

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

(For the three and nine month periods (third quarter) ended November 30, 2008)

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

*January 15, 2009*

### **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 and nine month periods ended November 30, 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 with the expected cash costs in the lowest-quartile for the industry; 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 labor 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, labor disputes and other risks of the mining industry; political instability, insurrection or war; the effect of HIV/AIDS on labor 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.

## **1. Introduction**

The MD&A is provided to enable the reader to assess material changes in financial condition and results of operations for the three and nine month periods ended November 30, 2008, in comparison to corresponding prior-year periods. Information in this interim MD&A should be read in conjunction with the unaudited interim consolidated financial statements of Platmin for the three and nine month periods ended November 30, 2008 and the notes thereto (collectively, the “interim financial statements”).

This interim MD&A should be read in conjunction with the audited annual group financial statements and accompanying notes for the fiscal year ended February 29, 2008 (collectively, the “annual financial statements”). The MD&A should also be read in conjunction with the company’s Annual Information Form (“AIF”) and the technical reports prepared by qualified persons in accordance with NI43-101 on file with the Canadian provincial securities regulatory authorities. These documents can be found at [www.sedar.com](http://www.sedar.com) and at [www.platmin.com](http://www.platmin.com).

All dollar amounts in the MD&A are expressed in United States dollars, unless otherwise specified. ZAR refers to the South African Rand and C\$ refers to Canadian dollars. References to quarters are to the financial quarters and not to calendar quarters, unless otherwise specified. The annual financial statements and interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”).

## **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 November 30, 2008 of \$19.401 million, or \$0.17 per share, compared with a net loss of \$1.020 million or \$0.01 per share, for the quarter ended November 30, 2007. The Company recorded a net loss for the nine months ended November 30, 2008 of \$27.744 million, or \$0.25 per share, compared with a net loss of \$5.879 million, or \$0.06 per share, for the nine months ended November 30, 2007. The increase in loss for the quarter was principally the result of the volatility in the exchange rate of the South African Rand (ZAR) which devalued by 30% from the previous quarter.

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 November 30, 2008, the Company’s deferred exploration expense increased to \$33.136 million from \$27.132 million as at the financial year ended February 29, 2008.

The Company is developing the Pilanesberg Platinum Mine (“Pilanesberg project”), 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 November 30, 2008 the Pilanesberg Project mining operation had removed a total of 15 million tonnes of over-burden and the plant construction project was ahead of schedule at 85% complete. Stock-piling of ore commenced in December 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 annual production of 250,000 ounces of PGE 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.

Significant developments in the three months ended November 30, 2008 were the following:

- The Company released a new NI 43-101 compliant mineral resource estimate for the Mphahlele project showing a total indicated resource of 49.5 million tonnes at 4.01g/t 5PGE+Au for 7.81Moz (4.24Moz attributable to Platmin) along with a total inferred resources of 71.9 million tonnes at 4.34g/t 5PGE+Au for 10.03Moz (5.45Moz attributable to Platmin);
- The full repayment of the \$15 million loan granted by the Company to its Black Economic Empowerment (“BEE”) partner, the Moepi Group on October 31, 2008; and
- The Company appointed the contract ore treatment company, Minerals Operations Executive (Pty) Limited (“Minopex”) to manage the operations and maintenance of the Merensky and UG2 metallurgical concentrator plant at the Pilanesberg project.

Important events which occurred subsequent to November 30, 2008 include:

- The Company has entered into an investors and subscription agreement to issue, by way of private placement, a total of 258,416,038 common shares of Platmin, in two tranches, for gross proceeds of \$125 million and ZAR 500 million (\$50 million) respectively, resulting in the raising of approximately \$175 million in new equity. The Company has completed the first tranche of this transaction and has issued a total of 184,886,627 common shares for C\$0.85 (or ZAR 6.80) per share. The gross proceeds raised equal \$125 million and were received on December 19, 2008.
- During the second tranche of this transaction, Platmin will issue 73,529,411 Common Shares to the Bakgatla-Ba-Kgafela Tribe on or before March 31, 2009 at a per share purchase price of either ZAR 6.80 or \$0.67609 (C\$0.85 based on the exchange rate on December 8, 2008) for a total purchase consideration of ZAR 500 million.
- The Company has decided to focus on the development of the mine at the Pilanesberg project and to bring that project into production on time and in budget. Work will continue on the Mphahlele, Grootboom and Loskop projects to bring them up to a DFS state sufficiently to allow the development of these projects further. Platmin will however commit sufficient expenditure to these other projects to ensure that the new order prospecting and/or mining rights are preserved.

