

Platmin Limited

Annual Consolidated Financial Statements
**Years ended February 29, 2008 and
February 28, 2007**
(expressed in U.S. dollars, unless otherwise stated)

(a development stage entity)

Auditors' Report

To the Shareholders of Platmin Limited

We have audited the consolidated balance sheets of **Platmin Limited** as at February 29, 2008 and February 28, 2007 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2008 and February 28, 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Signed ("PricewaterhouseCoopers LLP")

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario

May 22, 2008

Platmin Limited

(a development stage entity)

Consolidated Balance Sheets

(expressed in U.S. dollars, unless otherwise stated)

	As at	
	February 29, 2008 \$ 000	February 28, 2007 \$ 000
Assets		
Current assets		
Cash and cash equivalents	88,188	43,408
Restricted cash (note 4)	4,408	-
Loans due from related parties (note 3)	14,680	13,552
Receivables	3,838	418
Prepaid expenses	59	68
	<u>111,173</u>	<u>57,446</u>
Property, plant and equipment (note 6)	24,425	785
Rehabilitation investment (note 15)	544	-
Mineral rights (note 8)	3,132	1,108
Mineral exploration properties (note 9)	4,619	4,619
Deferred exploration expenses (note 9)	27,132	21,503
	<u>171,025</u>	<u>85,461</u>
Liabilities		
Current liabilities		
Accounts payable	3,043	3,221
Accrued liabilities	118	155
	<u>3,161</u>	<u>3,376</u>
Loan payable (note 14)	1,388	659
Asset retirement obligation (note 15)	1,461	493
	<u>6,010</u>	<u>4,528</u>
Shareholders' Equity		
Common shares (note 10)	192,116	99,542
Contributed surplus (note 10)	3,068	2,480
Deficit	<u>(30,169)</u>	<u>(21,089)</u>
	<u>165,015</u>	<u>80,933</u>
	<u>171,025</u>	<u>85,461</u>
Contingencies and commitments (note 18)		
Approved by the Board of Directors		

(signed) _____ Director

(signed) _____ Director

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

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Consolidated Statements of Operations, Comprehensive Loss and Deficit

(expressed in U.S. dollars, unless otherwise stated)

	For the years ended	
	February 29, 2008 \$ 000	February 28, 2007 \$ 000
Administrative expenses		
Management and consulting fees	9,044	6,029
Travelling and promotion	644	267
Rental	186	67
Office	931	873
Professional fees	912	376
Interest and penalties	129	102
Amortization of property, plant and equipment	78	126
Foreign exchange loss	377	187
	(12,301)	(8,027)
Research and development costs	82	(169)
Deferred exploration costs written off	(9)	(47)
	(12,228)	(8,243)
Other income	5	48
Interest income	3,143	1,157
	(9,080)	(7,038)
Loss and comprehensive loss for the year	(9,080)	(7,038)
Deficit – Beginning of year	(21,089)	(14,051)
Deficit – End of year	(30,169)	(21,089)
Basic and diluted loss per common share (note 7)	0.09	0.09
Weighted average number of common shares outstanding	96,535,488	77,719,629

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

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Consolidated Statements of Cash Flows

(expressed in U.S. dollars, unless otherwise stated)

	For the years ended	
	February 29, 2008 \$ 000	February 28, 2007 \$ 000
Cash provided by/(used in)		
Operating activities		
Loss for the year	(9,080)	(7,038)
Non-cash items		
Amortization of property, plant and equipment	78	126
Loss on sale of property, plant and equipment	7	-
Stock-based compensation expense	2,569	2,215
Foreign exchange loss	377	187
Changes in non-cash working capital items (note 5)	(3,626)	455
	<u>(9,675)</u>	<u>(4,055)</u>
Investing activities		
Purchase of property, plant and equipment	(22,773)	(134)
Proceeds from disposal of property, plant and equipment	15	20
Increase in restricted cash	(4,408)	-
Increase in rehabilitation investment	(544)	-
Increase in mineral rights	(2,024)	-
Increase in deferred exploration expenses – net	(5,629)	(5,534)
	<u>(35,363)</u>	<u>(5,648)</u>
Financing activities		
Increase in loan receivable	(1,128)	(13,360)
Issue of common shares	95,138	52,791
Increase in loans payable	729	-
Share issue expenses	(4,544)	(6,068)
	<u>90,195</u>	<u>33,363</u>
Net increase in cash and cash equivalents during the period	45,157	23,660
Effect of exchange rate changes on cash held in foreign currencies	(377)	(187)
Cash and cash equivalents - Beginning of year	43,408	19,935
	<u>88,188</u>	<u>43,408</u>
Cash and cash equivalents - End of year		
	<u>88,188</u>	<u>43,408</u>
Supplementary information		
Interest paid	129	102

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

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Notes to the Consolidated Financial Statements

(expressed in U.S. dollars, unless otherwise stated)

1 Nature of operations

Platmin Limited (the “Company”) is a development stage Natural Resources Company engaged in the acquisition and exploration of Platinum Group Metal (“PGM”) properties in South Africa, which was incorporated under the Canada Business Corporation Act on May 23, 2003. These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company is in the process of exploring and developing its mineral properties and projects and has recorded losses and net cash outflows from operations for the past two years. The Company is also required to make expenditures (as outlined in note 17 to the financial statements) in the near term to keep its mineral property rights current.

The Company’s ability to advance its exploration and capital properties is dependent upon its ability to fund its working capital and expenditure requirements and eventually to generate positive cash flows, either from operations or the sale of a property.

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.

