Company received an additional \$1,176 (ZAR17,054) from Union Goal to further fund the chrome optimization program. The present value of the funds received was calculated at \$1,075 with the difference credited to deferred revenue.

6. Commitments

The Company has committed to capital expenditures in South Africa of approximately \$421 (ZAR6,845) as at June 30, 2022, all of which are expected to be incurred during the next 12 months.

7. Related party transactions

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these condensed interim consolidated financial statements are listed below:

(a) Trading transactions

The Company's related parties consist of private companies owned by current executive officers and directors. The Company incurred the following fees and expenses in the normal course of operations:

| | Three months ended June 30 | | Six months ended June 30 | |
|----------------------|-------------------------------|-------|-----------------------------|-------|
| | 2022 | 2021 | 2022 | 2021 |
| Director fees | \$ 40 | \$ 45 | \$ 80 | \$ 81 |
| Management fees | 62 | 65 | 125 | 216 |
| Share-based payments | - | 8 | - | 29 |
| | 102 | 118 | 205 | 326 |

- (i) The Company has a consulting agreement with Oriental Fortune Consulting Services Limited ("Oriental Fortune") which is controlled by the Company's Vice President ("VP"). The Company has agreed to pay \$21 (Cdn\$27) per month to Oriental Fortune for management consulting services rendered. During the three and six months ended June 30, 2022, Oriental Fortune received a bonus payment of \$Nil and \$Nil (three and six months ended June 30, 2021 - \$Nil and \$88 (Cdn\$112)), respectively.

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Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2022

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

- (ii) In the comparable quarter, the Company previously reported share-based payments of \$15 and \$57, for the three and six months respectively, which included all share-based payments to related parties and executives. The Company now only reports share-based payments to related parties in the above table.

(b) Compensation of key management personnel

The Company's key management includes the Chief Executive Officer ("CEO"), Chief Financial Officer (the "CFO"), VP, and the General Manager of South Africa ("GM"). The total compensation to key management for the three and six months ended June 30, 2022 was \$243 and \$496 (including share-based compensation) (three and six months ended June 30, 2021 - \$232 and \$841), respectively for management salaries, bonuses, and consulting fees. Key management personnel were not paid post-employment benefits or other long-term benefits during the three and six months ended June 30, 2022 and 2021.

8. Segmented Information

(a) *Operating segments* - The Company's operations are primarily directed towards the mining, exploration and development of platinum group metals and chrome in South Africa. The Company has three reportable segments - CRM, Eastern Limb and corporate. Eastern Limb consists of Kennedy's Vale, Spitzkop and Mareesburg projects. Barbados, British Virgin Islands ("BVI") and Canada, collectively is the corporate segment.

(b) *Geographic segments* - The Company's operations by geographic areas for the three and six months ended June 30, 2022 and 2021, and assets by geographic areas as at June 30, 2022 and December 31, 2021, are as follows:

| | Three months ended June 30, 2022 | | | | Total |
|---|----------------------------------|--------------|--------------------|--------------------------|----------|
| | CRM | Eastern Limb | Total South Africa | Canada, Barbados and BVI | |
| | \$ | \$ | \$ | \$ | |
| Property, plant and equipment additions | 1,050 | 49 | 1,099 | 100 | 1,199 |
| Cost of property, plant and equipment disposals | (607) | - | (607) | | (607) |
| Revenue | 20,488 | - | 20,488 | - | 20,488 |
| Production costs | (14,421) | - | (14,421) | - | (14,421) |
| Production costs - depreciation | (1,908) | - | (1,908) | (5) | (1,913) |
| Income (loss) before income taxes | (698) | (124) | (822) | (368) | (1,190) |
| Income tax recovery (expense) | - | (3) | (3) | 2,240 | 2,237 |
| Net income (loss) | (698) | (127) | (825) | 1,872 | 1,047 |

