Consolidated financial statements of

Eastern Platinum Limited

December 31, 2022 and 2021

Independent auditor's report

To the Shareholders of Eastern Platinum Limited

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Eastern Platinum Limited and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of income and loss for the years ended December 31, 2022 and 2021;
- the consolidated statements of comprehensive income (loss) for the years ended December 31, 2022 and 2021;
- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of changes in equity for the years ended December 31, 2022 and 2021;
- the consolidated statements of cash flows for the years then ended December 31, 2022 and 2021; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

Material uncertainty related to going concern

We draw attention to note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment (PP&E), including the mineral property related to the Crocodile River Mine *Refer to note 4(h)(vi) – Summary of significant accounting policies, Property, plant and equipment – Impairment, note 4(u)(i) – Summary of significant accounting policies, Critical accounting estimates, Impairment of property, plant and equipment, and note 6(f) – Property, plant and equipment, Impairment of property, plant and equipment to the consolidated financial statements.* As at December 31, 2022, the total net book value of PP&E amounted to $112.2 million, of which $91.1 million related to the Crocodile River Mine cash generating unit ("CGU"). Management reviews the Company's PPE for indicators of impairment at each statement of financial position reporting date. When impairment indicators of PP&E exist, an impairment assessment is conducted at the level of the CGU (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets) and the recoverable amount of the CGU is estimated.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amount of the Crocodile River Mine CGU, which included the following: – Tested the appropriateness of the method used by management. – Tested underlying data used in the discounted cash flow model. – Evaluated the reasonableness of significant assumptions by (i) comparing future metal prices with external market and industry data; (ii) comparing operating and capital costs to actual operating and capital expenditures incurred in the past, and (iii) assessing whether the assumptions related to future production timing and production levels were consistent with evidence obtained in other areas of the audit. – The work of management's experts was used in performing the procedures to evaluate the reasonableness of the estimates associated with the quantity

Key audit matter	How our audit addressed the key audit matter
An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. During the year ended December 31, 2022, management determined that the continued weakness in the Company's share price during 2022, resulting in the Company's market capitalization being below the carrying amount of the net assets of the Company, constituted an impairment indicator. As a result, management performed an impairment assessment for all CGUs including the Crocodile River Mine CGU based on fair value less cost of disposal, utilizing a discounted cash flow model for the Crocodile River Mine CGU. The determination of the fair value less cost of disposal of the Crocodile River Mine CGU required management to apply significant judgment and use significant assumptions related to the quantity and grade of recoverable reserves and resources, future production timing and production levels, operating and capital costs, future metal prices, discount rates, and foreign exchange rates. Management estimates of the quantity and grade of recoverable reserves and resources are based on information compiled by qualified persons (management's experts). No impairment charge was required for the Crocodile River Mine CGU as the estimated recoverable amount exceeded the carrying amount. We considered the above a key audit matter due to (i) the significant judgment by management in developing assumptions to determine the recoverable amount of the Crocodile River Mine CGU and (ii) the significance of the PP&E balance related to the Crocodile River Mine CGU. This in turn resulted in significant audit effort and subjectivity in performing procedures to test the	and grade of recoverable reserves and resources. As a basis for using this work, the competence, capabilities and objectivity of management's experts was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. – Professionals with specialized skill and knowledge in the field of valuation assisted us in assessing the reasonableness of the discount and foreign exchange rates used within the discounted cash flow model.

Key audit matter	How our audit addressed the key audit matter
	significant assumptions used by management. Professionals with specialized skill and knowledge in the field of valuation also assisted us in performing our procedures.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Frans Minnaar.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 5, 2023

Eastern Platinum Limited
December 31, 2022 and 2021
Table of contents

Eastern Platinum Limited

Consolidated statements of income and loss

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

	Note		Years ended December 31 2022		2021
Revenue	23	**$**	**49,834**	$	68,198
Production costs			**(39,739)**		(51,655)
Production costs - depreciation			**(4,165)**		(6,925)
Mine operating income			**5,930**		9,618
Expenses					
General and administrative			**2,855**		2,953
Expected credit loss on trade receivables			**1,887**		(107)
Site services			**4,737**		4,757
Care and maintenance			**2,904**		3,240
Operating loss			**(6,453)**		(1,225)
Other income (expense)					
Gain on disposal of property, plant and equipment	6(e)		**314**		791
Interest income			**480**		367
Other income	15		**7,865**		2,871
Finance costs	9		**(5,102)**		(5,457)
Settlement gain	7		**—**		3,258
Foreign exchange loss			**(1,830)**		(3,191)
Loss before income taxes			**(4,726)**		(2,586)
Income tax recovery (expense)	10		**2,222**		(125)
Net loss for the year			**(2,504)**		(2,711)
Net income (loss) attributable to					
Non-controlling interest			**144**		(1,561)
Equity shareholders of the Company			**(2,648)**		(1,150)
Net loss for the year		**$**	**(2,504)**	$	(2,711)
Loss per share					
Basic and diluted		**$**	**(0.02)**	$	(0.01)
Weighted average number of common shares outstanding (‘000s)					
Basic			**137,821**		135,422
Diluted			**137,821**		135,422

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

"George Dorin"	**“Lisa Ng”**
George Dorin, Director	Lisa Ng, Director

Eastern Platinum Limited

Consolidated statements of comprehensive loss

(Expressed in thousands of U.S. dollars)

		Years ended December 31	
	Note	**2022**	2021
Net loss for the year		**$ (2,504)**	$ (2,711)
Other comprehensive income (loss) items that may subsequently be reclassified to profit or loss:			
- Exchange differences on translating foreign operations		**(7,011)**	(11,484)
- Exchange differences on translating non-controlling interest	11	**568**	3,687
Comprehensive loss for the year		**(8,947)**	(10,508)
Comprehensive loss attributable to:			
Equity shareholders of the Company		**(9,660)**	(12,634)
Non-controlling interest		**713**	2,126
Comprehensive loss for the year		**$ (8,947)**	$ (10,508)

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

Eastern Platinum Limited

Consolidated statements of financial position

(Expressed in thousands of U.S. dollars)

	Note		**As at December 31 2022**	As at December 31 2021
Assets				
Current assets				
Cash and cash equivalents		$	**2,448**	2,203
Short-term investments			**—**	3,944
Trade and other receivables	13		**22,617**	21,355
Inventories	12		**11,320**	1,792
Assets held for sale	6(e)		**—**	1,739
Total current assets			**36,385**	31,033
Non-current assets				
Restricted cash			**42**	91
Inventories	12		**571**	940
Property, plant and equipment	6		**112,222**	124,226
Other assets	14		**6,383**	6,493
Total assets		$	**155,603**	162,783
Liabilities				
Current liabilities				
Trade and other payables		$	**5,160**	10,078
Draw on finance facility	21(d)		**2,941**	—
Deferred revenue	15		**17,300**	4,424
Lease liabilities	18		**1,735**	1,448
Contracts payable	15		**48,794**	—
Liabilities associated with assets held for sale	6(e)		**—**	487
Total current liabilities			**75,930**	16,437
Non-current liabilities				
Deferred revenue	15		**2,803**	7,382
Contracts payable	15		**—**	49,914
Lease liabilities	18		**435**	2,216
Provision for environmental rehabilitation	16		**4,033**	3,114
Deferred tax liabilities	10		**971**	3,367
Total liabilities		$	**84,172**	82,430
Equity				
Issued capital	8		**1,240,890**	1,240,890
Contributed surplus			**980**	1,175
Accumulated other comprehensive loss			**(317,754)**	(310,742)
Deficit			**(852,248)**	(808,846)
Total equity attributable to Equity shareholders of the Company			**71,868**	122,477
Non-controlling interest	11		**(437)**	(42,124)
			71,431	80,353
Total liabilities and equity		$	**155,603**	162,783

Nature of operations and going concern (Note 1)

Contingencies (Note 22)

Subsequent events (Note 25)

Eastern Platinum Limited

Consolidated statements of changes in equity
(Expressed in thousands of U.S. dollars)

	Issued capital	Contributed surplus	Accumulated other comprehensive 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 loss	-	-	-	(1,150)	(1,150)	(1,561)	(2,711)
Other comprehensive income (loss)	-	-	(11,484)	-	(11,484)	3,687	(7,797)
Total comprehensive income (loss)	-	-	(11,484)	(1,150)	(12,634)	2,126	(10,508)
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
Stock options exercised for 300,000 common shares	70	(20)	-	-	50	-	50
Share-based compensation	-	228	-	-	228	-	228
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 (loss)	-	-	—	(2,648)	(2,648)	144	(2,504)
Other comprehensive income (loss)	-	-	(7,012)	—	(7,012)	569	(6,443)
Total comprehensive income (loss)	-	-	(7,012)	(2,648)	(9,660)	713	(8,947)
Transfer equity reserve related to expired options	-	(451)	-	451	-	-	-
Share-based compensation	-	256	-	-	256	-	256
Transfer deficit relating to change in minority interest (Note 5, Note 11)	-	-	-	(41,205)	(41,205)	40,974	(231)
Balance, December 31, 2022	**$1,240,890**	**$980**	**$(317,754)**	**$(852,248)**	**$71,868**	**$(437)**	**$71,431**

