

Condensed consolidated interim financial  
statements of

## **Eastern Platinum Limited**

March 31, 2011  
(Unaudited)

# Eastern Platinum Limited

March 31, 2011

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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, 2011	March 31, 2010
<b>Revenue</b>		<b>\$ 35,702</b>	<b>\$ 34,699</b>
Cost of operations			
Production costs		29,290	25,703
Depletion and depreciation	8	5,119	5,315
		<b>34,409</b>	<b>31,018</b>
Mine operating earnings		<b>1,293</b>	<b>3,681</b>
Expenses			
General and administrative		3,095	3,196
Share-based payments	15	8,223	1,739
		<b>11,318</b>	<b>4,935</b>
Operating loss		<b>(10,025)</b>	<b>(1,254)</b>
Other income (expense)			
Interest income		1,509	372
Finance costs	17	(522)	(370)
Foreign exchange gain		1,564	268
Loss before income taxes		<b>(7,474)</b>	<b>(984)</b>
Deferred income tax recovery		122	548
<b>Net loss for the period</b>		<b>\$ (7,352)</b>	<b>\$ (436)</b>
<b>Attributable to</b>			
Non-controlling interest	16	<b>\$ (1,719)</b>	<b>\$ (1,260)</b>
Equity shareholders of the Company		<b>(5,633)</b>	<b>824</b>
<b>Net loss for the period</b>		<b>\$ (7,352)</b>	<b>\$ (436)</b>
(Loss) earnings per share			
Basic	18	<b>\$ (0.01)</b>	<b>\$ 0.00</b>
Diluted	18	<b>\$ (0.01)</b>	<b>\$ 0.00</b>
Weighted average number of common shares outstanding in thousands			
Basic	18	<b>908,015</b>	681,200
Diluted	18	<b>908,015</b>	693,830

## Eastern Platinum Limited

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

	Three months ended	
	March 31, 2011	March 31, 2010
Net loss for the period	\$ (7,352)	\$ (436)
Other comprehensive income		
Exchange differences on translating foreign operations	(1,729)	9,879
Exchange differences on translating non-controlling interest	(192)	97
Comprehensive (loss) income for the period	\$ (9,273)	\$ 9,540
Attributable to		
Non-controlling interest	(1,911)	(1,163)
Equity shareholders of the Company	(7,362)	10,703
Comprehensive (loss) income for the period	\$ (9,273)	\$ 9,540

# Eastern Platinum Limited

Condensed consolidated interim statements of financial position  
as at March 31, 2011 and December 31, 2010  
(Expressed in thousands of U.S. dollars - unaudited)

	Note	March 31, 2011	December 31, 2010
<b>Assets</b>			
Current assets			
Cash and cash equivalents	5	\$ 95,846	\$ 107,846
Short-term investments		253,873	242,446
Trade and other receivables	6	34,221	33,787
Inventories	7	8,656	8,832
		<b>392,596</b>	<b>392,911</b>
Non-current assets			
Property, plant and equipment	8	715,365	715,976
Refining contract	9	13,507	14,265
Other assets	10	4,498	3,823
		<b>\$ 1,125,966</b>	<b>\$ 1,126,975</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	11	\$ 29,055	\$ 27,009
Finance leases	12	3,185	3,211
		<b>32,240</b>	<b>30,220</b>
Non-current liabilities			
Provision for environmental rehabilitation	13	8,897	8,934
Deferred tax liabilities		45,049	46,642
		<b>86,186</b>	<b>85,796</b>
<b>Equity</b>			
Issued capital	15	1,219,950	1,219,869
Treasury shares	15(e)	(334)	-
Equity-settled employee benefits reserve		41,517	33,390
Currency translation adjustment		15,727	17,456
Deficit		(242,397)	(236,764)
Capital and reserves attributable to equity shareholders of the Company		1,034,463	1,033,951
Non-controlling interest	16	5,317	7,228
		<b>1,039,780</b>	<b>1,041,179</b>
		<b>\$ 1,125,966</b>	<b>\$ 1,126,975</b>

Approved and authorized for issue by the Board on May 9, 2011.