2 Summary of significant accounting policies

The consolidated financial statements of the Company are prepared by management in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The significant accounting policies followed by the Company are as follows:

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries over which control is exercised. Where shareholding is below 50%, but control is exercised over the Board of Directors, the entity is consolidated. All material inter-company balances and transactions have been eliminated. The following entities have been consolidated due to the Company’s control of the Board of Directors of the entities or percentage ownership:

	February 29, 2008 %	February 28, 2007 %
Platmin Resources Ltd.	100.0	100.0
Boynton Investments (Pty) Ltd. (“Boynton”)	72.4	72.4
Bubesi Investments 38 (Pty) Ltd. (“Bubesi”)	72.4	72.4
Pilanesberg Platinum Mines (Pty) Ltd	72.4	72.4
Setseka Mining (Pty) Ltd. (“Setseka”)	39.2	39.2
Taung Minerals (Pty) Ltd. (“Taung Minerals”)	72.4	72.4
Sengani Family Mining and Exploration (Pty) Ltd. (“Sengani”)	35.5	35.5
Mahube Mining (Pty) Ltd. (“Mahube”)*	57.2	57.2

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Taung Platinum Exploration (Pty) Ltd. (“Taung Platinum”)	37.9	37.9
5 Brothers Mining (Pty) Ltd.	72.4	-
Private Preview Investments (Pty) Ltd. (“Private Preview”)	72.4	-
Born Free Investments 144(Pty) Ltd.	72.4	-

* Which further consolidates Tameng Mining and Exploration (Pty) Ltd (“Tameng”) which is 95% owned by Mahube in each period presented.

Accounting estimates

The preparation of consolidated financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements and notes to the consolidated financial statements. These estimates are based on management’s best knowledge of current events and actions that the Company may undertake in the future. Significant estimates include those related to the recoverability of the carrying value of mineral exploration properties and deferred exploration expenses, and fair value estimates of options issued. Actual results may differ materially from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash and term deposits with an original maturity of three months or less. The Company invests cash in interest-bearing instruments with high credit quality financial institutions.

Foreign currency translation and functional currency

Monetary assets and liabilities of integrated foreign operations are translated to U.S. dollars at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at exchange rates in effect at the transaction dates. Revenue and expenses are translated at the average rate in effect during the year, with the exception of amortization, which is translated at the historical rate. Gains and losses are included in the consolidated statements of operations and deficit for the year. It is also anticipated that eventual revenue from the mineral properties will be received in U.S. dollars. Subsidiaries have no means of self-support and, as such, they are not considered to be self-sustaining operations.

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Property, plant and equipment

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its fair value. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Property, plant and equipment are stated at historical cost less accumulated amortization. Amortization is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of property, plant and equipment are as follows:

	<u>Useful life</u> <u>(years)</u>
Vehicles	5
Computer equipment	3
Computer software	2
Office equipment	6
Furniture and fittings	6
Other equipment	5
Leasehold improvements	5
Plant Construction	Life of Mine

Mineral exploration properties and deferred exploration expenses

Exploration, evaluation and development expenditures are accumulated and accounted for in each separate area of interest or mineral resource. This includes attributed direct general and administrative support costs.

The Company follows the practice of capitalizing all costs related to acquisition, exploration and development of mineral exploration properties until such time as mineral properties are put into commercial production, sold or become impaired. If commercial production commences, these capitalized costs will be amortized prospectively on a units-of-production basis.

Management of the Company reviews the net carrying value of each mineral property when events or changes in circumstances indicate that the carrying value may not be recoverable. Where information is available and conditions suggest possible impairment, estimated future net undiscounted cash flows from each property are calculated using estimated future prices, reserves, and operating, capital and reclamation costs on an undiscounted basis. If the carrying value of the property exceeds the estimated future net undiscounted cash flows, the property will be written down to fair value. Where estimates of future net undiscounted cash flows are not available and where conditions suggest possible impairment, management assesses whether the carrying value can be recovered. This assessment may be estimated by use of quantifiable evidence of a geological resource or reserve or the Company's assessment of its ability to sell

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the property for an amount greater than the carrying value. If management estimates that the carrying value of the property cannot be recovered, the property will be written down to fair value.

Management, directors and technical advisors review the merits of each of the Company's property interests to assess whether the property merits further exploration and development expenditure and whether the carrying value of the property is greater than the future expected return from that property. Empirical evidence such as geochemical analysis, drilling results, assays, mapping and field observation are the primary evidence that is assessed against other factors such as commodity markets, exchange rates, political risk and closeness to other known operations when making decisions on impairment.

The amounts shown for mineral properties represent costs incurred to date net of write downs, and are not intended to reflect present or future values. Government assistance, mining duty credits and optioned contributions are applied against the deferred exploration expenses.

Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amounts and income tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted income tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse. The Company establishes a valuation allowance against the future income tax assets if, based on available information, it is more likely than not that some or all of the future income tax asset will not be realized.

Stock-based compensation plan

The Company has a stock-based compensation plan, as described in note 11. The Company recognizes the fair value of options granted and vested as stock-based compensation expense in the statement of operations and deficit with a corresponding increase to contributed surplus. All options are granted at the closing market price on the date of issuance. The fair value of stock options granted is estimated using the Black Scholes option pricing model. When holders exercise their options, any consideration received and any contributed surplus related to those options is credited to common shares.

Asset retirement obligations

Future costs to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site are recognised and recorded as a liability at fair value. The liability is accreted over time through periodic charges to earnings. The fair value of the costs is capitalised as part of the assets' carrying value and amortised over the assets' useful lives.

Research and development costs

Research costs are expensed in the year incurred. Development costs are expensed in the year incurred, unless the Company believes a development project meets Canadian GAAP criteria for deferral. To date, no development costs have been deferred.