The accompanying notes are an integral part of these consolidated financial statements

Eastern Platinum Limited

Consolidated statements of cash flows
(Expressed in thousands of U.S. dollars)

		Year ended December 31	
	Note	**2022**	2021
Operating activities			
Net loss for the year		**$ (2,504)**	$ (2,711)
Adjustments to net loss for non-cash items			
Depreciation and amortization	6	**4,305**	7,089
Stock based compensation		**256**	228
Expected credit loss		**1,887**	(107)
Gain on disposal of property, plant and equipment		**(315)**	(791)
Interest and other income		**(6,978)**	(367)
Finance costs	9	**5,121**	5,457
Income tax recovery	10	**(2,332)**	(32)
Foreign exchange loss		**1,833**	3,191
Net changes in non-cash working capital items			
Trade and other receivables	13	**(5,073)**	(9,780)
Inventories	12	**(6,431)**	342
Trade and other payables		**(4,368)**	2,527
Deferred revenue	15	**9,183**	(4,156)
Net operating cash flows		**(5,416)**	890
Financing activities			
Shares issued, net of issuance cost	8	-	9,303
Contracts payable – Union Goal credit facility	15	**1,176**	47
Draw on finance facility	21	**2,941**	-
Finance costs paid		**(159)**	(30)
Lease payments	18	**(1,642)**	(1,706)
Net financing cash flows		**2,316**	7,614
Investing activities			
Purchases of short-term investments		**(3,937)**	(5,174)
Interest income received		**491**	363
Redemption of short-term investments		**7,820**	1,190
Other asset additions		**(268)**	(278)
Property, plant and equipment additions	6	**(2,836)**	(6,006)
Disposal of property, plant and equipment	6	**2,032**	1,788
Net investing cash flows		**3,302**	(8,117)
Effect of exchange rate changes on cash and cash equivalents		**43**	44
Increase in cash and cash equivalents		**245**	431
Cash and cash equivalents, beginning of year		**2,203**	1,772
Cash and cash equivalents, end of year		**$ 2,448**	$ 2,203

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

1. Nature of operations and going concern

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 consolidated financial statements are in thousands of U.S. dollars ("$"), thousands of Canadian dollars ("Cdn$") or thousands of South African Rand ("ZAR"), except for per share amounts or otherwise indicated.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations for at least twelve months from December 31, 2022.

As at December 31, 2022, the Company had cash and cash equivalents of $2,448 (2021 - $2,203) and a working capital deficit of $39,545 (2021 - working capital of $14,596). For the year ended December 31, 2022, the Company used cash in operating activities of $5,416 (2021 - generated cash of $890).

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 an 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 15). 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 since December 2020.

Since August 2013, the Company's other existing projects have been either in care and maintenance or on hold. Additional funding will be required in the future to commence underground production at CRM which is planned to re-commence in 2023, 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 (see Note 21(c)(v)).

As the Company continues to operate the Retreatment Project, there remains material uncertainty that the Company will be able to achieve sufficient cash inflows to meet its expected financial obligations in the next 12 months and 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. During the year, the Company reclassified its Contracts payable from non-current to a current liability. This reclassification is based on the Company's best estimate of the timing of the payment due and is the main reason for the decrease in the Company's working capital. Based on agreed terms in the Framework Agreement with Union Goal, the actual payment amount and the timing of the payment have yet to be determined (also refer to Note 2(b) and Note 15 for further details) and are subject to completion of the optimization project and further good faith negotiations.

After re-assessing the probability of settlement of outstanding accounts receivable by Union Goal, in the third quarter of 2022, Eastplats suspended shipments to Union Goal as a result of continuing non-payment and failure of Union Goal to reduce its significantly long outstanding account with the Company. Lack of timely payment by Union Goal continues to place strain on the overall liquidity of the Company.

In response to this, from the start of the third quarter, Eastplats began to contract free market sales. These contracts provided transfer of control and revenue recognition as defined by IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"), upon completion of the Company's performance obligations which included delivery of the chrome concentrate to off-site venues specified by customers. There can, however, be no assurance that these free market sales levels will be sufficient to alleviate the Company's liquidity concerns.

On March 24, 2023, the Company announced a Rights Offering to its shareholders to acquire common share of the Company (see Note 25). Although the Company has been successful in raising equity finance in the past, there can be no assurance as to the amount that will be raised in this financing.

These factors and material uncertainties may raise significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related revenue and expenses that would be necessary should the Company be unable to continue as a going concern and such adjustments may be material.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

These consolidated financial statements were authorized for issue by the Board of Directors on April 4, 2023.

(b) 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 South African operation continues with precautions and follows the health guidelines of the Government of South Africa. Factors such as changes in the economic environment related to the COVID-19 pandemic, as well as geopolitical risks and events, inflation and rising interest rates maintained uncertainty and volatility in global markets and economies.

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

As discussed in Note 15, 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 judgment.

Significant judgment is required to assess the value of the Company's revenue, deferred revenue, trade receivable and the related contract payable to Union Goal.

As a result of a change in circumstances, the Company revised its revenue recognition policies and Management applied its judgment by determining that from approximately July 1, 2022, the Company's processing and sales process relating to the Retreatment project no longer met the same revenue recognition criteria as it had previously, based on the requirements of IFRS 15.

At December 31, 2022, the Company calculated an expected credit loss ("ECL") related to the outstanding trade receivable balance owed by Union Goal to the Company. The Company updated the expected payment date based on the timing of the completion of the plant optimization program which is expected to be at the earliest, in Q2 2023, with the contract payable due 210 days after such completion However, completion of the program is subject to many factors outside the Company's control, including the procurement of items necessary for final testing, and the payment thereof, which is the responsibility of Union Goal. The credit risk exposure on the Company's trade receivable balance with Union Goal is significantly reduced by way of the 2021 Updated Retreatment Project Agreements with any outstanding receivable balance applied against the contract payable amount 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 ECL is recorded in Rand and revalued quarterly:

Discount rate	11%
Estimated payment date	December 31, 2023
Expected credit loss, December 31, 2022	$1,802

Additional ECL adjustments of $85 were made on the Company's other trade receivable balances in the year (2021 – ($107)).

Other areas of significant judgment and estimates made by management for the year ended December 31, 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 Note 4(u).

(c) Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis except for those as explained in the accounting policies below.

3. New IFRS pronouncements

Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use

Amendments were issued to IAS 16 to (i) prohibit an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use, (ii) clarify that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset; and (iii) require certain related disclosures. The amendments were effective January 1, 2022. These amendments did not affect the Company's consolidated financial statements.

Other amendments and interpretations were applied for the first time in 2022 but did not have an impact on the consolidated financial statements of the Company, while the standards and amendments to standards and interpretations which have been issued but are not yet effective are not expected to have a significant effect on the Company's consolidated financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4. Summary of significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has (i) power over the investee, (ii) exposure, or rights, to variable returns from its involvement with the investee, and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions, balances, revenues and expenses have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of profit or loss and other comprehensive income or loss since the date of acquisition, even if this results in the non-controlling interest having a deficit balance. Changes in the Company's ownership percentage in subsidiaries that do not result in loss of control are accounted for as equity transactions. The carrying amount of the Company's interest and the non-controlling interests are adjusted to reflect the change in their relative interests in the subsidiary. Any difference between the fair value of the consideration paid or received and the adjustment to the Company's non-controlling interest is recognized directly to equity.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the acquisition date) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Any costs directly attributable to the business combination are generally recognized in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations,* which are recognized and measured at fair value less costs to sell. Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized immediately in profit or loss. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

(b) Presentation currency and foreign currency translation

The Company's presentation currency is the U.S. dollar. The functional currencies of the Company, its British Virgin Islands ("BVI") and Barbados intermediate holding companies are the Canadian dollar, while the South African subsidiaries are the South African Rand. These consolidated financial statements have been translated to the U.S. dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e., the average rate for the period). All resulting exchange differences are recognized directly in other comprehensive income.

(c) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less and excludes restricted cash which is presented separately in these consolidated financial statements.

(e) Short-term investments

Short-term investments are investments which are transitional or current in nature, with an original maturity greater than three months.

(f) Inventories

Inventories, comprising consumable parts, supplies, chrome concentrate and PGM material are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method and includes direct mining expenditures, transportation costs and an appropriate portion of allocated overhead. For consumable parts and supplies, the replacement cost is used as the best available measure of net realizable value. Net realizable value of chrome concentrate and PGM material is determined based on estimated selling price less estimated cost of completion and cost to sell. Certain parts and supplies which may not be used within one year are classified as non-current.