**"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	Treasury shares	Equity- settled employee benefits reserve	Currency translation adjustment	Deficit	Capital and reserves attributable to shareholders of the Company	Non-controlling interest	Equity
<b>December 31, 2009</b>	<b>\$ 890,150</b>	<b>\$ -</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	120	-	(77)	-	-	43	-	43
Share-based payments	-	-	1,739	-	-	1,739	-	1,739
Net profit	-	-	-	-	824	824	(1,260)	(436)
Currency translation adjustment	-	-	-	9,879	-	9,879	97	9,976
<b>March 31, 2010</b>	<b>\$ 890,270</b>	<b>\$ -</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>
Public offering	345,391	-	-	-	-	345,391	-	345,391
Share issuance costs	(16,501)	-	-	-	-	(16,501)	-	(16,501)
Stock options exercised	709	-	(321)	-	-	388	-	388
Share-based payments	-	-	(287)	-	-	(287)	-	(287)
Net profit	-	-	-	-	12,528	12,528	(2,315)	10,213
Currency translation adjustment	-	-	-	60,476	-	60,476	665	61,141
<b>December 31, 2010</b>	<b>\$ 1,219,869</b>	<b>\$ -</b>	<b>\$ 33,390</b>	<b>\$ 17,456</b>	<b>\$ (236,764)</b>	<b>\$ 1,033,951</b>	<b>\$ 7,228</b>	<b>\$ 1,041,179</b>
Stock options exercised	81	-	(81)	-	-	-	-	-
Share-based payments	-	-	8,186	-	-	8,186	-	8,186
Treasury shares	-	(334)	22	-	-	(312)	-	(312)
Net loss	-	-	-	-	(5,633)	(5,633)	(1,719)	(7,352)
Currency translation adjustment	-	-	-	(1,729)	-	(1,729)	(192)	(1,921)
<b>March 31, 2011</b>	<b>\$ 1,219,950</b>	<b>\$ (334)</b>	<b>\$ 41,517</b>	<b>\$ 15,727</b>	<b>\$ (242,397)</b>	<b>\$ 1,034,463</b>	<b>\$ 5,317</b>	<b>\$ 1,039,780</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, 2011	March 31, 2010
<b>Operating activities</b>			
Loss before income taxes		\$ (7,474)	\$ (984)
Adjustments to net loss for non-cash items			
Depletion and depreciation	8	5,119	5,315
Refining contract amortization	9	395	368
Share-based payments	15	8,223	1,739
Interest income		(1,509)	(372)
Finance costs	17	522	370
Foreign exchange gain		(1,564)	(268)
Net changes in non-cash working capital items			
Trade and other receivables		(317)	(3,808)
Inventories		(38)	(758)
Accounts payable and accrued liabilities		2,428	(2,269)
<b>Cash generated from (utilized in) operations</b>		<b>5,785</b>	<b>(667)</b>
Adjustments to net loss for cash items			
Interest income received		650	348
Finance costs paid		(193)	(16)
Income taxes paid		(283)	-
<b>Net operating cash flows</b>		<b>5,959</b>	<b>(335)</b>
<b>Investing activities</b>			
(Purchase) maturity of short-term investments		(5,071)	961
Purchase of other assets		(691)	(269)
Property, plant and equipment expenditures		(14,323)	(4,295)
<b>Net investing cash flows</b>		<b>(20,085)</b>	<b>(3,603)</b>
<b>Financing activities</b>			
Common shares issued for cash - exercise of stock options		-	43
Payment of finance leases		-	(2)
<b>Net financing cash flows</b>		<b>-</b>	<b>41</b>
Effect of exchange rate changes on cash and cash equivalents		2,126	18
Decrease in cash and cash equivalents		(12,000)	(3,879)
Cash and cash equivalents, beginning of period		107,846	7,249
<b>Cash and cash equivalents, end of period</b>		<b>\$ 95,846</b>	<b>\$ 3,370</b>

# Eastern Platinum Limited

## Notes to the condensed consolidated interim financial statements

(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 4(v) and 4(w) of the Company's audited consolidated financial statements for the year ended December 31, 2010.

### 3. Application of new and revised International Financial Reporting Standards

Effective January 1, 2011, the Company adopted new and revised International Financial Reporting Standards ("IFRSs") that were issued by the International Accounting Standards Board ("IASB"). The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

#### (a) Amendment to IAS 32 Financial Instruments: Presentation

Rights, options or warrants to acquire a fixed number of the Company's equity instruments for a fixed amount of any currency will be allowed to be classified as equity instruments so long as the Company offers the rights, options or warrants pro rata to all of the Company's existing owners of the same class of the Company's non-derivative equity instruments.