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Funding of BEE Partners

Platmin, through its subsidiaries, has historically funded the cash requirements of its minority BEE partners in its subsidiaries under a shareholder or joint venture agreement. In accordance with the relevant shareholder or joint venture agreements, contributions to funding by way of cash calls are, in the first instance, booked to the loan account between the joint venture entity and each shareholder contributing to it. The right, but not the obligation, exists for shareholders in each joint venture entity who contribute their *pro-rata* portion to further contribute *pro-rata* to any shortfall in terms of a cash call not met by all shareholders in the joint venture entity. Non-funding shareholders could then have their interests as shareholders recalculated which effectively dilutes the equity interest of a non-funding shareholder. Platmin's minority BEE partners have not historically been diluted on the basis that such funding has been provided on an inter-company loan, rather than equity, basis. Platmin's minority BEE partners will be entitled to future earnings based on their respective ownership of shares, but only once these inter-company loan accounts plus interest have been repaid.

New Accounting Policies

Financial Instruments, Comprehensive Income and Hedges

Cash and cash equivalents, receivables, accounts payable and accrued liabilities are short-term financial instruments whose fair values approximate their carrying values.

In January 2005, the 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.

Accounting changes

In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of The Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") Section 1506, "Accounting Changes". The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

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Recent Accounting Pronouncements

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, “Capital Disclosures”, Handbook Section 3862, “Financial Instruments – Disclosures”, and Handbook Section 3863, “Financial Instruments – Presentation”. These standards are effective for interim and annual consolidated financial statements for the Company's reporting period beginning on March 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The new Sections 3862 and 3863 replace Handbook Section 3861, “Financial Instruments — Disclosure and Presentation”, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

3 Loans due from related parties

	February 29, 2008 \$ 000	February 28, 2007 \$ 000
Moepi Platinum (Pty) Ltd. ⁽¹⁾	14,647	13,369
5 Brothers Mining (Pty) Ltd.	-	3
Private Preview Investments (Pty) Ltd.	-	120
Tafida Investments (Pty) Ltd.	3	3
Born Free Investments 144(Pty) Ltd.	-	4
Born Free Investments 330(Pty) Ltd.	-	4
Keenan Investments (Pty) Ltd.	-	38
Dream World Investments 226 (Pty) Ltd	-	3
Moepi Resources Limited	-	6
Crowned Cormorant Investments 13 (Pty) Ltd.	-	2
Defacto Investments (Pty) Ltd	30	-
	<u>14,680</u>	<u>13,552</u>

The above entities are related to the Company through contractual arrangements in relation to potential prospecting permit applications.

These loans, except as identified below, bear no interest and have no fixed terms of repayment.

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⁽¹⁾ The above loan relates to loan agreement signed between Moepi Platinum (Pty) Ltd (“Moepi”), previously Moepi Capital (Pty) Ltd and Platmin Limited (“Platmin”) during fiscal 2007. The loan bears interest at LIBOR. The repayment of this loan has been extended by one year and the loan is repayable in full on November 1, 2008.

The shares in Boynton Investments (Pty) Ltd (“Boynton”) that were acquired by Moepi at the same time as the loan are held by Platmin as security for the loan.

4 Restricted cash

Restricted cash consist of the following:

	February 29, 2008 \$ 000	February 28, 2007 \$ 000
Rehabilitation guarantees	28	-
Eskom guarantee.	2,111	-
Larox letter of credit.	2,269	-
	<u>4,408</u>	<u>-</u>

On June 27, 2007 a guarantee was provided to Eskom for the ordering of the critical long lead time material, to reduce the project lead time. This guarantee was issued by ABSA Bank Limited and shall lapse after 24 months after the date of issue or on completion of delivery of the services contracted for.

On February 28, 2008 a letter of credit was provided to Larox Corporation for the ordering of the Pilanesberg Project. This letter of credit was issued by Standard Bank Limited and shall lapse on completion of delivery on September 15, 2008.

The restricted cash is accounted for at fair value.

5 Supplementary cash flow information

Changes in non-cash working capital items are as follows:

	February 29, 2008 \$ 000	February 28, 2007 \$ 000
Receivables	(3,420)	4
Prepaid expenses	9	273
Accounts payable	(178)	50
Accrued liabilities	<u>(37)</u>	<u>128</u>
Increase/(Decrease)	<u>(3,626)</u>	<u>455</u>

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(expressed in U.S. dollars, unless otherwise stated)

6 Property, plant and equipment

	February 29, 2008		
	Cost \$ 000	Accumulated amortization \$ 000	Net \$ 000
Vehicles	355	140	215
Computer equipment	188	138	50
Computer software	90	68	22
Office equipment	39	16	23
Furniture and fittings	102	28	74
Other equipment	17	13	4
Leasehold improvements	87	15	72
Plant Construction	23,965	-	23,965
	<u>24,843</u>	<u>418</u>	<u>24,425</u>

	February 28, 2007		
	Cost \$ 000	Accumulated amortization \$ 000	Net \$ 000
Vehicles	353	154	199
Computer equipment	175	118	57
Computer software	58	52	6
Office equipment	22	13	9
Furniture and fittings	36	18	18
Other equipment	14	11	3
Rehabilitation asset	493	-	493
	<u>1,151</u>	<u>366</u>	<u>785</u>

7 Loss per share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of common shares outstanding during the year.

	For the years ended	
	February 29, 2008	February 28, 2007
Loss attributable to shareholders (\$000)	9,080	7,038
Weighted average number of common shares outstanding	<u>96,535,488</u>	<u>77,719,629</u>
Basic and diluted loss per common share in US\$ per share	<u>0.09</u>	<u>0.09</u>

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On August 10, 2006, the Company converted preference shares into common shares and implemented a ten-for-one split of its common shares. The split is reflected as if it took place at the beginning of all reporting periods presented.

