Eastern Platinum Limited Publishes CEO Letter to Shareholders

Vancouver, British Columbia--(Newsfile Corp. - January 23, 2024) - Eastern Platinum Limited (TSX: ELR) (JSE: EPS) ("**Eastplats**" or the "**Company**"), a developer and producer of chrome and PGMs assets located in the Bushveld Complex in the Republic of South Africa, today issues the following letter to shareholders from Eastplats CEO Wanjin Yang.

Dear Eastplats Stakeholders, Investors, and Friends:

Eastplats made progress on key corporate and operational initiatives in 2023, continuing to operate and optimize the tailings storage facility ("TSF") retreatment project at the Crocodile River Mine ("CRM"), raising capital to restart the Zandfontein underground mine (one of the three mines at CRM), initiating the restart of the Zandfontein underground project and successfully completing its special committee investigation into whistleblower allegations initiated during the year. These milestones came to pass amidst evolving financial and commodity markets.

On-Going Chrome Market Support

The Company continued to operate and optimize the TSF retreatment project at the CRM, producing both chrome concentrates and platinum group metals ("PGM") ounces during the year. This retreatment project is the only large-scale magnetic separation application in South Africa, returning an annual average of 38.6% chrome concentrate grades since beginning operation in 2019. Though PGM ounces are expected to account for 65% of Eastplats revenue by 2025-2026, chrome production made up most of the production mix in 2023. PGM production is expected to account for roughly 80% of 2024 revenue as the soft restart of the underground mining will target high grade PGM ounces and metallurgical grade chrome byproducts within the Zandfontein section.

The increase in revenue derived from chromes sales during the year was primarily due to higher tonnages sold to third parties at market prices. Low chrome supply at ports (in China) as well as fluctuations in Chinese yuan exchanges rates against the US dollar is also believed to have supported robust chrome pricing in 2023.[i]

Eastplats' TSF retreatment project is expected to result in record annual revenues for 2023 of US$100 million and will continue operating into late 2024.

Volatility in PGM Market

The volatility in the PGM market has offset the buoyed performance from chrome concentrate volumes and prices. By December 2023, PGM prices, on average, fell approximately 40% year-over-year, with PGM price volatility impacting operations of PGM producers, decreasing margins, resulting in operational restructuring (and job cuts) and widening of the global supply deficit for the basket of precious and industrial metals. However, despite the fall in PGM prices, it is important to remember that "the PGM basket price has not traded materially below the 70th percentile of the cost curve on an annual basis."[ii]

Eastplats has not been impacted from these larger PGM price effects in 2023 for a number of reasons. First, a large part of operational efforts has focused on the Company's retreatment project, the majority of which produces chrome concentrate. Second, Eastplats' soft restart of the Zandfontein underground section at the CRM, that focuses on PGM mining and eventually PGM production, will be executed in phases. The initial "soft restart" phase, which began in Q4 2023, involves blasting and stockpiling of ore to begin processing in Q1 2024. At a normalized run rate, this soft restart phase is expected to produce 40,000 tons of PGM ore a month by the end of 2024. The next phase will see operations ramp up to

70,000 tons of PGM ore a month at the end of 2025, operating at a steady state rate in between 70,000 and 80,000 tons monthly in 2026.

Last, over the last couple of years, the Company has been implementing operational efficiency initiatives investing in support, development and infrastructure design to increase operational flexibility, reduce logistics and material handling costs.

Corporate and Financing Activities

At the corporate level, the management team has been active strengthening the balance sheet and resolving site issues. In May 2023, Eastplats completed a $7 million rights offering to invest in the Zandfontein underground and portfolio growth opportunities. The pipeline finance facility with Investec Bank Limited continues to be utilized, strongly supporting the CRM TSF retreatment project and as well the Zandfontein underground mine business.

