

## INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(For the three month period (first quarter) ended May 31, 2008)

(All amounts are expressed in United States dollars, unless otherwise stated)

July 10, 2008

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Interim Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the three month period ended May 31, 2008 contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial and operating performance of the Company, its subsidiaries and affiliated companies, and its mineral projects, the future price of platinum or other Platmin Group Elements ("PGE"s), 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, 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 possible outcome of pending litigation and 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", 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 interim MD&A include, among others, the potential for underground mining; forecast average annual production rate of 250,000 oz 3PGE + Au at the Pilanesberg Project; average operating margins of 46% over the life of mine at the Pilanesberg Project; commencement of production at the Pilanesberg Project in 2009; the declaration of a 5PGE + Au mineral resource at the Pilanesberg Project and Mphahlele Project; completion of plant construction at the Pilanesberg project; commencement of steady state production at the Pilanesberg Project between April and June 2009; road building at the Grootboom Project; and the timing and completion of pre-feasibility work at the Grootboom Project.

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 no unusual geological or technical problems occur, and that on-going contractual negotiations will be completely successful and progressed and/or completed in a timely manner.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Platmin Limited ("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 activities; 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; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes 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 AIF which can 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 interim 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. The South African government has introduced the Mineral and Petroleum Royalty Bill (the "Royalty Bill"), which proposes a royalty payable to the South African

government by businesses based upon financial profits. The proposed legislation has not yet been passed but is scheduled to become effective on May 1, 2009. The provision of any legislation resulting from the Royalty Bill and the effect of such legislation remains uncertain.

## **1. Introduction**

Information in this interim MD&A is intended to supplement the consolidated financial statements of Platmin for the quarter ended May 31, 2008 and the year ended February 29, 2008 and the notes thereto (collectively, the "Financial Statements"), which are expressed in United States dollars and prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). References to quarters are to the financial quarters and not to calendar quarters, unless otherwise stated.

This interim MD&A should be read in conjunction with the Financial Statements, the company's current annual information form, and the technical reports prepared by qualified persons in accordance with NI43-101. These documents can be found at [www.sedar.com](http://www.sedar.com) and at [www.platmin.com](http://www.platmin.com).

## **2. Overview**

Platmin is incorporated under the federal laws of Canada and its common shares are listed on the Toronto Stock Exchange ("TSX") and the AIM Market on the London Stock Exchange ("AIM"). The Company trades under the symbol "PPN" on both exchanges.

Platmin is a mineral exploration and development company engaged in the exploration for, and development of, PGE deposits in South Africa. Platmin is exploring for PGE's on its four key projects: Pilanesberg, Mphahlele, Grootboom, and Loskop. Platmin's goal is to become a significant producer of PGE's through the development and operation of several mines on its Key Projects. Management's development plan includes the development of a mine on the Pilanesberg Project, while making progress in exploration, resource delineation and feasibility work on the other key projects.

## **3. Overall Performance**

The Company recorded a net loss for the quarter ended May 31, 2008 of \$3.560 million, or \$0.03 per share, compared with a net loss of \$2.971 million, or \$0.03 per share, for the quarter ended May 31, 2007. The increase in loss was principally the result of an increase in management fees, consulting fees, and professional fees and corporate administrative expenditure of the Company.

The Company follows the practice of capitalizing all costs related to acquisition, exploration and development of mineral exploration properties until such time as the mineral properties are put into commercial production, sold or become impaired. If commercial production commences, these capitalized costs will be amortized prospectively on a unit-of-production basis. In the quarter ended May 31, 2008, the Company's deferred exploration expense increased to \$29.083 million from \$27.132 million as at the financial year ended February 29, 2008.

The Company is developing and constructing the Pilanesberg Platinum Mine ("PPM") plant. Construction commenced in October 2007. As at May 31, 2008 the PPM plant project was 35% complete, on schedule and on budget, with project completion expected to be in the first quarter in 2009.

## **4. Selected Quarterly Information**

	Quarter Ended							
	May'08	Feb'08	Nov'07	Aug'07	May'07	Feb'07	Nov'06	Aug'06
Loss for the period (\$ 000)	3,560	3,716	1,020	1,888	2,971	1,886	2,289	952
Net loss per common share (\$)	0.03	0.04	0.01	0.02	0.03	0.02	0.02	0.02

The Company does not generate operating revenue and expenditure is related to the administration expenditure required to manage the exploration and development activities of the Company.