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

| | Six months ended June 30, 2022 | | | | |
|---|---------------------------------------|-------------------------|-----------------------------------|---|--------------|
| | CRM | Eastern Limb | Total South Africa | Canada, Barbados and BVI | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Property, plant and equipment additions | 1,890 | 59 | 1,949 | 100 | 2,049 |
| Cost of property, plant and equipment disposals | (644) | - | (644) | - | (644) |
| Revenue | 37,895 | - | 37,895 | - | 37,895 |
| Production costs | (26,681) | - | (26,681) | - | (26,681) |
| Production costs - depreciation | (3,647) | - | (3,647) | (10) | (3,657) |
| (Loss) income before income taxes | 3,787 | (208) | 3,579 | (1,462) | 2,117 |
| Income tax recovery (expense) | - | 8 | 8 | 2,240 | 2,248 |
| Net (loss) income | 3,787 | (200) | 3,587 | 778 | 4,365 |

| | Three months ended June 30, 2021 | | | | |
|---|---|-------------------------|-----------------------------------|---|--------------|
| | CRM | Eastern Limb | Total South Africa | Canada, Barbados and BVI | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Property, plant and equipment additions | 2,231 | 30 | 2,261 | - | 2,261 |
| Cost of property, plant and equipment disposals | (26) | (876) | (902) | - | (902) |
| Revenue | 19,982 | - | 19,982 | - | 19,982 |
| Production costs - depreciation | (1,952) | - | (1,952) | (6) | (1,958) |
| Income (loss) before income taxes | 811 | 703 | 1,514 | 2,582 | 4,096 |
| Income tax recovery (expense) | (2) | (35) | (37) | (12) | (49) |
| Net (loss) income | 809 | 668 | 1,477 | 2,570 | 4,047 |

| | Six months ended June 30, 2021 | | | | |
|---|---------------------------------------|-------------------------|-----------------------------------|---|--------------|
| | CRM | Eastern Limb | Total South Africa | Canada, Barbados and BVI | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Property, plant and equipment additions | 3,723 | 36 | 3,759 | 5 | 3,764 |
| Cost of property, plant and equipment disposals | (26) | (876) | (902) | - | (902) |
| Revenue | 36,665 | - | 36,665 | - | 36,665 |
| Production costs - depreciation | (3,553) | - | (3,553) | (11) | (3,564) |
| (Loss) income before income taxes | (898) | 1,769 | 871 | 2,038 | 2,909 |
| Income tax recovery (expense) | - | (23) | (23) | (24) | (47) |
| Net (loss) income | (898) | 1,746 | 848 | 2,014 | 2,862 |

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

| June 30, 2022 | | | | | |
|----------------------|------------|-------------------------|-----------------------------------|---|--------------|
| | CRM | Eastern Limb | Total South Africa | Canada, Barbados and BVI | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Total assets | 134,357 | 21,304 | 155,661 | 3,976 | 159,637 |
| Total liabilities | 32,818 | 34,857 | 67,657 | 8,868 | 76,543 |

| December 31, 2021 | | | | | |
|--------------------------|------------|-------------------------|-----------------------------------|---|--------------|
| | CRM | Eastern Limb | Total South Africa | Canada, Barbados and BVI | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Total assets | 135,685 | 21,753 | 157,438 | 5,345 | 162,783 |
| Total liabilities | 69,982 | 1,929 | 71,911 | 10,519 | 82,430 |

(c) Revenue

The Company's revenues are all currently earned at the CRM in South Africa.

| | Three months ended June 30 | | Six months ended June 30 | |
|--------|---------------------------------------|------|-------------------------------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| | % | % | % | % |
| Chrome | 84% | 90% | 84% | 92% |
| PGM | 16% | 10% | 16% | 8% |
| Total | 100% | 100% | 100% | 100% |

9. Share capital

(a) Authorized

- Unlimited number of preferred redeemable, voting, non-participating shares without nominal or par value; and
- Unlimited number of common shares with no par value.

