

Condensed interim consolidated
financial statements of

Eastern Platinum Limited

For the three months ended March 31,
2023
(Unaudited)

Eastern Platinum Limited

Condensed interim consolidated financial statements
for the three months ended March 31, 2023

Table of contents

Notice of no auditor review of condensed interim consolidated financial statements	3
Condensed interim consolidated statements of income	4
Condensed interim consolidated statements of comprehensive income (loss)	5
Condensed interim consolidated statements of financial position	6
Condensed interim consolidated statements of changes in equity	7
Condensed interim consolidated statements of cash flows	8
Notes to the condensed interim consolidated financial statements	9-29

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

Eastern Platinum Limited

Condensed interim consolidated statement of income

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

	Note	Three months ended	
		March 31	
		2023	2022
Revenue	10	\$ 22,058	\$ 17,407
Production costs		(15,360)	(12,260)
Production costs - depreciation		(1,465)	(1,744)
Mine operating income		5,233	3,403
Expenses			
General and administrative		474	543
Expected credit loss on trade receivables	2(b)	—	1,076
Site services		667	1,056
Care and maintenance		595	633
Operating income		3,497	95
Other income (expense)			
Gain on disposal of property, plant and equipment		—	228
Interest income		182	102
Other income		424	512
Finance costs		(1,265)	(1,334)
Foreign exchange gain (loss)		(1,498)	3,703
Income before income taxes		1,340	3,306
Income tax recovery		3	11
Net income for the period		1,343	3,317
Net income (loss) attributable to			
Non-controlling interest		(1)	311
Equity shareholders of the Company		1,344	3,006
Net income for the period		\$ 1,343	\$ 3,317
Earnings per share			
Basic and diluted		\$ 0.01	\$ 0.02
Weighted average number of common shares outstanding ('000s)			
Basic		137,821	137,821
Diluted		137,821	139,330

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

"George Dorin"

George Dorin, Director

"Lisa Ng"

Lisa Ng, Director

Eastern Platinum Limited

Condensed interim consolidated statement of comprehensive income (loss)

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

	Three months ended	
	March 31	
	2023	2022
Net income for the period	\$ 1,343	\$ 3,317
Other comprehensive income (loss) items that may subsequently be reclassified to profit or loss:		
- Exchange differences on translating foreign operations	(3,652)	12,951
- Exchange differences on translating non-controlling interest	42	(4,197)
Comprehensive income (loss) for the period	(2,267)	12,071
Comprehensive income (loss) attributable to:		
Equity shareholders of the Company	(2,308)	15,957
Non-controlling interest	41	(3,886)
Comprehensive income (loss) for the period	\$ (2,267)	\$ 12,071

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

Eastern Platinum Limited

Condensed interim consolidated statement of financial position

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

	Note	As at March 31 2023	As at December 31 2022
Assets			
Current assets			
Cash and cash equivalents		\$ 3,771	2,448
Trade and other receivables	10	25,736	22,617
Inventories	11	10,673	11,320
Total current assets		40,180	36,385
Non-current assets			
Restricted cash		42	42
Inventories	11	-	571
Property, plant and equipment	3	105,778	112,222
Other assets		6,227	6,383
Total assets		\$ 152,227	155,603
Liabilities			
Current liabilities			
Trade and other payables		\$ 4,724	5,160
Draw on finance facility	9(d)	2,353	2,941
Deferred revenue	4	16,995	17,300
Lease liabilities		1,646	1,735
Contracts payable	4	49,619	48,794
Total current liabilities		75,337	75,930
Non-current liabilities			
Deferred revenue	4	2,747	2,803
Lease liabilities		74	435
Provision for environmental rehabilitation		3,977	4,033
Deferred tax liabilities		928	971
Total liabilities		\$ 83,063	84,172
Equity			
Issued capital	8	1,240,890	1,240,890
Contributed surplus		976	980
Accumulated other comprehensive loss		(321,406)	(317,754)
Deficit		(850,900)	(852,248)
Total equity attributable to Equity shareholders of the Company		69,560	71,868
Non-controlling interest		(396)	(437)
Total liabilities and equity		\$ 152,227	155,603

Nature of operations and going concern (Note 1)
Contingencies (Note 13)
Subsequent events (Note 14)