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 3. Application of new and revised International Financial Reporting Standards (continued)

#### (b) *Amendments to IFRS 3 Business Combinations*

Clarification that the contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 that is outstanding at the adoption date continues to be accounted for in accordance with IFRS 3.

Limiting the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation.

Expansion of the guidance with regards to the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards.

#### (c) *Amendments to IAS 27 Consolidated and Separate Financial Statements*

Clarification that the amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates*, and IAS 31 *Interests in Joint Ventures* resulting from IAS 27 should be applied prospectively, except for amendments resulting from renumbering.

#### (d) *Amendments to IFRS 7 Financial Instruments: Disclosures*

Amendment to disclosure requirements, specifically, ensuring qualitative disclosures are made in close proximity to quantitative disclosures in order to better enable financial statement users to evaluate an entity's exposure to risks arising from financial instruments.

#### (e) *Amendments to IAS 1 Presentation of Financial Statements*

Clarification that the breakdown of changes in equity resulting from transactions recognized in other comprehensive income is required to be presented in the statement of changes in equity or in the notes to the financial statements.

#### (f) *Amendments to IAS 24 Related Party Disclosures*

Amendment of the definition for related parties.

#### (g) *Amendments to IAS 34 Interim Financial Reporting*

Addition of further examples of events or transactions that require disclosure and removal of references to materiality when discussing other minimum disclosures.

### 4. 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 consolidated financial statements as at December 31, 2010. 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, 2010.

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 5. Cash and cash equivalents

Cash and cash equivalents are comprised of:

	<b>March 31, 2011</b>	December 31, 2010
Cash in bank	\$ 94,641	\$ 102,654
Short-term money market instruments	1,205	5,192
	<b>\$ 95,846</b>	<b>\$ 107,846</b>

### 6. Trade and other receivables

Trade and other receivables are comprised of the following:

	<b>March 31, 2011</b>	December 31, 2010
Trade receivables	\$ 28,486	\$ 30,142
Current tax receivable	1,410	1,283
Other receivables	4,534	2,556
Allowance for doubtful debts for other receivables	<b>(209)</b>	<b>(194)</b>
	<b>\$ 34,221</b>	<b>\$ 33,787</b>

### 7. Inventories

	<b>March 31, 2011</b>	December 31, 2010
Consumables	\$ 6,438	\$ 6,607
Ore and concentrate	818	477
Chrome inventory	1,400	1,748
	<b>\$ 8,656</b>	<b>\$ 8,832</b>

Production costs for the three months ended March 31, 2011 was \$29,290 (March 31, 2010 - \$25,703). Production costs represent the cost of inventories sold during the period. For the three months ended March 31, 2011 and 2010, production costs did not include any amounts with regards to the write-down of inventory to net realizable value or with regards to the reversal of write-downs.

At March 31, 2011 and December 31, 2010, no inventories have been pledged as security for liabilities.

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 8. 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, 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	32,444	-	-	261	286	-	32,991
Foreign exchange movement	56,520	768	17,040	58,901	1,275	874	135,378
<b>Balance as at December 31, 2010</b>	<b>\$ 515,187</b>	<b>\$ 6,900</b>	<b>\$ 153,140</b>	<b>\$ 605,284</b>	<b>\$ 11,632</b>	<b>\$ 7,852</b>	<b>\$ 1,299,995</b>
Assets acquired	14,308	-	-	15	-	-	14,323
Foreign exchange movement	(12,026)	(168)	(3,737)	(7,464)	(285)	(193)	(23,873)
<b>Balance as at March 31, 2011</b>	<b>\$ 517,469</b>	<b>\$ 6,732</b>	<b>\$ 149,403</b>	<b>\$ 597,835</b>	<b>\$ 11,347</b>	<b>\$ 7,659</b>	<b>\$ 1,290,445</b>
<b>Accumulated depreciation and impairment losses</b>							
<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	15,452	1,244	5,676	-	135	-	22,507
Foreign exchange movement	17,574	598	3,224	42,862	302	104	64,664
<b>Balance as at December 31, 2010</b>	<b>\$ 159,970</b>	<b>\$ 5,533</b>	<b>\$ 29,665</b>	<b>\$ 385,184</b>	<b>\$ 2,733</b>	<b>\$ 934</b>	<b>\$ 584,019</b>
Depreciation	3,561	324	1,197	-	37	-	5,119
Foreign exchange movement	(3,764)	(123)	(679)	(9,404)	(65)	(23)	(14,058)
<b>Balance as at March 31, 2011</b>	<b>\$ 159,767</b>	<b>\$ 5,734</b>	<b>\$ 30,183</b>	<b>\$ 375,780</b>	<b>\$ 2,705</b>	<b>\$ 911</b>	<b>\$ 575,080</b>
<b>Carrying amounts</b>							
At December 31, 2009	\$ 299,279	\$ 2,441	\$ 115,335	\$ 203,800	\$ 7,775	\$ 6,148	\$ 634,778
At December 31, 2010	\$ 355,217	\$ 1,367	\$ 123,475	\$ 220,100	\$ 8,899	\$ 6,918	\$ 715,976
<b>At March 31, 2011</b>	<b>\$ 357,702</b>	<b>\$ 998</b>	<b>\$ 119,220</b>	<b>\$ 222,055</b>	<b>\$ 8,642</b>	<b>\$ 6,748</b>	<b>\$ 715,365</b>

