

Consolidated financial statements of

**Eastern Platinum Limited**

December 31, 2023 and 2022

# Eastern Platinum Limited

## Consolidated financial statements

For the years ended December 31, 2023 and 2022

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*\*with restated comparative information for the 2022 year*



## Independent auditor's report

To the Shareholders of Eastern Platinum Limited

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### 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, 2023 and 2022, 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 (loss) for the years ended December 31, 2023 and 2022;
- the consolidated statements of comprehensive income (loss) for the years ended December 31, 2023 and 2022;
- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of changes in equity for the years ended December 31, 2023 and 2022;
- the consolidated statements of cash flows for the years ended December 31, 2023 and 2022; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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### 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



## Material uncertainty related to going concern

We draw attention to note 1 to 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, 2023. 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
<p><b>Impairment assessment of property, plant and equipment (PP&amp;E), including the mineral property related to the Crocodile River Mine</b></p> <p><i>Refer to note 4(e)(v) – Summary of material accounting policies, Property, plant and equipment – Impairment, note 4(q)(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.</i></p> <p>As at December 31, 2023, the total net book value of PP&amp;E amounted to \$100.8 million, of which \$79.6 million related to the Crocodile River Mine cash generating unit (CGU). Management reviews the Company's PP&amp;E for indicators of impairment at each statement of financial position reporting date. When impairment indicators of PP&amp;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. An impairment loss is recognized if the carrying amount of a CGU</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"><li>• Tested how management determined the recoverable amount of the Crocodile River Mine CGU, which included the following:<ul style="list-style-type: none"><li>– Tested the appropriateness of the valuation method used by management.</li><li>– Tested underlying data used in the discounted cash flow model.</li><li>– 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.</li></ul></li><li>– The work of management's experts was used in performing the procedures to evaluate the reasonableness of the estimates associated with the quantity and grade of recoverable reserves and</li></ul>



### Key audit matter

exceeds its recoverable amount. During the year ended December 31, 2023, management determined that the continued weakness in the Company's share price during 2023, resulting in the Company's market capitalization being below the carrying amount of the net assets of the Company, constituted an impairment indicator. As well, spot palladium and rhodium prices saw a continued decline during the year. 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 at December 31, 2023 because the estimated recoverable amount exceeded the carrying amount.

We considered this 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 significant assumptions used by management. Professionals with specialized skill and knowledge in the field of valuation also assisted us in performing our procedures.

### How our audit addressed the key audit matter

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.



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## **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.

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## **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.

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## **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

May 3, 2024



## Eastern Platinum Limited

### Consolidated statements of income (loss)

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

	Note	Year ended	
		December 31,	
		2023	2022 (Restated – Note 24)
Revenue	22,24	\$ 106,944	\$ 53,883
Production costs	24	(69,225)	(42,078)
Production costs - depreciation		(6,155)	(4,165)
<b>Mine operating income</b>		<b>31,564</b>	7,640
Expenses			
General and administrative		2,911	2,855
Adjustments for expected credit loss on trade receivables	2(b)	232	1,887
Site services		4,091	4,737
Care and maintenance		3,702	2,904
Pre-production costs	6(a)	2,087	—
Operating income (loss)		18,541	(4,743)
Other income (expense)			
Gain on disposal of property, plant and equipment	6(e)	—	314
Interest income		1,177	480
Other income	14(c)	1,954	7,865
Finance costs	8	(5,265)	(5,102)
Foreign exchange loss		(2,615)	(1,830)
Income (loss) before income taxes		13,792	(3,016)
Income tax (expense) recovery	9	(43)	2,222
<b>Net income (loss) for the year</b>		<b>13,749</b>	(794)
Net income (loss) attributable to:			
Non-controlling interest		(10)	144
Equity shareholders of the Company		13,759	(938)
<b>Net income (loss) for the year</b>		<b>\$ 13,749</b>	<b>\$ (794)</b>
Earnings (loss) per share			
Basic and diluted		\$ 0.08	\$ (0.01)
Weighted average number of common shares outstanding ('000s)			
Basic		178,903	137,821
Diluted		179,026	137,821

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

**"George Dorin"**

George Dorin, Director

**"Lisa Ng"**

Lisa Ng, Director

## Eastern Platinum Limited

### Consolidated statements of comprehensive income (loss)

(Expressed in thousands of U.S. dollars)

	Year ended	
	December 31,	
	2023	2022 (Restated – Note 24)
Net income (loss) for the year	\$ 13,749	\$ (794)
Other comprehensive income (loss) items that may subsequently be reclassified to profit or loss:		
- Exchange differences on translating foreign operations	(4,498)	(6,955)
- Exchange differences on translating non-controlling interest	29	568
Comprehensive income (loss) for the year	9,280	(7,181)
Comprehensive income (loss) attributable to:		
Equity shareholders of the Company	9,261	(7,894)
Non-controlling interest	19	713
<b>Comprehensive income (loss) for the year</b>	<b>\$ 9,280</b>	<b>\$ (7,181)</b>

*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, 2023	As at December 31, 2022 (Restated – Note 24)
<b>Assets</b>			
Current assets			
Cash and cash equivalents		\$ 18,131	\$ 2,448
Short-term investments		3,218	—
Trade and other receivables	12	27,657	22,617
Inventories	11	4,530	8,902
<b>Total current assets</b>		<b>53,536</b>	<b>33,967</b>
Non-current assets			
Restricted cash		43	42
Inventories	11,24	—	571
Property, plant and equipment	6	100,757	112,222
Other assets	13	6,434	6,383
<b>Total assets</b>		<b>\$ 160,770</b>	<b>\$ 153,185</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables		\$ 5,740	\$ 5,160
Draw on finance facility	20(d)(ii)	930	2,941
Deferred revenue	14,24	8,967	13,116
Lease liabilities	17	482	1,735
Contracts payable	14	52,921	48,794
<b>Total current liabilities</b>		<b>69,040</b>	<b>71,746</b>
Non-current liabilities			
Deferred revenue	14	—	2,803
Lease liabilities	17	63	435
Provision for environmental rehabilitation	15	3,130	4,033
Deferred tax liabilities	9	872	971
<b>Total liabilities</b>		<b>\$ 73,105</b>	<b>\$ 79,988</b>
<b>Equity</b>			
Issued capital	7	1,245,951	1,240,890
Contributed surplus		1,103	980
Accumulated other comprehensive loss		(322,196)	(317,698)
Deficit		(836,775)	(850,538)
Total equity attributable to:			
Equity shareholders of the Company		88,083	73,634
Non-controlling interest		(418)	(437)
		<b>87,665</b>	<b>73,197</b>
<b>Total liabilities and equity</b>		<b>\$ 160,770</b>	<b>\$ 153,185</b>

Nature of operations and going concern (Note 1)

Contingencies and legal proceedings (Note 21)

Subsequent event (Note 25)