(b) Issued and outstanding

As at June 30, 2022, the Company had 137,820,773 common shares issued and outstanding (December 31, 2021 - 137,820,773).

In January 2021, the Company issued 36,841,741 common shares at a price of Cdn\$0.32 per share for rights exercised on the Toronto Stock Exchange (the "TSX") and ZAR3.77136 per share for rights exercised on the Johannesburg Stock Exchange (the "JSE"). The Company received total gross proceeds of \$9,307 in connection with the rights offering.

In February 2021, 40,000 warrants were exercised at a price of Cdn\$0.24 per share for total proceeds of \$8.

In July 2021, 300,000 stock options were exercised at a price of Cdn\$0.21 per share for total proceeds of \$50.

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

During the three and six months ended June 30, 2022, 1,400,000 stock options and 5,960,000 share purchase warrants are dilutive if exercised and will increase the EPS denominator by 585,010 and 1,008,623 common shares, respectively. During the three and six months ended June 30, 2021, 4,270,000 stock options and 5,960,000 share purchase warrants were dilutive if exercised and would have increased the EPS denominator by 2,819,972 and 2,889,378 common shares, respectively.

(c) Warrants

As at June 30, 2022, the Company had 5,960,000 warrants (December 31, 2021 – 5,960,000) outstanding and each warrant entitles its holder to acquire one common share of the Company at an exercise price of Cdn\$0.24.

On June 3, 2022, the Company extended the expiry date of the 5,960,000 outstanding warrants by one year to June 26, 2023. All other terms remained unchanged.

(d) Share options

The Company has an incentive plan (the "2016 Plan"), approved by the Company's shareholders at its special meeting held on October 12, 2016, under which options to purchase common shares may be granted to its directors, officers, employees and others at the discretion of the Board of Directors. The 2016 Plan was renewed for three years and approved by the Company's shareholders at its annual general meeting held on June 13, 2019; it was again renewed for three years at its latest annual general meeting held on June 21, 2022.

During the three months ended June 30, 2021, the Company granted 1,420,000 stock options to its directors and officers to acquire common shares of the Company at an exercise price of Cdn\$0.34 per share expiring in five years from the date of grant. These stock options vested 90 days from the grant date. There were no new stock options granted during the three and six months ended June 30, 2022.

The following table summarizes information concerning outstanding and exercisable options as at June 30, 2022:

| Number of options Outstanding* | Number of options exercisable | Exercise price Cdn\$ | Remaining contractual Life (years) | Expiry date |
|---------------------------------------|--------------------------------------|-----------------------------|---|--------------------|
| 500,000 | 500,000 | 0.32 | 0.36 | November 9, 2022 |
| 450,000 | 450,000 | 0.33 | 0.44 | December 7, 2022 |
| 100,000 | 100,000 | 0.39 | 0.82 | April 26, 2023 |
| 1,350,000 | 1,350,000 | 0.21 | 1.96 | June 13, 2024 |
| 50,000 | 50,000 | 0.24 | 2.83 | April 29, 2025 |
| 1,470,000 | 1,470,000 | 0.37 | 3.30 | October 16, 2025 |
| 1,420,000 | 1,420,000 | 0.34 | 3.98 | June 23, 2026 |
| 5,340,000 | 5,340,000 | | 2.57 | |

*Subsequent to June 30, 2022, 2,050,000 stock options expired and 1,950,000 were issued.

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

10. Financial instruments

(a) Categories of financial instruments

| | June 30, 2022 | December 31, 2021 |
|--|------------------|----------------------|
| | \$ | \$ |
| Financial assets | | |
| FVTPL | | |
| Trade receivables for PGM sales | 4,585 | 2,155 |
| Amortized cost | | |
| Cash and cash equivalents | 4,324 | 2,203 |
| Restricted cash | 89 | 91 |
| Trade and other receivables (excluding taxes receivable) | 18,479 | 18,450 |
| Short-term investments (i) | 2,116 | 3,944 |
| Other assets(ii) | 6,488 | 6,493 |
| | 36,081 | 33,336 |
| Financial liabilities | | |
| Amortized cost | | |
| Trade and other payables | 9,671 | 10,078 |
| Lease liabilities | 3,013 | 3,664 |
| Contracts payable | 48,332 | 49,914 |
| | 61,016 | 63,656 |

(i) Short-term investments are mainly short duration GIC and money market funds.