As the Company is reporting a loss for all years presented and all potential common shares are anti-dilutive, diluted loss per share equals basic loss per share.

8 Mineral rights

Boynton is the registered owner of an undivided 1/9 share (11.1%) of all mineral rights (excluding the chrome and chrome ore rights) of the property known as Vogelstruisnek 173, Registration Division J.P., Province North West (415.9548 ha) and of mineral rights over certain portions of the farm, Ruighoek 169, Registration Division J.P., Province North West.

	February 29, 2008 \$ 000	February 28, 2007 \$ 000
Mineral rights at cost	<u>3,132</u>	<u>1,108</u>

The previous year's mineral rights were obtained under the old Minerals Act when mineral rights could still be bought. Both of these properties form part of the Pilanesberg project and the new order prospecting rights have been granted in terms of the MPRDA.

During fiscal 2007, the Company purchased from Sephaku Development (Pty) Ltd ("Sephaku") the rights to the agreement entered into exercisable within one month of the completion of a bankable feasibility to purchase from BHP Billiton SA Limited ("BHP") the new order rights in respect of Annex Grootboom and Scheiding for a cash consideration of \$8.00 per ounce of the *in-situ* Indicated and Measured Mineral Resources and Probable and Proven Mineral Reserves of platinum, palladium, rhodium and gold. These rights were purchased by issuing 27,027 shares of the Company's subsidiary, Boynton. This transaction was accounted for at the carrying amount of the exchanged assets and, as a result, there was no impact on the consolidated financial statements.

During fiscal 2008, the Company purchased the rights in respect of Witleifontein 136JP for a cash consideration of \$2,024,272

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9 Deferred exploration expenses

	For the years ended	
	February 29, 2008	February 28, 2007
Balance brought forward	21,503	13,787
Additions	5,629	8,260
Revenue credited		(544)
Balance carried forward	<u>27,132</u>	<u>21,503</u>

The acquisition cost and deferred exploration expenses by project are set out as follows:

	February 29, 2008		February 28, 2007	
	Acquisition cost \$ 000	Deferred exploration expenses \$ 000	Acquisition cost \$ 000	Deferred exploration expenses \$ 000
Pilanesberg project				
Tuschenkomst	25	8,853	25	7,893
Witkleifontein	-	1,869	-	1,665
Rooderand	25	1,409	25	1,148
Ruighoek	-	3,435	-	3,067
Vogelstruisnek	-	82	-	50
Bakhoutrantje	-	48	-	30
Palmietfontein	-	532	-	531
Moloana area	-	80	-	-
Mphahlele project	3,055	6,475	3,055	4,181
Grootboom project				
Grootboom	1,514	2,067	1,514	1,469
Grootboom Tailings	-	94	-	42
Annex	-	505	-	454
Loskop project				
Loskop 2	-	404	-	388
Rietfontein	-	192	-	33
Golden Valley	-	291	-	59
Oorlogsfontein	-	84	-	84
Nooitgezien & Goedverwacht	-	7	-	-
Vogelenzang	-	78	-	71
Apiesboomen	-	79	-	34
Woolrich area 1	-	175	-	-
Woolrich area 2	-	3	-	3
Woolrich area 3	-	3	-	3
Woolrich area 4	-	2	-	2
Veeplaats	-	15	-	10
Strydfontein	-	15	-	-
Setseka area	-	-	-	7

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Defacto area	-	18	-	16
Scheiding	-	226	-	224
Bashoek	-	15	-	5
Tweelaagte, Diamant & Kleingenoeg	-	76	-	34
	4,619	27,132	4,619	21,503

i) Pilanesberg project

The Company holds a beneficial interest of approximately 72.4% on the aforementioned properties. All of the prospecting permits in terms of the old law were converted under the MPRDA as described above. Four of the properties were transferred into a special purpose vehicle "Pilanesberg Platinum Mines (Pty) Ltd" which then made application for a Mining Right covering Tuschenkomst, Witkleifontein, Rooderand (Portion3) and Ruighoek (various portions). The Mining Right was submitted in November, 2006 and was granted on February 14, 2008.

The Pilanesberg project comprises various portions on seven properties (from north to south): Tuschenkomst 135JP; Witkleifontein 136JP; Rooderand 46JQ; Ruighoek 169JP; Vogelstruisnek 173JP; Bakhoutrantje 205JP and Palmietfontein 208JP. Boynton has entered into separate option contracts with the mineral rights owners in respect of the material portions of the farms.

ii) Mphahlele project

The Company currently holds a 57.2% beneficial interest in the Mphahlele project through its subsidiaries Mahube and Tameng. Tameng has entered into a notarial prospecting contract with the South African Government granting the exclusive right to prospect on the farm Locatie van Mphahlele 457KS constituting the Mphahlele project.

The Mining Right application for the Mphahlele project was submitted to and accepted by the DME in December 2007.

iii) Grootboom project

The Company holds a 72.4% interest in the Grootboom project through its subsidiary, Boynton. Boynton holds an exclusive right to prospect on the entire Grootboom project, excluding the chrome rights that belong to Samancor.

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

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iv) Loskop project

The Company currently holds a 72.4% interest in the Loskop project. Boynton holds prospecting rights over the project area which was granted under the MPRDA.

The Loskop project area comprises various portions of the four farms: Rietfontein 70JS; Kameeldoorn 71JS; De Wagendrift 79JS and Loskop Suid 53JS. Boynton has entered into separate option contracts with the mineral rights owners in respect of the material portions of the farms.