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

## Eastern Platinum Limited

### Consolidated statements of changes in equity

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

	Issued capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity attributed to equity shareholders of the Company	Non-controlling interest	Equity
<b>Balance, December 31, 2021</b>	<b>\$1,240,890</b>	<b>\$1,175</b>	<b>\$(310,742)</b>	<b>\$(808,846)</b>	<b>\$122,477</b>	<b>\$(42,124)</b>	<b>\$80,353</b>
Net (loss) income	—	—	—	(938)	(938)	144	(794)
Other comprehensive (loss) income	—	—	(6,956)	—	(6,956)	569	(6,387)
Total comprehensive (loss) income	—	—	(6,956)	(938)	(7,894)	713	(7,181)
Transfer equity reserve relating to expired options	—	(451)	—	451	—	—	—
Share-based compensation	—	256	—	—	256	—	256
Transfer deficit relating to change in minority interest (Note 5)	—	—	—	(41,205)	(41,205)	40,974	(231)
<b>Balance, December 31, 2022 (restated – Note 24)</b>	<b>\$1,240,890</b>	<b>\$980</b>	<b>\$(317,698)</b>	<b>\$(850,538)</b>	<b>\$73,634</b>	<b>\$(437)</b>	<b>\$73,197</b>
Net income (loss)	—	—	—	13,759	13,759	(10)	13,749
Other comprehensive (loss) income	—	—	(4,498)	—	(4,498)	29	(4,469)
Total comprehensive income (loss)	—	—	(4,498)	13,759	9,261	19	9,280
Rights offering for 64,080,653 common shares (Note 7)	5,240	—	—	—	5,240	—	5,240
Rights offering - share issuance cost	(179)	—	—	—	(179)	—	(179)
Share-based compensation - warrants	—	3	—	—	3	—	3
Share-based compensation - stock options	—	124	—	—	124	—	124
Transfer equity reserve related to expired options	—	(4)	—	4	—	—	—
<b>Balance, December 31, 2023</b>	<b>\$1,245,951</b>	<b>\$1,103</b>	<b>\$(322,196)</b>	<b>\$(836,775)</b>	<b>\$88,083</b>	<b>\$(418)</b>	<b>\$87,665</b>

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)

	Note	Year ended December 31,	
		2023	2022 (Restated – Note 24)
<b>Operating activities</b>			
Net income (loss) for the year		\$ 13,749	\$ (794)
Adjustments to net income (loss) for non-cash items			
Depreciation and amortization	6	6,231	4,305
Stock based compensation		127	256
Expected credit loss		232	1,887
Gain on disposal of property, plant and equipment		—	(315)
Interest and other income		(1,177)	(6,978)
Finance costs	8	5,265	5,121
Income tax expense (recovery)	9	43	(2,332)
Foreign exchange loss		2,079	1,833
Net changes in non-cash working capital items			
Trade and other receivables	12	(6,822)	(5,073)
Inventories	11	4,117	(4,092)
Trade and other payables		678	(4,368)
Deferred revenue	14	(5,634)	5,134
<b>Cash from (used by) operating activities</b>		<b>18,888</b>	<b>(5,416)</b>
<b>Financing activities</b>			
Shares issued, net of issuance cost	7	5,061	—
Contracts payable – Union Goal credit facility	14	—	1,176
(Repayment of) draw on finance facility	20(d)(ii)	(1,922)	2,941
Finance costs paid		(287)	(159)
Lease payments	17	(1,481)	(1,642)
<b>Net financing cash flows</b>		<b>1,371</b>	<b>2,316</b>
<b>Investing activities</b>			
Purchases of short-term investments		(5,952)	(3,937)
Interest income received		1,109	491
Redemption of short-term investments		2,758	7,820
Other asset additions		(484)	(268)
Property, plant and equipment additions	6	(2,634)	(2,836)
Disposal of property, plant and equipment	6	—	2,032
<b>Net investing cash flows</b>		<b>(5,203)</b>	<b>3,302</b>
Effect of exchange rate changes on cash and cash equivalents		627	43
Increase in cash and cash equivalents		15,683	245
Cash and cash equivalents, beginning of year		2,448	2,203
<b>Cash and cash equivalents, end of year</b>		<b>\$ 18,131</b>	<b>\$ 2,448</b>

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

# Eastern Platinum Limited

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(Expressed in thousands of U.S. dollars, except as noted.)

## 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 ("TSX") (primary listing) and the Johannesburg Stock Exchange ("JSE") (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 metals ("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, 2023.

As at December 31, 2023, the Company had cash and cash equivalents and short-term investments of \$21,349 (2022 - \$2,448) and a working capital deficit of \$15,504 (2022 - working capital deficit of \$37,779). The working capital deficit includes the full value of the Union Goal Offshore Solution Limited ("Union Goal") contracts payable, which is partially offset by the Union Goal receivable balance (see Note 14). For the year ended December 31, 2023, the Company generated cash from operating activities of \$18,888 (2022 – used cash of \$5,416).

The Company and its subsidiary, Barplats Mines (Pty) Limited ("Barplats") entered into an agreement (the "Framework Agreement") with Union Goal Offshore Solution Limited 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 14). 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").

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 underground CRM operations have been in care and maintenance. The Company initiated a soft restart of the Zandfontein underground operations in October 2023 with the intention of processing underground run-of-mine ore beginning in 2024. The Company's other existing projects, the Kennedy's Vale ("KV"), Spitzkop PGM ("Spitzkop") and Mareesburg PGM ("Mareesburg") projects (together the "Eastern Limb Projects") have been either in care and maintenance or on hold since 2012. For more information, refer to Financial risk management - liquidity risk (see Note 20(d)(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 previous year, the Company reclassified its contracts payable to Union Goal from non-current to a current liability. This reclassification is based on the Company's best estimate of the timing of the

# Eastern Platinum Limited

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(Expressed in thousands of U.S. dollars, except as noted.)

payment due and is the main reason for the decrease in the Company's working capital since the second quarter of 2022. 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), Note 14 and Note 25 for additional details) and are subject to further 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. This lack of 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 of 2022, 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 May 12, 2023, the Company completed a rights offering to its shareholders to acquire common shares of the Company (the "2023 Rights Offering") (see Note 7). 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 any future financings.

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 May 3, 2024.

### (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.

Factors such as the ongoing war in Ukraine, as well as other geopolitical risks and events, the lingering effects of the COVID-19 pandemic, inflation and rising interest rates results in continued uncertainty and volatility in global markets and economies.

## Eastern Platinum Limited

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(Expressed in thousands of U.S. dollars, except as noted.)

As discussed in Note 14, 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. As well, significant judgment is required to assess the value of the Company's revenue, deferred revenue, trade receivable and the related contracts payable to Union Goal.