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

Eastern Platinum Limited

Condensed interim consolidated statement of changes in equity

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

	Issued capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity attributed to shareholders of the company	Non-controlling interest	Equity
Balance, December 31, 2021	\$ 1,240,890	1,175	(310,742)	(808,846)	122,477	(42,124)	80,353
Net income	-	-	-	3,006	3,006	311	3,317
Other comprehensive income (loss)	-	-	12,951	-	12,951	(4,197)	8,754
Total comprehensive income (loss)	-	-	12,951	3,006	15,957	(3,886)	12,071
Balance, March 31, 2022	\$ 1,240,890	1,175	(297,791)	(805,840)	138,434	(46,010)	92,424
Balance, December 31, 2022	\$ 1,240,890	980	(317,754)	(852,248)	71,868	(437)	71,431
Net income (loss)	-	-	-	1,344	1,344	(1)	1,343
Other comprehensive income (loss)	-	-	(3,652)	-	(3,652)	42	(3,610)
Total comprehensive income (loss)	-	-	(3,652)	1,344	(2,308)	41	(2,267)
Transfer equity reserve related to expired options	-	(4)	(4)	4	-	-	-
Balance, March 31, 2023	\$ 1,240,890	976	(321,406)	(850,900)	69,560	(396)	69,164

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

Eastern Platinum Limited

Condensed interim consolidated statement of cash flows

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

	Note	Three months ended	
		March 31	
		2023	2022
Operating activities			
Net income (loss) for the period		\$ 1,343	\$ 3,317
Adjustments to net loss for non-cash items			
Depreciation and amortization		1,766	1,781
Gain on disposal of property, plant and equipment		-	(228)
Interest and other income		(182)	(102)
Finance costs		980	1,334
Income tax recovery		(3)	(11)
Foreign exchange (gain) loss		1,498	(3,703)
Net changes in non-cash working capital items			
Trade and other receivables	10	(3,709)	(1,515)
Inventories	11	722	326
Trade and other payables		1,175	(1,718)
Deferred revenue		(361)	(916)
Cash provided from operations		3,229	(1,435)
Financing activities			
Contracts payable – Union Goal credit facility	4	-	1,176
Draw on finance facility	9(d)	(588)	-
Finance costs paid		(909)	(4)
Lease payments		(366)	(447)
Net financing cash flows		(1,863)	725
Investing activities			
Purchases of short-term investments		-	1,798
Interest income received		184	102
Other asset additions		(112)	(58)
Property, plant and equipment additions	3	(319)	(865)
Disposal of property, plant and equipment	3	-	1,919
Net investing cash flows		(247)	2,896
Effect of exchange rate changes on cash and cash equivalents		204	73
Increase in cash and cash equivalents		1,323	2,259
Cash and cash equivalents, beginning of year		2,448	2,203
Cash and cash equivalents, end of year		\$ 3,771	\$ 4,462

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

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

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

The Company's presentation currency is U.S. dollars. All monetary amounts presented in these condensed interim consolidated financial statements are in thousands of U.S. dollars ("\$"), thousands of Canadian dollars ("Cdn\$") or thousands of South African Rand ("ZAR"), except for per share amounts or otherwise indicated. The Company has re-presented certain prior year figures to reflect current period presentation in these condensed interim consolidated financial statements. Accordingly, on the condensed interim consolidated statement of income, Expected credit loss on trade receivables was added, which had previously been included in General and administrative expenses. On the condensed interim consolidated statement of cash flows, Income (loss) before income taxes of \$3,306 in the comparable period has been replaced by Net income (loss) for the period of \$3,317. Income tax recovery of (\$11) was added to the Adjustments to net loss for non-cash items in the comparable period.

As at March 31, 2023, the Company had cash and cash equivalents of \$3,771 (December 31, 2022 - \$2,448) and a working capital deficit of \$35,157 (December 31, 2022 - working capital of \$39,545). For the three months ended March 31, 2023, the Company generated cash in operating activities of \$3,229 (2022 - used cash of \$1,435).

These condensed interim 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 March 31, 2023.

The Company and its subsidiary, Barplats Mines (Pty) Limited ("Barplats") entered into an agreement (the "Framework Agreement") with Union Goal Offshore Solution Limited ("Union Goal") on March 1, 2018 and, subsequently, various transactional agreements including an equipment and chrome plant agreement, loan agreement, escrow agreement and offtake agreement were signed on August 31, 2018 under the Framework Agreement (collectively referred to as the "2018 Retreatment Project Agreements"). On March 10, 2021, the Company, Barplats and Union Goal executed updated Retreatment Project Agreements (the "2021 Updated Retreatment Project Agreements") (see Note 4). All of these agreements are collectively referred to as the Union Goal Contracts and provide for construction, re-mining and processing of the tailings resource, and the subsequent offtake of chrome concentrate from the Barplats Zandfontein UG2 tailings facility ("Retreatment Project").

Operations from re-mining the tailings material have produced chrome concentrate since December 2018 and have produced PGM concentrates since December 2020.

