

# PLATMIN LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2010



May 14, 2010

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the three months ended March 31, 2010 contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial and operating performance of Platmin Limited (the "Company" or "Platmin"), its subsidiaries and affiliated companies, and its mineral projects, the future price of platinum or other Platinum Group Elements ("PGEs"), PGE production levels, mining rates, the future price of other base metals, future exchange rates, the estimation of mineral resources and reserves, the realization of mineral resource estimates or their conversion into reserves, costs and future costs of production, capital and exploration expenditures, including remaining project development expenditure at the Pilanesberg Platinum Mine ("PPM"), costs and timing of the development of new deposits, costs and timing of the development of new mines, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations and exploration operations, timing and receipt of approvals, licenses, and conversions under South African mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and outcome of regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "targeted" or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements in this MD&A include, among others, the operation of open-cast mining; forecast average annualized production rates at PPM for the 12 month period ending December 31, 2010; forecasts of actual production during the 12 month period ending December 31, 2010 and 2011; recovery rates and grade; targets, estimates and assumptions in respect of platinum and other PGE prices and production; the quantum of PPM development shortfalls; the completion of the Sedibelo acquisition; and the timing and completion of definitive feasibility work at the Mphahlele, Grootboom and Loskop Projects.

Such forward-looking statements are based on a number of material factors and assumptions, including, that contracted parties provide goods and/or services on the agreed timeframes, that equipment necessary for construction and development is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred, that plant and equipment functions as specified, that geological or financial parameters do not necessitate future mine plan changes, that no unusual geological or technical problems occur, and that grades and recovery rates are as anticipated in mine planning.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Platmin and/or its subsidiaries and/or its affiliated companies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration and mining activities; development and operational risks; title risks; regulatory risks; conclusions of economic evaluations and studies; fluctuations in the value of the United States dollar relative to the Canadian dollar or South African rand; changes in project parameters as plans continue to be refined; future prices of platinum or other PGEs; possible variations of ore grade or recovery rates (including the existence of potholes, faults and other geological conditions that may affect the existence or recovery of resources and reserves); failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, industrial unrest and strikes and other risks of the mining industry; political instability, insurrection or war; the effect of HIV/AIDS on labour force availability and turnover; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors communicated in the section entitled "Risk Factors" of Platmin's current annual information form ("AIF") and its final short form prospectus dated May 5, 2010, which can both be viewed at [www.sedar.com](http://www.sedar.com). Although Platmin has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and Platmin disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

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(A development stage company)

## Management's Discussion and Analysis for the three months ended March 31, 2010

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### 1. Introduction

The Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided to enable the reader to assess and understand the financial position and results of operations for the three months ended March 31, 2010, in comparison to corresponding periods. Certain information in this MD&A must be read in conjunction with the audited consolidated financial statements of Platmin for the year ended December 31, 2009 (prepared in accordance with International Financial Reporting Standards ("IFRS")).

The MD&A should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 2010 and supporting notes.

The MD&A should also be read in conjunction with the company's Annual Information Form ("AIF") and the technical reports prepared by qualified persons in accordance with NI 43-101 on file with the Canadian provincial securities regulatory authorities. These documents can be found at [www.sedar.com](http://www.sedar.com) and at [www.platmin.com](http://www.platmin.com).

All dollar amounts in this MD&A are expressed in United States dollars ("US\$"), unless otherwise specified. When used, C\$ refers to Canadian dollars. References to quarters are to financial quarters and not to calendar quarters, unless otherwise specified.

### 2. Overview

Platmin Limited (the "Company" or "Platmin") is continued under the laws of British Columbia, Canada and its common shares are listed on the Toronto Stock Exchange ("TSX"), the Alternative Investment Market of the London Stock Exchange ("AIM") and the Johannesburg Securities Exchange Limited ("JSE"). The Company trades under the symbol "PPN" on both TSX and AIM, whilst the symbol "PLN" identifies the shares on the JSE.

Platmin is a mineral exploration, development and operating company engaged in the exploration for, development of and operation of mines exploiting Platinum Group Element ("PGE") deposits in South Africa. The Company has developed and completed the construction of PPM, which is currently ramping up to full production, and is exploring for PGEs on its other three key projects namely Mphahlele, Grootboom and Loskop.

The Group changed its financial year end from the last day of February in each calendar year to the last day of December, effective for the period ending December 31, 2009. As a result of the change in year end, and the requirements of the Ontario Securities Commission ("OSC") for comparable quarters the comparatives for the quarter ending February 28, 2009, are not directly comparable with the current balances for the quarter ended March 31, 2010.