The Company calculated an expected credit loss ("ECL") related to the outstanding trade receivable balance owed by Union Goal to the Company based on the timing of the completion of the plant optimization program. Although the program is still not completed, the Company continues to expect to negotiate the final purchase price of the chrome plant and receive payment of its outstanding receivable based on the same estimated payment date. 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 contracts 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	12.75%
Estimated payment date	December 31, 2024
Expected credit loss, December 31, 2023	\$1,593

Additional ECL adjustments of \$232 were made during the year ended December 31, 2023 on the Company's trade receivables balance from a third-party customer in relation to a chrome concentrate sales contract completed in the prior year. During the year ended December 31, 2022, additional ECL adjustments of \$85 were made on the Company's other trade receivables balance.

Other areas of significant judgment and estimates made by management for the year ended December 31, 2023 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(q) and 4(r).

(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.

(d) *Prior year error*

In connection with the preparation of these audited consolidated financial statements for the year ended December 31, 2023, an error was identified in the recognition of revenue related to a chrome concentrate sales transaction in the fourth quarter of 2022 which impacts the Company's previously filed audited consolidated financial statements for the year ended December 31, 2022. Note 24 provides further detail on the restatement.



## Eastern Platinum Limited

Notes to the consolidated financial statements  
For the years ended December 31, 2023 and 2022  
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### 3. New IFRS pronouncements

#### *Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies*

The International Accounting Standards Board (“IASB”) amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is material accounting policy information and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. These amendments are effective for annual periods beginning on or after January 1, 2023. The Company has modified certain disclosures to reflect this new IFRS pronouncement.

#### *Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments to IAS 12 Income Taxes require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in the opening balance of retained earnings, or another component of equity, as appropriate. This amendment is effective for annual periods beginning on or after January 1, 2023. There was no impact by the adoption of this new standard.

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 material accounting policies

The material accounting policies summarized 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

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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) *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

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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.

(e) *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.

(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.

(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.

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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) 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

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### (v) 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.

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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.

(vi) *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.

(f) *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, 2023 and 2022, the Company does not have any financial assets that are classified as FVTOCI.

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(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 a 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.

(g) *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

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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.

### (h) *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.

### (i) *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.

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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.

(j) *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 original 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 payment considered probable, revenue recognition resumed for those third-party sales upon transfer of control of the chrome to them. 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.

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 market rates, with negotiated price adjustments agreed to with the buyers based on grade, shipping and other factors, and continued to do so during the year ended December 31, 2023.

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.



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(k) *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.

(l) *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.

(m) *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.

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.

(n) *Other income (expense)*

Other income includes gains and losses on commodity hedges on PGM sales, 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.

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(o) *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.

(p) *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, 2023 and 2022, the Company's other comprehensive income (loss) was comprised of foreign currency translation gains and losses.

(q) *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. There are no changes to the Company's CGUs in 2023 and 2022. Determination of the CGUs requires significant judgment.

During the year ended December 31, 2023, management determined that the continued weakness in the Company's share price during 2023, resulting in the Company's market capitalization being below the carrying amount of the net assets of the Company, constituted an impairment indicator. As well, spot palladium and rhodium prices saw a

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continued decline during the year. As such, impairment tests were performed at December 31, 2023. 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 15.

(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 14). 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 less than one year 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.

(r) *Critical accounting judgments*

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

(i) *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.

(ii) *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

## Eastern Platinum Limited

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

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the liability is not recorded and it is only disclosed as a contingent liability (see Note 21).

(iii) *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, 2023. Significant judgements and estimates are involved in projecting future cash flows which are the basis for the Company's expectation that it will continue as a going concern. These include PGM production and PGM market prices and the level of production of the Retreatment Project or subsequent similar activities. The Retreatment Project is also dependent on its operating cash inflows from third-party buyers. Forecasting sales of chrome to third-parties requires estimates of future chrome market prices. The Union Goal contracts payable is estimated to become due within the next 12 months. Although management expects to fully meet its payment obligations, a further re-financing arrangement of the debt may be negotiated with Union Goal. The Company expects to complete this negotiation in 2024, based on the terms of the Union Goal Contracts. 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, it is deemed that the Company now holds 100% of Gubevu. This also eliminates the non-controlling interest in each of the subsidiaries previously jointly held by Gubevu and the Company.

## Eastern Platinum Limited

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(Expressed in thousands of U.S. dollars, except as noted.)

### (a) Subsidiaries

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			December 31, 2023	December 31, 2022
Afrimineral Holdings (Pty) Ltd.	Holding company	South Africa	82.35%	82.35%
Barplats Investments (Pty) Ltd.	Holding company	South Africa	100%	100%
Barplats Mines (Pty) Ltd.	Mining	South Africa	100%	100%
Brilliant Bravo Science and Technology Pty Ltd.	Mining	South Africa	90.00%	90.00%
Eastern Platinum Holdings Limited	Holding company	BVI	100%	100%
Eastplats International Incorporated	Holding company	Barbados	100%	100%
Eastplats Acquisition Co. Ltd.	Holding company	BVI	100%	100%
Eastplats Holdings Limited	Holding company	BVI	100%	100%
EPL Pellets (Pty) Limited	Holding company	South Africa	100%	100%
Gubevu Consortium Investment Holding (Pty) Ltd.	Holding company	South Africa	100%	100%
Lion's Head Platinum (Pty) Ltd.	Holding company	South Africa	100%	100%
Mareesburg Joint Venture	Mining	South Africa	100%	100%
Rhodium Reefs (Pty) Ltd.	Mining	South Africa	100%	100%
Royal Anthem Investments 134 (Pty) Ltd.	Holding company	South Africa	100%	100%
SA New Land Communication Technology Pty Ltd.	Mining	South Africa	90.00%	90.00%
SA Tian Jin Bo Yi Communications Technology Pty Ltd.	Mining	South Africa	90.00%	90.00%
SA Victoria International Technology Pty Ltd.	Mining	South Africa	90.00%	90.00%
Spitzkop Joint Venture	Mining	South Africa	97.71%	97.71%
Spitzkop Platinum (Pty) Ltd.	Mining	South Africa	95.41%	95.41%

### (b) Associates

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

## Eastern Platinum Limited

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(Expressed in thousands of U.S. dollars, except as noted.)