Since August 2013, the Company's other existing projects have been either in care and maintenance or on hold. Additional funding will be required in the future to commence underground production at CRM which is planned to re-commence in 2023, and to develop the Kennedy's Vale ("KV"), Spitzkop PGM ("Spitzkop") and Mareesburg PGM ("Mareesburg") projects (together the "Eastern Limb Projects") and to bring them into production. For more information, refer to Financial risk management - liquidity risk (see Note 9 (c)(v)).

As the Company continues to operate the Retreatment Project, there remains material uncertainty that the Company will be able to achieve sufficient cash inflows to meet its expected financial obligations in the next 12 months and there can be no assurance that additional funding will be available to the Company when needed, or, if available, that this funding will be on acceptable terms. During the

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

previous year, the Company reclassified its Contracts payable from non-current to a current liability. This reclassification is based on the Company's best estimate of the timing of the payment due and is the main reason for the decrease in the Company's working capital since Q2 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) and Note 4 for further details) and are subject to completion of the optimization project and further good faith negotiations.

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

In response to this, from the start of the third quarter 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 March 24, 2023, the Company announced a Rights Offering to its shareholders to acquire common share of the Company (see Note 14 – Subsequent events). Although the Company has been successful in raising equity finance in the past, there can be no assurance as to the amount that will be raised in this financing.

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

2. Basis of preparation

(a) *Statement of compliance*

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

The preparation of these unaudited condensed interim consolidated financial statements is based on accounting principles and methods consistent with those used in the preparation of the audited consolidated financial statements as at December 31, 2022. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022. The Company's interim results are not necessarily indicative of its results for a full year.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 11, 2023.

(b) *Judgments and estimates*

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

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 changes in the economic environment related to the COVID-19 pandemic, as well as geopolitical risks and events, inflation and rising interest rates have maintained uncertainty and volatility in global markets and economies. The Company's primary operation is in South Africa.

As discussed in Note 4, 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 contract payable to Union Goal.

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

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

Below are the key assumptions used to calculate the ECL. The value of the ECL is recorded in Rand and revalued quarterly:

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

Additional ECL adjustments of \$nil were made on the Company's other trade receivable balances in the period (2022 - (\$85)).

Other areas of significant judgment and estimates made by management for the three months ended March 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(u) of the Company's audited consolidated financial statements for the year ended December 31, 2022.

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

3. Property, plant and equipment

Cost	Right-of-use assets \$	Plant and equipment \$	Mineral properties previously depleted \$	Mineral properties not being depleted \$	Properties and land \$	Total \$
Balance as at December 31, 2021	4,921	353,219	63,570	259,620	11,697	693,027
Additions	—	2,902	—	116	—	3,018
Environmental provision change in estimate	—	487	—	313	—	800
Disposals	—	(626)	—	—	(74)	(700)
Foreign exchange movement	(210)	(23,500)	(4,040)	(16,493)	(737)	(44,980)
Balance as at December 31, 2022	4,711	332,482	59,530	243,556	10,886	651,165
Additions	—	330	—	—	—	330
Environmental provision change in estimate	—	—	—	—	—	—
Disposals	—	—	—	—	—	—
Foreign exchange movement	(190)	(14,267)	(2,498)	(10,219)	(457)	(27,631)
Balance as at March 31, 2023	4,521	318,545	57,032	233,337	10,429	623,864
Accumulated depreciation and impairment						
Balance as at December 31, 2021	1,609	279,885	52,169	233,177	1,961	568,801
Depreciation	1,456	5,594	—	—	83	7,133
Depreciation of disposed assets	—	(609)	—	—	(32)	(641)
Foreign exchange movement	(108)	(18,045)	(3,253)	(14,818)	(126)	(36,350)
Balance as at December 31, 2022	2,957	266,825	48,916	218,359	1,886	538,943
Depreciation	334	1,436	—	—	6	1,776
Foreign exchange movement	(44)	(11,337)	(2,011)	(9,162)	(79)	(22,633)
Balance as at March 31, 2023	3,247	256,924	46,905	209,197	1,813	518,086
Carrying amounts						
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
At March 31, 2023	1,274	61,621	10,127	24,140	8,616	105,778