## **5. Results of Operations**

### ***Quarter ended May 31, 2008 compared to the quarter ended May 31, 2007***

There was no operating revenue in either quarter as the Company has no revenue generating operations or mineral production. Interest income of \$0.734 million was recorded in the quarter ended May 31, 2008 compared to \$0.438 million in the quarter ended May 31, 2007.

The Company recorded a net loss for the quarter ended May 31, 2008 of \$3.560 million, or \$0.03 per share, compared with a net loss of \$2.971 million, or \$0.03 per share, for the quarter ended May 31, 2007.

Administrative expenses totaled \$4.300 million for the quarter ended May 31, 2008 compared to the corresponding prior year quarter amount of \$3.487 million. The major expense item was due to an increase in management fees and the employment of additional management expertise to assist in the transformation of the Company from exploration to development. There was a foreign exchange loss of \$1.501 million in the quarter ended May 31, 2008 compared with a foreign exchange gain of \$0.076 million in the corresponding prior year quarter ended May 31, 2007.

A total of \$1.951 million of deferred exploration expenditures was capitalized in the quarter ended May 31, 2008 compared with \$2.853 million in the quarter ended May 31, 2007.

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

In the quarter ended May 31, 2008, the Company spent \$1.951 million on exploration expenditures. Of this, 17% was spent on the Pilanesberg Project, 56% was spent on Mphahlele and 20% was spent on the Grootboom Project. Other projects accounted for 7% of the total exploration expenditure. A summary of the expenditures by project along with proposed programs is set forth below.

### ***a) Pilanesberg Project***

The total exploration expenditure for the quarter ended May 31, 2008 was \$0.325 million, bringing the Company's total exploration expenditures since inception on this project to \$16.892 million.

In the 2007 fiscal year, the Company upgraded the resources, declared an initial mineral reserve, and completed a Definitive Feasibility Study on the Tuschenkomst and Ruighoek properties. Four of the properties were transferred into a special purpose vehicle "Pilanesberg Platinum Mines (Pty) Limited" ("Pilanesberg Platinum Mines") which was then granted a Mining Right by the Department of Minerals and Energy ("DME") in February 2008, covering Tuschenkomst, Witkleifontein, Rooderand (Portion 3) and Ruighoek (various portions). In addition to general exploration, significant expenditure was incurred on the Definitive Feasibility Study (DFS).

#### **Highlights of the Definitive Feasibility Study are as follows:**

- Proven and Probable PGE Mineral Reserves total 4.4 million ounces ("Moz") of 3PGEs + Au (3.2 Moz attributable to Platmin).
- Life of Mine ("LoM") 16 years with production planned to commence early 2009 with an average production rate of 250,000 oz/year 3PGE+Au in concentrate for the first 11 years.

The presence of Ruthenium and Iridium in ores and concentrates which will be co-produced with the 3PGEs has the potential to improve project values, positively affecting the IRR and NPV of the project.

Some of the properties comprising the Pilanesberg Project have shallow underground mining potential between 150m to 500m below surface which will be targeted in later phases of exploration once opencast mining has exposed the ore bodies sufficiently to evaluate the potential of underground mining. Early stage exploration remains ongoing on many of the other properties comprising the Pilanesberg project.

### ***Work Program***

The civil construction of the plant commenced in October 2007 and as at May 31, 2008 the plant project was 35% complete, with 100% expected to be completed in the first quarter in 2009. The proposed exploration and capital budget for the Pilanesberg Project in the 2009 fiscal year is \$242.292 million.

Plant construction being undertaken by Dowding Reynard and Associates will be completed in the first quarter 2009. The plant will be commissioned in January to March of 2009 with ramp up to steady state production over the period April-June 2009.

Pilanesberg Platinum Mines has secured a commitment for the supply of 37 megavolt amperes (MVA) of new power supply from Eskom to bring the mine into production. Eskom has already provided a temporary power supply of 1.5MVA for the construction phase of the Pilanesberg mine.

Various refinement studies are currently underway on the Pilanesberg Project. These include the detailed application of grade control sampling to the bulk mining of the Merensky Reef package on the Tuschenkomst deposit and revision of the resource model and mine schedule. This work is being conducted by Cube Consulting (Pty) Ltd of Perth, Australia. This revision will initially be used in-house.