On January 29, 2003, Boynton entered into an option and joint venture agreement with a subsidiary of Lonmin PLC ("Lonmin") in respect of the Loskop project area. Under the agreement, Lonmin's subsidiary acquired the right to acquire a 50% interest in the various prospecting and option contracts comprising the Loskop project, provided that it spends \$3,000,000 over a three year period. It is also required to fund the cost of acquisition (which could be an amount up to approximately \$4,000,000) should it decide to exercise its option and acquire the 50% interest.

v) Other projects

The Company's other projects consist of various portions of the farms, Golden Valley 621IQ, Oorlogsfontein 25 KS, Vogelenzang 794KS, Annex Grootboom 335KT and Scheiding 407KS, and Tweelaagte 175 JP, Diamant 206JP and Kleingenoeg 174 JP. These farms are not adjacent to one another.

Golden Valley

Boynton has a current prospecting right covering the Golden Valley farm area.

Oorlogsfontein

The Company's interest in Oorlogsfontein is pursuant to an agreement with Platinum Group Metals (RSA) (Pty) Ltd. ("PTM") and Africa Wide Investments, whereby the Company has an indirect 39.4% interest and a 15% free carried interest in the Oorlogsfontein farm until the completion of a full bankable feasibility study by PTM on the property at Oorlogsfontein.

Annex Grootboom and Scheiding

A Prospecting Contract was entered into on April 28, 2005 between Boynton, Sephaku Development (Pty) Ltd ("Sephaku"), BHP Billiton SA Limited ("BHP") and Samancor Limited ("Samancor"). In terms of the agreement, the old order Mining Rights of Annex Grootboom 335KT and Scheiding 407KS, originally held by Samancor, are to be transferred to BHP subsequent to a conversion being granted under the MPRDA. In terms of the same agreement, Sephaku was appointed to carry out exploration activities on Annex Grootboom and Scheiding on a contract basis.

The Company's subsidiary, Boynton, entered into an agreement on February 14, 2006 with Sephaku. The purpose of this agreement is to consolidate Sephaku's rights pertaining to the properties Annex

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Grootboom 335KT and Scheiding 407KS and in the case of Boynton, its rights to the Mphahlele project. Consolidation took place on November 29, 2006 for a consideration of 27,027 Boynton shares being issued to Sephaku. This transaction was accounted for at the carrying amount of the exchanged assets and, as a result, there was no impact on the consolidated financial statements.

Chrome

In a Memorandum of Agreement entered into on May 15, 2006 between Platmin Limited, Boynton Investments (Pty) Ltd, Sephaku Holdings Limited (“Sephaku”) and certain officers of Sephaku (the “Sephaku Alliance Agreement”), it was agreed that all existing and future rights held or acquired by any company in the Sephaku Group during a period of 2 years from June 1, 2006 in respect of chrome or any mineral on certain of Platmin’s project areas will be relinquished in favour of, and transferred to, Boynton or its nominee.

It was further agreed that Boynton will be entitled to purchase from the relevant company in the Sephaku Group the interest in the Prospecting Right in respect of chrome on Tuschenkomst as soon as the right has been granted for a purchase consideration of ZAR10, 000.

The Sephaku Alliance Agreement further states that in the event that further prospecting rights are granted on certain other properties, Boynton and Sephaku will negotiate in good faith for Boynton to purchase such rights from Sephaku.

Tweelaagte, Diamant and Kleingenoeg

The prospecting right to the above properties was granted on January 11, 2007, and an initial payment of \$27,415 in respect of prospecting fees was made.

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10 Share capital

(a) Common shares

An unlimited number of common shares without par value have been authorized.

	Number of shares	Amount \$000
Movement during fiscal 2007		
Balance, March 1, 2006	4,866,950	27,286
Rights Issue	733,154	14,663
Exercise of options	10,000	62
Conversion of preferred shares	2,173,000	12,483
Balance, August 10, 2006 - before ten-for-one split	7,783,104	54,494
Ten-for-one split	77,831,040	54,494
Common shares – issued for IPO	11,375,000	40,565
Over allotment – option under IPO	1,706,250	6,160
Exercise of options	873,460	990
Fair value of options exercised	-	422
Fair value of warrants exercised	-	1,459
Exercise of warrants	2,000,000	1,460
Broker compensation options exercised	17,063	60
Balance, February 28, 2007	93,802,813	105,610
Share issue expenses	-	(6,068)
	93,802,813	99,542
Movement during fiscal 2008		
Balance, March 1, 2007	93,802,813	99,542
Common shares issued.	9,500,000	79,613
Over allotment option.	1,425,000	12,101
Exercise of options	6,041,422	511
Fair value of options exercised	-	1,980
Broker compensation options exercised	767,813	2,913
Balance, February 29, 2008	111,537,048	196,660
Share issue expenses	-	(4,544)
	111,537,048	192,116

On January 17, 2006, the Company announced a one-for-nine shares held rights issue at \$20 per share. The first round closed on February 27, 2006 and the Company received \$11,169,200. During fiscal 2007, the Company received \$3,493,800 for the second and third rounds of the rights issue. All the shares related to this rights issue were issued during fiscal 2007.

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On August 10, 2006, the Company's shares were listed on the Toronto Stock Exchange ("TSX") and the Alternative Investment Market of the London Stock Exchange ("AIM"). On this day, the 2,173,000 preference shares were converted into common shares taking the total common shares prior to a ten-for-one split to 7,783,104. These 7,783,104 common shares were then subject to a ten-for-one split giving a total of 77,831,040 common shares outstanding after the split.