### 3. Overall Performance

The Company recorded a loss for the quarter ended March 31, 2010 of US\$5.181 million, or a loss per share of US\$0.01, compared with a net loss of US\$12.490 million or a net loss per share of US\$0.07, for the quarter ended February 28, 2009. The decrease in loss quarter on quarter was principally the result of consulting and professional fees of US\$0.172 million in the quarter under review compared consulting and professional fees of US\$7.061 million for the quarter ended February 28, 2009. The consulting and professional fees expense in the quarter ended February 28, 2009 relate to the Pallinghurst transaction concluded in December 2008.

The principal focus of the Company's operations is the development and operation of PPM. For a full description of the development activities, please refer to section 7.1 of this MD&A.

As at the quarter ended March 31, 2010, total plant capital expenditure at PPM amounted to US\$266.625 million (ZAR1.953 billion) compared to US\$266.079 million (ZAR1.949 billion) at the

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financial year ended December 31, 2009. As at March 31, 2010, the total outstanding plant capital expenditure to completion of the construction phase was US\$16.102 million (ZAR117.948 million) which will bring the total projected plant capital expenditure to US\$282.727 million (ZAR2.071 billion). This amount is higher than the original amount per the BFS of ZAR1.670 billion (which equated to US\$231.940 million based on an exchange rate of ZAR7.20 at the time of the study), due to changes in scope, particularly the inclusion of a 10MVA standby power station (see page 7 of this MD&A), cost increases experienced in general terms by the global mining industry over the past two years and variances in foreign exchange rates.

As at March 31, 2010, the total project capital expenditure, for the development of PPM, including capitalised pre-production costs, plant capital expenditure and offsetting revenue from metal sales during the pre-production phase amounted to US\$440.815 million (ZAR3.229 billion). Outstanding plant capital expenditure to completion of the construction phase of US\$16.102 million (ZAR117.948 million) will bring the total project capital expenditure spent to US\$456.917 million (ZAR3.347 billion). During the quarter under review, the ramp-up of mining operations to commercial production continued with associated costs capitalized as part of the total project capital expenditure.

On May 13, 2010, the Company issued, by way of a prospectus offering, a total of 205,761,317 new common shares of Platmin at a price of \$1.215 per common share for gross proceeds of US\$250 million. The transaction included (i) 95,358,025 common shares being underwritten by RBC Capital Markets and Investec Bank Limited for gross proceeds of US\$115,860,000; and (ii) the balance being acquired directly from Platmin in the form of a subscription for 41,152,263 common shares by Ridgewood Investments (Mauritius) Pte Ltd ("Ridgewood"), an indirect subsidiary of Temasek Holdings (Private) Limited ("Temasek"), and a subscription for 69,251,029 common shares by Platmin's largest shareholder, Pallinghurst.

In light of the fact that the board has decided to focus cash resources and capacity on bringing the PPM into full production, the Mphahlele, Grootboom and Loskop projects have been placed on a reduced work program for the short term. Platmin will commit sufficient expenditure to these projects to ensure that the new order Prospecting and Mining Rights are preserved. This expenditure will be funded from existing cash on hand and where necessary, additional funding will be raised to fund future exploration and development expenditure.

Significant developments in the three months ended March 31, 2010 were as follows:

- On March 22, 2010, a subsidiary of Platmin entered into a ZAR191 million (an equivalent of US\$26.0 million at an exchange rate of ZAR7.38 = US\$1) short term lending facility with Pallinghurst Resources Limited ("Pallinghurst"). As at the date of this MD&A, the first tranche of ZAR95.5 million (an equivalent of US\$13.0 million) had been drawn against this facility.
- On March 29, 2010, the company entered into an agreement with Ridgewood to purchase a non-interest bearing secured Convertible Debenture with a principal amount of US\$100 million and with a maturity date of December 31, 2010. Until converted, the US\$100 million will be deposited and held in a cash collateralized account. The funds will be released to Platmin upon conversion in full, at the sole discretion of the holder, into 82,304,526 common shares at a price of US\$1.215 per common share (being an effective price of C\$1.25). In the event the convertible debenture is not converted in full prior to the maturity date, the funds will be returned to the subscriber.

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Important events which occurred subsequent to March 31, 2010 include:

- On April 16, 2010 the company concluded an agreement to acquire the 10% interest in the Sedibelo Platinum Project ("Sedibelo") held by Barrick Gold Corporation ("Barrick") for a consideration of US\$15 million. In addition, Barrick has undertaken to transfer to Platmin, at cost, various long lead items required for the development of Sedibelo. The final consideration, up to US\$45 million, is still to be determined.
- On April 16, 2010 the company filed a preliminary short form prospectus in Canada in connection with a US\$250 million marketed offering of new common shares.
- On May 4, 2010, Pallinghurst Investor Consortium ("Pallinghurst") and Investec Bank Limited ("Investec") each subscribed for US\$30 million and US\$5 million, respectively, of principal amount of a non-interest bearing secured convertible debentures on the same terms and conditions as the Convertible Debenture issued to Ridgewood. If Pallinghurst converts its convertible debenture in full, a total of 24,691,358 shares will be issued to Pallinghurst.
- On May 5, 2010, following a marketing period, the Company agreed to issue 205,761,317 new common shares at a price of US\$1.215 per common share for a total consideration of US\$250 million. An aggregate of 95,358,025 common shares are being underwritten by RBC Capital Markets and Investec Bank Limited for gross proceeds of US\$115.860 million with the balance of US\$134.140 million to be acquired directly from Platmin by Ridgewood Investments (Mauritius) Pte Ltd, an indirect subsidiary of Temasek Holdings (Private) Limited, Algemene Pensioen Groep N.V., and Platmin's largest shareholder, Pallinghurst Investor Consortium (Lux) S.a.r.l. As part of the funds-raising process US\$135 million of convertible debentures have been placed. The total funding from the prospectus offering and private placement is US\$385 million.
- The sales of the convertible debentures to Ridgewood, Pallinghurst and Investec each closed concurrently with the closing of the prospectus offering on May 13, 2010.
- On May 13, 2010, the Company completed the previously announced issuance of 205,761,317 new common shares at a price of US\$1.215 per common share for a total consideration of US\$250 million, and the issuance of US\$135 million of convertible debentures.

#### 4. Selected Quarterly Results

Expressed in US\$'000 except per share amounts.

	In accordance with IFRS						
	Mar'10	Nov'09	Aug'09	May '09	Feb '09	Nov '08	Aug '08
Loss / (profit) for the period	5,181	2,276	(6,620)	13,585	12,490	(6,686)	3,387
Basic and diluted loss / (profit) per share	0.01	0.01	(0.02)	0.03	0.07	(0.06)	0.03

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#### 5. Results of Operations

*Quarter ended March 31, 2010 compared to the quarter ended February 28, 2009*

For the quarter ended March 31, 2010, mining and processing activities continued in the ramp-up phase to commercial production and the delivery of PGE concentrate to Northam continued at regular intervals. As a development stage company, Platmin will offset revenue from mining activities against capitalised operating costs until such time as PPM is brought into commercial production. In accordance with IFRS, revenue is recognised when the transfer of the risks and rewards of ownership takes place. During the quarter under review, revenue recognised in respect of concentrate deliveries made to Northam was offset against capitalized project development costs.

For the quarter ended March 31, 2010, development expenditure at PPM capitalized against project capital expenditure of US\$36.023 million (ZAR269.656 million) was offset by US\$18.503 million (ZAR138.506 million) of operating revenue. For the quarter ended February 28, 2009, development expenditure at PPM capitalized against project capital expenditure was US\$18.738 million (ZAR187.085 million). As PPM was still in the development phase, there was no operating revenue for the quarter ended February 28, 2009.

The Company recorded a net loss for the quarter ended March 31, 2010 of US\$5.181 million, or US\$0.01 per share, compared with a net loss of US\$12.490 million, or a loss of US\$0.07 per share, for the quarter ended February 28, 2009. The results are summarized as follows:

	For the three months ended	
	March 31, 2010 \$ 000	February 28, 2009 \$ 000
General expenses	(4,393)	(12,716)
Other (expenses) / income	(9)	1,508
Finance costs	(779)	(1,282)
Loss profit before taxation	(5,181)	(12,490)
Income tax	-	-
LOSS FOR THE PERIOD	(5,181)	(12,490)

General expenses totalled US\$4.393 million for the quarter ended March 31, 2010, compared to the US\$12.899 million for the quarter ended February 28, 2009. The decrease in general operating expenses was principally the result of increased consulting and professional fees during the quarter ended February 28, 2009, associated with the Pallinghurst transaction concluded in December 2008.

Other expenses and income includes foreign exchange losses of US\$0.009 million for the quarter ended March 31, 2010, compared to foreign exchange gains of US\$1.507 million for the quarter ended February 28, 2009. The net decrease in foreign exchange gains was due to the strengthening of the South African Rand against other foreign currencies and the resultant differences in the closing and average exchange rates quarter on quarter. For the quarter under review, the South African Rand exchange rate to the US dollar moved within a range of ZAR7.77 and ZAR7.23 to US\$1.00 compared to a range of ZAR9.28 and ZAR10.51 to US\$1.00 for the quarter ended February 28, 2009.

Finance costs of US\$0.779 million were recorded in the quarter ended March 31, 2010, compared to US\$1.282 million in the quarter ended February 28, 2009. The net decrease in finance costs is due to

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the bridge loan facility with the Standard Bank of South African Limited ("Standard Bank") being repaid on August 31, 2009.

