

Condensed consolidated interim financial  
statements of

## **Eastern Platinum Limited**

March 31, 2010  
(Unaudited)

# Eastern Platinum Limited

March 31, 2010

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# Eastern Platinum Limited

## Condensed consolidated interim income statements

(Expressed in thousands of U.S. dollars, except per share amounts - unaudited)

	Note	Three months ended	
		March 31, 2010	March 31, 2009
<b>Revenue</b>		<b>\$ 34,699</b>	\$ 24,903
Cost of operations			
Production costs		25,703	17,885
Depletion and depreciation	6	5,315	3,517
		<b>31,018</b>	21,402
Mine operating earnings		<b>3,681</b>	3,501
Expenses			
General and administrative		3,196	1,636
Share-based payments	13	1,739	132
		<b>4,935</b>	1,768
Operating (loss) profit		<b>(1,254)</b>	1,733
Other income (expense)			
Interest income		372	494
Finance costs	15	(370)	(452)
Foreign exchange gain (loss)		268	(75)
(Loss) profit before income taxes		<b>(984)</b>	1,700
Deferred income tax recovery		548	680
<b>Net (loss) profit for the period</b>		<b>\$ (436)</b>	\$ 2,380
<b>Attributable to</b>			
Non-controlling interest	14	\$ (1,260)	\$ (784)
Equity shareholders of the Company		824	3,164
<b>Net (loss) profit for the period</b>		<b>\$ (436)</b>	\$ 2,380
Earnings per share			
Basic	16	\$ 0.00	\$ 0.00
Diluted	16	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding in thousands			
Basic	16	681,200	680,526
Diluted	16	693,830	683,395

## Eastern Platinum Limited

Condensed consolidated interim statements of comprehensive income (loss)  
(Expressed in thousands of U.S. dollars - unaudited)

	Three months ended	
	March 31, 2010	March 31, 2009
Net (loss) profit for the period	\$ (436)	\$ 2,380
Other comprehensive income (loss)		
Exchange differences on translating foreign operations	9,879	(13,327)
Exchange differences on translating non-controlling interest	97	(354)
Comprehensive income (loss)	\$ 9,540	\$ (11,301)
Attributable to		
Non-controlling interest	\$ (1,163)	\$ (1,138)
Equity shareholders of the Company	\$ 10,703	\$ (10,163)

# Eastern Platinum Limited

Condensed consolidated interim statements of financial position  
as at March 31, 2010 and December 31, 2009  
(Expressed in thousands of U.S. dollars - unaudited)

	Note	March 31, 2010	December 31, 2009
<b>Assets</b>			
Current assets			
Cash and cash equivalents		\$ 3,370	\$ 7,249
Short-term investments		13,923	14,409
Trade and other receivables	4	33,262	29,138
Inventories	5	5,653	4,825
		<b>56,208</b>	55,621
Non-current assets			
Property, plant and equipment	6	643,643	634,778
Refining contract	7	13,941	14,169
Other assets	8	2,581	2,282
		<b>\$ 716,373</b>	\$ 706,850
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	9	\$ 20,858	\$ 22,919
Current portion of finance leases	10	956	926
		<b>21,814</b>	23,845
Non-current liabilities			
Provision for environmental rehabilitation	11	8,410	8,152
Finance leases	10	2,939	2,850
Deferred tax liabilities		42,376	42,491
		<b>75,539</b>	77,338
<b>Equity</b>			
Issued capital	13	890,270	890,150
Equity-settled employee benefits reserve		33,998	32,336
Currency translation adjustment		(43,020)	(52,899)
Deficit		(249,292)	(250,116)
Capital and reserves attributable to equity shareholders of the Company		631,956	619,471
Non-controlling interest	14	8,878	10,041
		<b>640,834</b>	629,512
		<b>\$ 716,373</b>	\$ 706,850

Approved and authorized for issue by the Board on May 10, 2010.

**"David Cohen"**

David Cohen, Director

**"Robert Gayton"**

Robert Gayton, Director

## Eastern Platinum Limited

Condensed consolidated interim statements of changes in equity  
(Expressed in thousands of U.S. dollars, except number of shares - unaudited)

	Issued capital		Equity-	Currency	Deficit	Capital and	Non-controlling	Equity
	Shares	Amount	settled	translation		reserves	interest	
			employee	adjustment		attributable to		
			benefits			equity		
			reserve			shareholders		
						of the parent		
<b>Balance, December 31,</b>								
<b>2008</b>	<b>680,526,454</b>	<b>\$ 890,049</b>	<b>\$ 31,827</b>	<b>\$ (169,577)</b>	<b>\$ (255,766)</b>	<b>\$ 496,533</b>	<b>\$ 12,002</b>	<b>\$ 508,535</b>
Share-based payments	-	-	132	-	-	132	-	132
Comprehensive loss	-	-	-	(13,327)	3,164	(10,163)	(1,138)	(11,301)
<b>Balance, March 31,</b>								
<b>2009</b>	<b>680,526,454</b>	<b>\$ 890,049</b>	<b>\$ 31,959</b>	<b>\$ (182,904)</b>	<b>\$ (252,602)</b>	<b>\$ 486,502</b>	<b>\$ 10,864</b>	<b>\$ 497,366</b>
Stock options exercised	366,871	101	(73)	-	-	28	-	28
Share-based payments	-	-	450	-	-	450	-	450
Comprehensive income	-	-	-	130,005	2,486	132,491	(823)	131,668
<b>Balance, December 31,</b>								
<b>2009</b>	<b>680,893,325</b>	<b>\$ 890,150</b>	<b>\$ 32,336</b>	<b>\$ (52,899)</b>	<b>\$ (250,116)</b>	<b>\$ 619,471</b>	<b>\$ 10,041</b>	<b>\$ 629,512</b>
Stock options exercised	419,972	120	(77)	-	-	43	-	43
Share-based payments	-	-	1,739	-	-	1,739	-	1,739
Comprehensive income	-	-	-	9,879	824	10,703	(1,163)	9,540
<b>Balance, March 31,</b>								
<b>2010</b>	<b>681,313,297</b>	<b>\$ 890,270</b>	<b>\$ 33,998</b>	<b>\$ (43,020)</b>	<b>\$ (249,292)</b>	<b>\$ 631,956</b>	<b>\$ 8,878</b>	<b>\$ 640,834</b>

# Eastern Platinum Limited

## Condensed consolidated interim statements of cash flows

(Expressed in thousands of U.S. dollars - unaudited)

	Note	Three months ended	
		March 31, 2010	March 31, 2009
<b>Operating activities</b>			
(Loss) profit before income taxes		\$ (984)	\$ 1,700
Adjustments to net profit for non-cash items			
Depletion and depreciation	6	5,315	3,517
Refining contract amortization	7	368	254
Share-based payments	13	1,739	132
Interest income		(372)	(494)
Finance costs	15	370	452
Foreign exchange (gain) loss		(268)	75
Net changes in non-cash working capital items			
Trade receivables		(3,808)	(13,263)
Inventories		(758)	219
Accounts payable and accrued liabilities		(2,269)	(16,984)
<b>Cash utilized in operations</b>		<b>(667)</b>	<b>(24,392)</b>
Adjustments to net profit for cash items			
Interest income received		348	376
Finance costs paid		(16)	(11)
Acquisition related dividend taxes paid		-	(2,422)
<b>Net operating cash flows</b>		<b>(335)</b>	<b>(26,449)</b>
<b>Investing activities</b>			
Maturity of short-term investments		961	20,095
Purchase of other assets		(269)	(27)
Property, plant and equipment expenditures		(4,295)	(10,717)
<b>Net investing cash flows</b>		<b>(3,603)</b>	<b>9,351</b>
<b>Financing activities</b>			
Common shares issued for cash, net of share issue costs		43	-
Advance from current loans		-	41
Payment of finance leases		(2)	(13)
<b>Net financing cash flows</b>		<b>41</b>	<b>28</b>
Effect of exchange rate changes on cash and cash equivalents		18	(996)
Decrease in cash and cash equivalents		(3,879)	(18,066)
Cash and cash equivalents, beginning of period		7,249	25,806
<b>Cash and cash equivalents, end of period</b>		<b>\$ 3,370</b>	<b>\$ 7,740</b>
Cash and cash equivalents are comprised of:			
Cash in bank		\$ 2,481	\$ 6,118
Short-term money market instruments		889	1,622
		<b>\$ 3,370</b>	<b>\$ 7,740</b>

# Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

## 1. Nature of operations

Eastern Platinum Limited (the "Company") is a platinum group metal ("PGM") producer engaged in the mining, exploration and development of PGM properties located in various provinces in South Africa.

Eastern Platinum Limited is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company's shares are listed on the Toronto Stock Exchange, Alternative Investment Market, and the Johannesburg Stock Exchange.

