

**Platmin Limited**  
(A development stage company)

**Unaudited Interim Consolidated Financial Statements**  
(Expressed in United States dollars, unless otherwise stated)

**For the three month period ended May 31, 2008**

# Platmin Limited

(A development stage company)

## Interim Consolidated Balance Sheet

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

		As at
		May 31, February 29,
		2008 2008
	Notes	\$ 000 \$ 000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents		65,020 88,188
Restricted cash	6	4,492 4,408
Loans due from related parties	5	14,793 14,680
Receivables		5,124 3,838
Prepaid expenses		- 59
		<u>89,429 111,173</u>
Property, plant and equipment	8	49,702 24,425
Rehabilitation investment	15	552 544
Mineral rights	10	3,132 3,132
Mineral exploration property acquisition costs	11	4,619 4,619
Deferred exploration expenses	11	29,083 27,132
		<u>176,517 171,025</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable		10,879 3,043
Accrued liabilities		172 118
		<u>11,051 3,161</u>
<b>Loan payable</b>	14	1,418 1,388
<b>Asset retirement obligation</b>	15	1,757 1,461
		<u>14,226 6,010</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Common shares</b>	12	192,143 192,116
<b>Contributed surplus</b>	12	3,877 3,068
<b>Deficit</b>		<u>(33,729) (30,169)</u>
		<u>162,291 165,015</u>
		<u>176,517 171,025</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17	

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

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## Interim Consolidated Statements of Operations, Comprehensive Loss and Deficit

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

	Notes	For the three months ended May 31,	
		2008 \$ 000	2007 \$ 000
<b>Administrative expenses</b>			
Management and consulting fees		2,120	2,996
Travelling and promotion		186	109
Rental		64	35
Office		207	289
Professional fees		128	86
Interest and penalties		61	23
Amortization of property, plant and equipment		33	25
Foreign exchange loss/(gain)		1,501	(76)
		(4,300)	(3,487)
<b>Research and development costs</b>		-	82
<b>Deferred exploration costs written off</b>		-	(4)
		(4,300)	(3,409)
<b>Other income</b>		6	-
<b>Interest income</b>		734	438
		(3,560)	(2,971)
<b>Loss and comprehensive loss for the period</b>		(3,560)	(2,971)
<b>Deficit – Beginning of period</b>		(30,169)	(21,089)
<b>Deficit – End of period</b>		(33,729)	(24,060)
Basic and diluted loss per common share	9	0.03	0.03
Weighted average number of common shares outstanding		111,570,191	93,802,813

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

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## Interim Consolidated Statements of Cash Flows

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

	For the three months ended May 31,	
	2008	2007
Notes	\$ 000	\$ 000
<b>Cash provided by/(used in)</b>		
<b>Operating activities</b>		
Loss for the year	(3,560)	(2,971)
Non-cash items		
Accretion	11	-
Amortization of property, plant and equipment	33	25
Stock-based compensation expense	836	102
Foreign exchange loss/(gain)	1,501	(76)
Interest income	(106)	-
Finance cost	50	-
Changes in non-cash working capital items	7	6,663
	5,428	(3,168)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(25,027)	(146)
Increase in restricted cash	(84)	-
Increase in rehabilitation investment	(8)	-
Increase in deferred exploration expenses – net	(1,951)	(2,853)
	(27,070)	(2,999)
<b>Financing activities</b>		
Increase in loan receivable	-	(388)
Issue of common shares	-	45
Increase in loans payable	-	-
	-	(343)
<b>Net increase in cash and cash equivalents during the period</b>	(21,642)	(6,510)
<b>Effect of exchange rate changes on cash held in foreign currencies</b>	(1,526)	76
<b>Cash and cash equivalents - Beginning of period</b>	88,188	43,408
<b>Cash and cash equivalents - End of period</b>	65,020	36,974
<b>Supplementary cash flow information</b>	7	

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

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## Notes to the Interim Consolidated Financial Statements

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(Unaudited, 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 18 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 Basis of presentation and recent accounting changes

The unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements except as noted below. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended February 29, 2008, since they do not contain all disclosures required by GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

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

### **New accounting policies**

On January 1, 2008, the Company adopted three new accounting standards that were issued by the Canadian Institute of Chartered Accountants (CICA): Handbook Section 1535, *Capital Disclosures*, Handbook Section 3862, *Financial Instruments — Disclosure* and Handbook Section 3863 *Financial Instruments — Presentation*.