### 6. Property, plant and equipment

	Right-of-use assets	Plant and equipment*	Mineral properties previously depleted	Mineral properties not being depleted	Properties and land	Total
Cost	\$	\$	\$	\$	\$	\$
<b>Balance as at December 31, 2021</b>	<b>4,921</b>	<b>276,390</b>	<b>63,570</b>	<b>259,620</b>	<b>11,697</b>	<b>616,198</b>
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)
<b>Balance as at December 31, 2022</b>	<b>4,711</b>	<b>255,653</b>	<b>59,530</b>	<b>243,556</b>	<b>10,886</b>	<b>574,336</b>
Additions	—	2,486	—	148	—	2,634
Environmental provision change in estimate	—	(718)	—	(327)	—	(1,045)
Disposals	—	—	—	—	—	—
Transfers	582	(582)	—	—	—	—
Foreign exchange movement	(808)	(22,297)	(5,960)	(14,076)	(746)	(43,887)
<b>Balance as at December 31, 2023</b>	<b>4,485</b>	<b>234,542</b>	<b>53,570</b>	<b>229,301</b>	<b>10,140</b>	<b>532,038</b>
<b>Accumulated depreciation</b>						
<b>Balance as at December 31, 2021</b>	<b>1,609</b>	<b>203,056</b>	<b>52,169</b>	<b>233,177</b>	<b>1,961</b>	<b>491,972</b>
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)
<b>Balance as at December 31, 2022</b>	<b>2,957</b>	<b>189,996</b>	<b>48,916</b>	<b>218,359</b>	<b>1,886</b>	<b>462,114</b>
Depreciation	1,288	4,895	—	—	61	6,244
Depreciation of disposed assets	—	—	—	—	—	—
Foreign exchange movement	(153)	(12,376)	(8,412)	(16,096)	(40)	(37,077)
<b>Balance as at December 31, 2023</b>	<b>4,092</b>	<b>182,515</b>	<b>40,504</b>	<b>202,263</b>	<b>1,907</b>	<b>431,281</b>
<b>Carrying amounts</b>						
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
<b>At December 31, 2023</b>	<b>393</b>	<b>52,027</b>	<b>13,066</b>	<b>27,038</b>	<b>8,233</b>	<b>100,757</b>

\*Balances of cost and accumulated depreciation as at December 31, 2021 were reduced by \$76,829 to remove fully depreciated assets no longer in use.

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For the years ended December 31, 2023 and 2022

(Expressed in thousands of U.S. dollars, except as noted.)

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

	<b>Crocodile River Mine*</b>	<b>Mareesburg</b>	<b>Kennedy's Vale</b>	<b>Spitzkop</b>	<b>Other property, plant and equipment</b>	<b>Total</b>
<b>Cost</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at December 31, 2021</b>	<b>281,431</b>	<b>15,604</b>	<b>260,224</b>	<b>58,689</b>	<b>250</b>	<b>616,198</b>
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)
<b>Balance as at December 31, 2022</b>	<b>259,858</b>	<b>14,838</b>	<b>244,172</b>	<b>55,169</b>	<b>299</b>	<b>574,336</b>
Additions	2,482	—	—	148	4	2,634
Environmental provision change in estimate	(550)	(168)	(168)	(159)	—	(1,045)
Disposals	—	—	—	—	—	—
Foreign exchange movement	(23,161)	125	(17,079)	(3,780)	8	(43,887)
<b>Balance as at December 31, 2023</b>	<b>238,629</b>	<b>14,795</b>	<b>226,925</b>	<b>51,378</b>	<b>311</b>	<b>532,038</b>
<b>Accumulated depreciation</b>						
<b>Balance as at December 31, 2021</b>	<b>178,798</b>	<b>6,621</b>	<b>251,269</b>	<b>55,063</b>	<b>221</b>	<b>491,972</b>
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)
<b>Balance as at December 31, 2022</b>	<b>168,806</b>	<b>6,200</b>	<b>235,345</b>	<b>51,564</b>	<b>199</b>	<b>462,114</b>
Depreciation	6,178	—	42	—	24	6,244
Depreciation of disposed assets	—	—	—	—	—	—
Foreign exchange movement	(15,870)	(424)	(16,122)	(4,667)	6	(37,077)
<b>Balance as at December 31, 2023</b>	<b>159,114</b>	<b>5,776</b>	<b>219,265</b>	<b>46,897</b>	<b>229</b>	<b>431,281</b>
<b>Carrying amounts</b>						
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
<b>At December 31, 2023</b>	<b>79,515</b>	<b>9,019</b>	<b>7,660</b>	<b>4,481</b>	<b>82</b>	<b>100,757</b>

\*Balances of cost and accumulated depreciation as at December 31, 2021 were reduced by \$76,829 to remove fully depreciated assets no longer in use.

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(Expressed in thousands of U.S. dollars, except as noted.)

(a) *Crocodile River Mine ("CRM")*

The Company holds directly and indirectly a 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 were placed on care and maintenance in 2013. Currently, the Company is working on refurbishing certain underground equipment since the soft restart of the Zandfontein underground operations in October 2023. As of October 1, 2023 costs incurred are expensed as pre-production costs unless the expenditures are expected to provide additional future economic benefit that would increase mine capacity, in which case capitalization would be applicable.

(b) *Mareesburg Project*

The Company holds directly and indirectly a 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. Prior to development and mining, the Company will also need to review and update amongst others, its labour and impact plans, BEE shareholdings and local community impact assessment. The project is in its early stages 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 a 100% interest in KV, an early-stage project which is located on the eastern limb of the Bushveld Complex.

(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 March 9, 2022, the Company and its subsidiary Barplats completed 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 Company received \$1,378 (ZAR20,000) per the sales agreement.

(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, 2023, management assessed for possible indicators of impairment. During the fiscal year ended December 31, 2023, as was the case in the previous fiscal year, the



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Company's market capitalization continued to be significantly lower than the carrying value of its net assets. As well, spot rhodium prices saw a significant decline during the year. 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 model assumptions included all significant inputs and incorporate various discount rate scenarios; at each of these rate scenarios, 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 related to the CRM underground prepared as at December 31, 2023.

<b>Assumptions</b>	<b>2023</b>
Discount rate	<b>12.5%</b>
USD:ZAR exchange rate	<b>ZAR18.22</b>
Average 6E basket price (USD/oz)	<b>\$1,184</b>
Chrome price, 42% (USD/t)	<b>\$298</b>
Chrome price, 38.5% (USD/t)	<b>\$200</b>

The model also includes cash flows from continued chrome sales from the existing Retreatment project (38.5% chrome) for the remainder of 2024 and additional chrome sales from the underground restart (42% chrome).

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 the timing of the re-opening of the CRM underground for production and the completion of the Retreatment Project were taken into account in the projections.

The results of the discounted cash flow economic models could change materially if these key assumptions change. Below shows the CRM model sensitivity to various inputs:

<b>Assumption Sensitivity</b>	<b>NPV reduction</b>	<b>Carrying value exceeds NPV</b>
1% increase in discount rate	<b>\$9,994</b>	<b>No</b>
10% decrease in rhodium price	<b>\$16,688</b>	<b>No</b>
10% decrease in platinum price	<b>\$27,064</b>	<b>No</b>
10% decrease in palladium price	<b>\$10,270</b>	<b>No</b>
10% decrease in chrome price	<b>\$37,633</b>	<b>No</b>
10% decrease in USD:ZAR exchange rate	<b>\$99,016</b>	<b>Yes</b>

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

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### 7. 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, 2023, the Company had 201,901,426 common shares issued and outstanding (December 31, 2022 - 137,820,773).