(ii) Other assets are mainly longer duration GIC investments and are measured at amortized cost.

(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 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.

There were no transfers between levels during the three and six months ended June 30, 2022.

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(c) Financial risk management

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

(i) Currency risk

The Company reports its financial statements in U.S dollars. The functional currency of head office and its BVI and Barbados intermediate holding companies is Canadian dollars and the functional currency of all South African subsidiaries is South African Rand. The Company is exposed to foreign exchange risk when the Company undertakes transactions and holds assets and liabilities in currencies other than its functional currencies.

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

| | June 30 | December 31 |
|--|----------------|-------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Financial assets | | |
| Denominated in USD at South African subsidiaries | 4,585 | 2,155 |
| Denominated in USD at Canadian head office | - | 1 |
| Denominated in Rand at Canadian head office | 830 | - |
| Total | 5,415 | 2,156 |
| Financial liabilities | | |
| Contracts payable denominated in Rand at Canadian head office | 6,856 | 6,340 |
| Contracts payable denominated in USD at South African subsidiaries | 41,476 | 43,574 |
| Total | 48,332 | 49,914 |

As at June 30, 2022, with other variables unchanged, a 10% strengthening (weakening) of the Canadian dollar against the South African Rand would have increased (decreased) net income by approximately \$548; with other variables unchanged, a 10% strengthening (weakening) of the South African Rand against the U.S dollar would have increased (decreased) net income by approximately \$3,354.

(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 not subject to significant interest rate risk.

(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 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. As management is in the process of considering and evaluating its rights under the various agreements with Union Goal, the Company may be exposed to commodity price risk with respect to fluctuations in the prices of chrome going forward.

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(iv) Credit and concentration risk

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

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 (Note 5).

(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 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 on investments and other income from the sale of non-core properties; although not expected to be significant, some of this income will be recurring in 2022 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. Also, in addition to cash inflows from current operations, additional funding will be required in the future to commence underground production at CRM, and to develop and bring the Eastern Limb Projects into commercial production.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's significant commitments (undiscounted) and corresponding maturities as at June 30, 2022. The Company currently does not have expected payments of obligations and commitments beyond 3 years.

| | <1 year | 1 - 3 years | Total |
|--------------------------|-------------------|--------------------|--------------|
| | \$ | \$ | \$ |
| Trade and other payables | 9,671 | — | 9,671 |
| Contracts payable | — | 52,763 | 52,763 |
| Lease liabilities | 1,760 | 1,997 | 3,757 |
| | 11,431 | 54,760 | 66,192 |

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11. Revenue contracts with customers

During the three months ended June 30, 2022, 84% (\$17,266) of the Company's revenue was from the processing of chrome concentrates and was generated from Union Goal (Note 5). The remaining 16% (\$3,222) of the Company's revenue was from PGM concentrates sales and was generated from Impala.

As at June 30, 2022, 80% of the trade receivable balance in the amount of \$18,045 (December 31, 2021 - 89%, \$17,077) was attributed to Union Goal.

12. Headline and diluted headline earnings (loss) per share

The Company's shares are also listed on the Johannesburg Stock Exchange which requires the Company to present headline and diluted headline earnings (loss) per share. Headline earnings (loss) per share is calculated by dividing headline earnings (loss) attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted headline earnings (loss) per share is determined by adjusting the headline earnings (loss) attributable to equity shareholders of the Company and the weighted average number of common shares issued and outstanding during the period after taking all potential dilutive effects.