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

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

	Crocodile River	Mareesburg	Kennedy's Vale	Spitzkop	Other property plant and equipment	Total
Cost	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2021	358,260	15,604	260,224	58,689	250	693,027
Additions	2,786	65	—	51	116	3,018
Environmental provision change in estimate	16	156	471	157	—	800
Disposals	(656)	—	—	—	(44)	(700)
Foreign exchange movement	(23,719)	(987)	(16,523)	(3,728)	(23)	(44,980)
Balance as at December 31, 2022	336,687	14,838	244,172	55,169	299	651,165
Additions	330	—	—	—	—	330
Environmental provision change in estimate	—	—	—	—	—	—
Disposals	—	—	—	—	—	—
Foreign exchange movement	(14,447)	(623)	(10,247)	(2,315)	1	(27,631)
Balance as at March 31, 2023	322,570	14,215	233,925	52,854	300	623,864
Accumulated depreciation						
Balance as at December 31, 2021	255,627	6,621	251,269	55,063	221	568,801
Depreciation	7,058	—	47	—	28	7,133
Depreciation of disposed assets	(606)	—	—	—	(35)	(641)
Foreign exchange movement	(16,444)	(421)	(15,971)	(3,499)	(15)	(36,350)
Balance as at December 31, 2022	245,635	6,200	235,345	51,564	199	538,943
Depreciation	1,759	—	11	—	6	1,776
Foreign exchange movement	(10,334)	(260)	(9,875)	(2,164)	—	(22,633)
Balance as at March 31, 2023	237,060	5,940	225,481	49,400	205	518,086
Carrying amounts						
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
At March 31, 2023	85,510	8,275	8,444	3,454	95	105,778

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

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

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

(b) *Mareesburg Project*

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

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

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

(d) *Spitzkop PGM Project ("Spitzkop")*

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

(e) *Assets held for sale*

On October 24, 2019, the Company and its subsidiary Barplats entered into a sales agreement (the "Sales Agreement") with Eland Platinum (Pty) Limited ("Eland"). The Sales Agreement provided for the sale of the mining rights, immovable property, infrastructure and equipment of the Maroelabult resource property (collectively referred to as the "Maroelabult Assets") located near Brits in South Africa. The asset sale was completed on March 9, 2022 with the Company receiving \$1,378 (ZAR20,000) per the Sales Agreement.

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

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

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

As at March 31, 2023, management assessed for possible indicators of impairment. During the three months ended March 31, 2023, as was the case in the previous fiscal year, the Company's market capitalization continued to be significantly lower than the carrying value of its net assets. As well, spot palladium prices saw a significant decline in the quarter. In light of this, the Company updated its discounted cash flow models for its significant assets, being the CRM underground and its chrome and PGM operations from re-mining and processing the CRM tailings, as well as the Kennedy's Vale and Spitzkop assets that are part of the Eastern Limb mining assets. The models confirmed the recoverable amounts of these assets were above their net book value. No impairment was therefore required.

Management utilized the following inputs and assumptions in projecting cash flows for the updated impairment model prepared as at March 31, 2023.

Assumptions	2023	2022
Discount rate	11.87%	11.87%
USD:ZAR exchange rate	ZAR17.12	ZAR15.52
Average 4E basket price (USD)	\$1,795	\$1,790

When management utilizes internal discounted cash flow economic models in determining the recoverable value of the Company's mineral properties, the key assumptions are quantity and grade of recoverable reserves and resources, future metal prices, operating and capital costs, foreign exchange rates, discount rates and the estimated future production timing and production levels. Significant events such as re-opening the CRM Zandfontein underground mine for production and executing the chrome optimization plan at the retreatment project were taken into account in the projections.

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

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

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

4. Union Goal Contracts

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

	March 31,	December 31,
	2023	2022
	\$	\$
Deferred revenue		
Balance, beginning of year	9,073	11,806
Additions		
Discounting effect from Chrome Circuit equipment payable	—	74
Discounting effect from Credit Facility	—	101
	—	175
Recognized as revenue (d)	—	(2,241)
Foreign exchange	(326)	(667)
Balance, end of year	8,747	9,073
Deferred revenue - current	6,001	6,270
Deferred revenue - non-current	2,746	2,803
Contracts payable - Chrome Circuit Equipment Payable		
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	—	1,002
Discounting effect	—	(74)
Net present value adjustments	—	(5,158)
Accretion	957	3,829
Carrying value, end of year	43,202	42,245
Contracts payable - Credit Facility		
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	—	(101)
Net present value adjustments	—	183
Accretion	143	572
Foreign exchange	(275)	(546)
Carrying value, end of year	6,417	6,549
Contracts payable, carrying value - total	49,619	48,794

The Company and its subsidiary, Barplats Mines (Pty) Limited ("Barplats") entered into the Framework Agreement with Union Goal on March 1, 2018 and, subsequently, various transactional agreements including equipment and chrome plant agreement, loan agreement, escrow agreement and offtake agreement were signed on August 31, 2018 under the Framework Agreement (collectively referred to as the "2018 Retreatment Project Agreements"). On March 10, 2021, the Company, Barplats and Union

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

Goal executed the updated Retreatment Project Agreements (the "2021 Updated Retreatment Project Agreements"). All of these agreements are collectively referred to as the Union Goal Contracts and provide for construction, re-mining and processing of the tailings resource, and the subsequent offtake of chrome concentrate from the Barplats Zandfontein UG2 tailings facility (the "Retreatment Project").