(g) Property, plant and equipment

(i) Mining assets

Assets owned and mineral properties being depleted are recorded at cost less accumulated depreciation and accumulated impairment losses. Mineral properties not being depleted are recorded at cost less accumulated impairment losses. All direct costs related to the acquisition, exploration and development of mineral properties are capitalized until the properties to which they relate are ready for their intended use, sold, abandoned or management has determined there to be impairment. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mineral properties being depleted and amortized using the units-of-production method following commencement of commercial production.

Interest on borrowings incurred to finance mining assets is capitalized until the asset is capable of carrying out its intended use.

Mining properties and mining and process facility assets are amortized on a units-of-production basis which is measured by the portion of the mine's proven and probable ore reserves recovered during the period. Capital work-in-progress, which is included in mining assets, is not depreciated until the assets are ready for their intended use.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

(ii) Exploration and evaluation assets

Exploration and evaluation expenditures include the cost of acquiring licenses, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired. When shares are issued as consideration for exploration and evaluation asset costs, they are valued at the closing share price on the date of issuance. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal right to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and the balance is reclassified as producing assets.

Recoverability of the carrying amount of any exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. It is management's judgment that the Company's exploration and evaluation assets have reached the development stage and as a result are considered to be exploration and evaluation assets.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements. The Company is not aware of any disputed claims of title.

(iii) *Residential properties and other property, plant and equipment*

Residential properties and other property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. These assets are depreciated using the straight-line method based on estimated useful lives. Land is not depreciated.

Where an item of plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal overheads.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the weighted average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is ready for its intended use.

(iv) Assets held for sale

Assets or asset groups that are held for sale are measured at fair value less cost of disposal.

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement. An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition. Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets on the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

(v) Depreciation

The depreciation method, useful life and residual values are assessed annually. The carrying amounts of property, plant and equipment are depreciated using either the straight-line or unit-of-production method over the shorter of the estimated useful life of the asset or the life of mine. The estimated useful lives of property, plant and equipment are as follows:

Plant and equipment owned	
Underground and other assets	life of mine
Mine houses	50 years
Office buildings	20 years
Plant	life of mine
Tailings retreatment plant	life of mine/processing
Computer equipment	3 years
Mineral properties being depleted	life of mine
Residential properties	50 years
Leases	lease term

(vi) Subsequent costs

The cost of replacing part of an item within property, plant and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the group and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced is expensed. All other costs are recognized as an expense as incurred.

(vii) Impairment

The Company's tangible assets are reviewed for indications of impairment at each statement of financial position reporting date. If an indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit ("CGU"), exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss for the year.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(viii) Reversal of impairment

Impairment losses are evaluated for potential reversals when events or circumstances warrant such consideration. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Financial instruments

The Company follows IFRS 9 – Financial Instrument ("IFRS 9") to account for its financial instruments. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

Under IFRS 9, financial assets are classified into one of three categories below:
- amortized cost;
- fair value changes through other comprehensive income ("FVTOCI"); and
- fair value through profit or loss ("FVTPL")

Under IFRS 9, financial liabilities are classified into one of two categories below:
- amortized cost; and
- FVTPL

(i) Initial recognition

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. On initial recognition, all financial assets and financial liabilities are recorded at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case transaction costs are expensed as incurred.

(ii) Subsequent measurement of financial assets

Financial assets classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization from the effective interest method is included in finance income. Financial assets classified as FVTPL are measured at fair value with changes in fair values recognized in profit or loss. Equity investments designated as FVTOCI are measured at fair value with changes in fair values recognized in other comprehensive income ("OCI"). Dividends from that investment are recorded in profit or loss when the Company's right to receive payment of the dividend is established unless they represent a recovery of part of the cost of the investment.

As at years ended December 31, 2022 and 2021, the Company does not have any financial assets that are classified as FVTOCI.

(iii) Impairment of financial assets carried at amortized cost

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets or group of financial assets measured at amortized cost are impaired. Impairment losses and reversal of impairment losses, if any, are recognized in profit or loss in the period they are incurred.

(iv) Subsequent measurement of financial liabilities

Financial liabilities classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization using the effective interest method is included in finance costs.

Financial liabilities classified as FVTPL are measured at fair value with gains and losses recognized in profit or loss.

(v) Derecognition of financial assets and financial liabilities

A financial asset is derecognized when the rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a 'pass- through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Gains and losses on derecognition of financial assets and liabilities classified as amortized cost are recognized in profit or loss when the instrument is derecognized or impaired, as well as through the amortization process. Gains and losses on derecognition of equity investments designated as FVTOCI (including any related foreign exchange component) are recognized in OCI. Amounts presented in OCI are not subsequently transferred to profit or loss, although the cumulative gain or loss may be transferred within equity.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability. In this case, a new liability is recognized, and the difference in the respective carrying amounts is recognized in the statement of income.

(vi) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without deduction for transaction costs. For financial instruments that are not traded in active markets, the fair value is determined using appropriate valuation techniques, such as using a recent arm's length market transaction between knowledgeable and willing parties, discounted cash flow analysis, reference to the current fair value of another instrument that is substantially the same, or other valuation models.

(i) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset, which is included in property, plant and equipment, and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise: fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee, and the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if we are reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless we are reasonably certain not to terminate early.

(j) *Provisions*

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(k) *Environmental rehabilitation*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation provision is accreted over time to reflect the unwinding of the discount with the accretion expense included in finance costs in the consolidated statements of comprehensive loss. The rehabilitation asset is depreciated on the same basis as mining assets.

The rehabilitation provision is re-measured at the end of each reporting period for changes of estimates and circumstances. Changes in estimates and circumstances include changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. The carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are added to the carrying value of the rehabilitation provision and to the corresponding mining asset, or are expensed directly when no carrying value of the related asset remains.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit or loss as incurred.

(l) Employee benefits

(i) Employee post-retirement obligations – defined contribution retirement plan

The Company's South African subsidiaries operate a defined contribution retirement plan for its employees. The pension plan is funded by payments from the employees and the subsidiaries and payments are charged to profit and loss for the year as incurred. The assets of the different plans are held by independently managed trust funds. The South African Pension Funds Act of 1956 governs these funds.

(ii) Leave pay

Employee entitlements to annual leave are recognized as they are earned by the employees. A provision, stated at current cost, is made for the estimated liability at period end.

(m) Revenue recognition

The Company's revenue mainly consists of processing and delivering of chrome concentrate as well as the sale of PGM concentrate. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 requires entities to recognize revenue when 'control' of goods or services transfers to the customer.

Previously, and until June 30, 2022, chrome concentrate revenue was recognized when control was transferred to the offtake party, Union Goal. This occurred when the chrome concentrate was produced by the chrome processing circuits and related technology equipment (the "Chrome Circuit") which was the point of time when control was deemed to have transferred, with the assumption that all chrome concentrate was continually shipped upon production, and that payment from Union Goal was considered probable. However, as shipment and delivery of chrome concentrate under the Framework agreement ceased in the second half of 2022, and payment was not considered probable, revenue recognition under the Union Goal contract also ceased. Once shipping of chrome concentrate resumed (to third-parties) and with material fulfillment of overall performance obligations, and with payment considered probable, revenue recognition has resumed for those third-party sales. This change in the timing for revenue recognition is supported by a clause in the 2021 Updated Retreatment Project Agreements that specifies that ownership of chrome concentrate remains with the Company when Union Goal is in arrears with payment. Until Union Goal substantially reduces the balance owed by them to the Company, control is deemed transferred only when chrome concentrate is shipped from the Company's premises and payment is considered probable.

The sales price of chrome concentrate under the Union Goal offtake agreement is determined based on a direct cost recovery basis including capital, operational, processing cost and logistics plus an upfront payment and a per ton fee based on the number of tons of material from re-mining the tailings made available to the chrome processing plant. As of July 1, 2022, the Company has begun to sell to third-parties based on prevailing market rates.

PGM concentrate revenue is recognized from processing tailings material based on an offtake agreement with Impala Platinum Limited ("Impala"). PGM concentrate revenue is recognized when control is transferred to the offtake party which is upon the PGM concentrates being physically transported, assayed and accepted at the site of the offtake party.

The sale of PGM is provisionally priced at the date of sale based on the Company's assay results for the metal contents. The final selling price (the "Final Price") for metal contents in PGM concentrate is based on the prevailing daily spot price averaged for the one month prior to the month of final payment with the final payment due in the fifth month following the delivery month. Revenue on these sales is measured at the amount to which the Company expects to be entitled, being the estimated price to be received and a corresponding trade receivable is recognized. The provisional price adjustments refer to the sales price based on movements in quoted market prices up to the Final Price. The trade receivables subject to provisional price adjustments are measured at FVTPL from initial recognition and until the date of settlement. The provisional price adjustments are recorded in the statement of income (loss) each period and presented, if material, separately from PGM revenue. The Company does not have significant performance obligations for freight and shipping service.