The head office, principal address and records office of the Company are located at 1075 West Georgia Street, Suite 250, Vancouver, British Columbia, Canada, V6E 3C9. The Company's registered address is 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia, Canada, V6E 4N7.

## 2. Basis of preparation

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Notes 3(l), 3(v), and 3(w) of the Company's audited consolidated financial statements for the year ended December 31, 2009.

## 3. Summary of significant accounting policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at December 31, 2009 except as noted below. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2009.

Effective January 1, 2010, the Company adopted a new accounting standard (IFRS 8 *Operating Segments*) that was issued by the International Accounting Standards Board ("IASB"). IFRS 8 was revised and now requires disclosure of information about segment assets. This accounting policy change was adopted on a prospective basis with no restatement of prior period financial statements.

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

### 4. Trade and other receivables

Trade and other receivables are comprised of the following:

	<b>March 31, 2010</b>	December 31, 2009
Trade receivables	<b>\$ 30,093</b>	\$ 25,839
Allowance for doubtful debts	<b>(83)</b>	(74)
	<b>30,010</b>	25,765
Other receivables	<b>2,184</b>	2,316
Current tax receivable	<b>1,068</b>	1,057
	<b>\$ 33,262</b>	\$ 29,138

### 5. Inventories

	<b>March 31, 2010</b>	December 31, 2009
Consumables	<b>\$ 4,748</b>	\$ 4,549
Ore and concentrate	<b>905</b>	276
	<b>\$ 5,653</b>	\$ 4,825

Production costs for the three months ended March 31, 2010 was \$25,703 (March 31, 2009 - \$17,885). Production costs represent the cost of inventories sold during the period. This expense includes Nil (March 31, 2009 - Nil) with regards to the write-down of inventory to net realizable value, and a reduction of Nil (March 31, 2009 - Nil) with regards to the reversal of write-downs.

At March 31, 2010 and December 31, 2009, no inventories were pledged as security for liabilities.

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

### 6. Property, plant and equipment

	Plant and equipment owned	Plant and equipment leased	Mineral properties being depleted	Mineral properties not being depleted	Residential properties	Properties and land	TOTAL
<b>Cost</b>							
<b>Balance as at December 31, 2008</b>	<b>\$ 315,547</b>	<b>\$ 4,892</b>	<b>\$ 108,680</b>	<b>\$ 444,115</b>	<b>\$ 7,954</b>	<b>\$ 5,299</b>	<b>\$ 886,487</b>
Additions							
Assets acquired	27,593	-	(186)	921	88	331	28,747
Disposals	(1,510)	-	-	-	-	-	(1,510)
Foreign exchange movement	84,593	1,240	27,606	101,086	2,029	1,348	217,902
<b>Balance as at December 31, 2009</b>	<b>\$ 426,223</b>	<b>\$ 6,132</b>	<b>\$ 136,100</b>	<b>\$ 546,122</b>	<b>\$ 10,071</b>	<b>\$ 6,978</b>	<b>\$ 1,131,626</b>
Assets acquired	4,261	-	-	34	-	-	4,295
Foreign exchange movement	4,583	64	1,429	8,980	106	73	15,235
<b>Balance as at March 31, 2010</b>	<b>\$ 435,067</b>	<b>\$ 6,196</b>	<b>\$ 137,529</b>	<b>\$ 555,136</b>	<b>\$ 10,177</b>	<b>\$ 7,051</b>	<b>\$ 1,151,156</b>
<b>Accumulated depreciation and impairment losses</b>							
<b>Balance as at December 31, 2008</b>	<b>\$ 91,179</b>	<b>\$ 1,966</b>	<b>\$ 12,397</b>	<b>\$ 273,084</b>	<b>\$ 1,726</b>	<b>\$ 662</b>	<b>\$ 381,014</b>
Depreciation	11,298	1,092	4,646	-	118	-	17,154
Foreign exchange movement	24,467	633	3,722	69,238	452	168	98,680
<b>Balance as at December 31, 2009</b>	<b>\$ 126,944</b>	<b>\$ 3,691</b>	<b>\$ 20,765</b>	<b>\$ 342,322</b>	<b>\$ 2,296</b>	<b>\$ 830</b>	<b>\$ 496,848</b>
Depreciation	3,515	303	1,464	-	33	-	5,315
Foreign exchange movement	1,422	46	254	3,594	25	9	5,350
<b>Balance as at March 31, 2010</b>	<b>\$ 131,881</b>	<b>\$ 4,040</b>	<b>\$ 22,483</b>	<b>\$ 345,916</b>	<b>\$ 2,354</b>	<b>\$ 839</b>	<b>\$ 507,513</b>
<b>Carrying amounts</b>							
At December 31, 2008	\$ 224,368	\$ 2,926	\$ 96,283	\$ 171,031	\$ 6,228	\$ 4,637	\$ 505,473
At December 31, 2009	\$ 299,279	\$ 2,441	\$ 115,335	\$ 203,800	\$ 7,775	\$ 6,148	\$ 634,778
<b>At March 31, 2010</b>	<b>\$ 303,186</b>	<b>\$ 2,156</b>	<b>\$ 115,046</b>	<b>\$ 209,220</b>	<b>\$ 7,823</b>	<b>\$ 6,212</b>	<b>\$ 643,643</b>

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

### 6. Property, plant and equipment

	Crocodile River Mine (a)	Kennedy's Vale Project (b)	Spitzkop PGM Project (c)	Mareesburg Project (c)	Other property plant and equipment	TOTAL
<b>Cost</b>						
<b>Balance as at December 31, 2008</b>	<b>\$ 442,262</b>	<b>\$ 319,109</b>	<b>\$ 101,712</b>	<b>\$ 23,294</b>	<b>\$ 110</b>	<b>\$ 886,487</b>
Additions						
Assets acquired	27,826	-	826	95	-	28,747
Disposals	(1,510)	-	-	-	-	(1,510)
Foreign exchange movement	116,798	80,908	16,456	3,722	18	217,902
<b>Balance as at December 31, 2009</b>	<b>\$ 585,376</b>	<b>\$ 400,017</b>	<b>\$ 118,994</b>	<b>\$ 27,111</b>	<b>\$ 128</b>	<b>\$ 1,131,626</b>
Additions						
Assets acquired	4,261	-	2	32	-	4,295
Foreign exchange movement	6,251	4,201	3,913	866	4	15,235
<b>Balance as at March 31, 2010</b>	<b>\$ 595,888</b>	<b>\$ 404,218</b>	<b>\$ 122,909</b>	<b>\$ 28,009</b>	<b>\$ 132</b>	<b>\$ 1,151,156</b>
<b>Accumulated depreciation and impairment losses</b>						
<b>Balance as at December 31, 2008</b>	<b>\$ 107,855</b>	<b>\$ 273,084</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75</b>	<b>\$ 381,014</b>
Depreciation	17,130	-	-	-	24	17,154
Foreign exchange movement	29,432	69,238	-	-	10	98,680
<b>Balance as at December 31, 2009</b>	<b>\$ 154,417</b>	<b>\$ 342,322</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 109</b>	<b>\$ 496,848</b>
Depreciation	5,315	-	-	-	-	5,315
Foreign exchange movement	1,752	3,594	-	-	4	5,350
<b>Balance as at March 31, 2010</b>	<b>\$ 161,484</b>	<b>\$ 345,916</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 113</b>	<b>\$ 507,513</b>
<b>Carrying amounts</b>						
At December 31, 2008	\$ 334,407	\$ 46,025	\$ 101,712	\$ 23,294	\$ 35	\$ 505,473
At December 31, 2009	\$ 430,959	\$ 57,695	\$ 118,994	\$ 27,111	\$ 19	\$ 634,778
<b>At March 31, 2010</b>	<b>\$ 434,404</b>	<b>\$ 58,302</b>	<b>\$ 122,909</b>	<b>\$ 28,009</b>	<b>\$ 19</b>	<b>\$ 643,643</b>

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

### 6. Property, plant and equipment (continued)

(a) *Crocodile River Mine ("CRM")*

The Company holds directly and indirectly 87.5% of CRM, which is located on the eastern portion of the western limb of the Bushveld Complex. The Maroelabult and Zandfontein sections are currently in production. Development of the Crocette section recommenced on April 4, 2010.

(b) *Kennedy's Vale Project ("KV")*

The Company holds directly and indirectly 87.5% of KV, which is located on the eastern limb of the Bushveld Complex, near Steelpoort in the Province of Mpumalanga. It comprises PGM mineral rights on five farms in the Steelpoort Valley.

(c) *Spitzkop PGM Project and Mareesburg Project*

The Company holds directly and indirectly a 93.4% interest in the Spitzkop PGM Project and a 75.5% interest in the Mareesburg Project. The Company currently acts as the operator of both the Mareesburg Platinum Project and Spitzkop PGM Project, both located on the eastern limb of the Bushveld Complex. The development of these projects was on hold as at March 31, 2010.

