

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

(For the six month period (second quarter) ended August 31, 2008)

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

October 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 six month period ended August 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 Platmin Limited the "Company" or "Platmin", 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 open cast mining; forecast average annual production rate of 250,000 oz PGE at the Pilanesberg Project; completion of plant construction and commencement of production at the Pilanesberg Project; average operating margins of 46% over the life of mine at the Pilanesberg Project; the declaration of a 5PGE + Au mineral resource at the Pilanesberg Project and Mphahlele Project; and the timing and completion of definitive feasibility work at the Mphahlele and Grootboom Projects.

Such forward-looking statements are based on a number of material factors and assumptions, including, that contracted parties provide goods and/or services on the agreed timeframes, that equipment necessary for construction and development is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred, that plant and equipment functions as specified, that 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 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 annual information form ("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 August 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, AIF 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 of 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 PGEs on its four key projects: Pilanesberg, Mphahlele, Grootboom and Loskop. Platmin’s goal is to become a significant producer of PGEs through the development and operation of several mines on its key projects. Management’s present development plan includes the development of a mine on the Pilanesberg Project, while making progress in exploration, resource delineation and feasibility study work on the other key projects.

## **3. Overall Performance**

The Company recorded a net loss for the quarter ended August 31, 2008 of \$4.783 million, or \$0.04 per share, compared with a net loss of \$1.888 million or \$0.02 per share, for the quarter ended August 31, 2007. The Company recorded a net loss for the six months ended August 31, 2008 of US\$8.343 million, or US\$0.07 per share, compared with a net loss of US\$4.859 million, or US\$0.05 per share, for the six months ended August 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 August 31, 2008, the Company’s deferred exploration expense increased to \$31.556 million from \$27.132 million as at the financial year ended February 29, 2008.

The Company is developing the Pilanesberg Platinum Mine (“PPM”), which constitutes an open-cast mining operation and the construction of a metallurgical concentrator plant, which will produce a PGE concentrate for sale to a custom smelter. The mining operation commenced three months early, in March 2008, and is in the ramp up phase to reach steady state extraction rates of over four million total tonnes per month by the end of March 2009. Construction of the metallurgical plant commenced in October 2007 and is scheduled for completion in May 2009. In March 2009 one section of the plant, the ‘UG2 section’, will be commissioned producing first metal in concentrates for sale.

As at August 31, 2008 the PPM mining operation had removed a total of 3.7 million tonnes of over-burden and the plant construction project was ahead of schedule at 59% complete. Stock-piling of ore is expected to commence in the last calendar quarter of 2008 in preparation for the start of plant commissioning in the first calendar quarter of 2009. At this point in time the project remains on schedule in terms of timing and capital budget.

‘Ramp up’ to steady state production of 250, 000 ounces of 3PGM+Au metals in concentrate remains on schedule, starting April to June of 2009.

The Company is also in the process of converting all of its exploration mineral resource estimates to 5PGE+Au data which adds the minor PGEs of Iridium and Ruthenium, which are co-products of the three PGEs of Platinum, Palladium and Rhodium, to the previously reported 3PGE+Au estimates.

#### 4. *Selected Quarterly Information*

	Quarter ended						
	Aug '08	May '08	Feb '08	Nov '07	Aug '07	May '07	Feb '07
Loss for the period (\$ '000)	4.783	3.560	3.716	1.020	1.888	2.971	1.886
Net loss per common share (\$)	0.04	0.03	0.04	0.01	0.02	0.03	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 August 31, 2008 compared to the quarter ended August 31, 2007*

There was no operating revenue in either quarter as the Company has no revenue generating operations or mineral production. Interest income of \$2.374 million was recorded in the six months ended August 31, 2008 compared to \$1.371 million in the six months ended August 31, 2007.

The Company recorded a net loss for the six months ended August 31, 2008 of \$8.343 million, or \$0.07 per share, compared with a net loss of \$4.859 million, or \$0.05 per share, for the six months ended August 31, 2007.

Administrative expenses, which include management, professional, consulting fees, office rentals, interest and finance costs, amongst other costs, totaled \$10.723 million for the six months ended August 31, 2008 compared to the corresponding prior year period amount of \$6.308 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 \$1.873 million in the six months ended August 31, 2008 compared with a foreign exchange loss of \$0.032 million in the corresponding prior year period ended August 31, 2007.

A total of \$4.424 million of deferred exploration expenditures was capitalized in the six months ended August 31, 2008 compared with \$4.799 million in the six months ended August 31, 2007.

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

The Company has cash and cash equivalents of \$61.464 million at August 31, 2008, as compared with \$88.188 million at February 29, 2008. The decrease is primarily due to construction activities at PPM and the ongoing exploration and development activities undertaken in the quarter.