(n) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the average of the closing market price on the 5 days preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. When fully vested stock options expire, are forfeited or are cancelled, the expenses previously recognized within equity-settled employee benefits reserve is reallocated to deficit.

(o) Finance costs

Finance costs primarily comprise accretion charges on provisions for environmental rehabilitation and contracts payable. Accretion charges on provisions for environmental rehabilitation and contracts payable are calculated using the effective interest method.

(p) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit or loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to unused tax loss carry forwards, unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- goodwill;
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(q) *Other income (expense)*

Other income mainly consists of gains or losses recognized on the modification of terms related to the Company’s Union Goal contract payable. Other income also includes rental income and scrap metals sale. Rental income from residential properties is recognized on a straight-line basis over the term of the lease. Interest income is recognized in profit or loss as it accrues, using the effective interest method. Scrap metal sales are incidental income and are recognized when goods are delivered and the collection from the sale is assured which is the same time as transfer of control.

(r) *Earnings (loss) per share*

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(s) *Other comprehensive income (loss)*

Other comprehensive income (loss) is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in net profit (loss) such as fair value movements in certain investments designated through other comprehensive income, gains or losses on certain derivative instruments and foreign currency gains or losses related to translation of the financial statements of foreign operations. As at December 31, 2022 and 2021, the Company’s other comprehensive income (loss) was comprised of foreign currency translation gains and losses.

(t) *Critical accounting estimates*

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

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

Impairment of property, plant and equipment is based on the Company’s estimate of the recoverable amount of the underlying cash generating unit. The estimate of recoverable amounts of a cash generating unit involving a mineral property is a complex estimate involving significant judgment and assumptions including analyzing the observable market transactions with the comparable assets, analyzing appropriate offtake contracts, estimating the quantity and grade of the recoverable reserves and resources, future production timing, rates and operating costs, future capital requirements, future metal prices, discount rates, and appropriate foreign exchange rates. The estimate of the quantity and grade of the recoverable reserves and resources involves assumptions about mining costs and metal prices, and is based on information compiled by appropriately qualified persons relating to data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. If any of these estimates or assumptions prove to be inaccurate, or if the Company’s operating plans are revised in the future, there could be a material impact on the estimated fair value of a mineral property.

Since 2016, management reassessed how the Eastern Limb projects would be brought to further development and into production, and concluded to advance the three Eastern Limb properties (consisting of KV, Spitzkop and Mareesburg) separately rather than concurrently. Therefore, it was determined that the Eastern Limb Projects comprised three independent CGUs. As such, for the purposes of the Company's impairment testing from 2017 onwards, management identified CRM, KV, Spitzkop and Mareesburg each as separate CGUs. Determination of the CGUs requires significant judgment.

During the year ended December 31, 2022, management determined that the continued weakness in the Company's share price during 2022, resulting in the Company's market capitalization being below the carrying amount of the net assets of the Company, constituted an impairment indicator. As such, impairment tests were performed at December 31, 2022. Based on this analysis, the Company concluded its assets were not impaired. The significant assumptions utilized in the Company's impairment analysis are discussed in further detail in Note 6(f).

(ii) Environmental rehabilitation provision

Environmental rehabilitation obligations have been estimated by appropriately qualified external persons based on the Company's interpretation of current regulatory and best practice requirements and have been measured at the net present value of expected future cash expenditures that would be required upon mine closure. These estimates require significant judgment about the nature, cost and timing of work to be completed, and may change with future changes to costs, environmental laws, regulations and remediation practices and the expected timing of remediation work. The details of assumptions used in calculation of the Company's environmental rehabilitation provision are disclosed in Note 16.

(iii) Union Goal Contracts

The Company purchased the Chrome Circuit equipment based on the contracts with Union Goal in connection with the Retreatment Project (see Note 15). The Chrome Circuit equipment is subject to put and call options in the event that either party is not satisfied with the agreed pricing or performance of the Chrome Circuit equipment during the initial contract period. There are significant estimates and uncertainties involved in assessing the future performance of the Chrome Circuit equipment and the total economic assessment of the project. Furthermore, the assessment of the due date of the Union Goal contracts payable involves significant judgment. The Retreatment Project has an estimated remaining life of approximately two years based on estimated production. Management believes the Chrome Circuit equipment can be utilized after the completion of the Retreatment Project. Therefore, the Chrome Circuit equipment is amortized based on units of production with the total production estimated inclusive of the projected underground ore tonnage.

(u) Critical accounting judgments

Critical accounting judgments relate to complex issues and subjective judgments or assessments, the outcome of which can have a material impact on the consolidated financial statements.

(i) Global factors

The Company's business could be significantly adversely affected by the continuing effects of the global COVID-19 pandemic, geopolitical risks and events, inflation and rising interest rates.

(ii) Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates,* management determined that the functional currencies of the Company and its South African subsidiaries are the Canadian dollar and South African Rand, respectively as these are the currencies of the primary economic environment in which the companies operate.

(iii) Provision and contingencies

The Company is subject to claims and legal proceedings arising in the ordinary course of business activities, each of which is subject to various uncertainties and it is possible that some of these matters may be resolved unfavourably to the Company. For matters that are probable and can be reasonably estimated, the Company establishes provisions in its consolidated 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. Management assesses the probability of liability being payable as either remote, more than remote or probable. If liability is considered to be less than probable, then the liability is not recorded and it is only disclosed as a contingent liability (see Note 22).

(iv) Liquidity risk

The Company has been successful in obtaining significant equity and other financings since inception and intends to continue financing its future requirements through re-mining and processing of the tailings resource and through a combination of equity, debt and/or other arrangements. These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from December 31, 2022. However, significant judgments and estimates are involved in projecting the Company's future cash flows including the level of production of the Retreatment Project and PGM production. The settlement date of the Union Goal contract payable is an estimate, and this may become due in Q4 2023. Although management expects to fully meet its payment obligations as they become due, a further re-financing of the contract payable debt may need to be negotiated with Union Goal. Other sources of financing may also be required and are actively being pursued.

5. Subsidiaries and associates

During the second quarter of 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 eliminates the non-controlling interest in each of the subsidiaries previously jointly held by Gubevu and the Company.

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

(a) Subsidiaries

Details of the Company's subsidiaries are as follows:

			Proportion of ownership interest and voting power held	
Name of subsidiary	**Principal activity**	**Place of incorporation and operation**	**December 31, 2022**	December 31, 2021
Afrimineral Holdings (Pty) Ltd.	Holding company	South Africa	**82.35%**	49.00%
Eastplats International Incorporated	Holding company	Barbados	**100%**	100%
Eastern Platinum Holdings Limited	Holding company	BVI	**100%**	100%
Eastplats Holdings Limited	Holding company	BVI	**100%**	100%
Eastplats Acquisition Co. Ltd.	Holding company	BVI	**100%**	100%
Barplats Investments (Pty) Ltd.	Holding company	South Africa	**100%(i)**	87.49%
Barplats Mines (Pty) Ltd.	Mining	South Africa	**100%(i)**	87.49%
Brilliant Bravo Science and Technology Pty Ltd.	Mining	South Africa	**90.00%(i)**	78.74%
EPL Pellets (Pty) Limited	Holding company	South Africa	**100%**	100%
Gubevu Consortium Investment Holding (Pty) Ltd.	Holding company	South Africa	**100%(i)**	49.99%
Lion's Head Platinum (Pty) Ltd.	Holding company	South Africa	**100%(i)**	74%
Mareesburg Joint Venture	Mining	South Africa	**100%(i)**	87%
Rhodium Reefs (Pty) Ltd.	Mining	South Africa	**100%(i)**	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%(i)**	78.74%
SA Tian Jin Bo Yi Communications Technology Pty Ltd.	Mining	South Africa	**90.00%(i)**	78.74%
SA Victiria International Technology Pty Ltd.	Mining	South Africa	**90.00%(i)**	78.74%
Spitzkop Joint Venture	Mining	South Africa	**97.71%(ii)**	93.37%
Spitzkop Platinum (Pty) Ltd.	Mining	South Africa	**95.41%(ii)**	86.74%

(i) Updated based on change in ownership of Gubevu Consortium Investment Holding (Pty) Ltd. (see Note 22).

(ii) Updated based on change in ownership of Afriminerals Holdings (Pty) Ltd.(see Note 22).

(b) Associates

During the year ended December 31, 2022, ownership of Afriminerals Holdings (Pty) increased to 82.35%. As such, it is now recognized as a subsidiary in these consolidated financial statements.