A total of US\$0.422 million (ZAR3.092 million) of deferred exploration expenditure was capitalized in the quarter ended March 31, 2010 compared with US\$1.666 million (ZAR12.207 million) in the quarter ended February 28, 2009. This decrease in costs is due to reduced activities on all projects in the short term, whilst PPM ramps up to commercial production.

#### 6. *Liquidity and Capital Resources*

The Company had cash and cash equivalents of US\$17.892 million at March 31, 2010, as compared with US\$127.950 million at February 28, 2009. The net decrease in cash and cash equivalents is primarily due to the settlement of the bridging finance facility, costs associated with plant capital expenditure and pre-production costs incurred during the ramp-up of operations at PPM.

The Company finances its exploration and development activities by raising capital from equity markets or debt funding and through contributions by joint venture partners. Funding requirements for the Company's projects have historically been satisfied through the advance of shareholders' loans, by Platmin and Boynton Investments (Pty) Ltd ("Boynton") or subscription for shares (rights issues to shareholders of Boynton). The shareholders' agreements or joint venture agreements of Platmin's subsidiaries also generally make provision for the board of directors of each relevant company to seek finance on behalf of each company, although this has not been utilized to date. The expenditure for future exploration and development projects may require that the Company raise additional funds.

The Company's principal subsidiary, Boynton, operates in South Africa and as a result is subject to the South African Reserve Bank ("SARB") exchange control regulations. Shareholder loans from Platmin to Boynton, amounted to US\$444.160 million (which includes capitalised interest of US\$25.590 million) at March 31, 2010. Any repayment of foreign currency loans by a South African company to an offshore company, are subject to prior approval by the SARB.

#### *Bridging finance facility*

A bridge loan facility for PPM of US\$35 million (ZAR350 million) was concluded with Standard Bank in May 2008. The bridge loan facility was used to fund a portion of the costs associated with the development and construction of PPM. The term of the bridge loan facility was initially to August 31, 2008 but subsequently extended to August 31, 2009. At the outset, the facility incurred interest at the Johannesburg Interbank Lending Rate ("JIBAR") plus 3.0%. From March 1, 2009 to August 31, 2009, Platmin provided cash collateral to Standard Bank of US\$49.870 million (ZAR387.800 million) as security against the loan. This resulted in a reduction in the interest rate to JIBAR plus 0.5%. The Company earned interest at JIBAR plus 0.1% on cash collateral, bringing the net finance cost on the loan to 0.4%. At the financial quarter ended August 31, 2009 the outstanding balance on the bridge loan facility was US\$51.987 million (ZAR404.354 million) but has subsequently been repaid in full on September 3, 2009.

In relation to the original bridge loan facility, the Company issued 300,000 warrants at \$6.95 per common share, exercisable from September 15, 2008 until expiry on May 14, 2011. The Company has classified this facility as held to maturity, and the fair value of the warrants of US\$0.846 million has been treated as a cost of the loan transaction. In the year ended February 28, 2009, the fair value of these warrants was fully amortized to net income over the original loan term of 6 (six) months, using the effective interest method.

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#### ***New equity raisings***

On May 13, 2010, the Company completed an issuance of 205,761,317 new common shares at a price of US\$1.215 per common share for a total consideration of US\$250 million, and the issuance of US\$135 million of convertible debentures. Common shares to the value of US\$115.860 million were underwritten by RBC Capital Markets and Investec Bank Limited, while shares to the value of US\$134.140 million were acquired directly from Platmin by Ridgewood Investments (Mauritius) Pte Ltd, an indirect subsidiary of Temasek Holdings (Private) Limited, Algemene Pensioen Groep (APG) N.V., and the Pallinghurst Investor Consortium (Lux) S.a.r.l. The total funding from the prospectus offering and private placement is US\$385 million. Proceeds from the convertible debenture financing have been deposited to cash collateralized accounts, and in the event the convertible debentures are not converted in full prior to the maturity date, the principal amount will be returned to the holders.

As at March 31, 2010, the Company had 445,018,352 common shares in issue compared to 370,002,800 common shares in issue as at February 28, 2009.

#### **7. Results of Operations by Project**

In the quarter ended March 31, 2010, the Company spent US\$36.023 million (ZAR269.656 million) on development expenditure and US\$0.422 million (ZAR3.092 million) on exploration expenditure. All development expenditure was spent on PPM and was capitalized as project costs. Amounts spent on exploration were capitalized with exploration expenditure on the various key projects as follows: 20% was spent on the Mphahlele Project, 7% was spent on the Grootboom Project; 60% was spent on the Pilanesberg Exploration projects and 13% spent on other projects. A summary of the expenditures by project along with the current proposed programs is set forth below.