In the initial public offering on August 10, 2006, 11,375,000 common shares were issued. On August 25, 2006, the underwriters exercised the over allotment option and the Company issued a further 1,706,250 common shares.

During the second quarter, and prior to the TSX and AIM listings and the ten-for-one split, 10,000 options were exercised at \$6.25 per option.

As part of the listing process, a total of 767,813 compensation options at CAD 4.00 were issued to the brokers. All of these broker options were exercised at \$3.53.

During fiscal 2008 1,565,000 options were exercised at strike price and 5,447,820 cashless options were exercised and converted into 4,476,422 shares.

On December 6, 2007 the Company successfully entered into an underwriting agreement with a syndicate of underwriters, who purchased 9,500,000 common shares at a price of C\$8.50 per share, this raised gross proceeds of C\$80,750,000 (\$79,613,125). The net proceeds will be used principally to advance the development of the Company's Pilanesberg project. On December 21, 2007 the over-allotment of 1,425,000 common shares at a price of C\$8.50 per share raised an additional gross amount of C\$12,112,500 (\$12,100,520).

Exercise date	Exercise price	Number of options
	\$	
Options exercised during fiscal 2008		
June 5, 2007	0.90	50,000
July 13, 2007	3.79	316,509
July 20, 2007	1.20	140,000
July 27, 2007	1.20	465,000
July 31, 2007	3.79	451,304
August 8, 2007	1.20	75,000
August 10, 2007	1.20	520,320
August 12, 2007	1.20	360,000
August 14, 2007	0.35	385,000
September 7, 2007	0.63	300,000
September 13, 2007	1.20	62,500
October 18, 2007	3.86	75,000
November 9, 2007	5.74	30,000
November 12, 2007	2.00	3,500,000
January 31, 2008	0.20	800,000
February 08, 2008	1.20	250,000
		<u>7,780,633</u>

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Options exercised during fiscal 2007

June 2, 2006	6.25	10,000
September 20, 2006	0.63	30,000
September 20, 2006	1.20	65,000
October 4, 2006	1.20	10,000
October 31, 2006	1.20	55,000
November 24, 2006	3.53	17,063
December 4, 2006	0.20	10,000
January 22, 2007	1.20	75,000
February 15, 2007	1.20	578,460
February 21, 2007	0.63	50,000
		<u>900,523</u>

(b) Contributed surplus

	February 29, 2008 \$ 000	February 28, 2007 \$ 000
Balance - Beginning of year	2,479	2,146
Surplus - Vesting of options issued	2,569	2,215
Surplus - warrants exercised	-	(1,460)
Surplus - options exercised (cash)	(846)	(422)
Surplus - options exercised (cashless)	(1,114)	-
Surplus - options cancelled	(20)	-
	<u>3,068</u>	<u>2,479</u>

11 Stock option plan.

The Board of Directors adopted a resolution dated May 3, 2005, which established a stock option plan (the "2005 Stock Option Plan"), pursuant to which options may be granted to directors, officers, employees and persons providing ongoing and contract services to the Company. The purpose of the Plan is to attract persons by offering to such persons the opportunity to acquire (or to increase) an equity interest in the Company through the purchase of shares under the Plan. Subject to adjustment made in the case of a share split of the issued common shares of the Company, the aggregate number of common shares that may be issuable pursuant to options granted under the Plan is fixed at 9% of the outstanding common shares of the Company and shall be calculated on an as-needed basis. Prior to the establishment of the Plan, options were issued to directors and employees, at the discretion of management, to compensate for services provided.

The Board of Directors adopted a resolution dated June 24, 2007, which established a stock option plan (the "2007 Stock Option Plan"), pursuant to which options may be granted to directors, officers, employees and persons providing ongoing and contract services to the Company. The purpose of the Plan is to attract persons by offering to such persons the opportunity to acquire (or to increase) an equity interest in the Company through the purchase of shares under the Plan. The maximum number of common shares reserved

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for issuance under the 2007 Stock Option Plan is 2,500,000 common shares. No stock options have been granted under the 2007 Stock Option Plan.

Details of stock options issued under and prior to the Plans, are as follows:

	Number of options	Weighted average exercise price \$
Movement during fiscal 2007		
Options outstanding, March 1, 2006	635,128	9.72
Granted	350,000	20.00
Exercised	(10,000)	(6.25)
<hr/>		
Options outstanding, August 31, 2006 – before the ten-for-one split	975,128	13.44
<hr/>		
Options outstanding, September 1, 2006 – after the ten-for-one split	9,751,280	1.34
Granted	934,876	3.68
Exercised – compensation options	(17,063)	(3.53)
Exercised – options	(873,460)	(1.09)
Options cancelled - resignations	(160,000)	(1.20)
Options outstanding, February 28, 2007	9,635,633	1.58
Options exercisable, February 28, 2007	7,695,313	1.44

These options were all subject to the August 10, 2006 ten-for-one split, and as a result the number of options and the exercise price has both been adjusted by a factor of 10.