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

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

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

(b) In March 2022, the Company received an additional \$1,176 (ZAR17,054) from Union Goal to further fund the chrome optimization program. The present value of the funds received was calculated at \$1,075 with the difference credited to deferred revenue. In August 2022 and in December 2022, the Company received equipment and parts from Union Goal with a total cost of \$1,002, and a present value of \$928, with the difference credited to deferred revenue.

As at March 31, 2023, the total face value of the Chrome Circuit Equipment Payable is \$45,602 (December 31, 2022 - \$45,602), while the total value of the Credit Facility is \$6,863 (December 31, 2022 - \$7,163).

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

(d) 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. The Company discontinued the recognition of deferred revenue based on quantities re-mined from the tailings, as this method would only be applicable if the chrome concentrate were supplied to Union Goal under the Framework Agreement. Amortization of deferred revenue will re-commence when revenue from chrome production under the Union Goal Contracts is recognized. Additional deferred revenue not included in the table above was recorded on receipt of payment from third-parties for chrome sales that have not yet been recognized in revenue. At March 31, 2023, this amounted to \$10,995 (December 31, 2022 - \$11,029).

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

5. Commitments

(a) Refining contracts and PGM concentrate

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

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

(b) Chrome concentrate offtake agreement

The Company has an offtake agreement with Union Goal for the chrome concentrate produced from the CRM historic tailings. The offtake agreement is one part of the 2018 Retreatment Project Agreements (see Note 4).

(c) Capital expenditures

The Company has committed to capital expenditures in South Africa of approximately \$95 as at March 31, 2023, all of which are expected to be incurred during the next 12 months.

6. 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:

	Three months ended	
	March 31	
	2023	2022
	\$	\$
Director fees	51	40
Management fees (i)	-	63
Share-based payments	-	-
	51	103

- (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.

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

(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 three months ended March 31, 2023 and 2022 was:

	Three months ended March 31	
	2023	2022
	\$	\$
Remuneration	143	253
Share-based payments	-	-
	143	253

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

7. Segmented Information

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

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

- (b) Geographic segments - The Company's expenses by geographic areas for the three months ended March 31, 2023 and 2022, and assets by geographic areas as at March 31, 2023 and December 31, 2022, are as follows:

	Three months ended March 31, 2023				
	CRM	Eastern Limb	Total South Africa	Corporate	Total
	\$	\$	\$	\$	\$
Property, plant and equipment additions	330	-	330	-	330
Cost of property, plant and equipment disposals	-	-	-	-	-
Revenue	22,058	-	22,058	-	22,058
Production costs	(15,360)	-	(15,360)	-	(15,360)
Production costs – depreciation	(1,465)	-	(1,465)	-	(1,465)
Loss before income taxes	1,610	(80)	1,530	(190)	1,340
Income tax recovery (expense)	-	3	3	-	3
Net income (loss)	1,610	(77)	1,533	(190)	1,343

	Three months ended March 31, 2022				
	CRM	Eastern Limb	Total South Africa	Corporate	Total
	\$	\$	\$	\$	\$
Property, plant and equipment additions	840	10	850	-	850
Cost of property, plant and equipment disposals	(37)	-	(37)	-	(37)
Revenue	17,407	-	17,407	-	17,407
Production costs	(12,260)	-	(12,260)	-	(12,260)
Production costs – depreciation	(1,739)	-	(1,739)	(5)	(1,744)
Income (loss) before income taxes	4,484	(84)	4,400	(1,094)	3,306
Income tax recovery (expense)	-	11	11	-	11
Net income (loss)	4,484	(73)	4,411	(1,094)	3,317

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

Three months ended March 31, 2023					
	CRM	Eastern Limb	Total South Africa	Corporate	Total
	\$	\$	\$	\$	\$
Total assets	131,265	20,257	151,522	705	152,227
Total liabilities	72,501	2,474	74,975	8,088	83,063

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

(c) *Revenue*

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

Three months ended March 31				
	2023		2022	
	%	\$	%	\$
Chrome	91	20,139	84	14,648
PGM	9	1,919	16	2,759
Total	100	22,058	100	17,407

8. Issued capital

(a) *Authorized*

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

(b) *Issued and outstanding*

As at March 31, 2023, the Company had 137,820,773 common shares issued and outstanding (December 31, 2022 - 137,820,773).

During the three months ended March 31, 2023, nil common share equivalents (including stock options and warrants) are dilutive and included in the computation of diluted earnings per share.