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

6. Property, plant and equipment

Cost	Right-of-use assets $	Plant and equipment $	Mineral properties previously depleted $	Mineral properties not being depleted $	Properties and land $	Total $
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	—	2,902	—	116	—	3,018
Environmental provision change in estimate	—	487	—	313	—	800
Disposals	—	(626)	—	—	(74)	(700)
Foreign exchange movement	(210)	(23,500)	(4,040)	(16,493)	(737)	(44,980)
Balance as at December 31, 2022	**4,711**	**332,482**	**59,530**	**243,556**	**10,886**	**651,165**
Accumulated depreciation						
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	1,456	5,594	—	—	83	7,133
Depreciation of disposed assets	—	(609)	—	—	(32)	(641)
Foreign exchange movement	(108)	(18,045)	(3,253)	(14,818)	(126)	(36,350)
Balance as at December 31, 2022	**2,957**	**266,825**	**48,916**	**218,359**	**1,886**	**538,943**
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 December 31, 2022	**1,754**	**65,657**	**10,614**	**25,197**	**9,000**	**112,222**

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

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

Cost	Crocodile River $	Mareesburg $	Kennedy's Vale $	Spitzkop $	Other property plant and equipment $	Total $
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	2,786	65	—	51	116	3,018
Environmental provision change in estimate	16	156	471	157	—	800
Disposals	(656)	—	—	—	(44)	(700)
Foreign exchange movement	(23,719)	(987)	(16,523)	(3,728)	(23)	(44,980)
Balance as at December 31, 2022	**336,687**	**14,838**	**244,172**	**55,169**	**299**	**651,165**
Accumulated depreciation						
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	7,058	—	47	—	28	7,133
Depreciation of disposed assets	(606)	—	—	—	(35)	(641)
Foreign exchange movement	(16,444)	(421)	(15,971)	(3,499)	(15)	(36,350)
Balance as at December 31, 2022	**245,635**	**6,200**	**235,345**	**51,564**	**199**	**538,943**
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 December 31, 2022	**91,052**	**8,638**	**8,827**	**3,605**	**100**	**112,222**

(a) Crocodile River Mine ("CRM")

The Company holds directly and indirectly an 100% interest in CRM, through Barplats Investments (Pty) Ltd. ("Barplats Investment"), which is located on the eastern portion of the western limb of the Bushveld Complex. The Retreatment Project began providing material from re-mining the Zandfontein UG2 tailings in December 2018. Since December 2020, PGM production began utilizing the re-processed material of the Retreatment Project. The underground operations of the CRM have been placed on care and maintenance since 2013.

(b) Mareesburg Project

The Company holds directly and indirectly an 100% interest in the Mareesburg Project located on the eastern limb of the Bushveld Complex. The Company is currently working on an updated resource estimate and plant location trade-off study. The project is in its early stage and has not been in production. Given no development has occurred at Mareesburg and more work is required prior to making an updated development decision, the property is regarded as an exploration and evaluation phase property, which is evaluated under IFRS 6.

(c) Kennedy's Vale Project ("KV")

The Company holds directly and indirectly an 100% interest in KV, an early-stage project which is located on the eastern limb of the Bushveld Complex. The concentrator located on the KV property has been in care and maintenance since 2012.

(d) Spitzkop PGM Project ("Spitzkop")

The Company holds directly and indirectly a 97.7% interest in the Spitzkop PGM Project located on the eastern limb of the Bushveld Complex and next to KV. The early stage Spitzkop PGM Project has had limited further evaluation or development since it was put on hold in 2012.

(e) 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 provided 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 that was to be received included cash of sZAR20,000, the assumption of the rehabilitation obligation and immediate assumption of the care and maintenance costs (the "Purchase Price") at the time.

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.

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

(f) Impairment of property, plant and equipment

Mineral properties are tested for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable, or previous impairment on assets is recoverable. In cases where the Company has current plans to develop a particular mineral property into an operating mining operation, management considers its internal discounted cash flow economic models as a proxy for the calculation of fair value less cost to disposal ("FVLCTD"), given a willing market participant would use such models in establishing a value for the properties. In situations where management does not currently intend to advance a particular mineral property into production, management will use reference market transactions and/or recent offers on the properties as a proxy for FVLCTD. The Company assesses the carrying values of its mineral properties for indication of impairment at each reporting date.

As at December 31, 2022, management assessed for possible indicators of impairment. During the fiscal year ended December 31, 2022, as was the case in the previous fiscal year, 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 discounted cash flow models for its significant assets, being the CRM underground and its chrome and PGM operations from re-mining and processing the CRM tailings, as well as the Kennedy's Vale and Spitzkop assets that are part of the Eastern Limb mining assets. The models confirmed the recoverable amounts of these assets were above their net book value. No impairment was therefore required.

Management utilized the following inputs and assumptions in projecting cash flows for the updated impairment model prepared as at December 31, 2022.

Assumptions	**2022**	2021
Discount rate	**11.87%**	14%
USD:ZAR exchange rate	**ZAR15.52**	ZAR14.77
Average 4E basket price (USD)	**$1,790**	$1,858 - $2,609*

*2021 model used a 6E basket price

The model also includes cash flows from continued chrome sales which are set at $107/ton (40% FOB). When management utilizes internal discounted cash flow economic models in determining the recoverable value of the Company's mineral properties, the key assumptions are quantity and grade of recoverable reserves and resources, future metal prices, operating and capital costs, foreign exchange rates, discount rates and the estimated future production timing and production levels. Significant events such as re-opening the CRM Zandfontein underground mine for production and executing the chrome optimization plan at the retreatment project were taken into account in the projections.

The results of the discounted cash flow economic models could change materially when these key assumptions change.

Consistent with the prior year, the KV and Spitzkop projects recoverable amounts were determined on a FVLCTD basis with reference to comparable market transactions as well as recent expressions of interest or purchase offers received.

7. Settlement gain

Gain on settlement with the former officers and directors of the Company

On June 21, 2021, the Company reached a settlement with the former officers and directors of the Company concerning the claims filed against them in relation to the agreements entered with Ingwenya Incorporated ("Ingwenya") and Serina Service AG ("Serina") on behalf of Eastplats, together with its subsidiaries Eastplats Acquisition Co. Ltd. and Eastern Platinum Holdings Limited (collectively, along with Eastplats, the "Eastplats Companies") dated June 30, 2016, pursuant to which $13,367 was transferred to Serina and Ingwenya (see Note 22) and certain other related disputes. The settlements of the filed lawsuits provided for an amount of Cdn$4,000 (approximately $3,258) in cash, which was paid to the Company.

8. Issued 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 December 31, 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.

During the year ended December 31, 2022 and the year ended December 31, 2021, common share equivalents (including stock options and warrants) are not included in the computation of loss per share as such inclusion would be anti-dilutive.

(a) Treasury shares

During the year ended December 31, 2021, treasury shares of $204 were combined with issued capital of the Company in the consolidated statement of changes in equity for presentation purposes. Prior figures were adjusted to conform with the current year's presentation.

(b) Warrants

As at December 31, 2022, the Company had 5,960,000 warrants outstanding (December 31, 2021 – 5,960,000); 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. The Company recorded a share based payment expense of $110 in the second quarter of 2022.

(c) 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.

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

During the year ended December 31, 2022, the Company granted 1,950,000 stock options to its directors and officers to acquire common shares of the Company at an exercise price of Cdn$0.23 per share expiring in five years from the date of grant. These stock options vested 90 days from the grant date. In the same period, 4,090,000 stock options expired.

During the year ended December 31, 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. In the same period, 300,000 stock options were exercised and 1,200,000 stock options expired.

The fair value of the options granted in 2022 and 2021 were estimated using the Black-Scholes option pricing model with the following assumptions:

	2022	2021
Fair value (Cdn$)	**0.21**	0.34
Risk-free interest rate	**3.02%**	0.25%
Dividend yield	**0%**	0%
Expected volatility	**55.53%**	59.24%
Expected life of options (years)	**5**	5

Option pricing models require the input of highly subjective assumptions including the expected volatility. The Company's expected volatility is based on historical volatility of the Company's share price.

During the year ended December 31, 2022, a total of $256 (2021 – $228) was recorded as share-based compensation expense relating to general and administrative services.