Movement during fiscal 2008

Options outstanding, March 1, 2007	9,635,633	1.58
Granted	2,646,900	8.07
Exercised – compensation options	(767,813)	(3.79)
Exercised – options	(7,012,820)	(1.03)
Options cancelled – resignations	(40,000)	(0.70)
Options outstanding, February 29, 2008	4,461,900	5.29
Options exercisable, February 29, 2008	1,940,000	1.60

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As at February 29, 2008, the following options were exercisable and outstanding:

Expiry date	Exercisable		Outstanding	
	Exercise price \$	Number of options	Exercise price \$	Number of options
November 3, 2010	1.20	250,000	1.20	250,000
December 6, 2010	1.20	1,520,000	1.20	1,520,000
September 18, 2011	3.86	-	3.86	75,000
June 1, 2012	5.74	170,000	5.74	570,000
August 28, 2012	7.04	-	7.04	150,000
November 7, 2012	10.11	-	10.11	170,400
January 14, 2013	8.91	-	8.91	1,326,500
January 21, 2013	8.30	-	8.30	400,000
Weighted average	1.60	1,940,000	5.29	4,461,900

As at February 28, 2007, the following options were outstanding:

Expiry date	Exercisable		Outstanding	
	Exercise price \$	Number of options	Exercise price \$	Number of options
September 6, 2007	0.20	1,090,000	0.20	1,090,000
September 6, 2007	0.63	400,000	0.63	400,000
August 10, 2007	0.90	50,000	0.90	50,000
August 10, 2007	3.51	665,437	3.51	665,437
August 25, 2007	3.51	102,376	3.51	102,376
November 3, 2010	1.20	500,000	1.20	500,000
December 6, 2010	1.20	2,262,500	1.20	3,177,820
April 12, 2011	2.00	2,625,000	2.00	3,500,000
September 18, 2011	3.86	-	3.86	150,000
Weighted average	1.53	7,695,313	1.58	9,635,633

The Company records stock-based compensation expense and this is reflected in the consolidated statements of operations and deficit as follows:

	February 29, 2008 \$000	February 28, 2007 \$000
Management and consulting fees	2,569	2,215

The fair value of stock options issued, which had not been charged to employee expenses, was \$7,632,590 (2007: \$213,248).

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The fair value of each option granted was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	February 29, 2008	February 28, 2007
Expected dividend yield	0.0%	0.0%
Expected volatility	68.13%	100.0%
Risk-free interest rate	3%	3.5%
Expected life	3 years	3.5 years

12 Income tax losses carried forward

The Company's income tax provision (recovery) has been calculated as follows:

	February 29, 2008 \$000	February 28, 2007 \$000
Loss from ordinary activities before income tax expense	9,080	7,038
Income tax recovery (provision) at Canadian federal and provincial rates	(3,635)	(2,945)
Tax on fair value of options not deductible	1,020	878
Amortization of share issuing cost	(840)	(476)
Current year tax losses	(3,455)	(2,543)
Current year losses not recognized	3,455	2,543
Income tax expense	-	-

The Company's future income tax assets are summarized as follows:

	February 29 2008 \$000	February 28, 2007 \$000
Non-capital losses carried forward	10,247	6,792
Net future income tax assets	10,247	6,792
Valuation allowance	(10,247)	(6,792)
Net future income tax asset recorded	-	-

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No benefit in respect of the potential application of these losses has been recorded in these consolidated financial statements. The Canadian losses carried forward expire in various fiscal years, as indicated in the following table:

	<u>\$ 000</u>
2011	679
2015	2,040
2016	4,159
2017	1,767
2018	4,816
	<u>13,461</u>

The Company has non-capital losses carried forward for South African income tax purposes of approximately \$23,373,569 (2007 - \$30,405,104)

The South African losses do not have an expiry date and consist of losses carried forward and unredeemed capital expenditure.

13 Related party transactions

Ledima Investments (Pty) Ltd

During the year, transactions took place between Boynton and Ledima Investments (Pty) Ltd, over which one of the Boynton directors, exercised significant influence. Consulting services totalling \$52,964 were undertaken by Ledima Investments (Pty) Ltd. These services were provided to Boynton at the exchange amount, which is the amount agreed to by each party, which was considered by the Board of Directors to be in the normal course of operations, and was paid in full.

14 Loan payable

The long-term loan from Corridor Mining Resources (a subsidiary of Limpopo Economic Development Enterprise, previously Northern Province Development Corporation) bears interest at South African prime rate which is currently 15%, until otherwise agreed by the shareholders, and has no fixed terms of repayment. The loan is used by Mahube to fund exploration activities. The loan is to be repaid from the proceeds generated by the Mphahlele project in Tameng, a subsidiary of Mahube. The increase in the loan is due to the increase in exploration activities and costs leading to a bankable feasibility study for this project.

15 Asset retirement obligation

The DME required a rehabilitation guarantee of \$493,325 before approving the application for a bulk sample. The full amount was provided for in fiscal 2007. The final retirement obligation was established on completion of the bankable feasibility study, and has been provided for now that construction has commenced.

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On August 31, 2007 the NI43-101 Technical Report for the Pilanesberg Project was filed on Sedar. The DME required a further rehabilitation guarantee of \$7,026,901 (ZAR 50,442,060) before approving the application for a mining right. This guarantee was provided by Guardrisk Insurance Company Limited. Annual premium payments amount to ZAR 4,500,000 and the first payment was made on October 1, 2007 and the last is due on October 1, 2009. Premiums are dependent on the Cover Limit and an annual review.

The Pilanesberg Mine is currently under construction and the estimate thus represents the current cost of environmental liabilities as at 29 February 2008. An annual estimate of the quantum of closure costs is required in order to fulfil the requirements of the DME, as well as meeting specific closure objectives outlined in the mine's Environmental Management Programme. This programme is intended to render the rehabilitated areas available for wildlife/ecotourism and or livestock grazing.

Although the ultimate amount of the asset retirement obligation is uncertain, the fair value of the obligation is based on information that is currently available. The estimated liability for the asset retirement obligation at February 29, 2008 is \$1,461,007. This estimate includes costs for the removal of all current mine infrastructure and the rehabilitation of all disturbed areas to a condition as described in the mine's Environmental Management Programme. Follow up rehabilitation maintenance over a 3 year period is also included. The undiscounted value of this liability is \$ 6,241,348.