During the three months ended March 31, 2022, 1,400,000 stock options and 5,960,000 share purchase warrants were dilutive if exercised and would have increase the EPS denominator by 398,305 and 1,111,186 common shares, respectively.

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

(c) Warrants

As at March 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. On June 3, 2022, the Company extended the expiry date of the 5,960,000 outstanding warrants by one year to June 26, 2023. All other terms remained unchanged. The Company recorded a share based payment expense of \$110 in the second quarter of 2022.

(d) Share options

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

There were no new share options granted during the three months ended March 31, 2023 and 2022. In the same periods, 50,000 and nil stock options expired, respectively.

The following is a summary of stock option transactions:

	Number of options	Weighted average exercise price Cdn\$
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
Expired	(50,000)	0.23
Balance, March 31, 2023	3,150,000	0.27

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

Number of options Outstanding	Number of options exercisable	Exercise price Cdn\$	Remaining contractual life (years)	Expiry date
100,000	100,000	0.39	0.07	April 26, 2023
450,000	450,000	0.21	1.21	June 13, 2024
450,000	450,000	0.37	2.55	October 16, 2025
650,000	650,000	0.34	3.23	June 23, 2026
1,500,000	1,500,000	0.23	4.27	July 6, 2027
3,150,000	3,150,000		3.24	

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

9. Financial instruments

(a) Management of capital risk

The capital structure of the Company consists of contracts payable (see Note 4) 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

	March 31, 2023	December 31, 2022
	\$	\$
Financial assets		
FVTPL		
Trade receivables for PGM sales	4,756	5,050
Amortized cost		
Cash and cash equivalents	3,771	2,448
Restricted cash	42	42
Trade and other receivables (excluding taxes receivable)	20,776	17,211
Other assets (i)	6,227	6,383
	35,572	31,134
Financial liabilities		
Amortized cost		
Trade and other payables	4,724	5,160
Draw on credit facility	2,353	2,941
Lease liabilities	1,720	2,170
Contracts payable	49,619	48,794
	58,416	59,065

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

(c) Fair value of financial instruments

(i) Fair value estimation of financial instruments

The fair values of cash and cash equivalents, restricted cash, trade and other receivables, other assets, trade and other payables approximate their carrying values due to the short-term to maturities of these financial instruments.

Contracts payable and lease liabilities required assessing the appropriate market interest rates on the liabilities. Financial liabilities are initially recognized at fair value and subsequently measured at amortized cost.

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

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

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

The Company's financial instruments that are measured at fair value on a recurring basis are the PGM receivables and other financial assets. Other assets are mainly money market fund investments. These are level 1 financial instruments at March 31, 2023 and at December 31, 2022. As at March 31, 2023 and at December 31, 2022, the Company did not have financial liabilities measured at fair value on a recurring basis. There were no transfers between levels during the three months ended March 31, 2023, nor the year ended December 31, 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. All these risks can be affected by COVID-19 discussed elsewhere. The Company's exposure to these risks and its methods of managing the risks remain consistent.

(i) Currency risk

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

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

	March 31	December 31
	2023	2022
	\$	\$
Financial assets		
Denominated in USD at South African subsidiaries	4,756	5,050
Denominated in Rand at Canadian head office	21	21
Total	4,777	5,071
Financial liabilities		
Contracts payable denominated in Rand at Canadian head office	6,417	6,549
Contracts payable denominated in USD at South African subsidiaries	43,202	42,245
Total	49,619	48,794

As at March 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 \$581 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 \$3,495.

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

(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 March 31, 2023, the Company had a balance owing of \$2,353 (ZAR41,874) which is shown as Draw on finance facility on the Consolidated Statements of Financial Position. The Company has no other material interest bearing contracts and is not subject to significant interest rate risk.

(iii) Commodity price risk

The Company's PGM concentrate sales are exposed to commodity price risk with respect to fluctuations in the prices of platinum group metals going forward. Prior to January 1, 2021, the Company did not have material PGM concentrate sales. Chrome sales were previously structured based on the tonnage processed referenced to the long-term chrome concentrate commodity price according to the Union Goal contract. As management is in the process of considering and evaluating its rights under the various agreements with Union Goal, and in late 2022, 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 4). As at March 31, 2023, the Company is owed approximately \$16 million from Union Goal in trade receivables from processing and dispatching chrome concentrate. Management is in the process of evaluating and communicating with Union Goal to determine an agreeable outcome. A default on the receivable or lack of payment from Union Goal could have a significant impact not only on the instrument credit risk adjustments recorded to date but on the Company's liquidity as a whole. Further delays in payment may require the Company to re-evaluate the fair value of the contract payable, re-evaluate the value of the contracts to the parties, and could lead to a renegotiation/change of the Union Goal Contracts, including target completion dates for the optimization program.