#### *Capital Disclosures*

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.

#### *Financial Instruments Disclosure and Presentation*

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.

### **3 Capital Risk Management**

The Company's objective when managing capital is to maintain adequate levels of funding to support development of its Pilanesberg project, to expand exploration activities in South Africa and to maintain corporate and administrative functions. Funds are primarily secured through a combination of equity capital raised and external debt. There can be no assurances that the Company will be able to continue raising equity capital and external debt in this manner. The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions in South Africa and the United Kingdom.

### **4 Financial Risk Management**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

#### **Market risk**

##### *Foreign exchange risk*

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the South African Rand. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency. Management's policy is to review its exposure on a case by case basis. The risk is measured using cash flow forecasting.

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

The carrying amount of the Company's foreign currency denominated monetary assets and liabilities at the reporting date is as follows:

	<u>Assets</u> <u>\$ 000</u>	<u>Liabilities</u> <u>\$ 000</u>
South African Rand	107,827	13,963

### *Sensitivity*

During the quarter under review the US Dollar had strengthened on average by 9% against the South African Rand. Based on the financial instruments held at May 31, 2008, had the US Dollar strengthened by another 10% against the South African Rand with all other variables held constant, the Company's loss for the quarter would have been \$7.8 million lower as a result of foreign exchange gains on translation of non-US Dollar denominated financial instruments as detailed above.

### **Credit Risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to outstanding receivables.

The Company has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions. The carrying amount of financial assets recorded in the financial statements is adjusted for any impairment and represent the Company's maximum exposure to credit risk.

### *Sensitivity*

Based on the cash held at May 31, 2008, had the interest rates increased/decreased by 1% the Company's exposure would have been \$162,550 (2007: \$92,745).

### **Liquidity Risk**

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company had the following undrawn borrowing facilities at the reporting date:

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## Notes to the Interim Consolidated Financial Statements

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

	<u>\$ 000</u>
Pilanesberg Project – Standard Bank Bridge Loan	46

### 5 Loans due from related parties

	<u>May 31, 2008 \$ 000</u>	<u>February 29, 2008 \$ 000</u>
Moepi Platinum (Pty) Ltd. <sup>(1)</sup>	14,753	14,647
Tafida Investments (Pty) Ltd.	3	3
Defacto Investments (Pty) Ltd	37	30
	<u>14,793</u>	<u>14,680</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.

<sup>(1)</sup> The above loan relates to loan agreement signed between Moepi Platinum (Pty) Ltd (“Moepi”), previously called Moepi Capital (Pty) Ltd and Platmin Limited (“Platmin”) during the 2007 fiscal year. The loan bears interest at LIBOR (currently 2.68%). 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.

### 6 Restricted cash

Restricted cash consist of the following:

	<u>May 31, 2008 \$ 000</u>	<u>February 29, 2008 \$ 000</u>
Rehabilitation guarantees	706	681
Eskom guarantee.	1,436	1,458
Larox letter of credit.	2,350	2,269
	<u>4,492</u>	<u>4,408</u>

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On June 17, 2008 a guarantee of \$10,477,993 (ZAR 84,987,000) was provided to Eskom for the ordering of critical long lead time material, to reduce the project lead time. This guarantee replaced the guarantee of \$1,436,443 (ZAR 10,922,712) previously issued by ABSA Bank Limited.