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 8. 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, 2009</b>	\$ 585,376	\$ 400,017	\$ 118,994	\$ 27,111	\$ 128	\$ 1,131,626
Assets acquired	32,728	-	47	214	2	32,991
Foreign exchange movement	76,470	50,082	7,316	1,503	7	135,378
<b>Balance as at December 31, 2010</b>	\$ 694,574	\$ 450,099	\$ 126,357	\$ 28,828	\$ 137	\$ 1,299,995
Assets acquired	14,306	-	-	15	2	14,323
Foreign exchange movement	(16,413)	(10,989)	2,794	731	4	(23,873)
<b>Balance as at March 31, 2011</b>	\$ 692,467	\$ 439,110	\$ 129,151	\$ 29,574	\$ 143	\$ 1,290,445
<b>Accumulated depreciation and impairment losses</b>						
<b>Balance as at December 31, 2009</b>	\$ 154,417	\$ 342,322	\$ -	\$ -	\$ 109	\$ 496,848
Depreciation	22,500	-	-	-	7	22,507
Foreign exchange movement	21,796	42,861	-	1	6	64,664
<b>Balance as at December 31, 2010</b>	\$ 198,713	\$ 385,183	\$ -	\$ 1	\$ 122	\$ 584,019
Depreciation	5,119	-	-	-	-	5,119
Foreign exchange movement	(4,657)	(9,404)	-	-	3	(14,058)
<b>Balance as at March 31, 2011</b>	\$ 199,175	\$ 375,779	\$ -	\$ 1	\$ 125	\$ 575,080
<b>Carrying amounts</b>						
At December 31, 2009	\$ 430,959	\$ 57,695	\$ 118,994	\$ 27,111	\$ 19	\$ 634,778
At December 31, 2010	\$ 495,861	\$ 64,916	\$ 126,357	\$ 28,827	\$ 15	\$ 715,976
<b>At March 31, 2011</b>	\$ 493,292	\$ 63,331	\$ 129,151	\$ 29,573	\$ 18	\$ 715,365

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 8. 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. The development of this project was on hold as at March 31, 2011.

(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. Planning for the development of these projects commenced in late 2010.

### 9. 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 8.25 years as at March 31, 2011.

#### Cost

Balance as at December 31, 2009	\$	21,122
Foreign exchange movement		2,645
<b>Balance as at December 31, 2010</b>	<b>\$</b>	<b>23,767</b>
Foreign exchange movement		(580)
<b>Balance as at March 31, 2011</b>	<b>\$</b>	<b>23,187</b>

#### Accumulated amortization

Balance as at December 31, 2009	\$	6,953
Amortization		1,513
Foreign exchange movement		1,036
<b>Balance as at December 31, 2010</b>	<b>\$</b>	<b>9,502</b>
Amortization		395
Foreign exchange movement		(217)
<b>Balance as at March 31, 2011</b>	<b>\$</b>	<b>9,680</b>

#### Carrying amounts

At December 31, 2009	\$	14,169
At December 31, 2010	\$	14,265
<b>At March 31, 2011</b>	<b>\$</b>	<b>13,507</b>

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 10. Other assets

Other assets consists 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 Mineral Resources of South Africa in respect of the environmental rehabilitation liability (Note 13). Changes to other assets for the three months ended March 31, 2011 are as follows:

Balance, December 31, 2009	\$	2,282
Additional investment	\$	955
Service fees		(8)
Interest income		185
Foreign exchange movement		409
Balance, December 31, 2010	\$	3,823
Additional investment		691
Service fees		(2)
Interest income		52
Foreign exchange movement		(66)
<b>Balance, March 31, 2011</b>	<b>\$</b>	<b>4,498</b>

### 11. Accounts payable and accrued liabilities

	<b>March 31, 2011</b>	December 31, 2010
Trade payables	<b>\$ 15,786</b>	\$ 10,604
Accrued liabilities	<b>7,877</b>	10,240
Other	<b>5,392</b>	6,165
	<b>\$ 29,055</b>	\$ 27,009

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.

### 12. 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, 2011, the finance leases are repayable in 1 semiannual installment (December 31, 2010 – 1) of \$652 (December 31, 2010 - \$667) and a top-up payment of \$2,670 in December 2011. The fair value of the finance lease liabilities approximated carrying value.

#### (a) Minimum lease payments

	<b>March 31, 2011</b>	December 31, 2010
No later than 1 year	<b>\$ 3,322</b>	\$ 3,405
Less: future finance charges	<b>(137)</b>	(194)
Present value of minimum lease payments	<b>\$ 3,185</b>	\$ 3,211
	<b>March 31, 2011</b>	December 31, 2010
No later than 1 year	<b>\$ 3,185</b>	\$ 3,211

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 13. 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 provision for environmental rehabilitation at March 31, 2011 is approximately ZAR 60.1 million (\$8,897). The provision was determined using an inflation rate of 5.49% (December 31, 2010 – 5.49%) and an estimated life of mine of 20 years for Zandfontein (December 31, 2010 – 20 years), 11 years for Maroelabult (December 31, 2010 – 11 years), 14 years for Crocette (December 31, 2010 – 14 years), 1 year for Kennedy's Vale (December 31, 2010 – 1 year) and 22 years for Spitzkop (December 31, 2010 – 22 years). A discount rate of 8.29% was used (December 31, 2010 – 8.29%). A guarantee of \$4,498 (December 31, 2010 - \$3,823) has been issued to the Department of Mineral Resources (Note 10). 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 215.4 million (\$31,896).

Changes to the environmental rehabilitation provision are as follows:

Balance, December 31, 2009	\$	8,152
Revision in estimates		(961)
Interest expense (Note 17)		694
Foreign exchange movement		1,049
Balance, December 31, 2010	\$	8,934
Revision in estimates		-
Interest expense (Note 17)		174
Foreign exchange movement		(211)
<b>Balance, March 31, 2011</b>	<b>\$</b>	<b>8,897</b>

### 14. Commitments

The Company has committed to capital expenditures on projects of approximately ZAR 155.7 million (\$23,065) as at March 31, 2011 (December 31, 2010 – ZAR 86 million, \$13,056).

### 15. 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

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

### 15. Issued capital

#### (b) Issued and outstanding

Changes to the number of shares issued and outstanding are as follows:

	March 31, 2011	December 31, 2010
	Number of shares	Number of shares
Balance outstanding, beginning of period	907,589,567	680,893,325
Public offering	-	224,250,000
Shares issued upon option exercise	482,358	2,446,242
Balance outstanding, end of period	908,071,925	907,589,567

#### (c) December 30, 2010 Public Offering

On December 30, 2010, the Company completed a public offering (the "Public Offering"). The Public Offering consisted of 224,250,000 common shares, of which 195,361,476 common shares were sold at a price of Cdn\$1.55 and 28,888,524 common shares were sold at a price of £0.9568. Share issue costs of Cdn\$16,501 were incurred.

#### (d) 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.
- 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. Vesting is dependent on continued employment with the Company.
- 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.
- The 2008 Plan includes share appreciation rights providing for an optionee to elect to exercise options and to receive an amount in common shares equal to the difference between fair market value at the time of exercise and the exercise price for the options exercised.