A Reverse Circulation (RC) grade control drilling program has commenced on the initial mining blocks of the Tuschenkomst pit.

Nickel Sulphide fire assay analysis to determine the minor PGE's Iridium and Ruthenium and to ultimately declare the Pilanesberg Mineral Resources as a 5PGE + Au resource is currently underway.

The mining of overburden at the Tuschenkomst property started in March 2008 with reef mining commencing in September of 2008. The mining contracting firm, MCC (Pty) Ltd, is to be engaged to commence the mining operations.

Platmin also plans to conduct further exploration in the Pilanesberg Project area focusing on: advancing earlier stage properties, through programs of soil sampling, trenching and ultimately drilling; and exploration of new areas which are currently under application. Platmin is also conducting limited Chrome exploration on properties in the Pilanesberg Project where these rights are held.

### ***b) Mphahlele Project***

In the quarter ended May 31, 2008, a total of \$1.090 million was spent on the Mphahlele project, bringing the cumulative amount of expenditures on the project by the Company to \$7,565 million, other than acquisition costs.

During the last period Platmin completed the Preliminary Feasibility study on the Mphahlele project and it was decided to proceed with a Definitive Feasibility Study. The previously announced Mineral Resource for the Mphahlele is as follows: Indicated Mineral Resources of 34.87Mt at 5.07g/t (3PGE+Au) for 5.69Moz (3.09Moz attributable to Platmin) and Inferred Mineral Resources of 48.58Mt at 4.37g/t (3PGE+Au) for 6.82Moz. (3.70Moz attributable to Platmin).

The drilling of all holes down to a depth of 1 500m has been completed with all holes intersecting both the Merensky Reef and UG2 Chromitite layer. The drilling of 'infill' holes to 750m is complete. Detailed drilling in the proposed start up mining blocks is currently underway.

The primary expenditure in the 2009 fiscal year is expected to be activities related to the feasibility study including metallurgical test work, and revision of resource models to include mining dilution (various scenarios), geotechnical investigations and the environmental impact assessment/management program.

### ***Work Program***

The proposed exploration and capital budget for Mphahlele in the 2009 fiscal year is \$14.116 million. The priority aspects of the work for the 2009 fiscal year will include completion of deflection drilling for the 1 500m holes to further evaluate the Merensky Reef and UG2 Chromitite Layer, as well as detailed shallow drilling in the proposed start up mining blocks. A revision of the Mphahlele Mineral Resource is currently being conducted by SRK Consulting and forms part of the Definitive Feasibility Study underway on the project.

Nickel Sulphide fire assay analysis to determine the minor PGE's Iridium and Ruthenium and to ultimately declare the Mphahlele Mineral Resource as a 5PGE + Au resource is currently underway.

The Definitive Feasibility Study which includes the finalization of the mining design, the process design and infrastructural layout and the accurate costing thereof will form the emphasis of work to be done. The Environmental Management Plan was completed during June 2008 and has been submitted to the DME as required for the approval of the mining right.

The Mining Right application was submitted and accepted by the DME in December 2007.

### ***c) Grootboom Project***

In the quarter ended May 31, 2008, the Company spent \$0.389 million on Grootboom and Annex Grootboom (upon which Platmin has an option to acquire the PGE rights on completion of a bankable feasibility study), bringing the expenditure on the project to date to \$3.360 million.

A revised Mineral Resource estimate of the Grootboom Tailings dam is due to be completed by the end of 2008. Flotation test-work has been completed and plant design for the processing of the tailings remains at an advanced stage.

Mining Right Applications for both the Grootboom UG2 and Grootboom Tailings Projects were submitted in November 2007 and accepted by the DME in December 2007.

### ***Work Program***

The Company has recently completed a positive scoping study for the Grootboom Project, and is now progressing with a pre-feasibility study to assess the potential for designing and constructing a stand alone operation producing 86,000oz PGEs per year. The Pre-feasibility study on the Grootboom Project is nearing completion.

Infill drilling of the Grootboom Valley area is complete and has largely confirmed the existing geological model.