#### 4. *Selected Quarterly Information*

	Quarter ended						
	Nov '08	Aug '08	May '08	Feb '08	Nov '07	Aug '07	May '07
Loss for the period (\$ '000)	19.401	4.783	3.560	3.716	1.020	1.888	2.971
Net loss per common share (\$)	0.17	0.04	0.03	0.04	0.01	0.02	0.03

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

#### 5. *Results of Operations*

*Quarter ended November 30, 2008 compared to the quarter ended November 30, 2007*

There was no operating revenue in either quarter as the Company has no revenue generating operations or mineral production. Interest income of \$3.033 million was recorded in the nine months ended November 30, 2008 compared to \$2.062 million in the nine months ended November 30, 2007.

The Company recorded a net loss for the nine months ended November 30, 2008 of \$27.744 million, or \$0.25 per share, compared with a net loss of \$5.879 million, or \$0.06 per share, for the nine months ended November 30, 2007.

Administrative expenses, which include management, professional, consulting fees, office rentals, interest and finance costs, amongst other costs, totaled \$35.326 million for the nine months ended November 30, 2008 compared to the corresponding prior year period amount of \$8.019 million. The major expense item was a foreign exchange loss due to volatility of the South African Rand (ZAR) which devalued by 30% since the previous quarter from ZAR7.75 to ZAR10.08. The foreign exchange loss totaled \$21.106 million in the nine months ended November 30, 2008 compared with a foreign exchange gain of \$0.615 million in the corresponding prior year period ended November 30, 2007. This foreign exchange loss is mainly due to the exposure of the Company's South African subsidiary companies' US Dollar loan accounts.

A total of \$6.004 million of deferred exploration expenditures was capitalized in the nine months ended November 30, 2008 compared with \$5.073 million in the nine months ended November 30, 2007.

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

The Company has cash and cash equivalents of \$10.217 million at November 30, 2008, as compared with \$88.188 million at February 29, 2008. The decrease is primarily due to construction activities at the Pilanesberg project in the quarter.

The Company currently has no cash flow generating operations and will only start generating cash flows after bringing the Pilanesberg project into production. Management expects to bring the Pilanesberg project into production in the second quarter of 2009.

Although sufficient funding is available to complete the Pilanesberg project, additional financing will be required in the future to fund the Company's planned exploration and development commitments and day-to-day expenses.

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.

A bridge loan facility of \$35 million (ZAR 350 million) was concluded with The Standard Bank of South Africa Limited ("Standard Bank") in May 2008. The term of the bridge loan facility was initially for the period of four months and has been extended by a further three months. The bridge loan facility is due to be repaid on February 28, 2009. By November 30, 2008, \$35 million (ZAR 350 million) was drawn on the facility which bears interest at JIBAR plus 3%. The bridge loan facility was used to fund the development of the Pilanesberg project. The Company continues to work with Standard Bank with a view to extending the existing bridge loan facility into a longer term debt facility.

In connection with the original bridge loan facility, the Company has 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 \$846,000 has been treated as cost of the loan transaction. The fair value of these warrants has been fully amortized to net income using the effective interest method, over the original loan term of 4 months.

Standard Bank and Standard Chartered Bank plc had been appointed as mandated lead arrangers to arrange and underwrite \$200 million project debt finance. The \$200 million project debt finance was intended to be used for the further development of the Pilanesberg Project. However, as both the credit and PGM commodity prices deteriorated, it became clear that such a facility could not be obtained on the terms envisaged.

The Company was approached with an alternative to a debt facility. As a result, the Company has entered into an investors and subscription agreement with, among others, Ivy Lane Capital Limited, being the Pallinghurst Investor Consortium's investment vehicle ("Pallinghurst") and the Bakgatla-Ba-Kgafela Tribe ("Bakgatla") and Bakgatla Pallinghurst JV (Proprietary) Limited ("BPJV", a company jointly owned by Pallinghurst and Bakgatla as to 49.9% and 50.1% respectively), to issue, by way of private placement, a total of 258,416,038 common shares of Platmin, in two tranches, for gross proceeds of \$125 million and ZAR 500 million (\$50 million) respectively, resulting in the raising of approximately \$175 million in new equity.