### 7. Refining Contract

During the year ended June 30, 2006, the Company acquired a 69% interest in Barplats and assigned a portion of the purchase price to the off-take contract governing the sales of Barplats' PGM concentrate production. The initial value of the contract was \$17,939. During the year ended June 30, 2007, the Company acquired an additional 5% interest in Barplats resulting in an additional allocation to the contract of \$4,802 for a total aggregate value of \$22,741. During the year ended December 31, 2008, the Company acquired an additional 2.47% interest in Barplats. The acquisition did not affect the aggregate value of the contract. The value of the contract is amortized over the remaining term of the contract which is 9.25 years as at March 31, 2010.

#### Cost

Balance as at December 31, 2008	\$ 16,850
Foreign exchange movement	4,272
Balance as at December 31, 2009	\$ 21,122
Foreign exchange movement	222
<b>Balance as at March 31, 2010</b>	<b>\$ 21,344</b>

#### Accumulated amortization

Balance as at December 31, 2008	\$ 4,357
Amortization for the period	1,332
Foreign exchange movement	1,264
Balance as at December 31, 2009	\$ 6,953
Amortization for the period	368
Foreign exchange movement	82
<b>Balance as at March 31, 2010</b>	<b>\$ 7,403</b>

#### Carrying amounts

At December 31, 2008	\$ 12,493
At December 31, 2009	\$ 14,169
<b>At March 31, 2010</b>	<b>\$ 13,941</b>

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

### 8. Other assets

Other assets consist of a money market fund investment that is classified as available-for-sale and serves as security for a guarantee issued to the Department of Minerals and Energy of South Africa in respect of the environmental rehabilitation liability (Note 11). Changes to other assets for the three months ended March 31, 2010 are as follows:

Balance, December 31, 2008	\$ 1,017
Additional investment	\$ 811
Service fees	(6)
Interest income	123
Foreign exchange movement	337
Balance, December 31, 2009	\$ 2,282
Additional investment	231
Service fees	(2)
Interest income	40
Foreign exchange movement	30
<b>Balance, March 31, 2010</b>	<b>\$ 2,581</b>

### 9. Accounts payable and accrued liabilities

	March 31, 2010	December 31, 2009
Trade payables	\$ 11,101	\$ 9,932
Accrued liabilities	4,792	6,849
Other	4,965	6,138
	<b>\$ 20,858</b>	<b>\$ 22,919</b>

The average credit period of purchases is 1 month. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

### 10. Finance leases

Finance leases relate to mining vehicles with lease terms of 5 years payable half yearly in advance. The Company has the option to purchase the vehicles for a nominal amount at the conclusion of the lease agreements. The Company's obligations under finance leases are secured by the lessor's title to the leased assets. Interest is calculated at the South African prime rate plus 1%. At March 31, 2010, the finance leases are repayable in 3 semiannual installments (December 31, 2009 – 3) of \$617 (December 31, 2009 - \$611) and a top-up payment of \$2,476 in December 2011. The fair value of the finance lease liabilities approximated carrying value.

(a) *Minimum lease payments*

	March 31, 2010	December 31, 2009
No later than 1 year	\$ 1,234	\$ 1,221
Later than 1 year, but no later than 5 years	3,093	3,061
	<b>4,327</b>	4,282
Less: future finance charges	<b>(432)</b>	(506)
Present value of minimum lease payments	<b>\$ 3,895</b>	<b>\$ 3,776</b>

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

### 10. Finance leases (continued)

(b) *Present value of minimum lease payments*

	<b>March 31, 2010</b>	December 31, 2009
No later than 1 year	\$ 956	\$ 926
Later than 1 year, but no later than 5 years	<u>2,939</u>	<u>2,850</u>
	<u>\$ 3,895</u>	<u>\$ 3,776</u>

### 11. Provision for environmental rehabilitation

Although the ultimate amount of the environmental rehabilitation provision is uncertain, the fair value of these obligations is based on information currently available, including closure plans and applicable regulations. Significant closure activities include land rehabilitation, demolition of buildings and mine facilities and other costs.

The liability for the environmental rehabilitation provision at March 31, 2010 is approximately ZAR 61.7 million (\$8,410). The liability was determined using an inflation rate of 7.00% (December 31, 2009 – 7.00%) and an estimated life of mine of 18 years for Zandfontein and Maroelabult (December 31, 2009 – 18 years), 1 year for Kennedy's Vale (December 31, 2009 – 1 year) and 26 years for Spitzkop (December 31, 2009 – 26 years). A discount rate of 8.39% was used (December 31, 2009 – 8.39%). A guarantee of \$2,581 (December 31, 2009 - \$2,282) has been issued to the Department of Minerals and Energy (Note 8). The guarantee will be utilized to cover expenses incurred to rehabilitate the mining area upon closure of the mine. The undiscounted value of this liability is approximately ZAR 236.3 million (\$32,219).

Changes to the environmental rehabilitation provision are as follows:

Balance, December 31, 2008	\$ 5,598
Revision in estimates	629
Interest expense	443
Foreign exchange movement	1,482
Balance, December 31, 2009	\$ 8,152
Revision in estimates	-
Interest expense (Note 15)	168
Foreign exchange movement	90
<b>Balance, March 31, 2010</b>	<b>\$ 8,410</b>

### 12. Commitments

The Company has committed to capital expenditures on projects of approximately ZAR 32.8 million (\$4,472) as at March 31, 2010 (December 31, 2009 – ZAR 37 million, \$4,959).

### 13. Issued capital

(a) *Authorized*

- Unlimited number of preferred redeemable, voting, non-participating shares without nominal or par value,
- Unlimited number of common shares with no par value.

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

### 13. Issued capital (continued)

#### (b) Share options

The Company has an incentive plan (the "2008 Plan"), approved by the Company's shareholders at its annual general meeting held on June 4, 2008, under which options to purchase common shares may be granted to its directors, officers, employees and others at the discretion of the Board of Directors. Under the terms of the 2008 Plan, 75 million common shares are reserved for issuance upon the exercise of options. All outstanding options at June 4, 2008 granted under the Company's previous plan (the "2005 Plan") will continue to exist under the 2008 Plan provided that the fundamental terms governing such options will be deemed to be those under the 2005 Plan. Upon adoption of the 2008 Plan, options to purchase a total of 27,525,000 common shares were available for grant under the 2008 Plan, representing 75,000,000 less the 47,475,000 outstanding options at June 4, 2008 granted under the 2005 Plan.

Under the 2008 Plan, each option granted shall be for a term not exceeding five years from the date of being granted and the vesting period is determined based on the discretion of the Board of Directors. The option exercise price is set at the date of the grant and cannot be less than the closing market price of the Company's common shares on the Toronto Stock Exchange on the day immediately preceding the day of the grant of the option.

#### (i) Movements in share options

The changes in share options during the three months ended March 31, 2010 and year ended December 31, 2009 were as follows:

	March 31, 2010		December 31, 2009	
	Number of options	Weighted average exercise price Cdn\$	Number of options	Weighted average exercise price Cdn\$
Balance outstanding, beginning of year	59,575,834	1.48	64,746,000	1.52
Options granted	2,231,000	1.30	695,000	0.57
Options exercised	(520,831)	0.34	(535,999)	0.32
Options forfeited	(408,334)	2.03	(5,329,167)	2.00
Balance outstanding, end of period	60,877,669	1.48	59,575,834	1.48

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

### 13. Issued capital (continued)

(b) *Share options (continued)*

(ii) *Fair value of share options granted*

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

2010				
	January 18	Weighted average		
Exercise price	<b>Cdn\$1.30</b>	<b>Cdn\$1.30</b>		
Closing market price on day preceding date of grant	<b>Cdn\$1.30</b>	<b>Cdn\$1.30</b>		
Grant date share price	<b>Cdn\$1.42</b>	<b>Cdn\$1.42</b>		
Risk-free interest rate	<b>1.73%</b>	<b>1.73%</b>		
Expected life	<b>3 years</b>	<b>3 years</b>		
Annualized volatility	<b>83%</b>	<b>83%</b>		
Dividend rate	<b>0%</b>	<b>0%</b>		
Grant date fair value	<b>Cdn\$0.80</b>	<b>Cdn\$0.80</b>		
2009				
	February 11	June 30	November 3	Weighted average
Exercise price	Cdn\$0.32	Cdn\$0.52	Cdn\$0.76	Cdn\$0.57
Closing market price on day preceding date of grant	Cdn\$0.32	Cdn\$0.52	Cdn\$0.76	Cdn\$0.57
Grant date share price	Cdn\$0.38	Cdn\$0.52	Cdn\$0.81	Cdn\$0.59
Risk-free interest rate	1.69%	1.84%	1.86%	1.83%
Expected life	3 years	3 years	3 years	3 years
Annualized volatility	78%	79%	82%	80%
Dividend rate	0%	0%	0%	0%
Grant date fair value	Cdn\$0.21	Cdn\$0.27	Cdn\$0.45	Cdn\$0.32

Exercise price is the closing market price on the day preceding the date the options were granted, as defined by the Company's 2008 share option plan.