Completion of the Pre-feasibility study is expected in the second quarter of fiscal 2009. The scoping stage of the Environmental Impact Assessment was completed by December 2007. Further bench scale metallurgical and geotechnical test work on the Annex Grootboom property is planned as part of the inputs into the Pre-feasibility study. Completion of infill drilling in the Grootboom Valley Resource area and adjustments to the geological model, prior to proceeding to detailed mine planning is currently in progress and expected to be completed by the end of 2008.

The DME has granted the Company permission to take a bulk sample for trial mining and metallurgical test work from Grootboom Hill. Road building to the bulk sample portal site is expected to commence in June 2008.

Revision of the Grootboom Project Mineral Resources and Reserves is nearing completion and will be announced shortly. This is both for the UG2 as per the Pre-Feasibility study as well as a separate revision of the Grootboom Tailings Dam Mineral Resource.

*d) 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. Limited expenditure has been incurred by Platmin as a result of this. A total of approximately \$0.157 million was spent by Platmin on the Loskop Project during the quarter ended May 31, 2008. The Company has spent \$1.683 million to February 29, 2008 on this project. The Company has budgeted \$0.153 million, which includes a pre-feasibility study and bulk sampling over and above the payment of option moneys paid, for contributing to exploration expenses in the current fiscal year. Lonmin has completed its earn-in on Rietfontein, which has resulted in the formation of the first joint venture.

**Work Program**

The proposed exploration and capital budget for Loskop in the 2009 fiscal year is \$49.280 million. Future expenditure on a portion of the Loskop project called the "Rietfontein JV" or "first joint venture" will fall into a JV whereby the Company (through Boynton) and Lonmin will contribute on a 50/50 basis. The remainder of the project is solely funded by Lonmin. The proposed work program on the Rietfontein JV involves the geological modeling and resource estimation as well as an evaluation of the scoping study. The decision to proceed with a pre-feasibility study has not yet been made. Earlier stage exploration will continue on the remainder of the Loskop Project area and will include drilling, evaluation of existing data and resource estimation where appropriate. A revised resource estimate is to be done on the Rietfontein and De Wagendrift properties by end 2008.

*e) Other Projects*

Current activities include assessment of drilling results from Golden Valley, a satellite to the Bushveld Complex where a low grade Ni/Cu/PGE resource has previously been reported from disseminated sulphides towards the base of a small mafic/ultramafic intrusion. Soil surveys are in progress on the TDK Project that comprises the farms Tweelaagte 175 JP, Diamant 206 JP and Kleingenoeg 174 JP all located close to the Pilanesberg Project. Reconnaissance work and soil sampling is underway on the Bashoek Project (Paul Bodenstien Landgoed 579 JQ), Rietfontein 338JQ, Strydfontein 12 JP and Malope Dome Project (Nootigezien 761 KS and Goedverwacht 763 KS). These projects are located on and around the Bushveld Complex. A trenching program is planned for the Scheiding property which is located in the northern extremity of the eastern limb of the Bushveld Complex.

**7. Liquidity and Capital Resources**

As at May 31, 2008, the Company had cash and cash equivalents of \$65.020 million on hand, as compared with \$88.188 million at February 29, 2008. The Company finances its exploration and development activities by raising capital from equity markets, and through contributions by joint venture partners and by raising debt funding.

As at May 31, 2008, the Company had 111,586,760 issued and outstanding common shares.

During the quarter ended May 31, 2008 a total of 60,000 options were exercised under the company's 2005 option plan, using the cashless option, resulting in the issue of 49,712 shares and no cash raised.

The Company's principal subsidiary, Boynton Investments (Pty) Ltd ("Boynton"), operates in South Africa and as a result is subject to the South African Reserve Bank ("SARB") exchange control regulations. Loans from Platmin to Boynton, which amounted to \$86,347 million at February 29, 2008, and the interest rate charged require SARB approval. Repayment of loans also requires approval which is normally not allowed within six months of advancing the loan.

A bridge loan facility of \$46 million (ZAR 350 million) has been concluded with The Standard Bank of South Africa Limited ("Standard Bank"). The term of the bridge loan facility will be for a period of 4 months after financial close, which was May 9, 2008. On June 2, 2008 \$37 million (ZAR 300 million) were drawn on the facility which bears interest at JIBAR plus 3% (currently 15.2%). The bridge loan facility will be used to fund the further development of the Pilanesberg Project. The Standard Bank of South Africa Limited ("Standard Bank") has been appointed by the Company and its South African subsidiary, Boynton Investments (Pty) Limited ("Boynton") to act as financial advisor and Lead Arranger to secure approximately \$200 million in project debt finance for the development of the Pilanesberg Platinum project.