(v) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansionary plans. The Company aims to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. See Note 1 - Nature of operations and going concern and Note 14 - Subsequent events for additional information on the Company's liquidity risk.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments.

The Company started generating revenue from its Retreatment Project in December 2018, and at consistent expected levels since May 1, 2019. The Retreatment Project is dependent on its operating

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

cash inflows from Union Goal, the key offtaker of chrome concentrate, or other third-parties, in order to fund its current operating activities and eventually fulfil all obligations under the Union Goal Contracts. Despite the Retreatment Project and the forecasted PGM production cash flows, CRM underground remains in care and maintenance and all other properties and projects are on hold. The Company also generated some income from interest on investments and other income from the sale of non-core properties; although not expected to be significant, some of this income will be recurring for 2023 and future years. The Company also holds a secured finance facility with Investec which can provide financing of up to \$6.1 million (ZAR 110 million). There remains material uncertainty that the Company will be able to achieve sufficient cash flows to cover the Company's expected obligations for the next 12 months. Additional funding will also be required in the future to commence underground production at CRM, and to develop and bring the Eastern Limb Projects into commercial production.

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 March 31, 2023. Included below is the Contract payable to Union Goal of \$52,465 which was based on the value of the original equipment received; however, the final amount owing and timing of payment are subject to negotiation as part of the Framework Agreement, including the Company's ability to offset trade receivables owing to it against the payable amount. The Company currently does not have expected payments of obligations and commitments beyond 5 years.

	<1 year	1 - 5 years	Total
	\$	\$	\$
Trade and other payables	4,724	—	4,724
Draw on credit facility	2,353	—	2,353
Contracts payable	52,465	—	52,465
Lease liabilities	1,646	581	2,227
	61,188	581	61,769

10. Revenue contracts with customers

During the three months ended March 31, 2023, 91% (\$20,139) of the Company's revenue was in relation to the processing of chrome concentrates and was generated under the Union Goal agreements (see Note 4) and through third party sales. The remaining 9% (\$1,919) of the Company's revenue was from PGM concentrates sales and was generated under an offtake agreement with Impala Platinum Limited ("Impala"). In the comparable period, 84% (\$14,693) of the Company's revenue was in relation to the processing of chrome concentrate. The remaining 16% (\$2,714) of the Company's revenue was from PGM concentrates sales to Impala.

As part of chrome concentrate sales to third-parties during Q1 2023, the Company recognized revenue of \$5,638, which related to chrome concentrates sales contracted in the prior year to a certain customer, and \$14,501 of chrome concentrate sales to two new customers. Chrome concentrate transactions are contracted based on prevailing market prices, adjusted for actual chrome grades; certain discounts may be provided in exchange for favourable payment terms.

As at March 31, 2023, 62% of the trade receivable balance in the amount of \$16,182 (December 31, 2022 - 75%, \$17,064) was attributed to Union Goal (see Note 4) while 44% of the deferred revenue balance, in the amount of \$8,747 (December 31, 2022 - 45%, \$9,073) was attributed to Union Goal. The remaining deferred revenue relates to advanced payments for chrome sales received from third-parties.

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

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.

	March 31	December 31
	2023	2022
	\$	\$
Chrome inventory	8,288	9,545
PGM inventory	-	7
Supplies and consumables	2,385	2,339
	10,673	11,891

12. 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.

	Three months ended	
	March 31	
	2023	2022
	\$	\$
Income attributable to shareholders of the Company	1,344	3,006
Adjusted for:		
Gain on disposal of property, plant and equipment	-	(199)
Headline earnings attributable to shareholders of the Company	1,344	2,807
Headline earnings/(loss) and diluted headline earnings per share	0.01	0.02

13. Contingencies

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

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

Petition by 2538520 Ontario Limited to File a Derivative Action against the Company

On November 6, 2018, the Company received a petition filed with the Supreme Court of British Columbia, by 2538520 Ontario Limited ("253"), a shareholder of the Company, seeking leave from the court to commence a derivative action on behalf of the Company against certain of its current and former directors in relation to the approval of the transactions between the Company and Union Goal. The Board of Directors of the Company formed a Special Committee to review the petition and make a recommendation on the appropriate action. Following its detailed review of this matter, the Special Committee of the Board of Directors recommended opposing this petition, and this recommendation was accepted by the Board of Directors. As such, the Company filed its opposition to the petition and was provided security for costs. In June 2019 the petition was heard by the court and was dismissed on August 27, 2019. On September 27, 2019, the petitioner filed an appeal of the judgment which was heard on June 1, 2020 and dismissed on November 16, 2020. In January 2021, 253 sought leave to appeal to the Supreme Court of Canada, which declined to hear the appeal. The Company sought recovery from 253 of the costs incurred in responding to 253's unsuccessful petition and appeal. The Company settled with 253 with respect to these costs which 253 paid in April 2022.