Grant date share price is the closing market price on the day the options were granted.

Expected volatility is based on the historical share price volatility since Eastern Platinum Limited completed its acquisition of Barplats Investment Limited on May 2, 2006, or for 3 years prior to the date of grant, whichever is shorter.

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

### 13. Issued capital (continued)

(b) *Share options (continued)*

(iii) *Share options exercised during the period*

The following table outlines share options exercised during the period:

Date of issue	Number of options exercised	Exercise date	Closing share price at exercise date
December 18, 2008	20,000	January 4, 2010	\$ 0.96
December 18, 2008	33,333	January 8, 2010	1.24
December 18, 2008	189,833	January 21, 2010	1.20
February 11, 2009	10,000	January 21, 2010	1.20
December 18, 2008	56,000	January 25, 2010	1.25
December 18, 2008	123,332	January 28, 2010	1.21
November 3, 2009	6,667	January 28, 2010	1.21
December 18, 2008	26,666	January 29, 2010	1.18
February 11, 2009	10,000	February 3, 2010	1.31
November 3, 2009	15,000	February 3, 2010	1.31
December 18, 2008	30,000	March 1, 2010	1.34
	520,831		\$ 1.21

(iv) *Share options outstanding at the end of the period*

The following table summarizes information concerning outstanding and exercisable options at March 31, 2010:

Options outstanding	Options exercisable	Exercise price	Remaining Contractual Life (Years)	Expiry date
		Cdn\$		
6,725,000	6,725,000	1.70	1.15	May 24, 2011
250,000	250,000	1.70	1.66	November 27, 2011
19,987,500	19,987,500	1.82	1.94	March 7, 2012
16,940,836	16,119,169	0.32	3.72	December 18, 2013
40,000	20,000	0.32	3.87	February 11, 2014
400,000	400,000	0.52	4.25	June 30, 2014
193,333	50,000	0.76	4.59	November 3, 2014
13,390,000	13,390,000	2.31	7.52	October 5, 2017
90,000	90,000	2.50	7.71	December 12, 2017
460,000	460,000	3.38	7.90	February 20, 2018
170,000	170,000	3.38	7.99	March 27, 2018
2,231,000	2,231,000	1.30	4.81	January 18, 2015
60,877,669	59,892,669		3.77	

The weighted average exercise price of options exercisable at March 31, 2010 is Cdn\$1.50.

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

### 13. Issued capital (continued)

#### (c) Share purchase warrants

The changes in warrants during the three months ended March 31, 2010 and the year ended December 31, 2009 were as follows:

	March 31, 2010		December 31, 2009	
	Number of warrants	Weighted average exercise price Cdn\$	Number of warrants	Weighted average exercise price Cdn\$
Balance outstanding, beginning of year	-	-	58,485,996	1.80
Warrants expired	-	-	(58,485,996)	1.80
Balance outstanding, end of period	-	-	-	-

### 14. Non-controlling interest

The non-controlling interests are comprised of the following:

Balance, December 31, 2008	\$	12,002
Non-controlling interests' share of loss in Barplats		(176)
Non-controlling interests' share of interest on advances to Gubevu		(608)
Foreign exchange movement		(354)
Balance, March 31, 2009	\$	10,864
Non-controlling interests' share of loss in Barplats		(1,732)
Non-controlling interests' share of interest on advances to Gubevu		(1,912)
Foreign exchange movement		2,821
Balance, December 31, 2009	\$	10,041
Non-controlling interests' share of loss in Barplats		(590)
Non-controlling interests' share of interest on advances to Gubevu		(670)
Foreign exchange movement		97
<b>Balance, March 31, 2010</b>	<b>\$</b>	<b>8,878</b>

### 15. Finance costs

	March 31, 2010	March 31, 2009
Interest on revenue advances	\$ 119	\$ 142
Interest on finance leases	77	103
Interest on provision for environmental rehabilitation	168	93
Interest on tax	-	2
Other interest	6	112
	<b>\$ 370</b>	<b>\$ 452</b>

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

### 16. Diluted earnings per share

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	March 31, 2010	March 31, 2009
	(in thousands)	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	681,200	680,526
Shares deemed to be issued for no consideration in respect of options	12,630	2,869
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	693,830	683,395

The following potential ordinary shares, outstanding at March 31, 2010, are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	March 31, 2010	March 31, 2009
	(in thousands)	
Options	41,073	41,937
Warrants	-	-

### 17. Retirement benefit plans

The Barplats Provident Fund is an independent, defined contribution plan administered by Liberty Life Limited in South Africa. The costs associated with the defined contribution plan included in net (loss) profit were \$899 (March 31, 2009 - \$521). The total number of employees in the plan at March 31, 2010 was 1,863 (March 31, 2009 - 1,491).

### 18. Related party transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are disclosed below.

#### (a) Trading transactions

The Company's related parties consist of companies owned by executive officers and directors as follows:

	Nature of transactions
Andrews PGM Consulting	Consulting
Buccaneer Management Inc.	Management
Jazz Financial Ltd.	Management
Maluti Services Limited	General and administrative
Xiste Consulting Ltd.	Management

The Company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined on a cost recovery basis.

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

### 18. Related party transactions (continued)

#### (a) Trading transactions (continued)

	Note	March 31, 2010	March 31, 2009
Consulting fees	(i)	\$ 29	\$ 31
General and administrative expenses		20	-
Management fees		307	235
		<b>\$ 356</b>	<b>\$ 266</b>

- (i) The Company paid fees to a private company controlled by a director of the Company for consulting services performed outside of his capacity as a director.
- (ii) Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at March 31, 2010 included \$Nil (December 31, 2009 - \$510) which were due to private companies controlled by officers of the Company.

#### (b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2010 and 2009 were as follows:

	Note	March 31, 2010	March 31, 2009
Salaries and directors' fees	(i)	\$ 548	\$ 474
Share-based payments	(ii)	1,627	-
		<b>\$ 2,175</b>	<b>\$ 474</b>

- (i) Salaries and directors' fees include consulting and management fees disclosed in Note 18(a).
- (ii) Share-based payments are the fair value of options granted to key management personnel, translated at the grant date foreign exchange rate.
- (iii) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three months ended March 31, 2010 and 2009.

### 19. Segmented information

- (a) Operating segment - The Company's operations are primarily directed towards the acquisition, exploration and production of platinum group metals in South Africa.
- (b) Geographic segments - The Company's revenues and expenses by geographic areas for the three months ended March 31, 2010 and 2009 and assets by geographic areas as at March 31, 2010 and December 31, 2009 are as follows:

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts - unaudited)

### 19. Segmented Information (continued)

(b) *Geographic segments (continued)*

	March 31, 2010							
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Canada	TOTAL
Current assets	\$ 38,593	\$ 83	\$ 1,507	\$ 45	\$ 1,016	\$ 41,244	\$ 14,964	\$ 56,208
Property, plant and equipment	434,404	58,302	122,909	28,009	-	643,624	19	643,643
Refining contract	13,941	-	-	-	-	13,941	-	13,941
Other Assets	2,581	-	-	-	-	2,581	-	2,581
	<b>\$ 489,519</b>	<b>\$ 58,385</b>	<b>\$ 124,416</b>	<b>\$ 28,054</b>	<b>\$ 1,016</b>	<b>\$ 701,390</b>	<b>\$ 14,983</b>	<b>\$ 716,373</b>
Property, plant and equipment expenditures	\$ 4,261	\$ -	\$ 2	\$ 32	\$ -	\$ 4,295	\$ -	\$ 4,295
Sale of property, plant and equipment	-	-	-	-	-	-	-	-
Revenue	\$ 34,699	\$ -	\$ -	\$ -	\$ -	\$ 34,699	\$ -	\$ 34,699
Production costs	(25,703)	-	-	-	-	(25,703)	-	(25,703)
Depreciation and amortization	(5,315)	-	-	-	-	(5,315)	-	(5,315)
General and administrative expenses	(1,764)	(328)	-	(1)	-	(2,093)	(1,103)	(3,196)
Share-based payment	(34)	-	-	-	-	(34)	(1,705)	(1,739)
Interest income	337	-	-	2	-	339	33	372
Finance costs	(182)	(184)	(4)	-	-	(370)	-	(370)
Foreign exchange (loss) gain	(9)	-	-	-	-	(9)	277	268
<b>Profit (loss) before income taxes</b>	<b>\$ 2,029</b>	<b>\$ (512)</b>	<b>\$ (4)</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 1,514</b>	<b>\$ (2,498)</b>	<b>\$ (984)</b>