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 15. Issued capital (continued)

#### (d) Share options (continued)

##### (i) Movements in share options during the period

The changes in share options during the three months ended March 31, 2011 and year ended December 31, 2010 were as follows:

	March 31, 2011		December 31, 2010	
	Number of options	Weighted average exercise price Cdn\$	Number of options	Weighted average exercise price Cdn\$
Balance outstanding, beginning of period	57,976,836	1.52	59,575,834	1.48
Options granted	9,875,000	1.55	2,231,000	1.30
Options exercised	(590,000)	0.32	(2,794,995)	0.33
Options forfeited	(30,000)	0.32	(1,035,003)	1.82
Balance outstanding, end of period	67,231,836	1.54	57,976,836	1.52

590,000 share options were exercised during the three months ended March 31, 2011. The weighted average closing share price at the date of exercise was Cdn\$1.75.

##### (ii) Fair value of share options granted in the period

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:

2011	
March 25	
Exercise price	Cdn\$1.55
Closing market price on day preceding date of grant	Cdn\$1.38
Grant date share price	Cdn\$1.39
Risk-free interest rate	2.69%
Expected life	5
Annualized volatility	73%
Dividend rate	0%
Grant date fair value	Cdn\$0.82

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 15. Issued capital (continued)

(d) *Share options (continued)*

(ii) *Fair value of share options granted in the period (continued)*

	2010
	January 18
Exercise price	Cdn\$1.30
Closing market price on day preceding date of grant	Cdn\$1.30
Grant date share price	Cdn\$1.42
Risk-free interest rate	1.73%
Expected life	3 years
Annualized volatility	83%
Dividend rate	0%
Grant date fair value	Cdn\$0.80

Exercise price for the March 25, 2011 option issuance is the December 30, 2010 public offering price. Exercise price for the January 18, 2010 option issuance is the closing market price on the day preceding the date the options were granted, as defined by the 2008 Plan.

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

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

The following table summarizes information concerning outstanding and exercisable options at March 31, 2011:

Options outstanding	Options exercisable	Exercise price	Remaining Contractual Life (Years)	Expiry date
		Cdn\$		
6,725,000	6,725,000	1.70	0.15	May 24, 2011
250,000	250,000	1.70	0.66	November 27, 2011
19,987,500	19,987,500	1.82	0.94	March 7, 2012
13,963,334	13,963,334	0.32	2.72	December 18, 2013
10,000	10,000	0.32	2.87	February 11, 2014
400,000	400,000	0.52	3.25	June 30, 2014
95,002	45,000	0.76	3.59	November 3, 2014
2,226,000	2,226,000	1.30	3.81	January 18, 2015
9,875,000	9,875,000	1.55	4.99	March 25, 2016
13,070,000	13,070,000	2.31	6.52	October 5, 2017
460,000	460,000	3.38	6.90	February 20, 2018
170,000	170,000	3.38	6.99	March 27, 2018
<u>67,231,836</u>	<u>67,181,834</u>		<u>3.08</u>	

The weighted average exercise price of options exercisable at March 31, 2011 is Cdn\$1.54.

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 15. Issued capital (continued)

#### (e) Key skills retention plan

In 2010, the Company's South African subsidiary, Barplats Investments Limited ("BIL"), 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 operates through a trust ("the Trust") which purchases shares of the Company on behalf of the employees. These shares then vest to the employees over time.

During the 3 months ended March 31, 2011, the Trust purchased 198,563 shares pursuant to the plan which resulted in a share-based payment expense of \$37 and a share-based payment liability of \$15.

### 16. Non-controlling interest

The non-controlling interests are comprised of the following:

Balance, December 31, 2009	\$	10,041
Non-controlling interests' share of loss in Barplats		(866)
Non-controlling interests' share of interest on advances to Gubevu		(2,709)
Foreign exchange movement		762
Balance, December 31, 2010	\$	7,228
Non-controlling interests' share of loss in Barplats		(1,056)
Non-controlling interests' share of interest on advances to Gubevu		(663)
Foreign exchange movement		(192)
<b>Balance, March 31, 2011</b>	<b>\$</b>	<b>5,317</b>

### 17. Finance costs

	March 31, 2011	March 31, 2010
Interest on revenue advances	\$ 126	\$ 119
Interest on finance leases	51	77
Interest on provision for environmental rehabilitation	174	168
Interest on tax	171	-
Other interest	-	6
	<b>\$ 522</b>	<b>\$ 370</b>

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 18. 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, 2011	March 31, 2010
	(in thousands)	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	908,015	681,200
Shares deemed to be issued for no consideration in respect of options	-	12,630
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	908,015	693,830

The loss used to calculate basic and diluted earnings per share for the three months ended March 31, 2011 was \$5,633 (March 31, 2010 – earnings of \$824).