The transaction includes both the private placement and an exchange of shares of Platmin's operating subsidiary Boynton Investments (Proprietary) Limited ("Boynton") for newly issued common shares of Platmin such that Platmin will acquire an 100% indirect equity interest in Boynton.

The Company has completed the first tranche of this transaction and has issued a total of 184,886,627 common shares for C\$0.85 (or ZAR 6.80) per share. The gross proceeds raised equal \$125 million and were received on December 19, 2008.

During the second tranche of this transaction, Platmin will issue 73,529,411 Common Shares to the Bakgatla-Ba-Kgafela Tribe on or before March 31, 2009 at a per share purchase price of either ZAR 6.80 or \$0.67609 (C\$0.85 based on the exchange rate on December 8, 2008) for a total purchase consideration of ZAR 500 million.

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 amounted to \$173 million at November 30, 2008. Any repayment of foreign currency loans are subject to prior approval by the SARB.

As at November 30, 2008, the Company had 111,586,762 issued and outstanding common shares and due to the completion of the first tranche of the investors and subscription agreement, the issued and outstanding common shares on January 15, 2009 totaled 296,473,389.

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

In the quarter ended November 30, 2008, the Company spent \$1.632 million on exploration expenditures. Of this, 17% was spent on the Pilanesberg Project, 38% was spent on Mphahlele and 44% was spent on the Grootboom Project. Other projects accounted for 1% 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 November 30, 2008 was \$37 million which brings the total spent to date to \$140 million.

The total exploration expenditure for the quarter ended November 30, 2008 was \$0.267 million, bringing the Company's total exploration expenditures since inception on this project to \$17.392 million.

The civil construction of the plant commenced in October 2007 and as at November 30, 2008 the plant construction project was ahead of schedule, at 85% complete, with 100% expected to be completed and commissioning to start in the first quarter of 2009.

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 December 2008 to March 2009 and the Merensky concentrator will be commissioned over the period February to April 2009. It is expected that both plants will ramp up to steady state production over the period April to June 2009.

The mining contracting firm, MCC (Pty) Ltd, has been engaged to carry out the mining operations. The mining of overburden at the Tuschenkomst property started in March 2008 and in November 2008 had 'ramped up' to an extraction rate of 3.4 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 an advanced drilling program of a minimum of three months ahead of the reef mining. The reef mining commenced in November 2008 as the RC drilling program has defined the mining reserves for the next three months.

The Pilanesberg project 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, which will complete construction in early 2009, to bring the operation at Pilanesberg 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. Eskom's transmission teams are currently preparing to connect the system to the main grid. Sufficient independent back-up diesel generation power units have been installed to complete the cold commissioning of the concentrator plants.

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 Northam Platinum Limited's smelter in South Africa, for further processing into final metals under the current existing agreement.

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.

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 vicinity of the Pilanesberg project with the view to increase mineable resources in the Pilanesberg area.

## **7.2 Mphahlele Project**

In the quarter ended November 30, 2008, a total of \$0.6 million was spent on the Mphahlele project, bringing the cumulative amount of expenditures on the project by the Company to \$10.05 million, other than acquisition costs.

During the last period the Company continued with the Definitive Feasibility Study (DFS) on the Mphahlele project which is expected to be completed by the first quarter of 2009.

The Company released a new NI 43-101 compliant mineral resource estimate during October 2008 showing a total indicated resource of 49.5 million tonnes at 4.01g/t 5PGE+Au for 7.81Moz (4.24Moz attributable to Platmin) along with a total inferred resources of 71.9 million tonnes at 4.34g/t 5PGE+Au for 10.03Moz (5.45Moz attributable to Platmin).

The revised Indicated Mineral Resource of the October 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 primary expenditure at Mphahlele during 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.

The Social and Labor 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 November 30, 2008, the Company spent \$0.703 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 \$4.337 million.

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 continues with a definitive feasibility study ("DFS") on the Grootboom project using Turgis Mining Consultants to assess the potential for designing and constructing a standalone operation producing 86,000oz 3PGE+Au per year for a life of mine of >15 years. Completion of the DFS is expected in the fourth quarter of fiscal 2009. The PFS was completed by Minxcon Mining and Exploration Consultants and will in due course be filed on [www.sedar.com](http://www.sedar.com) following a market release and will be available on the Company's website [www.platmin.com](http://www.platmin.com).