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements as at March 31, 2010

(Expressed in thousands of U.S. dollars, except number of shares and per share amounts)

### 19. Segmented Information (continued)

(b) *Geographic segments (continued)*

	March 31, 2009							
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Canada	TOTAL
Property, plant and equipment expenditures	\$ 10,300	\$ -	\$ 389	\$ 28	\$ -	\$ 10,717	\$ -	\$ 10,717
Sale of property, plant and equipment	-	-	-	-	-	-	-	-
Revenue	\$ 24,903	\$ -	\$ -	\$ -	\$ -	\$ 24,903	\$ -	\$ 24,903
Production costs	(17,885)	-	-	-	-	(17,885)	-	(17,885)
Depreciation and amortization	(3,517)	-	-	-	-	(3,517)	-	(3,517)
General and administrative expenses	(378)	(207)	(135)	-	(38)	(758)	(878)	(1,636)
Share-based payment	(132)	-	-	-	-	(132)	-	(132)
Interest income	354	-	-	-	-	354	140	494
Finance costs	(347)	-	-	-	(105)	(452)	-	(452)
Foreign exchange (loss) gain	(18)	23	-	-	(99)	(94)	19	(75)
Profit (loss) before income taxes	\$ 2,980	\$ (184)	\$ (135)	\$ -	\$ (242)	\$ 2,419	\$ (719)	\$ 1,700
	December 31, 2009							
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Canada	TOTAL
Current assets	\$ 36,749	\$ 176	\$ 1,509	\$ 45	\$ 1,003	\$ 39,482	\$ 16,139	\$ 55,621
Property, plant and equipment	430,959	57,695	118,994	27,111	-	634,759	19	634,778
Refining contract	14,169	-	-	-	-	14,169	-	14,169
Other Assets	2,282	-	-	-	-	2,282	-	2,282
	\$ 484,159	\$ 57,871	\$ 120,503	\$ 27,156	\$ 1,003	\$ 690,692	\$ 16,158	\$ 706,850

For the three months ended March 31, 2010 and 2009, substantially all of the Company's PGM production was sold to one customer.

## **Eastern Platinum Limited**

Notes to the condensed consolidated interim financial statements as at March 31, 2010  
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts)

### **20. Events after the reporting period**

From April 1, 2010 to May 10, 2010, 1,736,163 stock options were exercised, of which 1,055,000 were exercised by way of cash payment at a weighted average exercise price of Cdn\$0.32 for proceeds of Cdn\$343, and 681,163 were exercised by way of cashless exercise at a weighted average exercise price of Cdn\$0.33.

**EASTERN PLATINUM LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS**  
**AND RESULTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2010**

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*The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Eastern Platinum Limited ("Eastplats" or the "Company") as at March 31, 2010 and for the three months then ended in comparison to the same period in 2009.*

*In February 2009, the applicable provincial securities commissions granted the Company exemptive relief to adopt International Financial Reporting Standards ("IFRS") with an adoption date of January 1, 2009 and a transition date of January 1, 2008.*

*This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 2010 and supporting notes. These condensed consolidated interim financial statements have been prepared using accounting policies consistent with IFRS and in accordance with International Accounting Standard 34 ("IAS 34") – Interim Financial Reporting.*

*In this MD&A, the Company also reports certain non-IFRS measures such as EBITDA and cash costs per ounce which are explained in Section 3.2 of this MD&A.*

*All monetary amounts are in U.S. dollars unless otherwise specified. The effective date of this MD&A is May 10, 2010. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

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1. Overview
2. Summary of results for the quarter ended March 31, 2010
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- 

## **1. Overview**

Eastplats is a platinum group metals (“PGM”) producer engaged in the mining and development of PGM deposits with properties located in South Africa. All of the Company’s properties are situated on the western and eastern limbs of the Bushveld Complex (“BC”), the geological environment that supports over 75% of the world’s PGM mine production.

The Company’s primary operating asset is an 87.5% direct and indirect interest in Barplats Investments Limited (“Barplats”), whose main assets are the PGM producing Crocodile River Mine (“CRM”) located on the western limb of the BC and the non-producing Kennedy’s Vale Project located on the Eastern Limb of the BC. The Company also has a 75.5% direct and indirect interest in Mareesburg Platinum Project (“Mareesburg”) and a 93.4% direct and indirect interest in Spitzkop PGM Project (“Spitzkop”), both located on the Eastern Limb of the BC.

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## **2. Summary of results for the quarter ended March 31, 2010 (“Q1 2010”)**

- Eastplats recorded a net profit attributable to equity shareholders of the Company of \$824,000 (\$0.00 per share) compared to \$3,164,000 (\$0.00 per share) in the first quarter of 2009 (“Q1 2009”).
- EBITDA was \$8,996,000 compared to \$7,018,000 in Q1 2009.
- Production at CRM was 30,531 PGM ounces, a decrease of 7% compared to 32,969 PGM ounces in Q1 2009.
- The U.S. average delivered basket price per PGM ounce was \$959, an increase of 63% compared to \$590 in Q1 2009.
- The Rand average delivered basket price per PGM ounce was R7,202, an increase of 23% compared to R5,865 in Q1 2009.
- Rand operating cash costs net of by-product credits were R5,336 per ounce, an increase of 38% compared to R3,857 per ounce in Q1 2009. Rand operating cash costs were R6,315 per ounce, an increase of 19% compared to R5,326 per ounce in Q1 2009.
- U.S. dollar operating cash costs net of by-product credits were \$711 per ounce, an 83% increase from \$388 per ounce achieved in Q1 2009. Operating cash costs were \$841 per ounce, an increase of 57% compared to the \$536 per ounce in Q1 2009.
- Head grade increased to 4.1 grams per tonne in Q1 2010 from 4.0 grams per tonne in Q1 2009.
- Average concentrator recovery decreased to 78% from 80% in Q1 2009.

- Development meters decreased by 39% to 2,812 meters and on-reef development decreased by 30% to 1,931 meters compared to Q1 2009.
- Stopping units increased by 15% to 51,760 square meters compared to 45,098 square metres in Q1 2009.
- Run-of-mine rock ore hoisted decreased by 5% to 304,309 tonnes in Q1 2010 compared to 321,165 tonnes in Q1 2009.
- Run-of-mine ore processed decreased by 9% to 290,854 tonnes in Q1 2010 compared to 318,394 tonnes in Q1 2009.
- The Company's Lost Time Injury Frequency Rate (LTIFR) was 1.77 in Q1 2010 compared to 1.83 in Q1 2009.
- At March 31, 2010, the Company had a cash position (including cash, cash equivalents and short term investments) of \$17,293,000 (December 31, 2009 – \$21,658,000).

The table below sets forth selected results of operations for the Company's eight most recently completed quarters (in thousands of U.S. dollars, except per share amounts) in accordance with IFRS.

*Table 1*

Selected quarterly data	2010	2009				2008		
	March 31	Dec 31	Sept 30	June 30	March 31	Dec 31	Sept 30	June 30
Revenues	\$ 34,699	\$ 34,259	\$ 27,365	\$ 24,838	\$ 24,903	\$ 345	\$ 9,224	\$ 49,317
Cost of operations	(31,018)	(29,294)	(26,702)	(22,595)	(21,402)	(19,569)	(25,372)	(25,538)
Mine operating earnings (loss)	3,681	4,965	663	2,243	3,501	(19,224)	(16,148)	23,779
Expenses (G&A and share-based payment)	(4,935)	(3,523)	(2,445)	(3,374)	(1,768)	(6,599)	(5,996)	(5,789)
Impairment of property, plant and equipment	-	-	-	-	-	(297,285)	-	-
Operating (loss) profit	(1,254)	1,442	(1,782)	(1,131)	1,733	(323,108)	(22,144)	17,990
Net profit (loss) attributable to equity shareholders of the Company	\$ 824	\$ 330	\$ 1,839	\$ 317	\$ 3,164	\$ (230,164)	\$ (10,829)	\$ 12,148
Earnings (loss) per share - basic	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.34)	\$ (0.02)	\$ 0.02
Earnings (loss) per share - diluted	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.34)	\$ (0.02)	\$ 0.02
Average foreign exchange rates								
South African Rand per US dollar	7.51	7.50	7.80	8.44	9.94	9.92	7.78	7.77
US dollar per Canadian dollar	0.9608	0.9459	0.9114	0.8578	0.8038	0.8252	0.9603	0.9901
Period end foreign exchange rates								
South African Rand per US dollar	7.33	7.41	7.53	7.75	9.54	9.29	8.35	7.81
US dollar per Canadian dollar	0.9844	0.9515	0.9340	0.8598	0.7928	0.8210	0.9397	0.9807