The Company has no cash flow generating operations yet, and its long-term financial success is highly dependent on management's ability to bring PPM into production in the first quarter of 2009, and its ability in developing its other projects.

Additional financing will be required in the future to fund the Company's planned exploration and development commitments.

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. The construction of, and commencement of production from PPM, the Mphahlele project and Grootboom project, will require that the Company raise additional funds through a combination of debt and equity issuances, or asset sales.

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 was initially for the period of four months and has been extended by a further two months after financial close, which was May 29, 2008. On August 31, 2008 \$46 million (ZAR 350 million) was drawn on the facility which bears interest at JIBAR plus 3%. The bridge loan facility has been used to fund the further development of the Pilanesberg Project. The bridge loan facility is due to be repaid on December 1, 2008. In connection with this loan, the Company issued 300,000 warrants at \$6.95 per common share, exercisable from September 15, 2008 until expiry of the warrants on May 14, 2011. The Company has classified this facility as held to maturity and the fair value of the warrants of \$846,238 has been treated as cost of the loan transaction and will be amortized to net income using the effective interest method over the loan term.

Standard Bank and Standard Chartered Bank plc have been appointed as mandated lead arrangers to arrange and underwrite US\$200 million project debt finance. The US\$200 million project debt finance will be used for the further development of the Pilanesberg Project.

Funding requirements for the Company projects have historically been satisfied through the advance of shareholders' loans, by Platmin and Boynton (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

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 \$122.140 million at August 31, 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.

Platmin has funded a total of \$33.735 million on behalf of its Black Economic Empowerment ("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 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 their 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.

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

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

In the quarter ended August 31, 2008, the Company spent \$4.424 million on exploration expenditures. Of this, 13% was spent on the Pilanesberg Project, 67% was spent on Mphahlele and 15% was spent on the Grootboom Project. Other projects accounted for 5% of the total exploration expenditure. A summary of the expenditures by project along with proposed programs is set forth below.

### **7.1 Pilanesberg Project**

The total development expenditures for the quarter ended August 31, 2008 was \$53.550 million which brings the total spent to date to \$102.625 million. The total exploration expenditure for the quarter ended August 31, 2008 was \$0.558 million, bringing the Company's total exploration expenditures since inception on this project to \$17.125 million.

The civil construction of the plant commenced in October 2007 and as at August 31, 2008 the plant project was ahead of schedule at 59% complete, with 100% expected to be completed in the first quarter of 2009. The proposed exploration, capital and operating budget for the Pilanesberg Project in the 2009 fiscal year are \$242.292 million.

Plant construction is being undertaken by Dowding Reynard and Associates ("DRA") and is scheduled for overall completion by April 2009. The UG2 concentrator plant will be commissioned over the period of January to March 2009 and the Merensky concentrator will be commissioned over February to April 2009. It is expected that both plants will ramp up to steady state production over the period April - June 2009.

The mining contracting firm, MCC (Pty) Ltd, has been engaged to manage the mining operations. The mining of overburden at the Tuschenkomst property started in March 2008 and in August 2008 had 'ramped up' to an extraction rate of 2.3 million tonnes total waste a month. The 'steady state' overburden mining will be 4.1 million tonnes a month which is scheduled for the first quarter of 2009. A Reverse Circulation (RC) grade control drilling program at a drill spacing of 10m has commenced on the initial mining blocks of the Tuschenkomst pit and will maintain a lead of a minimum three months ahead of the potential reef mining. The reef mining is scheduled to commence in the last quarter of 2008 once the RC drilling program has defined the mining reserves.

Pilanesberg Platinum Mines has secured a commitment for the supply of 37 megavolt amperes (MVA) of new power supply for the metallurgical plant from the national electricity supplier, Eskom, by the end of calendar 2008 to bring the operation into

production. Eskom has already provided a temporary power supply of 1.5MVA for the construction phase of the Pilanesberg mine and the overhead line and distribution system construction is on schedule.

The mining operation comprises accessing the two commonly exploited 'PGE-bearing' Merensky and UG2 reef horizons in one open-cast mining operation due to the close proximity of these reefs to one another in this part of the Bushveld Complex. Other 'economically viable' reefs, commonly known as the 'Pseudo' reefs, are also present between the two aforementioned reef horizons and these will be extracted along with the Merensky Reef as an overall 'Silicate Package'. The Silicate Package will be processed in a 'Merensky' metallurgical concentrator plant and the UG2 Chromitite Layer will be processed in a separate UG2 metallurgical concentrator. Both concentrates produced will then be combined and forwarded to the custom smelter, and fourth largest platinum mining operation, Northam Platinum Limited in South Africa, for processing into final metals.

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 Silicate 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.

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

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.