##### **7.1 Pilanesberg Platinum Mine**

The Company has developed the Pilanesberg Project into the PPM, which constitutes an open-cast mining operation and a processing plant, producing a PGE concentrate for sale to Northam Platinum Limited ("Northam"), a third party smelting and refining operation located approximately 60 kilometres from PPM by road.

Due to the close proximity of the 'PGE-bearing' Merensky and UG2 reef horizons in this part of the Bushveld complex, these two ore bodies are exploited in one open-cast mining operation at PPM. Other economically viable reefs, commonly known as the Pseudo reefs, are also present between the two aforementioned reef horizons and will be extracted along with the Merensky reef as an overall Silicate Package. The Silicate Package is processed in the Merensky circuit and the UG2 reef horizon is processed in the UG2 circuit. Both concentrates are blended and forwarded to Northam's smelter in South Africa, for further processing into final metals under the current Concentrate Agreement entered into on June 30, 2008 with Northam.

In March 2008, the removal of overburden and waste rock materials from the open pit commenced. This was followed in December 2008 with the start-up of reef mining. The mine is still in the ramp-up phase, building up to reach the planned steady state extraction rates of over 400,000 total tonnes per month or over 5 million total tonnes per annum of reef. These targets are expected to be reached by December 2010. A Reverse Circulation ("RC") grade control drilling program at 10 meter centers was put in place on the initial mining blocks of the Tuschenkomst pit and is maintained a minimum of three months ahead of reef mining. Mine planning continues to take place at PPM to continuously update the mine scheduling on a short-term and long-term basis. The stock-piling of PGE-bearing ore ahead of the processing plant commenced in December 2008 with milling operations commencing in March 2009. The delivery of the first concentrate to Northam took place on April 1, 2009.

During the quarter under review, a total of 3.911 million cubic meters of top-soil and waste material was removed from the pit, and a total of 711,398 ROM tonnes of reef mining took place. The extraction of

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reef ore during the quarter was from the oxidised layer where metallurgical recoveries are traditionally lower. As at March 31, 2010 the total stock pile of 883,535 ROM tonnes consisted of 70,609 ROM tonnes of Merensky and UG2 ore and 812,926 ROM tonnes of low grade, Dense Media Separation ("DMS") ore.

The total project development expenditures for the quarter ended March 31, 2010 of US\$36.023 million (ZAR269.656 million) has been capitalized. Total capitalized project development expenditure to date now stands at US\$440.815 million (ZAR3.229 billion).

In July 2007, a Bankable Feasibility Study ("BFS") was completed and the total estimated value of plant capital expenditure was ZAR1.670 billion. At the time of the study, this translated to US\$231.940 million at an estimated exchange rate of ZAR7.20 to US\$1.00. In November 2007, PPM entered into an agreement with engineering firm Dowding, Reynard and Associates Engineering (Pty) Limited ("DRA") to implement the overall design and construction phase at PPM, including the processing plant. The processing plant was designed based on two separate processing circuits to crush, mill and float the ore from the UG2 and Merensky reefs as two separate streams. In addition, the Merensky reef circuit includes a DMS circuit to upgrade low grade ore. The overall design of the processing plant was based on processing in excess of 5 million tonnes per annum of reef ore, including low grade DMS material, milling in excess of 3.4 million tonnes per annum of upgraded ore and producing 250,000 ounces of 3PGE+Au on an annualized basis. The operation of the processing plant has been sub-contracted to Minopex (Pty) Ltd, a division of DRA.

As part of the construction of PPM, a commitment was secured from ESKOM for the supply of the 37MVA of new power by mid 2009 that is required for the full operation of the processing plant. The first phase of the implementation plan was completed by ESKOM in March 2009, with the installation of 14MVA of new power supply for the operation of the UG2 circuit of the plant. Installation of the remaining 23MVA of installed power was completed on June 7, 2009 allowing for the commencement of the commissioning phase of the Merensky Reef circuit.

In addition to the regular power supply from ESKOM, the construction of a complete 10MVA standby diesel generator power plant ("power plant") at a cost of US\$19.707 million (ZAR144.350 million), has been completed at PPM. This facility is capable of providing sufficient power to run the UG2 section of the processing plant on an ongoing basis in the event that ESKOM is unable to provide constant power to the mine over an extended period of time, it is also able to provide sufficient additional power if ESKOM reduce the contracted power supply to the mine by up to 10MVA. This 10 MVA power plant was commissioned on December 2, 2009.

Construction of the processing plant commenced in October 2007 and was completed during the first quarter of the current financial year. In March 2009, the processing of material through the UG2 circuit commenced, signalling the commencement of the plant operation to produce a metal in concentrate ready for smelting, refining and sale under the Concentrate Agreement to Northam. In June 2009, following the installation by ESKOM of the additional 22MVA of power, the processing of material through the Merensky circuit commenced. Final commissioning will take place subsequent to quarter end.