### 3. Results of Operations for the quarter ended March 31, 2010

The following table sets forth selected consolidated financial information for the quarter ended March 31, 2010 and 2009:

Table 2

	Three months ended March 31,	
	2010	2009
<b>Condensed consolidated interim income statements</b>		
(Expressed in thousands of U.S. dollars, except per share amounts)		
<b>Revenue</b>	\$ 34,699	\$ 24,903
Cost of operations		
Production costs	25,703	17,885
Depletion and depreciation	5,315	3,517
Mine operating earnings	3,681	3,501
Expenses		
General and administrative	3,196	1,636
Share-based payments	1,739	132
Operating (loss) profit	(1,254)	1,733
Other income (expense)		
Interest income	372	494
Finance costs	(370)	(452)
Foreign exchange gain (loss)	268	(75)
(Loss) profit before income taxes	(984)	1,700
Deferred income tax recovery	548	680
<b>Net (loss) profit for the period</b>	\$ (436)	\$ 2,380
Attributable to		
Non-controlling interest	\$ (1,260)	\$ (784)
<b>Equity shareholders of the Company</b>	<b>824</b>	<b>3,164</b>
<b>Net (loss) profit for the period</b>	\$ (436)	\$ 2,380
Earnings per share		
Basic	\$ 0.00	\$ 0.00
Diluted	\$ 0.00	\$ 0.00
Weighted average number of common share outstanding		
Basic	681,200	680,526
Diluted	693,830	683,395
<b>Condensed consolidated statements of financial position</b>	<b>March 31,</b>	<b>December 31,</b>
	<b>2010</b>	<b>2009</b>
Total assets	\$ 716,373	\$ 706,850
Total long-term liabilities	\$ 53,725	\$ 53,493

### 3.1 Mining operations at Crocodile River Mine (“CRM”)

The following is a summary of CRM’s operations for the eight most recently completed quarters:

Table 3

Crocodile River Mine operations	Three months ended							
	2010	2009			2008			
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30
<b>Key financial statistics</b>								
(dollar amounts stated in U.S. dollars)								
Sales - PGM ounces	30,531	34,000	29,986	33,383	32,969	29,015	30,758	30,311
Average delivered price per ounce (2)	\$959	\$860	\$765	\$679	\$590	\$550	\$1,193	\$1,657
Average basket price	\$1,130	\$1,008	\$878	\$779	\$676	\$655	\$1,438	\$1,969
Rand average delivered price per ounce	R 7,202	R 6,450	R 5,967	R 5,730	R 5,865	R 5,456	R 9,285	R 12,880
Rand average basket price	R 8,486	R 7,560	R 5,848	R 6,574	R 6,720	R 6,496	R 11,191	R 15,305
Cash costs per ounce of PGM (1)	\$841	\$706	\$758	\$554	\$536	\$628	\$672	\$696
Cash costs per ounce of PGM, net of chrome by-product credits (1)	\$711	\$621	\$583	\$494	\$388	\$578	\$521	\$696
Rand cash costs per ounce of PGM (1)	R 6,315	R 5,296	R 5,915	R 4,673	R 5,326	R 6,231	R 5,233	R 5,411
Rand cash costs per ounce of PGM, net of chrome by-product credits (1)	R 5,336	R 4,661	R 4,548	R 4,169	R 3,857	R 5,734	R 4,055	R 5,410
<b>Key production statistics</b>								
Total tonnes processed	423,128	466,414	471,743	440,288	318,394	298,514	317,602	337,471
Run-of-mine (“ROM”) rock tonnes processed	290,854	321,983	280,777	304,354	318,394	298,514	305,490	313,767
Tailings tonnes processed	132,274	144,431	190,966	135,934	-	-	12,112	23,704
Development meters	2,812	3,254	2,882	4,326	4,573	4,604	5,599	5,575
On-reef development meters	1,931	2,135	1,562	2,860	2,745	2,922	3,556	3,230
Stoping units (square meters)	51,760	55,153	36,263	51,342	45,098	46,459	39,652	44,277
Concentrator recovery from ROM ore	78%	79%	78%	80%	80%	76%	78%	73%
Chrome produced (tonnes)	103,852	109,388	83,930	82,760	77,554	69,937	64,744	37,515
<b>Metal in concentrate sold (ounces)</b>								
Platinum (Pt)	15,405	17,012	15,080	16,721	16,499	14,466	15,393	15,333
Palladium (Pd)	6,562	7,444	6,613	7,406	7,399	6,690	6,973	6,777
Rhodium (Rh)	2,607	2,923	2,499	2,868	2,812	2,451	2,581	2,543
Gold (Au)	105	121	115	141	135	121	123	132
Iridium (Ir)	1,106	1,240	1,095	1,179	1,144	979	1,083	994
Ruthenium (Ru)	4,746	5,260	4,584	5,068	4,980	4,308	4,605	4,532
<b>Total PGM ounces</b>	<b>30,531</b>	<b>34,000</b>	<b>29,986</b>	<b>33,383</b>	<b>32,969</b>	<b>29,015</b>	<b>30,758</b>	<b>30,311</b>

(1) These are non-IFRS measures as described in Section 3.2

(2) Average delivered price is the average basket price at the time of delivery of PGM concentrates, net of associated smelter costs, under the Company’s primary off-take agreement.

#### Quarter ended March 31, 2010 compared to the quarter ended March 31, 2009

In Q1 2010, CRM suffered three lost time injuries (compared to five lost time injuries in Q1 2009) resulting in a Lost Time Injury Frequency Rate (“LTIFR”) of 1.77 (1.83 in Q1 2009).

The Company generated revenue of \$34,699,000 in Q1 2010 which represents amounts recorded when PGM concentrates are physically delivered to the buyer, and adjustments made when final prices for these concentrates are settled. The Company settles its PGM sales three to five months following the physical delivery of the concentrates which are provisionally priced on the date of delivery.

The Company recorded an average delivered basket price of \$959 per PGM ounce in Q1 2010, compared to \$590 in Q1 2009 and \$860 in the fourth quarter of 2009 (“Q4 2009”). The delivered price per ounce refers to the PGM prices in effect at the time the PGM concentrates are delivered. As a result of the rise in prices, the Company recorded positive provisional price adjustments of \$2,898,000 and \$2,058,000 for the three months ended March 31, 2010 and 2009, respectively.

The following table shows a reconciliation of revenue and provisional price adjustments.

*Table 4*

	Three months ended	
	March 31,	
	2010	2009
<b>Crocodile River Mine</b>		
<b>Effect of provisional price adjustments on revenues</b>		
(stated in thousands of U.S. dollars)		
Revenue before provisional price adjustments	\$ 31,801	\$ 22,845
Provisional price adjustments		
Adjustments to revenue upon settlement of prior periods' sales	1,702	433
Mark-to-market adjustment on sales not yet settled at end of period	1,196	1,625
Revenue as reported in the income statement	\$ 34,699	\$ 24,903

PGM ounces sold were down by 7% in Q1 2010 compared to Q1 2009 as a result of decreased run-of-mine rock tonnes processed (290,854 tonnes in Q1 2010 compared to 318,394 tonnes in Q1 2009), and a decrease in concentrator recovery to 78% from 80% in Q1 2009. This decrease was slightly offset by increased head grades (4.1 grams per tonne in Q1 2010 compared to 4.0 grams per tonne in Q1 2009), and the processing of 132,274 tonnes of tailings in Q1 2010 compared to Nil in Q1 2009. PGM production in Q1 2009 also benefitted from the processing of approximately 25,000 tonnes of ore which had been stockpiled underground at the end of 2008. No such stockpile existed at the end of 2009 because of stockpile depletion in Q3 and Q4 of 2009 as a result of the industrial action at CRM in July 2009. The Q1 2010 mine start-up after the December holiday season was also much slower than anticipated. Mining rates have since picked up to normal levels while head grade and PGM recoveries have remained consistent.

Total development for the quarter was 2,812 metres, a 39% decrease compared to 4,573 metres achieved in Q1 2009, and on-reef development was 1,931 metres, a 30% decrease compared to 2,745 metres in Q1 2009. These decreases were due to the slower than anticipated start-up following the December break. However, the current development levels still ensure that the reserves immediately available for stoping are maintained at approximately eighteen months.

Operating cash costs, a non-IFRS measure, are incurred primarily in Rand. Rand operating cash costs, also a non-IFRS measure, increased by 19% from R5,326 per ounce in Q1 2009 to R6,315 per ounce in Q1 2010 due to a 7% decrease in ounces produced, combined with a 10% wage increase and a 30% increase in electricity costs effective June 1 and July 1, 2009, respectively. Repairs to the primary and tertiary crushers at CRM and the implementation of a key skills retention plan for senior employees at CRM also contributed to the increase in Rand cash operating costs. The retention plan is more fully described under Section 3.4.