#### 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 \$3,000 was spent by Platmin on the Loskop Project during the quarter ended November 30, 2008. The Company has spent \$0.691 million to February 29, 2008 on this project.

#### Work Program

Lonmin plc announced in a press release on November 18, 2008 that their management has decided, given their focus on cash management and the current state of the worldwide credit markets, to put a number of their projects, including Loskop on a reduced work program, for the short term. We anticipate that this is likely to affect the 2009 work program at Loskop.

Although work has continued during the year in order to assist in increasing our understanding of the Loskop mineralization, the Mineral Resources were not revised during the year.

#### 8. Contractual Obligations

The Company's contractual obligations are as follows:

Contractual Obligations \$'000	Payments due by period as at November 30, 2008				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Operating lease	439	120	319	-	-
Employee entitlements	287	287	-	-	-
Asset Retirement Obligation <sup>(1)</sup>	5,601	-	-	-	5,601
Committed mining expenses <sup>(2)</sup>	512,237	169,273	171,482	171,482	-
Total Contractual Obligations	518,564	169,680	171,801	171,482	5,601

(1) This amount represents the gross asset retirement obligation while the amount disclosed in note 16 of the interim financial statements represents the discounted value.

(2) Committed mining expenses include the remaining value of the agreement with engineering firm Dowding Reynard and Associates ("DRA") to implement the design and construction phase of the Pilanesberg project, the contracts with Minopex and MCC for managing the operations and maintenance of the Merensky and UG2 metallurgical concentrator plants and carrying out of the mining operations respectively, as well as the commitment to purchase a 10MW diesel standby generator in order to allow for any future power shortages or disruptions to supply by the state power utility Eskom.

#### 9. Off-Balance Sheet Arrangements

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

#### 10. Related Party Transactions

During the 2007 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. This loan of \$15 million was repaid in full, including capitalized interest, on October 31, 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)**

Platmin has achieved the minimum 26% BEE ownership interest (required by April 30, 2014 onward) for its operating company in South Africa, Boynton Investments (Pty) Ltd, as required by the Department of Minerals and Energy. Pursuant to the investors and subscription agreement, the BEE partner will, by March 31, 2010 and subject to certain conditions, including the first and second tranches of this transaction, exchange its 27.6% interest in the South African subsidiary for common shares in Platmin. The maximum number of shares to be issued is capped at 27.61% of Platmin's then issued and outstanding shares, which will approximate 141,100,000 common shares in Platmin. Platmin's South African subsidiary will then be 100% owned by Platmin.

**13. Environmental Matters**

The Company conducts exploration on its key projects and prospects subject to mineral exploration permit applications made to and issued by the 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 for each program. All such environmental plans or bonds are in the normal course of the business in South Africa.

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. On November 30, 2007, the Pilanesberg Independent Technical Report for the Positive Pilanesberg Feasibility was filed. The DME required a further rehabilitation guarantee of \$7.027 million before approving the application for a mining right. This guarantee was provided by Guardrisk Insurance Company Limited ("Guardrisk").

On October 23, 2008, the Mphahlele Independent Technical Report on the Mineral Resource Estimate was filed. The DME require a rehabilitation guarantee of \$1.648 million (ZAR16.609 million) before the issuing of the mining right. This guarantee will be provided by Guardrisk. Subsequent to the quarter end, an amount of \$0.992 million (ZAR10 million) was paid over into a separate bank account which will be ceded in favor of Guardrisk.

Environmental bonds are extinguished by the DME on completion of the rehabilitation plans contained within the exploration permits.

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

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

The legislation was passed on November 17, 2008 and will come into operation on May 1, 2009. The legislation resulting from the Royalty Act will levy a royalty for the benefit of the National Revenue Fund of the government of the Republic of South Africa based on a percentage calculated on a formula, up to a maximum of 5% on the profit of refined mineral resources sales.

**15. Critical Accounting Estimates**

The Company's significant accounting principles and methods of application are disclosed in the notes of the Company's consolidated financial statements for the quarter ended November 30, 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, fewer 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 November 30, 2008 and November 30, 2007.

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

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

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

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

As at January 15, 2009, the Company had 296,473,389 issued and outstanding common shares and the total options outstanding totaled 4,938,400 options (2,261,800 exercisable and 2,676,600 unvested).

#### **18. 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).

#### **19. 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 November 30, 2008.