On February 28, 2008 a letter of credit was provided to Larox Corporation for the Pilanesberg Project. This letter of credit was issued by Standard Bank Limited and has lapsed on 6 June 2008 on completion of delivery.

The restricted cash is accounted for at fair value.

### 7 Supplementary cash flow information

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

	May 31, 2008 \$ 000	February 29, 2008 \$ 000
Receivables	(1,286)	(3,420)
Prepaid expenses	59	9
Accounts payable	7,836	(178)
Accrued liabilities	54	(37)
Increase/(Decrease)	6,663	(3,626)

### 8 Property, plant and equipment

	May 31, 2008		
	Cost \$ 000	Accumulated amortization \$ 000	Net \$ 000
Vehicles	385	145	240
Computer equipment	205	146	59
Computer software	240	77	163
Office equipment	40	17	23
Furniture and fittings	104	32	72
Other equipment	17	14	3
Leasehold improvements	87	20	67
Plant Construction	49,075	-	49,075
	50,153	451	49,702

	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

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## Notes to the Interim Consolidated Financial Statements

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

Leasehold improvements	87	15	72
Plant Construction	23,965	-	23,965
	<u>24,843</u>	<u>418</u>	<u>24,425</u>

### 9 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.

	<u>For the three months ended May 31,</u>	
	<u>2008</u>	<u>2007</u>
Loss attributable to shareholders (\$000)	3,539	2,971
Weighted average number of common shares outstanding	<u>111,570,191</u>	<u>93,802,813</u>
Basic and diluted loss per common share in US\$ per share	<u>0.03</u>	<u>0.03</u>

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.

### 10 Mineral rights

	<u>May 31, 2008 \$ 000</u>	<u>February 29, 2008 \$ 000</u>
Mineral rights at cost	<u>3,132</u>	<u>3,132</u>

During the 2007 fiscal year, the Company purchased from Sephaku Development (Pty) Ltd ("Sephaku") the rights, 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 resource 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 in 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 Witkleifontein 136JP for a cash consideration of \$2,024,272

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

### 11 Deferred exploration expenses

	May 31, 2008	February 29, 2008
Balance brought forward	27,132	21,503
Additions	1,951	5,629
Balance carried forward	29,083	27,132

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

	May 31, 2008		February 29, 2008	
	Acquisition cost \$ 000	Deferred exploration expenses \$ 000	Acquisition cost \$ 000	Deferred Exploration Expenses \$ 000
<b>Pilanesberg project</b>				
Tuschenkomst	25	9,133	25	8,853
Witkleifontein	-	1,871	-	1,869
Rooderand	25	1,411	25	1,409
Ruighoek	-	3,470	-	3,435
Vogelstruisnek	-	87	-	82
Bakhoutrantje	-	50	-	48
Palmietfontein	-	539	-	532
Moloana area	-	81	-	80
<b>Mphahlele project</b>	3,055	7,565	3,055	6,475
<b>Grootboom project</b>				
Grootboom	1,514	2,359	1,514	2,067
Grootboom Tailings	-	134	-	94
Annex Grootboom	-	543	-	505
<b>Loskop project</b>				
Loskop 2	-	410	-	404
Rietfontein	-	295	-	192
Golden Valley	-	312	-	291
Oorlogsfontein	-	84	-	84
Nooitgezien & Goedverwacht	-	9	-	7
Vogelenzang	-	78	-	78
Apiesboomen	-	79	-	79

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

Woolrich area 1	-	179	-	175
Woolrich area 2	-	3	-	3
Woolrich area 3	-	3	-	3
Woolrich area 4	-	2	-	2
Veeplaats	-	15	-	15
Strydfontein	-	19	-	15
Defacto area	-	19	-	18
Scheiding	-	228	-	226
Bashoek	-	25	-	15
Tweelaagte, Diamant & Kleingenoeg	-	80	-	76
		<hr/>		<hr/>
	4,619	29,083	4,619	27,132

### i) Pilanesberg project

The Company holds a beneficial interest of approximately 72.4% of 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 which granted to Tameng 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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## Notes to the Interim Consolidated Financial Statements

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

### 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 contiguous 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.