Operating cash costs stated in U.S. dollars increased by 57% from \$536 per ounce in Q1 2009 to \$841 per ounce in Q1 2010 primarily due to increases in actual Rand operating cash costs and a 24% appreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R7.51:\$1.00 in Q1 2010 compared to R9.94:\$1.00 in Q1 2009.

A reconciliation of production costs, as reported in the income statement, to cash operating costs, is shown under Section 3.2 CRM non-IFRS measures.

In Q1 2010, 103,852 tonnes of chrome were produced and 75,846 tonnes were sold for proceeds of \$3,980,000, reducing operating cash costs net of by-product credits to \$711 per ounce.

Quarter ended March 31, 2010 compared to the quarter ended December 31, 2009

PGM revenues increased by 1% compared to Q4 2009 as a result of a 12% rise in the average delivered basket price per ounce offset by a 10% decrease in ounces produced during the quarter. Run-of-mine ore processed decreased by 10% from 321,983 tonnes in Q4 2009 to 290,854 tonnes in Q1 2010. Both of these decreases were a result of the Q1 2010 mine start-up being much slower than anticipated following the December break. Subsequently, mining rates have picked up to more normal levels and the head grade and PGM recoveries have remained consistent.

Development meters, on-reef development meters, and stoping units decreased by 14%, 10% and 6% respectively compared to Q4 2009 due to the slow start-up of the mine in Q1 2010.

Rand operating cash costs increased by 19% from R5,296 per ounce in Q4 2009 to R6,315 per ounce in Q1 2010 primarily as a result of a 10% decrease in ounces produced, repairs to the primary and tertiary crushers at CRM, and the implementation of a key skills retention plan for senior employees at CRM.

Operating cash costs stated in U.S. dollars increased by 19% from \$706 per ounce in Q4 2009 to \$841 per ounce in Q1 2010 due to increases in actual Rand operating cash costs. The U.S. dollar remained consistent at approximately R7.50:\$1.00 in both Q1 2010 and Q4 2009.

### 3.2 CRM non-IFRS measures

The following table provides a reconciliation of EBITDA and cash operating costs per PGM ounce to mine operating earnings and production costs, respectively:

Table 5

	Three months ended	
	March 31,	
	2010	2009
<b>Crocodile River Mine non-IFRS measures</b>		
(Expressed in thousands of U.S. dollars, except ounce and per ounce data)		
Mine operating earnings	\$ 3,681	\$ 3,501
Depletion and depreciation	5,315	\$ 3,517
<b>EBITDA (1)</b>	<b>8,996</b>	<b>7,018</b>
Production costs as reported	25,703	17,885
Adjustments for miscellaneous costs (2)	(29)	(214)
Cash operating costs	25,674	17,671
Less by-product credits - chrome revenues and adjustments	(3,980)	(4,895)
Cash operating costs net of by-product credits	21,694	12,776
Ounces sold	30,531	32,969
<b>Cash cost per ounce sold</b>	<b>\$ 841</b>	<b>\$ 536</b>
<b>Cash cost per ounce sold net of by-product credits</b>	<b>\$ 711</b>	<b>\$ 388</b>

(1) EBITDA includes provisional price adjustments, chrome revenues, chrome penalties, and foreign exchange adjustments to sales.

(2) Miscellaneous costs include costs such as housing, technical services and planning.

The Company is of the opinion that conventional measures of performance prepared in accordance with IFRS do not meaningfully demonstrate the ability of its operations to generate cash flow. Therefore, the Company has included certain non-IFRS measures in this MD&A to supplement its financial statements which are prepared in accordance with IFRS. These non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies.

In this MD&A, the Company has reported its share of earnings before interest, depletion, depreciation, amortization and tax ("EBITDA") for CRM. This is a liquidity non-IFRS measure which the Company believes is used by certain investors to determine the Company's ability to generate cash flows for investing and other activities. The Company also reports cash operating costs per ounce of PGM produced, another non-IFRS measure which is a common performance measure used in the precious metals industry.

### 3.3 Development projects

#### 3.3.1 CRM

During the three months ended March 31, 2010, the Company spent approximately \$4.3 million at CRM, primarily on continuing underground mine development, concentrator upgrades, underground electrical upgrades, and ongoing surface and underground works at the Zandfontein vertical shaft, including

conveyor belts for the transport of ore from the vertical shaft to the surface crusher and construction of dams for underground water control. The shaft hoisting capacity will be 100,000 tonnes of ore per month plus associated waste. The shaft, along with additional decline development, will allow access into the deeper parts of the ore body.

As a result of the higher trend in PGM prices, mine development at the shallow Crocette ore body recommenced on April 4, 2010. At full production, Crocette is planned to deliver up to 40,000 tons of ore per month, which will enable CRM to achieve its production target of 175,000 tons of ore per month. Infill drilling has confirmed the continuity of the UG2 reef at Crocette to a depth of 600m with a dip of 18°, a reef width of 1.2m and an estimated head grade of 4.1 g/t (5PGE+Au). A commitment to provide construction power for the project has been received from Eskom, the South African public utility company, but alternative supplies are also being evaluated by the Company.

### ***3.3.2 Spitzkop/Kennedy's Vale***

Development of Spitzkop and Kennedy's Vale has been on hold since December 2008. During the three months ended March 31, 2010, the expenditures at Spitzkop/Kennedy's Vale related to care and maintenance costs.

Spitzkop is planned as a decline mining operation that will access high-grade PGM resources in the UG2 reef at shallow depth without the requirement for high capital cost shaft infrastructure. Spitzkop is situated up dip of, and adjacent to, the Kennedy's Vale project. Kennedy's Vale and the deeper sections of both properties could utilize the existing twin vertical shafts. This infrastructure would provide a significant reduction in capital costs for the development of the deeper sections of both properties.

During 2008, work on the basic engineering at Spitzkop was completed and long lead items such as mills and mining equipment were purchased or ordered. Box-cuts for declines to access both the Merensky Reef and UG2 reefs were also completed. As a result of the market environment, development of the declines was suspended after approximately 180 metres of development and equipment purchased is being stored for future use.

The new order mining right for Spitzkop was executed in October 2009. With the higher trend in PGM prices, the Company is currently evaluating development alternatives for the Spitzkop Project in conjunction with the Mareesburg Project. A development decision is expected to be finalized in 2010.

### ***3.3.3 Mareesburg***

Work on the Mareesburg project has been on hold since December 2008. A new order mining right application was submitted in December 2007 which supports the Company's intention to commence mining when PGM prices improve. An updated feasibility study for the Mareesburg open pit is expected to be completed in 2010.

## ***3.4 Corporate and other expenses***

General and administrative expenses ("G&A") are costs associated with the Company's corporate head office in Vancouver and the Johannesburg administrative office, and costs associated with care and maintenance at the Company's Eastern Limb projects, Spitzkop, Kennedy's Vale and Mareesburg. Corporate office costs include legal and accounting, regulatory, executive management fees, investor relations, travel and consulting fees. G&A increased by 95% from \$1,636,000 in Q1 2009 to \$3,196,000 in Q1 2010. The increase was due to (1) changes in the average foreign exchange rates, specifically the drop in the value of the U.S. dollar, (2) an increase in the activities on the Eastern Limb projects as the

Company assesses development alternatives, and (3) the implementation of a key skills retention plan for senior South African employees in Q1 2010.

In Q1 2010, the Company's South African subsidiary, Barplats Investments Limited, implemented a key skills retention plan for its senior employees in South Africa, in response to the growing skills shortage in the country. The purpose of the plan is to retain key employees, attract new employees as the need arises, and remain competitive with other South African mining companies. The plan allows for employees to own shares in the Company, which shares become vested over time. During the quarter, the Company expensed \$1,145,000 with respect to plan contributions for 2009, of which \$493,000 was recorded in G&A and \$652,000 was recorded in cost of sales.

Interest income recorded during the three months ended March 31, 2010 was \$372,000 compared with \$494,000 during the same period in 2009. The decrease in interest income was due to significantly lower average cash balances and lower interest rates during Q1 2010 compared to Q1 2009.

During the three months ended March 31, 2010 the Company recorded a deferred income tax recovery of \$548,000. The deferred income tax recovery was based on changes in the Company's net assets. The consolidated statement of financial position reflects total deferred tax liabilities of \$42,376,000 which arose primarily as a result of the step-up to fair value of the net assets acquired on the Barplats and Gubevu business acquisitions during the years ended June 30, 2006, June 30, 2007, and December 31, 2008.

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#### **4. Liquidity and Capital Resources**

At March 31, 2010, the Company had working capital of \$34,394,000 (December 31, 2009 – \$31,776,000) and cash and cash equivalents and short-term investments of \$17,293,000 (December 31, 2009 – \$21,658,000) in highly liquid, fully guaranteed, bank sponsored instruments.