For the quarter ended March 31, 2010, the Company dispatched and sold 14,177 PGE ounces and subsequently recognised revenue to the value of US\$18.503 million (ZAR138.506 million). As a development stage company, these receipts are offset against the capitalized project costs until such time that commercial production is reached.

As at the quarter ended March 31, 2010, total plant capital expenditure at PPM amounted to US\$266.625 million (ZAR1.953 billion) compared to US\$266.079 million (ZAR1.949 billion) at the financial year ended December 31, 2009. As at March 31, 2010, the total outstanding plant capital expenditure to completion of the construction phase was US\$16.102 million (ZAR117.948 million)

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which will bring the total projected plant capital expenditure to US\$282.727 million (ZAR2.071 billion). This amount is higher than the original amount per the BFS of ZAR1.670 billion (which equated to US\$231.940 million based on an exchange rate of ZAR7.20 at the time of the study), due to changes in scope, particularly the inclusion of a 10MVA standby power station, cost increases experienced in general terms by the global mining industry over the past two years and variances in foreign exchange rates.

As at March 31, 2010, the total project capital expenditure, for the development of PPM, including capitalised pre-production costs, plant capital expenditure and offsetting revenue from metal sales during the pre-production phase amounted to US\$440.815 million (ZAR3.229 billion). Outstanding plant capital expenditure to completion of the construction phase of US\$16.102 million (ZAR117.948 million) will bring the total capital expenditure spent to US\$456.917 million (ZAR3.347 billion).

During the quarter under review, the ramp-up of mining operations to commercial production continued with associated costs capitalized as part of the total project capital expenditure.

Platmin plans to conduct further exploration in the vicinity of PPM with the view to increasing its mineral resource base in the Pilanesberg area.

#### **7.2 Pilanesberg Exploration projects**

The total exploration expenditure on various Pilanesberg exploration projects totalled US\$0.252 million (ZAR1.847 million) for the quarter ended March 31, 2010. Total exploration expenditure since the inception of the Pilanesberg Project of US\$15.449 million (ZAR113.163 million), has been capitalized. In accordance with the Group's accounting policies, these costs are capitalised as part of "Exploration and evaluation assets".

##### ***Work program***

The Pilanesberg exploration projects consist of properties adjacent to PPM. The focus is on advancing earlier stage properties, through programs of soil sampling, trenching, percussion drilling and ultimately diamond drilling. Platmin is also conducting limited chrome exploration on properties in the Pilanesberg Project area where these rights are held.

#### **7.3 Mphahlele Project**

In the quarter ended March 31, 2010, a total of US\$0.083 million (ZAR0.608 million) was spent on the Mphahlele project bringing the cumulative expenditure to date on the project by the Company to US\$12.889 million (ZAR94.411 million), excluding acquisition costs. In accordance with the Group's accounting policies, these costs are capitalised as part of "Exploration and evaluation assets".

During the quarter under review, the Company continued with the Definitive Feasibility Study ("DFS") on the Mphahlele project.

##### ***Work program***

In light of the fact that the board have decided to focus cash resources and management on bringing PPM into full production, this project has been put on a reduced work program for the short term. The reduced primary expenditure at Mphahlele during the 2010 fiscal year is expected to be limited to activities related to the DFS including metallurgical test work, and revision of resource models to include mining dilution (various scenarios), mining design, geotechnical investigations and the environmental impact assessment/management program.

The Social and Labour Plan, which is a program covering the social and economic development plan for the communities affected by the operations, was completed during August 2008 and was submitted

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in September 2008 to the Department of Mineral Resources ("DMR"), as required for the approval of the mining right. The DMR subsequently approved the plan.

#### **7.4 Grootboom Project**

In the quarter ended March 31, 2010, the Company spent US\$0.031 million (ZAR0.230 million) on Grootboom and Annex Grootboom (upon which Platmin has an option to acquire the PGE rights on completion of a DFS), bringing the cumulative expenditure to date on the project to US\$5.845 million (ZAR42.817 million). In accordance with the Group's accounting policies, these costs are capitalised as part of "Exploration and evaluation assets".

The project advanced to the DFS stage during the quarter under review. The DFS is expected to be completed in the third quarter of fiscal 2010.

#### **Work program**

In light of the fact that the board have decided to focus cash resources and management on bringing PPM into full production, this project has been put on a reduced work program for the short term. The reduced primary expenditure at Grootboom during the 2010 fiscal year is expected to be limited to activities related to the DFS including metallurgical test work, and the revision of resource models to include mining dilution (various scenarios), mining design, geotechnical investigations and the environmental impact assessment/management program.