On May 12, 2023, the Company completed the 2023 Rights Offering and issued an aggregate of 64,080,653 common shares of the Company at a price of Cdn\$0.11 per common share issued in respect of the exercise of rights trading on the TSX and ZAR1.4564 per common share issued in respect of the exercise of rights trading on the JSE. The Company received total gross proceeds of \$5,240 in connection with the 2023 Rights Offering.

During the year ended December 31, 2023, 4,040,000 stock options are dilutive if exercised and will increase the earnings per share ("EPS") denominator by 123,335 common shares.

During the year ended December 31, 2022, nil common share equivalents (including stock options and warrants) are dilutive and included in the computation of diluted loss per share as such inclusion would be anti-dilutive.

#### (c) Warrants

As at December 31, 2023, the Company had 5,960,000 warrants outstanding (December 31, 2022 - 5,960,000); each warrant entitles its holder to acquire one common share of the Company at an exercise price of Cdn\$0.24. As it had done in the prior year, on June 8, 2023, the Company further extended the expiry date of the 5,960,000 outstanding warrants by one year to June 26, 2024. All other terms remained unchanged. The Company recorded a share-based compensation expense of \$3 and \$110 in the second quarter of 2023 and 2022, respectively.

#### (d) Share options

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

During the year ended December 31, 2023, the Company granted 4,040,000 stock options to its directors, officers, employees and a consultant to acquire common shares of the Company at an exercise price of Cdn\$0.10 per share expiring in five years from the date of grant. These stock options vested 90 days from the grant date. In 2023, 200,000 stock options expired.

During the year ended December 31, 2022, the Company granted 1,950,000 stock options to its directors, officers and employees 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 2022, 4,090,000 stock options expired.

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The fair value of the options granted in 2023 and 2022 were estimated using the Black-Scholes option pricing model with the following assumptions:

	<b>2023</b>	2022
Fair value (Cdn\$)	<b>0.04</b>	0.10*
Risk-free interest rate	<b>3.74%</b>	3.02%
Dividend yield	<b>0%</b>	0%
Expected volatility	<b>57.37%</b>	55.53%
Expected life of options (years)	<b>5</b>	5

\*Updated from \$0.21 previously reported.

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, 2023, \$124 (2022 – \$146) was recorded as share-based compensation expense relating to stock options in general and administrative services.

The following is a summary of stock option transactions:

	<b>Number of options</b>	<b>Weighted average exercise price Cdn\$</b>
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
Granted	4,040,000	0.10
Expired	(200,000)	0.31
<b>Balance, December 31, 2023</b>	<b>7,040,000</b>	<b>0.17</b>

The following table summarizes information concerning outstanding and exercisable options at December 31, 2023:

<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Exercise price Cdn\$</b>	<b>Remaining contractual life (years)</b>	<b>Expiry date</b>
450,000	450,000	0.21	0.5	June 13, 2024
450,000	450,000	0.37	1.8	October 16, 2025
650,000	650,000	0.34	2.5	June 23, 2026
1,450,000	1,450,000	0.23	3.5	July 6, 2027
4,040,000	4,040,000	0.10	4.5	June 21, 2028
<b>7,040,000</b>	<b>7,040,000</b>		<b>3.7</b>	

## Eastern Platinum Limited

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For the years ended December 31, 2023 and 2022  
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### 8. Finance costs

	Year ended December 31,	
	2023	2022
	\$	\$
Accretion of interest on contracts payable (Note 14)	4,532	4,444
Accretion on interest on lease liabilities (Note 17)	133	283
Interest on provision for environmental rehabilitation (Note 15)	440	324
Other interest	160	51
	<b>5,265</b>	<b>5,102</b>

### 9. Income tax

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

	Year ended December 31,	
	2023	2022
	\$	\$
Current tax expense	75	110
Deferred tax recovery	(32)	(2,332)
Income tax expense (recovery)	43	(2,222)

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:

	Year ended December 31,	
	2023	2022
	\$	\$
Income (loss) before income tax	13,792	(3,016)
Statutory tax rate	27%	27%
Expected tax expense (recovery) at the applicable tax rate	3,724	(814)
Difference in tax rates between foreign jurisdictions and Canada	12	(16)
Items not deductible for income tax purposes	131	1,285
Tax losses not recognized	422	873
Tax losses utilized	(4,246)	(3,550)
Income tax expense (recovery)	43	(2,222)

At December 31, 2023, the Company has approximately Cdn\$65,218 of non-capital losses available to offset future taxable income in Canada expiring in various amounts from 2026 to 2043. 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 ZAR6,139,972 (approximately \$335,480) and estimated tax losses of ZAR9,667 (approximately \$528) 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.

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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.

### 10. Non-controlling interest

The Company has the following non-controlling interest in South Africa for its project:

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

### 11. 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.

	<b>December 31, 2023</b>	December 31, 2022
	<b>\$</b>	\$
Chrome inventory	<b>2,085</b>	7,127
PGM inventory	<b>7</b>	7
Supplies and consumables	<b>2,438</b>	2,339
	<b>4,530</b>	9,473

### 12. Trade and other receivables

Trade and other receivables are comprised of:

	<b>December 31, 2023</b>	December 31, 2022
	<b>\$</b>	\$
Trade receivables*	<b>26,173</b>	22,637
VAT receivable	<b>268</b>	356
Other receivables	<b>3,473</b>	1,792
Expected credit losses	<b>(2,257)</b>	(2,168)
	<b>27,657</b>	22,617

\*See Note 20(d)(iv) and Note 22.

## Eastern Platinum Limited

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For the years ended December 31, 2023 and 2022

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### 13. 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 and Energy of South Africa ("DMRE") in respect to environmental rehabilitation (see Note 15). Changes to other assets for the years ended December 31, 2023 and 2022 are as follows:

	\$
Balance, December 31, 2021	6,493
Service fees	(37)
Interest income	348
Foreign exchange movement	(421)
Balance, December 31, 2022	6,383
Service fees	(36)
Interest income	520
Foreign exchange movement	(433)
<b>Balance, December 31, 2023</b>	<b>6,434</b>

### 14. Union Goal contracts

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

	December 31, 2023 \$	December 31, 2022 \$
<b>Deferred revenue</b>		
Balance, beginning of year	<b>9,073</b>	11,806
Additions		
Discounting effect from Chrome Circuit equipment payable	—	74
Discounting effect from Credit Facility	—	101
Sub-total	—	175
Recognized as revenue (e)	—	(2,241)
Foreign exchange	<b>(505)</b>	(667)
<b>Balance, end of year</b>	<b>8,568</b>	9,073
Deferred revenue - current	<b>8,568</b>	6,270
Deferred revenue - non-current	—	2,803