The Company had no long-term debt at March 31, 2010, other than a provision for environmental rehabilitation relating to CRM and Spitzkop, and finance lease obligations relating to mining vehicles with lease terms of five years and options to purchase for a nominal amount at the conclusion of the lease. See Contractual Obligations under Section 4.4 below.

##### **4.1 Outlook**

The sharp decline in PGM prices during the second half of 2008 had a significantly negative impact on the Company's profitability through early 2009. This led management to put the Company's development projects on hold until a sustained recovery of PGM prices took place. PGM prices in U.S. dollar terms have recovered since the beginning of 2009, but this has been negated by the strength of the Rand against the U.S. dollar. As a result, while the realized basket prices that the Company is receiving have improved since their lows of December 2008, these prices (in Rand terms) are still nearly 50% below those recorded in July 2008 when prices reached their peak. In light of the current global economic uncertainty, the Company anticipates that PGM prices and the Rand-U.S. dollar exchange rate will remain volatile in the short term.

As a consequence of the global economic uncertainty and the possibility of unanticipated industrial action at CRM, the Company's near-term goal has been, and continues to be, to preserve its cash balances to the greatest extent possible, by finding ways to increase production and minimize operating costs without compromising safety, health and environmental standards, and by curtailing capital expenditures which would not result in short-term increases in production ounces. This process began in December 2008, and, over the first two quarters of 2009 until the industrial action took place in July 2009, the Company was successful in achieving significant cost improvements. The Company will continue to manage costs

as a priority and expects the lower cost structure to be maintained, provided that there are no further unanticipated disruptions in production.

The Company resumed mine development at the Crocette section at CRM on April 4, 2010. The Company's three primary Eastern Limb development projects at Spitzkop, Kennedy's Vale and Mareesburg have remained on care and maintenance since the end of 2008. With the rising trend in PGM prices, the Company is currently assessing the status of all of these projects, with a view to determining an appropriate development schedule given the market conditions, the Company's current cash balances, its ability to generate sufficient cash flows, and its ability to obtain additional funding in the current market environment. Additional funding will be required and may include external debt financing, joint venture or other third party participation in one or more of the projects, or the public or private sales of equity or debt securities of the Company.

If the volatility and uncertainty in the current market persist for an extended time and PGM production and/or prices remain at present levels or lower, then the cash flows from CRM and current cash balances will be insufficient to advance any or all of the Company's development projects to commercial production. This, along with credit markets that may tighten and result in higher financing costs, could negatively affect the Company's ability to obtain equity financing, external debt financing or third party participation. There can be no assurance that additional funding will be available to the Company or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to further delay or reduce the scope of any or all of its development projects.

#### ***4.2 Impairment***

At December 31, 2009, the Company assessed the carrying values of its mineral properties and concluded that none of its mineral properties required further impairment or reversal of impairment. Should market conditions and commodity prices deteriorate or improve in the future, an impairment or reversal of impairment of the Company's mineral properties may be required.

#### ***4.3 Share Capital***

During the three months ended March 31, 2010, the Company granted 2,231,000 stock options at an exercise price of Cdn\$1.30. The grant date fair value was Cdn\$0.80 per share, which resulted in share-based payment expense of \$1,705,000 upon issuance. Total share-based payment expense for the quarter was \$1,739,000, which also takes into account the vesting of options. During Q1 2010, 408,334 options were forfeited at a weighted average exercise price of Cdn\$2.03 and 520,831 options were exercised at a weighted average exercise price of Cdn\$0.34.

As at May 10, 2010, the Company had:

- 682,896,270 common shares outstanding; and
- 59,141,506 stock options outstanding, which are exercisable at prices ranging from Cdn\$0.32 to Cdn\$3.38 and expire between 2011 and 2018.

#### 4.4 Contractual Obligations and Commitments

The Company's major contractual obligations and commitments at March 31, 2010 were as follows:

Table 6

(in thousands of U.S. dollars)	Total	Less than 1 year	1-5 years	More than 5 years
	Provision for environmental rehabilitation	\$ 8,410	\$ -	\$ -
Capital expenditure and purchase commitments contracted at March 31, 2010 but not recognized on the consolidated statement of financial position	4,472	4,472	-	-
Finance lease obligations	4,327	1,234	3,093	-
	<u>\$ 17,209</u>	<u>\$ 5,706</u>	<u>\$ 3,093</u>	<u>\$ 8,410</u>

#### 5. Related Party Transactions

(Expressed in thousands of U.S. dollars, except per share amounts)	Three months ended March 31,	
	2010	2009
Trading transactions		
Management and consulting fees	\$ 336	\$ 266
Reimbursements of expenses	20	-
<b>Total trading transactions</b>	<b>\$ 356</b>	<b>\$ 266</b>
Compensation of key management personnel		
Salaries and directors' fees	\$ 548	\$ 474
Share-based payments	1,627	-
<b>Total compensation of key management personnel</b>	<b>\$ 2,175</b>	<b>\$ 474</b>

A number of the Company's executive officers are engaged under contract with those officers' personal services companies. Other executive officers are paid directly via salary and directors' fees. All share options are issued to the Company's officers and directors, and not to their companies.

Management and consulting fees increased during the three months ended March 31, 2010 mainly due to the strengthening of the Canadian dollar from Cdn\$1.00:US\$0.8038 in Q1 2009 to Cdn\$1.00:US\$0.9608 in Q1 2010. During the same period, reimbursements of expenses were higher due to increased travel to South Africa by the Company's head office staff. Salaries and directors' fees increased during the three months ended March 31, 2010 due to the strengthening of the Canadian dollar. Share-based payment increased from Nil to \$1,627,000 due to the issuance of stock options to directors during Q1 2010. No options were granted to directors during Q1 2009 as options had been granted during the quarter ended December 31, 2008.

All related party transactions were recorded at the amounts agreed upon between the parties. Any balances payable are payable on demand without interest.

## **6. Adoption of Accounting Standards and Pronouncements under IFRS**

In February 2009, the Commissions granted the Company exemptive relief to adopt International Financial Reporting Standards (“IFRS”) with an adoption date of January 1, 2009 and a transition date of January 1, 2008. The Company’s first audited financial statements prepared in accordance with IFRS were the financial statements for the year ended December 31, 2009. Full disclosure of the Company’s accounting policies in accordance with IFRS can be found in Note 3 to those financial statements. Those financial statements also include reconciliations of the previously disclosed comparative periods financial statements prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) to IFRS as set out in Note 25.

Effective January 1, 2010, the Company adopted a new accounting standard (IFRS 8 *Operating Segments*) that was issued by the International Accounting Standards Board (“IASB”). IFRS 8 was revised and now requires disclosure of information about segment assets. This accounting policy change was adopted on a prospective basis with no restatement of prior period financial statements.

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## **7. Internal Control over Financial Reporting**

The Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) of the Company, together with the Company’s management, are responsible for the information disclosed in this MD&A and in the Company’s other external disclosure documents. For the quarters ended March 31, 2010 and 2009, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company’s disclosure controls and procedures (“DCP”) to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been disclosed in accordance with regulatory requirements and good business practices and that the Company’s DCP will enable the Company to meet its ongoing disclosure requirements.

The CEO and CFO have evaluated the effectiveness of the Company’s disclosure controls and procedures and have concluded that the design and operation of the Company’s DCP were effective as of March 31, 2010 and that the Company has the appropriate DCP to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable.

The CEO and the CFO are also responsible for the design of the internal controls over financial reporting (“ICFR”) within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (“IFRS”). During 2009, the Company engaged an international accounting firm to act as the Company’s internal auditors for its South African operations. Under the supervision, and with the participation, of the CEO and the CFO, management conducted an evaluation of the effectiveness of the Company’s ICFR based on the framework in the *Internal Control – Integrated Framework* developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, the CEO and the CFO concluded that the design and operation of the Company’s ICFR were effective as at March 31, 2010.

The scope of the Company’s design of DCP and ICFR excluded Gubevu Consortium Holdings (Pty) Ltd., a subsidiary which is accounted for as a special purpose entity under IFRS. During the design and evaluation of the Company’s ICFR, management identified certain non-material deficiencies, a number of which have been addressed or are in the process of being addressed in order to enhance the Company’s processes and controls. The Company employs entity level and compensating controls to mitigate any deficiencies that may exist in its process controls. Management intends to continue to further enhance the Company’s ICFR.

The Company's management, including its CEO and CFO, believe that any DCP and ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override to the future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

There have been no changes in the Company's ICFR during the quarter ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

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## **8. Cautionary Statement on Forward-Looking Information**

This MD&A, which contains certain forward-looking statements, is intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, South African Rand and U.S. dollar, fluctuations in the prices of PGM and other commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, South Africa, or Barbados or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements.

The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

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May 10, 2010

Ian Rozier