More recently, the Company announced the completion of a special committee (the "Committee") investigation. The Committee reviewed and analyzed unproven whistleblower allegations, including allegations of undisclosed related party transactions pertaining to the sale of chrome concentrate at discounted prices. With assistance from independent counsel engaged and a third-party e-discovery specialist to assist with the investigation, the Committee found allegations advanced by the whistleblowers to be unsubstantiated, and the Committee did not find evidence to establish that the Company entered into any related party transaction pertaining to the sale of chrome concentrate and further concluded that the prices of the contracts in respect of the sale of chrome concentrate described in the allegations were within a reasonable range of market price, particularly in the challenging circumstances Eastplats faced in the latter half of 2022 and taking into account delivery terms and the grade of chrome concentrate.

The successful completion of these corporate activities has established a supportive base from which Eastplats plans to execute its 2024 growth plans.

2024 Outlook

The Company's plans for 2024 and beyond are focused on its high-quality chrome and PGM portfolio. Over the next 12 months, Eastplats plans to:

- Ramp-up the Zandfontein underground operations - process up to 235,000 tons of underground run-of-mine ("ROM") production per month.
- Complete the optimization of the chrome recovery plant for the retreatment project by focusing on improving the quality and quantity of chrome concentrate to improve the production yield.
- Confirm capital plans to support the full re-opening of Zandfontein underground operations at the CRM from external or internal sources.
- Complete the second phase of TSF capital works program and confirm the TSF dam space for new ROM tailings.
- Optimize Main Plant Circuit B for underground ROM operations.
- Renovate Circuit D to high energy flotation cells for better ROM processing recovery rate to 82% or higher.
- Advance the Mareesburg and Spitzkop project environmental work to complete the Environmental Impact Assessment and other environmental studies and amendments.
- Resolve the outstanding receivables from Union Goal Offshore Solution Limited.

- Continue prospecting and economic assessment work related to the Zandfontein, Crocette, and Kareespruit sections of the CRM and Kennedy's Vale and Spitzkop mines at the eastern limb of the Bushveld Complex.

About Eastern Platinum Limited

Eastplats owns directly and indirectly a number of platinum group metal ("PGM") and chrome assets in the Republic of South Africa. All of the Company's properties are situated on the western and eastern limb (Crocodile River Mine) and eastern limb (Kennedy's Vale/Spitzkop, Mareesburg) of the Bushveld Complex, the geological environment that hosts approximately 80% of the world's PGM-bearing ore.

Operations at the Crocodile River Mine currently include re-mining and processing its tailings resource to produce PGM and chrome concentrates from the Barplats Zandfontein tailings dam.

For further information, please contact:

EASTERN PLATINUM LIMITED
Wylie Hui, Chief Financial Officer & Corporate Secretary
Phone : (604) 800-8200
Email: whui@eastplats.com

Cautionary Statement Regarding Forward-Looking Information

This press release contains "forward-looking statements" or "forward-looking information" (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "will", "plan", "intends", "may", "will", "could", "expects", "anticipates" and similar expressions. Further disclosure of the risks and uncertainties facing the Company and other forward-looking statements are discussed in the Company's Annual Information Form and Management's Discussion and Analysis which are available under the Company's profile on www.sedarplus.ca.

In particular, this press release contains forward-looking statements pertaining to the expected revenue and production mix of respective PGM ounces and chrome tonnages; expected annual revenues for 2023; potential execution of the Zandfontein underground restart plan and ability to achieve and communicate key project milestones and production tonnage rates by the end of 2024, 2025, and during 2026; the successful completion of corporate activities to support the Company's plans to execute its 2024 growth plans; the Company's plans and outlook for 2024; and forecasts, estimates, expectations, and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. These forward-looking statements are based on assumptions made by and information currently available to the Company. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. By their very nature, forward-looking statements involve inherent risks and uncertainties and readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the beliefs, plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, commodity prices, economic conditions, currency fluctuations, competition and regulations, legal proceedings and risks related to operations in foreign countries.

The forward-looking statements in this press release are made as of the date they are given and, except as required by applicable securities laws, the Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

---

[i] Fastmarkets: Dried and bagged chromite prices edge up; rising costs pressure producers. https://www.fastmarkets.com/insights/chromite-prices-rising-costs-producers/.

[ii] UBS Equity Research: South African PGM Sector: Scenario analysis under various downturns (20 October 2023).

To view the source version of this press release, please visit https://www.newsfilecorp.com/release/195146