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

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 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.

### **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.

## **12 Share capital**

### **(a) Common shares**

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

#### **Movement during fiscal 2008**

	<b>Number of shares</b>	<b>Amount \$000</b>
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

#### **Movement during period ended May 31, 2008**

Balance, March 1, 2008	111,537,048	192,116
Exercise of options	49,712	-
Fair value of options exercised	-	27
Balance, May 31, 2008	111,586,760	192,143

During the period ended May 31, 2008 60,000 cashless options were exercised and converted into 49,712 common shares.

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## Notes to the Interim Consolidated Financial Statements

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

Exercise date	Exercise price \$	Number of options
<b>Options exercised during period ended May 31, 2008</b>		
April 30, 2008	1.20	60,000

### (b) Contributed surplus

	May 31, 2008 \$ 000	February 29, 2008 \$ 000
Balance - Beginning of year	3,068	2,479
Surplus – Vesting of options issued	836	2,549
Surplus – options exercised (cash)	-	(846)
Surplus – options exercised (cashless)	(27)	(1,114)
Balance - End of year	3,877	3,068

### 13 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 from time to time 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. This 2005 Stock Option Plan was re-approved in accordance with its terms at the Annual General Meeting held on June 26, 2008.

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 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.

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

	Number of options	Weighted average exercise price \$
<b>Movement during fiscal 2008</b>		
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	<b>1,940,000</b>	<b>1.60</b>

Movement during period ended May 31, 2008

Options outstanding, March 1, 2008	4,461,900	5.29
Exercised – options	(60,000)	(1.20)
Options cancelled – resignations	(220,000)	(8.91)
Options outstanding, May 31, 2008	4,181,900	5.16
Options exercisable, May 31, 2008	<b>1,917,500</b>	<b>1.65</b>

As at May 31, 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	1,460,000	1.20	1,460,000
September 18, 2011	3.86	37,500	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	1,106,500
January 21, 2013	8.30	-	8.30	400,000
Weighted average	1.65	1,917,500	5.16	4,181,900

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

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

	<b>May 31, 2008 \$000</b>	<b>May 31, 2007 \$000</b>
Management and consulting fees	<u>836</u>	<u>102</u>

At May 31, 2008 the fair value of stock options issued, which had not been charged to employee expenses, was \$6,197,736 (2007: \$111,166).

### 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 amount payable 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 the 2007 fiscal year. The final retirement obligation was established on completion of the bankable feasibility study, and has been provided for now that construction has commenced.

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 \$551,691 (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 May 31, 2008 is \$1,743,723. This estimate includes costs for the removal of all current mine infrastructure and the

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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 \$2,827,741.

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 the United Kingdom (77%) and South Africa (23%) until required by the operations.

### 17 Contingencies and commitments

- The Company has guaranteed the rehabilitation of numerous exploration targets. As at May 31, 2008, the total guarantees held by a bank were \$677,676 (February 29, 2008 - \$653,238).
- 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.
- 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.

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- 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 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 ZAR1.466 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	16
	<u>705</u>

During the first quarter of fiscal 2008, 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 pursuant to the agreement. The Company has the right to renew the lease for a further period of up to five years, provided notice is given in writing at least nine months prior to the termination of the initial period.

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### 19 Subsequent events

A bridge loan facility of \$46 million (ZAR350 million) has been concluded with The Standard Bank of South Africa Limited ("Standard Bank"). The term of the bridge loan facility will be for a period of four months after financial close, which was May 9, 2008. On June 2, 2008 \$37 million (ZAR300 million) was drawn on the facility which bears interest at Johannesburg Interbank Lending Rate ("JIBAR" currently 12.2%) plus 3% margin. The bridge loan facility will be used to fund the further development of the Pilanesberg Project.

### 20 Comparative amounts

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