The following table summarizes the adjustments to income (loss) attributable to equity shareholders of the Company for the purpose of calculating headline earnings (loss) attributable to the equity shareholders of the Company, and the headline earnings (loss) and diluted headline earnings (loss) per share.

| | Three months ended | | Six months ended | |
|---|--------------------|-------|------------------|-------|
| | June 30 | | June 30 | |
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| Income attributable to shareholders of the Company | 1,212 | 4,140 | 4,219 | 3,275 |
| Adjusted for: | | | | |
| Gain (loss) on disposal of property, plant and equipment | 63 | 514 | 293 | (610) |
| Headline earnings attributable to shareholders of the Company | 1,275 | 4,654 | 4,512 | 2,665 |
| Headline earnings and diluted headline earnings per share | 0.01 | 0.03 | 0.03 | 0.02 |

13. Contingencies

The Company is subject to claims and legal proceedings arising in the ordinary course of business activities, each of which is subject to various uncertainties, it is not possible to predict the outcome and the result of which may be resolved unfavorably to the Company. These include the following matters:

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 ("**253**"), 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 judgment which was heard on June 1, 2020 and dismissed on November 16, 2020. In January 2021, 253 sought leave to appeal to the Supreme Court of Canada, which

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declined to hear the appeal. The Company sought recovery from 253 of the costs incurred in responding to 253's unsuccessful petition and appeal. The Company settled with 253 with respect to these costs subsequent to the period.

Further litigation by 2538520 Ontario Limited against the Company

On February 7, 2020, 253 and its CEO, Rong Kai Hong, (the "**Plaintiffs**") filed a further claim regarding various allegations, including that the Company was acting to oppress the Plaintiffs' rights among other claims. 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. On June 11, 2021, the Plaintiffs filed an amended claim in response to an imminent application from the Company and its directors and officers to dismiss the claim as an abuse of process. The Plaintiffs agreed to a consent dismissal of the claims against the non-executive directors and struck a substantial portion of the contents of their notice of civil claim. Claims against the Company, certain senior management as well as claims against certain other parties remain extant. An application with respect to service on other parties was heard in February 2022 and the Supreme Court of British Columbia determined on June 30, 2022 that those other parties have been properly served. Counsel for 253 and Hong demanded that certain parties deliver responses to the civil claim by no later than July 31, 2022, failing which 253 and Hong would seek default judgment.

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 that filed a similar petition in November 2018 for 253, which was dismissed in 2019, the appeal denied by the British Columbia Court of Appeal in November 2020, and application for leave to appeal to the Supreme Court of Canada denied in May 2021.

The Company filed a response seeking a dismissal of the petition as an abuse of process. The petition has not been scheduled for hearing; however, Eastplats and Ren have agreed to try to set the petition down for hearing in November 2022. No provision is made in the consolidated financial statements as the Company assessed the allegations have no merit.

2016 BEE Buyout Transactions

On June 30, 2016, two days after concluding agreements for the sale of Crocodile River Mine (which agreements were subsequently terminated), the former management of the Company purportedly entered into a number of agreements (the "**2016 BEE Buyout Transactions**") with Ingwenya and Serina (collectively the "**Vendors**") to acquire or cancel all of the interests previously held by the Company's black economic empowerment partners (the "**BEE Partners**") in the Company's South African projects except for the 17.65% equity interest in Afriminer Holdings (Pty) Ltd. ("**Afriminer**") for a total of \$13,367. The Vendors represented to the Company and to its relevant subsidiaries that the Vendors are or will be the registered and beneficial owners of the respective equity interests in the Company's South African projects as at the closing date defined under the 2016 BEE Buyout Transactions. The 2016 BEE Buyout Transactions consist of the acquisition of (i) 44.12% equity interest in Gubevu for a total of \$8,955 and an 18% equity interest in Lion's Head Platinum (Pty) Ltd. ("**Lion's Head**") for \$1,099 from Ingwenya; and (ii) 8% interest in Lion's Head for \$502, a 5.89% equity interest in Gubevu for \$1,194 and a 33.35% equity interest in Afriminer for \$1,617 from Serina.