The following is a summary of stock option transactions:

	Number of options	Weighted average exercise price Cdn$
Balance, December 31, 2020	5,420,000	0.39
Granted	1,420,000	0.34
Exercised	(300,000)	0.21
Expired	(1,200,000)	0.71
Balance, December 31, 2021	5,340,000	0.31
Granted	1,950,000	0.23
Expired	(4,090,000)	0.30
Balance, December 31, 2022	**3,200,000**	**0.27**

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

The following table summarizes information concerning outstanding and exercisable options at December 31, 2022:

Number of options Outstanding	Number of options exercisable	Exercise price Cdn$	Remaining contractual life (years)	Expiry date
100,000	100,000	0.39	0.32	April 26, 2023
450,000	450,000	0.21	1.45	June 13, 2024
450,000	450,000	0.37	2.79	October 16, 2025
650,000	650,000	0.34	3.48	June 23, 2026
1,550,000	1,550,000	0.23	4.52	July 6, 2027
3,200,000	3,200,000		3.50	

9. Finance costs

	Year ended December 31	
	2022	2021
	$	$
Accretion of interest on contracts payable (Note 15)	**4,444**	4,651
Accretion on interest on lease liabilities (Note 18)	**283**	401
Interest on provision for environmental rehabilitation (Note 16)	**324**	373
Other interest	**51**	32
	5,102	5,457

10.

The income tax recognized in profit or loss is comprised of:

	December 31	December 31
	2022	2021
	$	$
Current tax expense	**110**	110
Deferred tax expense (recovery)	**(2,332)**	15
Income tax expense (recovery)	**(2,222)**	125

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

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before tax provision due to the following:

	December 31 2022 $	December 31 2021 $
Income (loss) before income tax	**(4,726)**	(2,586)
Statutory tax rate	**27%**	27%
Expected tax expense (recovery) at the applicable tax rate	**(1,276)**	(698)
Difference in tax rates between foreign jurisdictions and Canada	**(16)**	(28)
Items not deductible for income tax purposes	**1,285**	2,371
Tax losses not recognized	**873**	(807)
Tax losses utilized	**(3,088)**	(713)
Income tax (recovery) expense	**(2,222)**	125

At December 31, 2022, the Company has approximately Cdn$61,545 of non-capital losses available to offset future taxable income in Canada expiring in various amounts from 2026 to 2042. The Company has approximately Cdn$3,480 of capital losses available to offset future taxable capital gains (capital losses do not expire). In South Africa, the Company has unredeemed capital expenditures of approximately ZAR6,155,499 (approximately $361,069) and estimated tax losses of ZAR11,560 (approximately $678) available for utilization against future taxable income. The South African losses do not expire unless the Company's business activities cease.

The tax benefit of the Company's Canadian and South African tax losses has not been recorded as assets in the consolidated financial statements due to the uncertainty of their realization.

The Company's operations are conducted in a number of countries with complex tax legislation and regulations pertaining to the Company's activities. Any reassessment of the Company's tax filings by the tax authorities may result in material adjustments to net profit or loss, tax assets, tax liabilities and operating loss carry-forwards. The Company provides for such reassessments when it is probable that a taxation authority will not sustain the Company's filing position and the amount of the tax exposure can be reasonably estimated.

11. Non-controlling interest

The Company has the following significant non-controlling interests in South Africa for its projects:

Holding company, incorporated and operating in South Africa	South Africa Project	Effective interest owned by non-controlling interest
Afriminerals Holdings (Pty) Ltd.	Spitzkop PGM	2.3%

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

12. Inventories

Inventories are comprised of current and non-current amounts. Certain parts and supplies which may not be used within one year are classified as non-current.

	December 31 2022 $	December 31 2021 $
Chrome inventory	**9,545**	-
PGM inventory	**7**	-
Supplies and consumables	**2,339**	2,732
	11,891	2,732

13. Trade and other receivables

Trade and other receivables are comprised of:

	December 31 2022 $	December 31 2021 $
Trade receivables	**22,637**	19,231
VAT receivable	**356**	750
Other receivables	**1,792**	1,655
Expected credit losses	**(2,168)**	(281)
	22,617	21,355

14. Other assets

Other assets consist of various money market fund investments that are classified as amortized cost and serve as security for a guarantee issued by the Company to the Department of Mineral Resources of South Africa in respect to environmental rehabilitation (see Note 16). Changes to other assets for the years ended December 31, 2022 and 2021 are as follows:

	$
Balance, December 31, 2020	6,787
Service fees	(42)
Interest income	320
Foreign exchange movement	(572)
Balance, December 31, 2021	6,493
Service fees	(37)
Interest income	348
Foreign exchange movement	(421)
Balance, December 31, 2022	**6,383**

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

15. Union Goal Contracts

The continuity of the Union Goal Contracts and related balances are presented below:

	December 31, 2022 $	December 31, 2021 $
Deferred revenue		
Balance, beginning of year	**11,806**	11,999
Additions		
Adjustments of contracts payable (a)	—	4,821
Discounting effect from Chrome Circuit equipment payable	**74**	—
Discounting effect from Credit Facility	**101**	—
	175	4,821
Recognized as revenue (e)	**(2,241)**	(4,156)
Foreign exchange	**(667)**	(858)
Balance, end of year	**9,073**	11,806
Deferred revenue - current	**6,270**	4,424
Deferred revenue - non-current	**2,803**	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), (c)	**(6,086)**	(4,167)
Face value of additions	**1,002**	47
Discounting effect	**(74)**	—
Net present value adjustments	**(5,158)**	(4,120)
Accretion (d)	**3,829**	4,008
Carrying value, end of year	**42,245**	43,574
Contracts payable - Credit Facility		
Carrying value, beginning of year	**6,340**	6,890
Changes during the year		
Adjustments of contracts payable (a), (c)	**(892)**	(654)
Face value of additions (b)	**1,176**	—
Discounting effect	**(101)**	—
Net present value adjustments	**183**	(654)
Accretion (d)	**572**	643
Foreign exchange	**(546)**	(539)
Carrying value, end of year	**6,549**	6,340
Contracts payable, carrying value - total	**48,794**	49,914

The Company and its subsidiary, Barplats Mines (Pty) Limited ("Barplats") entered into the Framework Agreement with 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 the updated Retreatment Project Agreements (the "2021 Updated Retreatment Project Agreements"). 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 (the "Retreatment Project").

(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.

The 2021 Updated Retreatment Project Agreements was an adjustment to and refinement of the 2018 Retreatment Project Agreements based on two-years of operational history. The effect on contracts payable was considered an accounting estimate change and was recognized prospectively. The present value of the Chrome Circuit equipment payable and the Credit Facility was 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. In August 2022 and in December 2022, the Company received equipment and parts from Union Goal with a total cost of $1,002, and a present value of $928, with the difference credited to deferred revenue.

As at December 31, 2022, the total face value of the Chrome Circuit equipment payable is $45,602 (December 31, 2021 - $45,252).

(c) At April 1, 2022 and December 31, 2022, the Company revised the estimated date for repayment of the Chrome Circuit equipment payable and the Credit Facility based on changes in the expected date of completion of the chrome optimization program (now estimated to be December 31, 2023). The difference of $6,978 between the revised present value of the Chrome Circuit equipment payable and the Credit Facility, and their previous carrying values at the date of modification was included in Other income.

(d) Included in finance cost, total contract payable accretion was $4,401 (2021 - $4,651) for the year ended December 31, 2022.

(e) Pursuant to the offtake agreement, Union Goal agreed to acquire all the chrome concentrate produced by Barplats from the Retreatment Project on the basis of the number of tons of material re-mined from the tailings and made available to the plant at a price equivalent to the aggregate of all the qualifying operating costs in the mining process and the logistics cost, plus other additional amount as agreed in the Framework Agreement (see Notes 17(b) and 20(c)). The Company discontinued the recognition of deferred revenue based on quantities re-mined from the tailings, as this method would only be applicable if the chrome concentrate were supplied to Union Goal under the Framework Agreement. Amortization of deferred revenue will re-commence when revenue from chrome production under the Union Goal Contracts is recognized. Additional deferred revenue not included in the table above was recorded on receipt of payment from third-parties for chrome sales that have not yet been recognized in revenue. At December 31, 2022, this amounted to $11,029 (2021 - $nil).

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

16. Provision for environmental rehabilitation

The environmental rehabilitation provision was estimated based on information currently available, including the estimated timing of recommencing operations, the remaining mine life, closure plans and applicable regulations. Significant closure activities include land rehabilitation, demolition of buildings and mine facilities and other costs.

Future changes to environmental laws and regulations, life-of-mine estimates and discount rates can affect the carrying amount of this provision. In particular, from November 20, 2015 in South Africa, regulations governing financial provisions for asset retirement obligations were transitioned from the MPRDA to the National Environmental Management ("NEMA"). These regulations were amended in October 2016 and were enacted into law in June 2022. NEMA may require changes to the estimate of the liabilities and the way in which the entity funds the obligation.