## Eastern Platinum Limited

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	December 31, 2023 \$	December 31, 2022 \$
<b>Contracts payable - Chrome Circuit equipment payable</b>		
Carrying value, beginning of year	42,245	43,574
Changes during the year		
Adjustments of contracts payable (a), (c)	—	(6,086)
Face value of additions (b)	—	1,002
Discounting effect (b)	—	(74)
Net present value adjustments	—	(5,158)
Accretion (d)	4,003	3,829
<b>Carrying value, end of year</b>	<b>46,248</b>	<b>42,245</b>
<b>Contracts payable - Credit Facility</b>		
Carrying value, beginning of year	6,549	6,340
Changes during the year		
Adjustments of contracts payable (a), (c)	—	(892)
Face value of additions (b)	—	1,176
Discounting effect (b)	—	(101)
Net present value adjustments	—	183
Accretion (d)	569	572
Foreign exchange	(445)	(546)
<b>Carrying value, end of year</b>	<b>6,673</b>	<b>6,549</b>
<b>Contracts payable, carrying value - total</b>	<b>52,921</b>	<b>48,794</b>

The Company and its subsidiary 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 interest rate.

## Eastern Platinum Limited

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- (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, 2023, the total face value of the Chrome Circuit equipment payable is \$46,248 (December 31, 2022 - \$45,602), while the total value of the Credit Facility is \$6,673 (December 31, 2022 - \$7,163), (see Note 25).

- (c) In the year ended 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 Retreatment Project (now estimated to be during Q4 2024). 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 \$4,572 (2022 - \$4,401) for the year ended December 31, 2023.
- (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 16(b) and 22). Since the third quarter of 2022, 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 is expected to 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, 2023, this amounted to \$399 (2022 - \$6,846).

### 15. 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 South African Mineral and Petroleum Resources Development Act ("MPRDA") to the National Environmental Management Act ("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.



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The provision for environmental rehabilitation at December 31, 2023 is \$3,130 (December 31, 2022 - \$4,033). The provision was determined using the following assumptions:

	2023	2022
Inflation rate	4.98%	5.21%
Weighted average discount rate	12.28%	11.91%
Estimated life of mine (years)		
- Zandfontein	23	23
- Crocette	27	27
- Kennedy's Vale	21	21
- Spitzkop	24	24
- Maresburg	7	7

As at December 31, 2023, \$6,120 (ZAR112,000) (December 31, 2022 - \$6,574 (ZAR112,000)) has been pledged as security for the guarantee issued to the DMRE in respect to environmental rehabilitation (see Note 13). Furthermore, certain of the Company's residential properties in the amount of \$1,158 (ZAR21,200) (December 31, 2022 - \$1,244 (ZAR21,200)) were also pledged as security for the guarantee issued to the DMRE 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, 2023, the undiscounted and inflated value of this liability is approximately \$46,281 (ZAR847,039) (December 31, 2022 - \$50,377 (ZAR858,825)).

Changes to the environmental rehabilitation provision are as follows:

	\$
Balance, December 31, 2021	3,114
Revision in estimates	729
Accretion (Note 8)	375
Foreign exchange movement	(185)
Balance, December 31, 2022	4,033
Revision in estimates	(1,045)
Accretion (Note 8)	440
Foreign exchange movement	(298)
<b>Balance, December 31, 2023</b>	<b>3,130</b>

## 16. Commitments

### (a) PGM concentrate offtake agreement

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 14).

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### (c) Capital expenditures

The Company has committed to capital expenditures in South Africa of approximately \$2,620 as at December 31, 2023, all of which are expected to be incurred during the next 12 months.

## 17. 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.

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%.

	<b>December 31, 2023</b>	December 31, 2022
	\$	\$
Balance, beginning of year	<b>2,170</b>	3,664
Future aggregate minimum lease payments	—	100
Lease payments in cash	<b>(1,607)</b>	(1,696)
Non-cash accretion	<b>133</b>	283
Foreign exchange movement	<b>(151)</b>	(181)
<b>Balance, end of year</b>	<b>545</b>	2,170
<b>Current portion</b>	<b>482</b>	1,735
<b>Non-current portion</b>	<b>63</b>	435

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, 2023 and 2022:

	<b>December 31, 2023</b>	December 31, 2022
	\$	\$
Within 1 year	<b>498</b>	1,735
Between 1 - 2 years	<b>25</b>	533
Over 2 years	<b>46</b>	69
Total undiscounted amount	<b>569</b>	2,337
Less: accretion	<b>(24)</b>	(167)
<b>Total discounted amount</b>	<b>545</b>	2,170

## Eastern Platinum Limited

Notes to the consolidated financial statements

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### 18. 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,	
	2023	2022
	\$	\$
Director fees	268	189
Management fees (consultant only) (i)	—	329
Share-based compensation	45	75
	<b>313</b>	593

(i) In 2022, 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. In addition to the monthly fee, for the year ended December 31, 2022, Oriental Fortune received a bonus payment of \$41 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") and VP. The Company previously employed a Chief Operating Officer ("COO") up until October 2022. The total compensation to key management for the year ended December 31, 2023 and 2022 was:

	Year ended December 31,	
	2023	2022
	\$	\$
Remuneration	621	806
Payments to former management	—	595
Share-based compensation	40	68
	<b>661</b>	1,469

Key management personnel were not paid post-employment benefits or other long-term benefits during the years ended December 31, 2023 and 2022.

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### 19. Segmented information

- (a) Operating segments - The Company's operations are primarily directed towards the mining, exploration and development of chrome and PGM in South Africa. The Company has three reportable segments - CRM, Eastern Limb and Corporate. Eastern Limb 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, 2023 and 2022, and assets by geographic areas as at December 31, 2023 and 2022, are as follows:

	Year ended December 31, 2023				
	CRM	Eastern Limb	Total South Africa	Corporate	Total
	\$	\$	\$	\$	\$
Property, plant and equipment additions	2,482	148	<b>2,630</b>	4	<b>2,634</b>
Revenue	106,944	—	<b>106,944</b>	—	<b>106,944</b>
Production costs	(69,225)	—	<b>(69,225)</b>	—	<b>(69,225)</b>
Production costs - depreciation	(6,155)	—	<b>(6,155)</b>	—	<b>(6,155)</b>
Income (loss) before income taxes	16,639	(656)	<b>15,983</b>	(2,191)	<b>13,792</b>
Income tax expense	—	(43)	<b>(43)</b>	—	<b>(43)</b>
Net income (loss)	16,639	(699)	<b>15,940</b>	(2,191)	<b>13,749</b>