#### **7.5 Loskop Project**

Lonmin Plc is the operator of the Loskop Project and funds all exploration expenditures on the project (except for a portion of Rietfontein as mentioned below), as part of their option to acquire 50% in the joint venture. As a result thereof, limited expenditure has been incurred by Platmin.

In the quarter ended March 31, 2010, the Company incurred less than US\$0.001 million (ZAR0.008 million) on the Loskop Project. Total cumulative exploration expenditure on this project since inception is US\$0.850 million (ZAR6.228 million). In accordance with the Group's accounting policies, these costs are capitalised as part of "Exploration and evaluation assets".

#### **Work program**

Lonmin Plc announced in a press release on November 18, 2008 that their management has decided, given their focus on cash management and the current state of the worldwide credit markets, to put a number of their projects, including Loskop, on a reduced work program for the short term. This is likely to affect the work program at Loskop in the 2010 financial year.

Although work has continued during the year in order to assist in increasing our understanding of the Loskop mineralization, the mineral resources were not revised during the quarter ended March 31, 2010.

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#### 8. Contractual Obligations

The Company's contractual obligations are as follows:

Contractual obligations US\$'000	Payments due by period as at March 31, 2010				
	Total	< 1 year *	1-3 years	4-5 years	After 5 years
Employee entitlements	349	349	-	-	-
Operating lease	382	138	244	-	-
Committed Capital Cost <sup>(1)</sup>	16,102	12,393	3,709	-	-
Asset Retirement Obligation <sup>(2)</sup>	86,741	-	-	-	86,741
Mining and Processing costs <sup>(3)</sup>	465,845	74,465	292,094	99,286	-
Total Contractual Obligations	569,419	87,345	296,047	99,286	86,741

- (1) The Committed Capital Cost includes outstanding amounts in respect of plant capital expenditure to the completion of the plant construction project.
- (2) This amount represents the gross asset retirement obligation incurred to date, to rehabilitate the opencast pit and plant at PPM at the end of life of mine, in accordance with the mining licence, The amount disclosed in note 9 of the condensed consolidated interim financial statements of \$64,985 million represents the discounted value of such amount.
- (3) Committed mining expenses include the remaining value of the agreement with engineering firm DRA to implement the design and construction phase of PPM, the contracts with Minopex for managing the plant operations and maintenance of the Merensky and UG2 metallurgical concentrator plants, and MCC for carrying out the opencast mining operations.

#### 9. Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

#### 10. Related Party Transactions

On April 22, 2010, the Company entered into a ZAR191.0 million (an equivalent of US\$26 million at an exchange rate of ZAR7.39 =US\$1.00) short term lending facility with Pallinghurst.

#### 11. Proposed Transactions

The Company continues to evaluate opportunities in the market with a view to expand the current business. At the current time there are no reportable proposed transactions.

#### 12. Black Economic Empowerment ("BEE")

Pursuant to the investors and subscription agreement entered into in December 2008 with, among others, Ivy Lane Capital Limited, being the South African investment vehicle of the Pallinghurst Investor Consortium, the Bakgatla-Ba-Kgafela Tribe and the Bakgatla Pallinghurst JV (Proprietary) Limited, the Moepi Group was required by March 31, 2010, subject to certain conditions precedent, to exchange its 27.61% interest in Boynton for common shares in Platmin ("The Moepi Exchange"). Not all the conditions were satisfied by March 31, 2010 and the parties to the agreement agreed not to extend the fulfilment date thereof and accordingly the Moepi Exchange was not completed.

Platmin has funded a total of US\$9.536 million on behalf of its BEE partners for exploration activities, by way of loan account to date. All such amounts remain outstanding on inter-company loan accounts.

**13. Environmental Matters**

The Company conducts exploration on its key projects and prospects subject to mineral exploration permit applications made to and issued by the DMR. For each exploration program, a rehabilitation plan is included with the application and where required the appropriate bond or funds are lodged with the relevant agent of the DMR in respect of the rehabilitation work which may have to be carried out when the exploration program is completed and no further work is planned on the property. All such environmental plans or bonds are in the normal course of the business.

In respect of PPM, the DMR required a rehabilitation guarantee of US\$7.027 million before approving the application for a Mining Right. This guarantee has been provided by Guardrisk Insurance Company Limited ("Guardrisk") on an insurance basis, with an amount of US\$1.835 million (ZAR13.500 million) paid over into a separate PPM bank account and ceded in favour of Guardrisk as collateral against the issuance of this guarantee. Ongoing contributions are made by PPM to fund the balance of the liability over the remaining life of mine. Further guarantees to the amount of US\$14.268 million (ZAR104.987 million) have been provided to ESKOM on the same basis.