The company is currently negotiating the raising of significant debt financing to complete construction and start operations in the first quarter of 2009. The Standard Bank of South Africa and Standard Chartered Bank have been appointed as mandated Lead arrangers to arrange and underwrite an amount of US\$200 million of project debt.

## **7.2 Mphahlele Project**

In the quarter ended August 31, 2008, a total of \$2.977 million was spent on the Mphahlele project, bringing the cumulative amount of expenditures on the project by the Company to \$8.524 million, other than acquisition costs.

During the last period Platmin continued with the Definite Feasibility Study (DFS) on the Mphahlele project which is expected to be completed by the last quarter of 2008. The previously published mineral resource for the Mphahlele of October 2007 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 are attributable to Platmin).

The exploration 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 and these reef horizons remain open at depth. The drilling of 'in-fill' holes to 750m for better resolution of the Indicated category of the mineral resource has been completed. The new 'August Resource Estimate' for the Mphahlele Project which will include all of this drilling data will be available at [www.sedar.com](http://www.sedar.com) in October 2008 following the market release of this estimate. Further analytical data is also contained in the August Resource Estimate to include for the minor PGEs of Iridium and Ruthenium and thus declare the total resource in 5PGM+Au terms. Detailed drilling in the proposed start up mining blocks is currently underway.

The revised Indicated Mineral Resource of the August Resource Estimate provides the asset base for the DFS being finalized by SRK Consulting Engineers and the mining contractor Murray and Roberts Cementation.

The primary expenditure in the 2009 fiscal year is expected to be activities related to the DFS 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 remaining drilling to be completed is the detailed shallow drilling in the proposed start up mining blocks.

The Social and Labour Plan, which is a program approved by the DME in South Africa covering the social and economic development plan for the communities affected by the operations, was completed during August 2008 and was submitted in September 2008 to the DME as required for the approval of the mining right.

### **7.3 Grootboom Project**

In the quarter ended August 31, 2008, the Company spent \$0.664 million on Grootboom and Annex Grootboom (upon which Platmin has an option to acquire the PGE rights on completion of a DFS, bringing the expenditure on the project to date to \$3.635 million.

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

The Preliminary Feasibility Study (PFS) for the project was completed during the quarter under review and the project advanced to the DFS stage which is expected to be complete by the first quarter of 2009.

#### **Work Program**

The Company is now progressing with a DFS using Turgis Mining Consultants to assess the potential for designing and constructing a stand alone operation producing 86,000oz 3PGE+Au per year for a life of mine of 19 years. Completion of the definitive feasibility study is expected in the fourth quarter of fiscal 2009.

The PFS was completed by Minxcon Mining and Exploration Consultants and will shortly be filed on [www.sedar.com](http://www.sedar.com) following a market release. The Mineral Resource will be revised during the third quarter of 2008 to reflect the findings in the completed study and define the Mineral Reserves for the project. This is both for the UG2 as per the PFS as well as a separate revision of the Grootboom Tailings Dam Mineral Resource.

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

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 start before year end 2008.

### **7.4 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 \$0.137 million was spent by Platmin on the Loskop Project during the quarter ended August 31, 2008. The Company has spent \$0.691 million to February 29, 2008 on this project. The Company has budgeted \$0.153 million, which includes a preliminary 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 plc 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 joint venture ("JV") whereby the Company (through Boynton) and Lonmin plc will contribute on a 50/50 basis. The remainder of the project is solely funded by Lonmin plc. 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 preliminary 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 year end 2008.

## 8. *Contractual Obligations*

The Company's contractual obligations are as follows:

Contractual Obligations \$'000	Payments due by period as at August 31, 2008				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Operating lease	658	153	505	-	-
Employee entitlements	178	178	-	-	-
Asset Retirement Obligation	2,778	-	-	-	2,778
Total Contractual Obligations	3,614	331	505	-	2,778

## 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 Platinum (Pty) Ltd (previously known as Moepi Capital (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 Ruighoek 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 August 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.

“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 periods ended August 31, 2008 and August 31, 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 Company has the following financial instruments: cash and cash equivalents, other receivables, accounts payable, accrued liabilities and a bridge loan facility. These instruments are short-term financial instruments whose fair value approximates their carrying value given that their maturity period is short.

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

As at October 10, 2008, the Company had 111,586,760 issued and outstanding common shares.

As at August 31, 2008, there were 2,167,500 outstanding options exercisable for common shares and a further 2,624,400 unvested share options. The total options outstanding at August 31, 2008, totaled 4,791,900 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.

Readers are urged to review the section titled “Risk Factors” appearing in Platmin’s current AIF 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 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 August 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. The DME required a further rehabilitation guarantee of \$7.027 before approving the application for a mining right. This guarantee was provided by Guardrisk Insurance Company Limited. Environmental bonds are extinguished by the DME on completion of the rehabilitation plans contained within the exploration permits.