The provision for environmental rehabilitation, including $nil (December 31, 2021 - $487) relating to Maroelabult which is presented as liabilities associated with the assets held for sale (Note 6(e)), at December 31, 2022 is $4,033 (December 31, 2021 - $3,114). The provision was determined using the following assumptions:

	2022	2021
Inflation rate	**5.21%**	4.50%
Weighted average discount rate	**11.91**	10.78%
Estimated life of mine (years)		
- Zandfontein	**23**	23
- Maroelabult	**N/A**	12
- Crocette	**27**	27
- Kennedy's Vale	**21**	21
- Spitzkop	**24**	24
- Mareesburg	**7**	7

As at December 31, 2022, cash in the amount of $6,574 (ZAR112,000) (December 31, 2021 - $6,493 (ZAR103,661)) was pledged as security for the guarantee issued to the Department of Mineral Resources of South Africa in respect to environmental rehabilitation (see Note 14). Furthermore, certain of the Company's residential properties in the amount of $1,244 (ZAR21,200) (December 31, 2021 - $1,328 (ZAR21,200)) were also pledged as security for the guarantee issued to the Department of Mineral Resources for the same reason. These guarantees will be utilized to cover expenses incurred to rehabilitate the mining area upon closure of the mine.

As at December 31, 2022, the undiscounted and inflated value of this liability is approximately $50,377 (ZAR858,825) (December 31, 2021 – $35,245 (ZAR562,667)).

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

Changes to the environmental rehabilitation provision are as follows:

	$
Balance, December 31, 2020	3,060
Revision in estimates	(45)
Accretion (Note 9)	373
Foreign exchange movement	(274)
Balance, December 31, 2021	3,114
Revision in estimates	729
Accretion (Note 9)	375
Foreign exchange movement	(185)
Balance, December 31, 2022	**4,033**

17. Commitments

(a) Refining contracts and PGM concentrate

The Company has a life of mine offtake contracts governing the sales of PGM concentrate production from CRM ("PGM Offtake") and a separate contract with Rhodium Reefs (Pty) Limited. The original carrying value of the PGM Offtake refining contract related to CRM was the assigned value based on the purchase price allocation when the Company acquired the equity interests in Barplats Investments through a series of acquisition transactions from 2006 to 2008. The carrying value of the PGM Offtake refining contract was fully amortized in prior years.

Since December 2020, the Company started to generate PGM concentrate revenue from processing tailings material based on an agreement with Impala Platinum Limited ("Impala") dated September 18, 2020. The agreement has been subsequently extended by mutual agreement yearly since inception.

(b) Chrome concentrate offtake agreement

The Company has an offtake agreement with Union Goal for the chrome concentrate produced from the CRM historic tailings. The offtake agreement is one part of the 2018 Retreatment Project Agreements (see Note 15).

(c) Capital expenditures

The Company has committed to capital expenditures in South Africa of approximately $130 as at December 31, 2022, all of which are expected to be incurred during the next 12 months.

18. Leases

The Company has lease contracts for various items of mining equipment relating to CRM operations and office space at head office. The Company also has certain leases of assets with lease terms of 12 months or less and therefore, the Company applied the short-term lease exemption for these leases.

Effective October 1, 2020, the Company signed a new re-mining contract in relation to the Retreatment Project. This contract resulted in the Company recognizing $4,268 (ZAR66,584) of equipment under the right-of-use asset based on an estimated incremental borrowing rate of 9% for three and a half years non-cancellable lease term.

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

Effective October 1, 2021, certain equipment pay rates were modified without changing the overall lease term. The Company recognized additional $707 (ZAR10,904) of equipment under the right-of-use assets based on an estimated incremental borrowing of 9%.

	December 31 2022 $	December 31 2021 $
Balance, beginning of year	**3,664**	4,557
Future aggregate minimum lease payments	**100**	707
Lease payments in cash	**(1,696)**	(1,706)
Non-cash accretion	**283**	401
Foreign exchange movement	**(181)**	(295)
Balance, end of year	**2,170**	3,664
Less: current portion	**(1,735)**	(1,448)
Non-current portion	**435**	2,216

The following table presents a reconciliation of the Company's undiscounted cash flows to their present value for its leases payable as at December 31, 2022 and 2021:

	December 31 2022 $	December 31 2021 $
Within 1 year	**1,735**	1,730
Between 1 – 2 years	**533**	1,829
Over 2 years	**69**	544
Total undiscounted amount	**2,337**	4,103
Less: accretion	**(167)**	(439)
Total discounted amount	**2,170**	3,664

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

19. 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 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:

	Year ended December 31	
	2022	2021
	$	$
Director fees	**189**	161
Management fees (i)	**329**	342
Share-based payments	**75**	126
	593	629

(i) The Company had a consulting agreement with Oriental Fortune Consulting Services Limited ("Oriental Fortune") which is controlled by the Company's former Vice President ("VP"). The Company agreed to pay $21 per month to Oriental Fortune for management consulting services rendered. The consulting agreement was terminated on August 16, 2022. During the year ended December 31, 2022, Oriental Fortune received a bonus payment of $41 (2021 – $88) and a contract termination payment of $132.

(b) Compensation of key management personnel

The Company's key management includes the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), VP, and the Chief Operating Officer ("COO"). The total compensation to key management for the year ended December 31, 2022 and 2021 was:

	Year ended December 31	
	2022	2021
	$	$
Remuneration	**806**	1,299
Payments to former management	**595**	-
Share-based payments	**68**	135
	1,469	1,434

Key management personnel were not paid post-employment benefits or other long-term benefits during the years ended December 31, 2022 and 2021.

20. Segmented Information

(a) Operating segments - The Company's operations are primarily directed towards the mining, exploration and development of chrome and platinum group metals in South Africa. The Company has three reportable segments – CRM, Eastern Limb and Corporate. Eastern Limb

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

consists of KV, Spitzkop and Mareesburg projects. Barbados, BVI and Canada collectively comprise the Corporate segment.

(b) Geographic segments - The Company's expenses by geographic areas for the years ended December 31, 2022 and 2021, and assets by geographic areas as at December 31, 2022 and 2021, are as follows:

	Year ended December 31, 2022				
	CRM	**Eastern Limb**	**Total South Africa**	**Corporate**	**Total**
	$	**$**	**$**	**$**	**$**
Property, plant and equipment additions	2,786	116	**2,902**	116	**3,018**
Cost of property, plant and equipment disposals	(656)	—	**(656)**	(44)	**(700)**
Revenue	49,834	—	**49,834**	—	**49,834**
Production costs	(39,739)	—	**(39,739)**	—	**(39,739)**
Production costs – depreciation	(4,155)	—	**(4,155)**	(10)	**(4,165)**
Loss before income taxes	(2,106)	(506)	**(2,612)**	(2,114)	**(4,726)**
Income tax recovery (expense)	(1)	(17)	**(18)**	2,240	**2,222**
Net income (loss)	(2,107)	(523)	**(2,630)**	126	**(2,504)**

	Year ended December 31, 2021				
	CRM	**Eastern Limb**	**Total South Africa**	**Corporate**	**Total**
	$	**$**	**$**	**$**	**$**
Property, plant and equipment additions	6,652	54	**6,706**	8	**6,714**
Cost of property, plant and equipment disposals	(77)	(971)	**(1,048)**	—	**(1,048)**
Revenue	68,198	—	**68,198**	—	**68,198**
Production costs	(51,655)	—	**(51,655)**	—	**(51,655)**
Production costs – depreciation	(6,903)	—	**(6,903)**	(22)	**(6,925)**
Income (loss) before income taxes	(5,352)	1,444	**(3,908)**	1,322	**(2,586)**
Income tax recovery (expense)	(62)	(15)	**(77)**	(48)	**(125)**
Net income (loss)	(5,414)	1,429	**(3,985)**	1,274	**(2,711)**

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

	December 31, 2022				
	CRM	Eastern Limb	Total South Africa	Corporate	Total
	$	$	$	$	$
Total assets	133,669	21,158	**154,827**	776	**155,603**
Total liabilities	73,363	2,630	**75,993**	8,179	**84,172**

	December 31, 2021				
	CRM	Eastern Limb	Total South Africa	Corporate	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

	Year ended December 31	
	2022	2021
	%	%
Chrome	**75%**	92%
PGM	**25%**	8%
Total	**100%**	100%

21. Financial instruments

(a) Management of capital risk

The capital structure of the Company consists of contracts payable (see Note 15) and equity attributable to common shareholders, comprised of issued capital, equity-settled employee benefits reserve, deficit, and accumulated other comprehensive loss. The Company’s objectives when managing capital are to: (i) obtain the best available return investing in mining; (ii) preserve capital; 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 or issue debt instruments.

The Company is not subject to externally imposed capital requirements.

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

(b) Categories of financial instruments

	December 31, 2022	December 31, 2021
	$	$
Financial assets		
FVTPL		
Trade receivables for PGM sales	**5,050**	2,155
Amortized cost		
Cash and cash equivalents	**2,448**	2,203
Restricted cash	**42**	91
Trade and other receivables (excluding taxes receivable)	**17,211**	18,450
Short-term investments (i)	**—**	3,944
Other assets (ii)	**6,383**	6,493
	31,134	33,336
Financial liabilities		
Amortized cost		
Trade and other payables	**5,160**	10,078
Draw on credit facility	**2,941**	—
Lease liabilities	**2,170**	3,664
Contracts payable	**48,794**	49,914
	59,065	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.