In respect of the Mphahlele Project, the DMR required a rehabilitation guarantee of US\$2.135 million (ZAR16.609 million) before the issuing of the Mining Right. This guarantee has been provided by Guardrisk on an insurance basis, with an amount of US\$1.576 million (ZAR11.600 million) paid over into a separate Boynton bank account and ceded in favour of Guardrisk as collateral against the issuance of this guarantee. Ongoing contributions are made by Boynton to fund the balance of the liability over the remaining life of the prospecting permit.

In respect of the Grootboom project, negotiations with the DMR are currently in progress to determine the amount of the rehabilitation guarantee required by the DMR before it issues the Mining Right.

Environmental guarantees are released by the DMR on completion of the obligations in terms of the rehabilitation plans contained within either the application for the prospecting permits, or the mining right.

**14. Mineral and Petroleum Resources Royalty Act, 2008 (Act no. 28 of 2008)**

The South African government has enacted the Mineral and Petroleum Resources Royalty Act (the "Royalty Act"), which imposes a royalty payable to the South African government by businesses based upon financial profits made through the transfer of mineral resources.

The legislation was passed on November 17, 2008 and was due to come into operation on May 1, 2009. During his budget speech in February 2009, the South African Minister of Finance deferred the implementation of the Royalty Act to March 1, 2010. In terms of the legislation resulting from the Royalty Act, a royalty will be levied for the benefit of the National Revenue Fund of the government of the Republic of South Africa. The amount levied will be based on a percentage calculated by means of a formula, from a minimum of 0.5% up to a maximum of 5% on gross sales of refined mineral resources or 7% on gross sales of unrefined mineral resources.

## **15. Critical Accounting Estimates**

The Company's significant accounting principles and methods of application are disclosed in the notes of the Company's consolidated financial statements for the year ended December 31, 2009. The following is a discussion of the critical accounting policies and estimates which management believes are important for an understanding of the Company's financial results.

### *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group's functional currency, as determined at the transition date of March 1, 2008, is the South African Rand ("ZAR"). The consolidated financial statements are presented in US dollars ("USD") which is the Group's presentation currency for purposes of dual listing and foreign shareholders.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial period end;
- income and expenses for each statement of income and comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- equity transactions are translated using the exchange rate at the date of the transaction; and all resulting exchange differences are recognized as a separate component of equity.

### *Exploration and evaluation assets and development expenditure*

Exploration and evaluation costs, including the cost of acquiring licenses, are capitalized as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible, or intangible exploration and evaluation assets according to the nature of the assets acquired.

Capitalised costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are recognized in profit and loss immediately.

### *Inventory*

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

### *Provisions*

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against their operating profit as extraction progresses. Changes in the measurement of a liability which arises during production are charged against operating profit.

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The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation.

In accordance with the Group's policy and applicable legal requirements, a provision for decommissioning liabilities is recognized when the asset is installed and rehabilitation liabilities are recognized when the land is disturbed.

#### *Revenue*

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is not recognized if there are significant uncertainties regarding recovery of the consideration due.

No revenue is recorded in the condensed consolidated interim statement of income and comprehensive income as the Pilanesberg Mine has not yet reached commercial production.

#### **16. Financial Instrument and Other Instruments**

The Company has the following financial instruments: cash and cash equivalents, other receivables, accounts payable, accrued liabilities and a bridge loan facility. These instruments are short-term financial instruments whose fair value approximates their carrying value given that their maturity period is short.

#### **17. Outstanding Share Data**

As at March 31, 2010, the Company had 445,018,352 issued and outstanding common shares.

As at March 31, 2010, there were 4,947,266 outstanding options exercisable for common shares and a further 2,984,467 unvested share options, which, if exercised, would result in the issue of an additional 2,984,467 common shares. The total options outstanding at March 31, 2010, totalled 7,931,733 options.

As at May 14, 2010, the Company had 650,779,669 issued and outstanding common shares.

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#### **18. *Risks and Uncertainties***

The Company is in the business of the exploration and development of mineral properties and the operation of mines directly or through third parties. There are numerous risks associated with this business and specific risks with regards to the South African mining environment.

Readers are urged to review the section titled "Risk Factors" appearing in Platmin's current AIF for the financial year ended December 31, 2009, which can be viewed at [www.sedar.com](http://www.sedar.com).

#### **19. *Internal control over financial reporting***

Management has evaluated or caused to be evaluated, the effectiveness of the Company's disclosure controls and procedures and the internal control over financial reporting and concluded that the Company's disclosure and internal control over financial reporting was effective as of the end of the financial quarter ended March 31, 2010. Platmin has identified no material weakness in the design of its internal controls over financial reporting. There has been no change in Platmin's internal controls over financing reporting since its year-end MD&A for the period ended December 31, 2009 or in the quarter ended March 31, 2010, that has materially affected, or is reasonably likely to materially affect, Platmin's internal controls over financial reporting.