Further litigation by 2538520 Ontario Limited against the Company

On February 7, 2020, 253 and its CEO, Rong Kai Hong, (the "Plaintiffs") filed a further claim regarding various allegations, including that the Company was acting to oppress the Plaintiffs' rights among other claims. The Plaintiffs seek, among other relief, orders requiring a change to the Company share ownership, election of new Directors, several changes to senior management and damages of US\$50,000 (or such greater amount as may be proven at trial) from the Company, certain present and former Directors and Officers, and separately seven other listed defendants. On June 11, 2021, the Plaintiffs filed an amended claim in response to an imminent application from the Company and its directors and officers to dismiss the claim as an abuse of process. The Plaintiffs agreed to a consent dismissal of the claims against the non-executive directors and struck a substantial portion of the contents of their notice of civil claim. Claims against the Company, certain senior management as well as claims against certain other parties remain extant. An application with respect to service on other parties was heard in February 2022 and the Supreme Court of British Columbia determined on June 30, 2022 that those other parties have been properly served. Counsel for 253 and Hong demanded that certain parties deliver responses to the civil claim by no later than July 31, 2022, failing which 253 and Hong would seek default judgment. No responses have been filed as of the date of these financial statements; however, the Plaintiffs have not sought default judgment, instead applying for an order requiring that responses be filed. That application was adjourned and responses to civil claim by those certain parties remain outstanding. The Company intends to apply to dismiss the lawsuit. No provision is made in these consolidated financial statements as the Company assessed the allegations have no merit.

Litigation by Xiaoling Ren against the Company

In December 2020, the Company received a petition filed with the Supreme Court of British Columbia (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, as discussed above, 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 reasons for judgment denying leave to commence a derivative action against certain current and former directors other than 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 and assessing the April 2023 order and May 2023 notice of civil claim with its advisors, and considering next steps. It is not possible to provide a further evaluation of the claim as of the date of these consolidated financial statements.

Eastern Platinum Limited

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2023

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

Claim dispute regarding Spitzkop

The Company has received a notice from the DMR on October 25, 2018 of an appeal launched with the DMR with respect to the Company's mineral license issued in 2012 relating to the Spitzkop property. In addition, the claimant has launched an appeal against a water use license and a related review application in respect thereof in the High Court in South Africa. The Company, with the assistance of counsel, is addressing this matter and intends to defend this issue related to the issued mineral rights and water use license of Spitzkop. Further to this, the Company and the claimant are currently engaging to amicably resolve this matter and it does not expect that it will result in a cash outflow by the Company in the foreseeable future.

Project Agreement – PGM Circuit H

In July 2020, Barplats entered into an agreement with ABT, an organization recognized as a BEE Entrepreneur, to complete an independent feasibility study for the Circuit H Project. The agreement between Barplats and ABT is the subject of a dispute between the parties and ABT has requested that Barplats enter into arbitration in that regard. On March 31, 2023 the statement of claim from ABT was received as part of the confidential arbitration process and the Company and its advisors are considering this statement of claim for the purposes of filing a response. No provision has been made in these consolidated financial statements.

14. Subsequent events

On April 24, 2023, the Company announced that its Board of Directors (the "Board") has received unproven whistleblower allegations, including allegations of undisclosed related party transactions pertaining to the sale of chrome concentrate at discounted prices (the "Allegations"). The Board has determined that it is in the best interests of the Company to form a special committee (the "Committee") consisting of two independent directors which, together with independent counsel retained by the Committee, will conduct an investigation, review and analysis of the Allegations and if deemed appropriate will provide recommendations to the Board on any necessary steps to be taken in connection with the Allegations. The Committee has begun to investigate these Allegations and will report its findings to the Board expeditiously.

On April 28, 2023, Eastplats received reasons for judgment relating to litigation by Xiaoling Ren, a shareholder of the Company. The reasons for judgement granted Ms. Ren leave to commence a derivative action against the Company's former CEO, and on May 2, 2023, Ms. Ren filed a notice of civil claim with the BC Supreme Court in the Company's name against the former CEO. See Note 13 – Contingencies, above, for further details.

On May 8, 2023, the Company announced the completion of its previously announced rights offering to its shareholders subject to final approval of the TSX and JSE. On May 12, 2023, Eastplats will issue 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 for total gross proceeds of approximately Cdn\$7,043.