	Year ended December 31, 2022 (restated)				
	CRM	Eastern Limb	Total South Africa	Corporate	Total
	\$	\$	\$	\$	\$
Property, plant and equipment additions	2,786	116	<b>2,902</b>	116	<b>3,018</b>
Cost of property, plant and equipment disposals	(656)	—	<b>(656)</b>	(44)	<b>(700)</b>
Revenue	53,883	—	<b>53,883</b>	—	<b>53,883</b>
Production costs	(42,078)	—	<b>(42,078)</b>	—	<b>(42,078)</b>
Production costs - depreciation	(4,155)	—	<b>(4,155)</b>	(10)	<b>(4,165)</b>
Loss before income taxes	(396)	(506)	<b>(902)</b>	(2,114)	<b>(3,016)</b>
Income tax recovery (expense)	(1)	(17)	<b>(18)</b>	2,240	<b>2,222</b>
Net income (loss)	(397)	(523)	<b>(920)</b>	126	<b>(794)</b>

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Notes to the consolidated financial statements

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<b>December 31, 2023</b>					
	<b>CRM</b>	<b>Eastern Limb</b>	<b>Total South Africa</b>	<b>Corporate</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total assets	135,403	21,306	<b>156,709</b>	4,061	<b>160,770</b>
Total liabilities	62,605	2,035	<b>64,640</b>	8,465	<b>73,105</b>

<b>December 31, 2022 (restated)</b>					
	<b>CRM</b>	<b>Eastern Limb</b>	<b>Total South Africa</b>	<b>Corporate</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total assets	131,251	21,158	<b>152,409</b>	776	<b>153,185</b>
Total liabilities	69,179	2,630	<b>71,809</b>	8,179	<b>79,988</b>

(c) *Revenue*

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

	<b>Year ended December 31,</b>	
	<b>2023</b>	2022 (restated)
	<b>%</b>	<b>%</b>
Chrome	<b>95%</b>	77%
PGM	<b>5%</b>	23%
Total	<b>100%</b>	100%

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### 20. Financial instruments

(a) *Management of capital risk*

The capital structure of the Company consists of contracts payable (see Note 14) 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.

(b) *Categories of financial instruments*

	<b>December 31, 2023</b>	December 31, 2022
	\$	\$
<b>Financial assets</b>		
FVTPL		
Trade receivables for PGM sales	<b>1,861</b>	5,050
Amortized cost		
Cash and cash equivalents	<b>18,131</b>	2,448
Restricted cash	<b>43</b>	42
Trade and other receivables (excluding taxes receivable)	<b>25,528</b>	17,211
Short-term investments	<b>3,218</b>	—
Other assets (Note 13)	<b>6,434</b>	6,383
	<b>55,215</b>	31,134
<b>Financial liabilities</b>		
Amortized cost		
Trade and other payables	<b>5,740</b>	5,160
Draw on finance facility	<b>930</b>	2,941
Lease liabilities	<b>545</b>	2,170
Contracts payable	<b>52,921</b>	48,794
	<b>60,136</b>	59,065

(c) *Fair value of financial instruments*

(ii) *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.

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(iii) *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, 2023 and 2022. As at December 31, 2023 and 2022, 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, 2023 and 2022.

(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. 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:

	<b>December 31, 2023</b>	December 31, 2022
	\$	\$
<b>Financial assets</b>		
Denominated in USD at South African subsidiaries	<b>10,928</b>	5,050
Denominated in Rand at Canadian head office	<b>113</b>	21
Total	<b>11,041</b>	5,071
<b>Financial liabilities</b>		
Contracts payable denominated in Rand at Canadian head office	<b>6,673</b>	6,549
Contracts payable denominated in USD at South African subsidiaries	<b>46,207</b>	42,245
Total	<b>52,880</b>	48,794

As at December 31, 2023, 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 \$597 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 \$3,208.

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(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, 2023, the Company had a balance owing of \$930 (ZAR17,028) which is shown as draw on finance facility on the Consolidated Statements of Financial Position. The Company has also provided \$6,120 (ZAR112,000) (December 31, 2022 - \$6,574 (ZAR112,000)) pledged as security for the guarantee issued to the DMRE in respect to environmental rehabilitation (see Note 15). These funds are held in interest bearing accounts and will be utilized to cover future expenses incurred to rehabilitate the mining area upon closure of the mine. Interest rate fluctuations may require the Company to provide additional security for these guarantees. 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. Prior to January 1, 2021, the Company did not have material PGM concentrate sales. Chrome concentrate sales had been structured based on the tonnage processed referenced to the long-term chrome concentrate commodity price according to the Union Goal contract. Since late 2022, the Company began making third-party sales at market prices; the Company is now exposed to commodity price risk with respect to fluctuations in the prices of chrome.

(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 14 and Note 25). As at December 31, 2023, the Company is owed approximately \$15 million from Union Goal in gross 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. The continued non-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.

(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 for additional information on the Company's liquidity risk.



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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 third-party buyers, 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 2024 and future years. The Company also holds a secured finance facility with Investec which can provide financing of up to \$6.1 million (ZAR110 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.

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, 2023. Included below are the contracts payable to Union Goal of \$52,921 which were 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.

	<b>&lt;1 year</b>	<b>1 – 5 years</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Contracts payable	52,921	—	52,921
Trade and other payables	5,740	—	5,740
Draw on finance facility	930	—	930
Lease liabilities	498	71	569
	<b>60,089</b>	<b>71</b>	<b>60,160</b>

## 21. Contingencies and legal proceedings

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:

### Further litigation by 2538520 Ontario Limited against the Company

On February 7, 2020, 2538520 Ontario Limited ("253") and its CEO, Rong Kai Hong, (together, the "Plaintiffs") filed a further claim regarding various allegations (initiated in 2018), 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

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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 (the "BC Supreme Court") 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. On March 13, 2024, the Plaintiffs filed a further amended notice of civil claim, contrary to the Court Rules. The Company intends to apply to strike the further amended notice of civil claim and 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

In December 2020, the Company received a petition filed with the BC Supreme Court 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. The petition is substantially similar to that filed in November 2018 for 253, which was dismissed in 2019, and which decision was upheld on appeal. The Company filed a response to and sought dismissal of Ms. Ren's petition.

In April 2023, the court released its reasons for judgment denying leave to commence a derivative action against certain current and former directors, but granting leave as against the former CEO of the Company. In early May 2023, pursuant to the court's earlier decision granting leave, Ms. Ren filed a derivative notice of civil claim with the BC Supreme Court in the Company's name against the former CEO. The Company is reviewing the May 2023 notice of civil claim with its advisors. In December 2023, the Company commenced an appeal of the April 2023 order granting leave to commence a derivative action. On March 21, 2024, the court denied the appeal. It is not possible to provide a further evaluation of the claim as of the date of these consolidated financial statements or make an assessment regarding potential future cash outflow.

### 2016 BEE Buyout Transactions

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

In 2017, the Company was advised on behalf of the BEE Partners that they no longer considered themselves as the Company's BEE Partners. However, the Company was not provided with all of the background details and documents concerning those arrangements and was unable to otherwise confirm or document that result. In 2020, the Company was provided with certain documents and records confirming that Serina, Ingwenya and the BEE Partners had purportedly agreed to nullify and reverse the transactions among them with the result that the BEE Partners' interests (save for the 17.65% equity interest in Afriminer) had reverted to Serina and Ingwenya, effective as of June 2017.