The asset retirement obligation has been determined using a credit adjusted risk free rate of 9.5% and an inflation rate of 6% over a period of 16 years.

16 Segmented information

The Company operates in one geographic segment, South Africa, and one industry segment, exploration of precious metals properties, mainly platinum group elements.

Funds raised by the Company are held in USD, GBP and CAD interest bearing accounts in England (81.9%) and South Africa (18.1%) until required by the operations.

17 Contingencies and commitments

- The Company has guaranteed the rehabilitation of numerous exploration targets. As at February 29, 2008, the total guarantees held by a bank were \$2,135,090 (February 28, 2007 - \$66,255).
- Boynton has entered into an agreement with Impala Platinum Limited (Impala) for the right of first refusal to purchase PGM concentrate produced by Boynton from the farms, Ruighoek 169JP, Vogelstruisnek 173JP and Palmietfontein 208JP. Should Boynton elect not to accept the terms proposed by Impala, a break fee of \$2,089,573 in aggregate will be payable to Impala.
- Under the terms of a joint venture agreement between Boynton and Ranger Minerals Limited (Ranger), a subsidiary of Perilya Ltd., Boynton has committed to contribute up to \$90,000 towards the initial funding on prospecting areas identified by Ranger. The contribution is a *pro rata* contribution in accordance with Boynton's 30% shareholding in the joint venture.

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- Boynton entered into an agreement with Woolrich and Associates (Pty) Ltd., whereby Boynton paid an amount of \$9,987 in aggregate prior to July 31, 2003. The Company undertook to spend \$222,888 in aggregate on prospecting activities on certain prospecting areas within a period of one year from the date on which prospecting permits have been issued. The only prospecting permit received to date is on the Groenfontein area, on which the Company spent \$153,080.
- Boynton has an obligation, which cannot be quantified, *pro rata* to its shareholding in Mahube to provide funding to Tameng to undertake the necessary exploration and development on the Mphahlele project. The consequence of not contributing accordingly results in dilution of Boynton's shareholding.
- In respect of a joint venture agreement with Western Platinum Ltd. (Lonmin JV), Lonmin will contribute a maximum of \$627 per hectare towards mineral rights existing under the joint venture and towards any additional mineral rights included later. Any costs beyond \$627 per hectare will be shared equally between Lonmin and Boynton.
- Boynton has entered into an agreement with Codoca Beleggings CC (Codoca) where Codoca will transfer its mineral rights to Boynton. A deposit of \$242,840 was paid to Codoca.

The remaining balances will be paid by Boynton if the following requirements are met:

Payment of 50% of the balance of the consideration amount within 30 days of being notified by the DME that a prospecting right in terms of the MPRDA has been granted and issued to Boynton, enabling and entitling Boynton to commence prospecting activities and also in respect of Codoca's undivided share in the mineral rights. The remaining balance for this, less the deposit, will be \$222,860.

- A Prospecting Contract was entered into on April 28, 2005 between Boynton and a BEE company, Sephaku, BHP and Samancor with respect to the farm Annex Grootboom 335KT ("Annex Grootboom"). In terms of the agreement, Samancor as the holder of certain old order rights pertaining to Annex Grootboom 335KT and Scheiding 407KS (Scheiding), was obligated to apply for conversion of these rights under the provisions of the MPRDA. Subsequent to a conversion being granted, Samancor is obligated in terms of the agreement to transfer the rights to PGM's and all metals and minerals mineralogically associated therewith on Annex Grootboom and Scheiding (the "PGM rights"), to BHP.

Samancor lodged an application for conversion of the mining licence in December 2006. In terms of the same agreement, Sephaku was appointed to carry out exploration activities on Annex Grootboom and Scheiding on a contract basis.

In terms of the agreement, Sephaku has the right to, within one month of the completion of a Bankable Feasibility Study on Annex Grootboom, acquire from BHP the PGM Rights for cash consideration of \$8.00 per resource ounce as determined in a Bankable Feasibility Study in accordance with the SAMREC Code.

Boynton undertakes to assist Sephaku technically and financially to fulfill its prospecting obligation.

- Pilanesberg Platinum Mines (Pty) Ltd ("PPM"), a subsidiary of the Company, has entered into an agreement with Metso Minerals for the supply, delivery, erection and commissioning of primary and

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secondary ball mills for PPM. On August 22, 2007 a deposit of \$1,141,788 was paid to Metso Minerals to start work on the above mentioned order. Should the Company elect not to continue with this order with Metso Minerals, a break fee of \$1,868,756, in aggregate will be payable.

- PPM also entered into an agreement with engineering firm Dowding Reynard and Associates (“DRA”) to implement the design and construction phase of the project. The total estimated value of the project is ZAR 1,466 billion which equates to \$203,616,057 at an exchange rate of ZAR7, 20.

18 Minimum lease payments

Office rental	<u>\$ 000</u>
2009	153
2010	165
2011	178
2012	193
2013	<u>16</u>
	705

During the first quarter, the Company’s subsidiary, Boynton, entered into an operating lease agreement for the rental of offices. The lease commenced on April 1, 2007, for a period of five years. The monthly rental will escalate by 8% per annum as per the agreement. The Company has the right to renew the lease for a further period of up to five years, provided in writing at least nine months prior to the termination of the initial period.

19 Subsequent events

A bridge loan facility of ZAR 350 million (US\$ 46 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. The bridge loan facility will be used to fund the further development of the Pilanesberg Project.

20 Comparative amounts

Certain comparative amounts have been reclassified to conform to the current period’s presentation.