The construction of, and commencement of production from, the Pilanesberg Project, as well as the Mphahlele Project and Grootboom Project, will require that the Company raise additional funds through debt and equity issuances.

Funding requirements for Platmin's projects have historically been satisfied through the advance of shareholders' loans (normally requested by way of cash calls) or subscription for shares (rights issues to shareholders). 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.

Platmin has funded a total of approximately \$23,831 million on behalf of its BEE partners, relating to funds raised by way of cash calls of its subsidiaries, by way of loan accounts, over the last two fiscal periods (years ended February 29, 2008 and February 28, 2007) and to date. All such amounts remain in inter-company loan accounts.

Should Platmin's Black Economic Empowerment (BEE) partners not fund their remaining requirements in the future, Platmin would consider available alternatives, including funding the requirements in the near to medium term by way of inter-company loans, equity (which would dilute such BEE partners), or potentially seeking to replace its BEE partners. Funding may also be provided by way of inter-company loans from Platmin to its BEE partners directly, which would then allow the BEE partners to utilize such funding to contribute in its own capacity towards a cash call. In such event, funding contributions by BEE partners (although funded by Platmin) would be treated either as equity or booked to the loan account between the joint venture entity and Company.

#### **8. Contractual Obligations**

The Company's contractual obligations are as follows:

<i>Contractual Obligations – \$'000</i>	<i>Payments due by period as at February 29, 2008</i>				
	<i>Total</i>	<i>Less than 1 year</i>	<i>1-3 years</i>	<i>4-5 years</i>	<i>After 5 years</i>
Operating lease	658	153	505	-	-
Employee entitlements	145	145	-	-	-
Asset Retirement Obligation	1,451	-	-	-	1,451
<b>Total Contractual Obligations</b>	<b>2,254</b>	<b>298</b>	<b>505</b>	<b>-</b>	<b>1,451</b>

#### **9. Off-Balance Sheet Arrangements**

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

#### **10. Related Party Transactions**

During the prior fiscal year, the Company has provided a bridging finance facility to Moepi Capital (Pty) Ltd (now called Moepi Platinum (Pty) Ltd) to assist the BEE party in acquiring an interest in Boynton and in the process, to consolidate the BEE interest in the Group. The repayment of this loan has been extended by one year and the loan is repayable in full on November 1, 2008.

### **11. Proposed Transactions**

The Company is continually reviewing merger, acquisition, investment and joint venture transactions and opportunities with the goal to enhance shareholder value. At the current time there are no reportable proposed transactions.

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

During the fiscal quarter ended May 31, 2007, the Company's South African operating subsidiary, Boynton, entered into two agreements whereby the effective holding of the Company in Boynton reduced from 82% to 72.39% while Boynton's participation in two projects had increased. Although the outcome is balanced, this transaction served to simplify the title to the projects and the relationship with the Company's BEE partners. As mentioned above under the Grootboom Project, Boynton completed a transaction previously entered into granting it an option to acquire the mining rights in respect of the Annex Grootboom property adjacent to the Grootboom Project and Scheiding nearby the Mphahlele Project upon completion of a bankable feasibility study.

Platmin has achieved the minimum 26% BEE ownership interest (required by April 30, 2014 onward) for its operating company in South Africa when the Department of Minerals and Energy approved an agreement to consolidate the Pilanesberg Project ownership structure. Through this transaction, Boynton issued 8% of its own shares for all the shares in Taung Minerals that it did not yet own, increasing its effective holding from 54% to 100%. Taung Minerals is the vehicle that held the mineral rights to Tuschenkomst and Ruijghoek properties.

### **13. 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 quarter ended May 31, 2008. 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.

"Exploration and development costs"- The costs relating to the acquisition, exploration and development of mineral properties, less recoveries, are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related project are reclassified as mining assets and amortized on a unit of production method. If it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated life of the property, or the project is sold or abandoned, the project is written down to its net realizable value.