(c) Fair value of financial instruments

(i) Fair value estimation of financial instruments

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

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

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

The Company's financial instruments that are measured at fair value on a recurring basis are the PGM receivables and other financial assets. Other assets are mainly money market fund investments. These are level 1 financial instruments at December 31, 2022 and 2021. As at December 31, 2022 and 2021, the Company did not have financial liabilities measured at fair value on a recurring basis. There were no transfers between levels during the years ended December 31, 2022 and 2021.

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

(d) 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. All these risks can be affected by COVID-19 discussed elsewhere. 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:

	December 31 2022 $	December 31 2021 $
Financial assets		
Denominated in USD at South African subsidiaries	**5,050**	2,155
Denominated in USD at Canadian head office	**-**	1
Denominated in Rand at Canadian head office	**21**	-
Total	**5,071**	2,156
Financial liabilities		
Contracts payable denominated in Rand at Canadian head office	**6,549**	6,340
Contracts payable denominated in USD at South African subsidiaries	**42,245**	43,574
Total	**48,794**	49,914

As at December 31, 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 $593 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 $3,381.

(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. On November 10, 2022, the Company announced it had signed a finance facility agreement with Investec Bank Limited ("Investec") providing a secured credit facility of up to $6.1 million (ZAR 110 million) with an interest rate set at the Johannesburg Interbank Average Rate ("JIBAR") + margin agreed between the Company and Investec. At December 31, 2022, the Company had a balance owing of $2,941 (ZAR50,130) which is shown as Draw on finance facility on the Consolidated Statements of Financial Position. The Company has no other material interest bearing contracts and 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 are 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.

(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 (see Note 15). As at December 31, 2022, the Company is owed approximately $17 million from Union Goal in trade receivables from processing and dispatching chrome concentrate. Management is in the process of evaluating and communicating with Union Goal to determine an agreeable outcome. A default on the receivable or lack of payment from Union Goal could have a significant impact not only on the instrument credit risk adjustments recorded to date but on the Company's liquidity as a whole. Further delays in payment may require the Company to re-evaluate the fair value of the contract payable, re-evaluate the value of the contracts to the parties, and could lead to a renegotiation/change of the Union Goal Contracts, including target completion dates for the optimization program.

(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 aims to ensure 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. See Note 1 - Nature of operations and going concern and Note 25 – Subsequent events for additional information on the Company's liquidity risk.

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. The Retreatment Project is dependent on its operating cash inflows from Union Goal, the key offtaker of chrome concentrate, or other third-parties, in order to fund its current operating activities and eventually fulfil all obligations under the Union Goal Contracts. 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 for 2023 and future years. The Company also holds a secured finance facility with Investec which can provide financing of up to $6.1 million (ZAR 110 million). There remains material uncertainty that the Company will be able to achieve sufficient cash flows to cover the Company's expected obligations for the next 12 months. Additional funding will also be required in the future to commence underground production at CRM, and to develop and bring the Eastern Limb Projects into commercial production.

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

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 December 31, 2022. Included below is the Contract payable to Union Goal of $52,765 which was based on the value of the original equipment received; however, the final amount owing and timing of payment are subject to negotiation as part of the Framework Agreement, including the Company's ability to offset trade receivables owing to it against the payable amount. The Company currently does not have expected payments of obligations and commitments beyond 5 years.

	<1 year	**1 - 5 years**	**Total**
	$	**$**	**$**
Trade and other payables	5,160	—	5,160
Draw on credit facility	2,941	—	2,941
Contracts payable	52,765	—	52,765
Lease liabilities	1,735	602	2,337
	62,601	602	63,203

22. 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:

<u>Petition by 2538520 Ontario Limited to File a Derivative Action against the Company</u>

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 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 which 253 paid in April 2022.

<u>Further litigation by 2538520 Ontario Limited against the Company</u>

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. No responses have been filed as of the date of these financial statements; however, the Plaintiffs have not sought default judgment, instead applying for an order requiring that responses be filed. That application was adjourned and responses to civil claim by those certain parties remain outstanding. The Company intends to apply to dismiss the lawsuit. No provision is made in these 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, interest in accordance with the Court Orders Interest Act, R.S.B.C. 1996, c.79, costs, and such further and other relief as the Supreme Court deems just. 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.

On March 16, 2023, the British Columbia Supreme Court released reasons for judgment indexed at 2023 BCSC 404. While no order is to be entered at this time, the reasons for judgment indicate that the court has denied Eastplats' application to dismiss the petition as an abuse of process but held that leave to commence a derivative action against certain current and former non-executive directors George Dorin, Michael Cosic, Bielin Shi, Shen (Sam) Wang, Xin (Alex) Guan and Nigel Dentoom was denied. The reasons for judgment indicated that leave to commence the derivative action proposed at the hearing against former CEO, Diana Hu, was also denied but that Ms. Ren may prepare and submit a fresh draft notice of civil claim setting out a proposed derivative action. Ms. Ren has submitted the fresh notice of civil claim, which is being reviewed and assessed by the Company and its advisors. It is not possible to provide a further evaluation of the claim as of the date of these consolidated financial statements.

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 Afrimineral Holdings (Pty) Ltd. ("Afrimineral") 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 Afrimineral 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, 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 Afrimineral) 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. 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 judgment 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. See Note 5 for a list of the Company's subsidiaries and associates.

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 judgment 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.

Previous 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 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.

Project Agreement – PGM Circuit H

In July 2020, Barplats entered into an agreement with ABT, an organization recognized as a BEE Entrepreneur, to complete an independent feasibility study for the Circuit H Project. The agreement between Barplats and ABT is the subject of a dispute between the parties and ABT has requested that Barplats enter into arbitration in that regard. On March 31, 2022 the statement of claim from ABT was received as part of the confidential arbitration process and the Company and its advisors are considering this statement of claim for the purposes of filing a response. No provision has been made in these consolidated financial statements.

23. Revenue contracts with customers

During the year ended December 31, 2022, 75% ($37,597) of the Company's revenue was in relation to the processing of chrome concentrates and was generated under the Union Goal agreements (see Note 15) and through third party sales. The remaining 25% ($12,237) of the Company's revenue was from PGM concentrates sales and was generated under an offtake agreement with Impala Platinum Limited ("Impala"). In the prior period, 92% ($63,066) of the Company's revenue was in relation to the processing of chrome concentrate. The remaining 8% ($5,132) of the Company's revenue was from PGM concentrates sales to Impala.

As part of chrome concentrate sales to third-parties, during the fourth quarter of 2022, the Company sold $3,867 of chrome concentrate to a certain new customer. The Company also entered into additional sales contracts for chrome concentrate valued at $11,178 with shipments expected in early 2023. A portion of these contracts, $2,895, was received from this new customer in advance and recorded as current deferred revenue as of December 31, 2022. Each transaction was contracted based on prevailing market prices for the relative chrome grades; however, certain discounts may have been provided in exchange for favourable payment terms at the time.

As at December 31, 2022, 75% of the trade receivable balance in the amount of $17,064 (December 31, 2021 – 89%, $17,077) was attributed to Union Goal (see Note 21(d)(iv)) while 45% of the deferred revenue balance, in the amount of $9,073 (December 31, 2021 – 100%, $11,806) was attributed to Union Goal. The remaining deferred revenue relates to advanced payments for chrome concentrate sales received from third-parties.

24. Headline and diluted headline loss per share

The Company's shares are also listed on the JSE 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.

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

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.

	Year ended December 31	
	2022	2021
	$	$
Income (loss) attributable to shareholders of the Company	**(2,648)**	(1,158)
Adjusted for:		
Gain (loss) on disposal of property, plant and equipment	**(314)**	(692)
Headline earnings/(loss) attributable to shareholders of the Company	**(2,962)**	(1,850)
Headline earnings/(loss) and diluted headline earnings per share	**(0.02)**	(0.01)

25. Subsequent events

On March 24, 2023, the Company announced the offering to its shareholders (the "Rights Offering") of rights (the "Rights") to acquire common shares of the Company ("Common Shares") at the close of business on the record date of April 6, 2023 ("Record Date"), on the basis of one Right for each Common Share held. Each Right will entitle the holder to subscribe for one Common Share of the Company upon payment of the subscription price of Cdn$0.11 or ZAR 1.4564 per Common Share.

The Rights will be listed and posted for trading on the TSX under the symbol "ELR.RT" on a "when issued" basis, and the JSE under the symbol "EPSN" on April 4, 2023. The Rights Offering will close on Friday, May 5, 2023, after which time unexercised Rights will be void and of no value.