The Company notes that as a result of the foregoing, it had sufficient documentation and other representations to allow it to confirm and record that it no longer had BEE Partners as of June 2017 and any interest purportedly held by Serina and Ingwenya could be considered transferred. South African

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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 DMRE. 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 DMRE 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 BC Supreme Court against Serina and Ingwenya in relation to the payment of \$13,367. The Company filed an application for default judgment against Serina in the BC 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.

### Claim dispute regarding Spitzkop

The Company has received a notice from the DMRE on October 25, 2018 of an appeal launched with the DMRE 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 and the claimant are currently engaging to amicably resolve this matter and it does not expect that it will result in a material cash outflow by the Company in the foreseeable future

### Project Agreement – PGM Circuit H

In July 2020, Barplats entered into an agreement with Advanced Beneficiation Technologies (Pty) Ltd (“ABT”) in respect of the possible construction of a modular plant to process PGMs from certain tailings at the CRM (the “Circuit H Project”). The agreement is the subject of a dispute and ABT has referred the dispute to arbitration under the agreement. In addition, on June 27, 2023, Barplats received a summons out of the High Court of South Africa (North West Division, Mahikeng) from ABT Toda (Pty) Limited as plaintiff. In both matters, pleadings were exchanged and are now closed, the process of the discovery of documents is underway. No provision has been made in these consolidated financial statements for this matter.

## 22. Revenue contracts with customers

During the year ended December 31, 2023, 95% (\$101,752) of the Company’s revenue was in relation to the processing of chrome concentrates and was generated through third-party sales. The remaining 5% (\$5,192) of the Company’s revenue was from PGM concentrate sales and was generated under the offtake agreement with Impala (see Note 16(a)).

As part of chrome concentrate sales to third-parties during 2023, the Company recognized revenue of \$7,728, which related to chrome concentrates sales contracted in the prior year to a certain customer, with the remainder of chrome concentrate sales to three additional customers. In 2022, revenue from chrome concentrate sales to third parties, included \$3,867 of chrome concentrate sales to a certain customer and another \$2,895 of the deferred revenue balance at the end of 2022 was also from this certain customer. In 2022, certain discounts were also provided in exchange for favourable upfront payment terms at the time.

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During the year ended December 31, 2022, 77% (\$41,646) of the Company's revenue was in relation to the processing of chrome concentrate and was generated under the Union Goal agreements (see Note 14) and through third-party sales. The remaining 23% (\$12,237) of the Company's revenue was from PGM concentrate sales to Impala.

Chrome and PGM concentrate transactions are contracted based on prevailing market prices, adjusted for actual grades and in the case of chrome concentrate, shipping and other logistics costs. PGM concentrate transactions are governed by the Company's offtake agreement with Impala; chrome concentrate sales transactions may include certain discounts in exchange for favourable payment or shipping terms.

As at December 31, 2023, 58% of the gross trade receivable balance in the amount of \$15,245 (December 31, 2022 – 75%, \$17,064) was attributed to Union Goal (see Note 20(d)(iv)), and the related ECL was 10% of the trade receivable balance owed by Union Goal, in the amount of \$1,593 (December 31, 2022 – 10%, \$1,711).

As at December 31, 2023, 4% of the deferred revenue balance, in the amount of \$399 (December 31, 2022 – 43%, \$6,846) was related to chrome sales received from third-parties (see Note 14(e)). The remaining deferred revenue was attributed to the Union Goal contracts.

### 23. Headline and diluted headline earnings (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.

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,	
	2023	2022
	\$	\$
Income (loss) attributable to equity shareholders of the Company	<b>13,759</b>	(938)
Adjusted for:		
(Gain) on disposal of property, plant and equipment	—	(314)
Headline earnings (loss) attributable to equity shareholders of the Company	<b>13,759</b>	(1,252)
Headline earnings (loss) and diluted headline earnings (loss) per share	<b>0.08</b>	(0.01)

### 24. Prior year error - restatement of comparatives

Certain 2022 comparative numbers in these financial statements and notes thereto have been restated to correct an error in the Fiscal 2022 consolidated financial statements that was identified subsequent to the F2022 year-end and are discussed below.

In connection with the preparation of the Company's consolidated financial statements for the year ended December 31, 2023, an error was identified in the recognition of revenue related to a chrome concentrate sales transaction in Q4 2022 which impacts the Company's previously filed audited consolidated financial statements for the year ended December 31, 2022. Chrome concentrate revenue

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is recognized when control is transferred to the buyer and payment is considered probable. A sales transaction that was included in Deferred revenue at the end of 2022 and recognized as revenue in Q1 2023 should have been recognized in Q4 2022 based on the fact that the Company had met all of its required performance obligations at the time, as supported by the underlying contract and bill of lading. Previously reported revenue from 2022 was thus understated by \$4,049, with associated errors in Production costs, Inventories and Deferred revenue.

The following table presents the effects of the restatement on the individual line items within the Company's Consolidated Statement of Income (Loss), Statement of Comprehensive Income (Loss) and Statement of Financial Position. The corrected prior period error had no impact on cash flows.

<b>Year Ended December 31, 2022</b>			
	As previously reported	Adjustment	<b>As restated</b>
	\$	\$	\$
Revenue	49,834	4,049	<b>53,883</b>
Production costs	(39,739)	(2,339)	<b>(42,078)</b>
Mine operating income	5,930	1,710	<b>7,640</b>
Operating income (loss)	(6,453)	1,710	<b>(4,743)</b>
Net income (loss) for the year	(2,504)	1,710	<b>(794)</b>
Net (loss) attributable to equity shareholders of the Company	(2,648)	1,710	<b>(938)</b>
Earnings (loss) per share, basic and diluted	(0.02)	0.01	<b>(0.01)</b>
Comprehensive income (loss) for the year	(8,947)	1,766	<b>(7,181)</b>

<b>As at December 31, 2022</b>			
	As previously reported	Adjustment	<b>As restated</b>
	\$	\$	\$
Inventories (current)	11,320	(2,418)	<b>8,902</b>
Deferred revenue (current)	17,300	(4,184)	<b>13,116</b>

### 25. Subsequent event

On February 16, 2024, the Company received a notice of civil claim from Union Goal filed in the BC Supreme Court (BCSC Court File no. S-240936). In the notice, Union Goal claimed a breach of contract and unjust enrichment with respect to the credit facility provided to Eastern Platinum Ltd. from Union Goal, asserting that outstanding balance of the facility had become payable. The Company does not believe it is in breach, as the updated framework agreement stated that the credit facility would become payable 210 days after receipt of the plant commissioning certificate related to the Optimization program, which has not been received (see Note 14).