The recoverability of amounts recorded for exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development, and future profitable production or proceeds from the disposition thereof. The amounts shown as exploration and development costs do not necessarily represent present or future values.

As at February 29, 2008, the Company had capitalized \$27.132 million of exploration and development costs. The comparative figure as at February 28, 2007 was \$21.503 million.

"Stock Based Compensation" - The Company recognizes compensation expense when stock options are granted. The fair value of options granted has been estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Options issued prior to June 1, 2007: risk free interest rate of 3.5%, expected dividend yield of nil, expected volatility of 100%, and expected option life of 3.5 years.

Options issued subsequent to June 1, 2007, but prior to February 29, 2008: risk free interest rate of 4.5%, expected dividend yield of nil, expected volatility of 66%, and expected option life of 3 years.

For purposes of disclosure, the estimated fair value of the options is expensed over the options' vesting periods. The full impact of the expense relating to all stock options granted to employees has been included in the consolidated statement of operations, deficit and comprehensive loss, for the years ended February 29, 2008 and February 28, 2007.

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend, among other things, upon a variety of factors including the market value of Company shares and financial objectives of the holders of these options.

"Recent changes in accounting policies and initial adoption." – In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, "Financial Instruments – Recognition and Measurement", 1530, "Comprehensive Income", and 3865, "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis. The Company has adopted these new standards effective March 1, 2007.

The Company has evaluated the impact of these new standards on its consolidated financial statements and determined that no adjustments are currently required.

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

The only financial instruments which the Company has are cash and cash equivalents, other receivables, accounts payable and accrued liabilities which are short-term financial instruments whose fair value approximates their carrying value given that their maturity period is short.

#### **15. Outstanding Share Data**

Platmin has an unlimited number of common shares without par value. As at May 31, 2008, the Company had 111,586,760 issued and outstanding common shares.

Platmin has outstanding stock options to purchase common shares. As at May 31, 2008, there were 1,917,500 outstanding options exercisable for common shares and a further 2,264,400 unvested share options. The total options outstanding at May 31, 2008, totaled 4,181,900 options.

#### **16. Risks and Uncertainties**

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

On May 1, 2004, the Mineral and Petroleum Resources Development Act ("MPRDA") came into effect in South Africa. As a result of the MPRDA, the state has become the custodian of all mineral rights within the country and will issue prospecting and mining rights to parties on application. All 15 of the Company's old order prospecting rights have been successfully converted into new order rights, on its four most advanced projects.

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

Readers are urged to review the section titled "Risk Factors" appearing in Platmin's current Annual Information Form for the financial year ended February 29, 2008, which can be viewed at [www.sedar.com](http://www.sedar.com).

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

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. It has directed efforts to improve internal control over financial reporting. This is a process designed to provide reasonable assurance regarding reliability of financial reporting and the preparation of consolidated financial statements for external reporting purposes in accordance with Canadian GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or

detect misstatements. Management has assessed the effectiveness of the Company's internal control over financial reporting and concluded that the Company's internal control over financial reporting was effective as of the end of the financial quarter ended May 31, 2008.

**18. *Environmental Matters***

The Company conducts exploration on its Key Projects and prospects subject to mineral exploration permit applications made to and issued by the DME. For each exploration program, a plan of rehabilitation is included with the application and where required the appropriate bond or funds are lodged with the relevant agent of the DME 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. The Company has placed a separate environmental bond with the DME of \$0.493 million in respect of rehabilitation of the bulk sample test conducted on its Pilanesberg project. Depending on the outcome of this bulk test and the recommended sequence of further work, this bond may be converted into further bonds to be issued for on-going development work on the project. On August 31, 2007, the Pilanesberg Independent Technical Report for the Positive Pilanesberg Feasibility was filed. Environmental bonds are extinguished by the DME on completion of the rehabilitation plans contained within the exploration permits.

**19. *Subsequent events***

A bridge loan facility of \$46 million (ZAR 350 million) has been concluded with The Standard Bank of South Africa Limited ("Standard Bank"). The term of the bridge loan facility will be for a period of four months after financial close, which was May 9, 2008. On June 2, 2008 \$37 million (ZAR 300 million) was drawn on the facility which bears interest at the Johannesburg Interbank Lending Rate ("JIBAR", currently 12.2%) plus 3% margin. The bridge loan facility will be used to fund the further development of the Pilanesberg Project.