In 2017, the Company was advised on behalf of the BEE Partners that they no longer considered themselves as the Company's BEE Partners. However, the Company was not provided with all of the background details and documents concerning those arrangements and was unable to otherwise confirm or document that result. In 2020, the Company was provided with certain documents and records confirming that Serina,

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Ingwenya and the BEE Partners had purportedly agreed to nullify and reverse the transactions among them with the result that the BEE Partners' interests (save for the 17.65% equity interest in Afriminer) had reverted to Serina and Ingwenya, effective as of June 2017.

The Company notes that as a result of the foregoing, it had sufficient documentation and other representations to allow it to confirm and record that it no longer had BEE Partners as of June 2017 and any interest purportedly held by Serina and Ingwenya could be considered transferred or cancelled. South African mining regulations require certain levels of black economic empowerment ("**BEE**") shareholdings from a party granted mining rights. The Company believes that it was and is in compliance with the applicable BEE requirements throughout the relevant time under the "once empowered, always empowered" principle under the applicable South African mining laws, as stated in September 2021 by the High Court (Gauteng Division, Pretoria) in South Africa as a result of a court challenge by the Minerals Council of South Africa. This judgment decided that this principle applied to the renewal of existing mining rights. Given the time that has passed since the judgement and due to statements made by certain officials, it is unlikely that this judgment will be appealed. However, there is a risk that the effect of this Court decision could be changed by legislative means in the future, and further direction in this regard is awaited from the Department of Mineral Resources and Energy ("**DMR**"). Failure to address any such alleged non-compliance may negatively impact the Company's operations and the value of its assets. No provision is made in the consolidated financial statements and the Company remains committed to working with the DMR to ensure ongoing compliance.

Claim against Serina and Ingwenya

On June 7, 2018, the Company filed a claim in the Supreme Court of British Columbia against Serina and Ingwenya in relation to the payment of \$13,367. The 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. The Company has been unable to successfully contact either Serina or Ingwenya to date. The Company has been advised that 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 Company 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 the Company, which updated 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 Company pursuant to which \$13,367 was transferred without consideration and without any apparent benefit to the Company and in doing so breached their duties as directors and officers of the Company. Eastplats sought damages from the former directors and officers on a number of legal grounds.

As a response to this claim, the former directors and officers filed a counterclaim denying liability and seeking indemnity. The Company filed its defence to oppose this counterclaim.

On June 21, 2021, the Company announced it had agreed with the defendants to settle and dismiss the outstanding lawsuits and to settle certain related disputes including the counterclaim. The settlements provided for an amount of \$3,258 (Cdn\$4,000) in cash to be paid to the Company. The terms of the settlements are confidential and no party to them has admitted any wrongdoing or liability. No further amounts can be claimed under the settlement.

Claim dispute regarding Spitzkop

The Company has received a notice from the DMR on October 25, 2018 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 an appeal against a water use license and a related review application in respect thereof in the High Court in South Africa. The Company, with the assistance of counsel, is addressing this matter and intends to defend this issue related to the issued mineral rights and water use

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license of Spitzkop. Further to this, the Company and the claimant are currently engaging to amicably resolve this matter and it does not expect that it will result in a cash outflow by the Company in the foreseeable future.

14. Subsequent Events

On July 8, 2022, the Company announces that it had granted 1,870,000 stock options to directors, officers, and employees of the Company that vest in 90 days. The options were granted for a term of five years and expire on July 6, 2027. Each option allows the holder to purchase one common share of Eastplats at an exercise price of Cdn\$0.23.

On July 29, 2022, 2,050,000 stock options held by former employees and directors expired.

On August 3, 2022, the Company announces that it had granted 80,000 stock options to an officer of the Company that vest in 90 days. The options were granted for a term of five years and expire on August 1, 2027. Each option allows the holder to purchase one common share of Eastplats at an exercise price of Cdn\$0.23.