The following potential ordinary shares, outstanding at March 31, 2011, 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, 2011	March 31, 2010
	(in thousands)	
Options	40,663	41,073

### 19. 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 profit were \$1,023 (March 31, 2010 - \$899). The total number of employees in the plan at March 31, 2011 was 1,854 (March 31, 2010 – 1,863).

### 20. 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

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 20. Related party transactions (continued)

#### (a) Trading transactions

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.

	Note	March 31, 2011	March 31, 2010
Consulting fees	(i)	\$ 42	\$ 29
General and administrative expenses		18	20
Management fees		350	307
		<b>\$ 410</b>	<b>\$ 356</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.

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at March 31, 2011 included \$13 (December 31, 2010 - \$1,089) 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, 2011 and 2010 were as follows:

	Note	March 31, 2011	March 31, 2010
Salaries and directors' fees	(i)	\$ 647	\$ 548
Share-based payments	(ii)	7,996	1,627
		<b>\$ 8,643</b>	<b>\$ 2,175</b>

- (i) Salaries and directors' fees include consulting and management fees disclosed in Note 20(a).
- (ii) Share-based payments are the fair value of options granted to key management personnel.
- (iii) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three months ended March 31, 2011 and 2010.

### 21. 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, 2011 and 2010 and assets by geographic areas as at March 31, 2011 and December 31, 2010 are as follows:

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 21. Segmented Information (continued)

(b) *Geographic segments (continued)*

	March 31, 2011								
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Current assets	\$ 48,446	\$ 387	\$ 1,616	\$ 132	\$ 882	\$ 51,463	\$ 1,178	\$ 339,955	\$ 392,596
Property, plant and equipment	493,292	63,331	129,151	29,573	-	715,347	-	18	715,365
Refining contract	13,507	-	-	-	-	13,507	-	-	13,507
Other Assets	4,498	-	-	-	-	4,498	-	-	4,498
	<b>\$ 559,743</b>	<b>\$ 63,718</b>	<b>\$ 130,767</b>	<b>\$ 29,705</b>	<b>\$ 882</b>	<b>\$ 784,815</b>	<b>\$ 1,178</b>	<b>\$ 339,973</b>	<b>\$ 1,125,966</b>
Property, plant and equipment expenditures	\$ 14,306	\$ -	\$ -	\$ 15	\$ -	\$ 14,321	\$ -	\$ 2	\$ 14,323
Revenue	\$ 35,702	\$ -	\$ -	\$ -	\$ -	\$ 35,702	\$ -	\$ -	\$ 35,702
Production costs	(29,290)	-	-	-	-	(29,290)	-	-	(29,290)
Depletion and depreciation	(5,119)	-	-	-	-	(5,119)	-	-	(5,119)
General and administrative expenses	(1,472)	(257)	(69)	(29)	(1)	(1,828)	(5)	(1,262)	(3,095)
Share-based payment	(247)	-	-	-	-	(247)	-	(7,976)	(8,223)
Interest income	395	-	-	-	-	395	-	1,114	1,509
Finance costs	(322)	(200)	-	-	-	(522)	-	-	(522)
Foreign exchange gain	491	-	-	-	-	491	-	1,073	1,564
<b>Profit (loss) before income taxes</b>	<b>138</b>	<b>(457)</b>	<b>(69)</b>	<b>(29)</b>	<b>(1)</b>	<b>(418)</b>	<b>(5)</b>	<b>(7,051)</b>	<b>(7,474)</b>
<b>Deferred income tax recovery</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>122</b>
<b>Net profit (loss)</b>	<b>\$ 260</b>	<b>\$ (457)</b>	<b>\$ (69)</b>	<b>\$ (29)</b>	<b>\$ (1)</b>	<b>\$ (296)</b>	<b>\$ (5)</b>	<b>\$ (7,051)</b>	<b>\$ (7,352)</b>

For the three months ended March 31, 2011 and 2010, substantially all of the Company's PGM production was sold to one customer.

## Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

### 21. Segmented Information (continued)

(b) Geographic segments (continued)

March 31, 2010								
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Canada	TOTAL
Property, plant and equipment expenditures	\$ 4,261	\$ -	\$ 2	\$ 32	\$ -	\$ 4,295	\$ -	\$ 4,295
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
Profit (loss) before income taxes	2,029	(512)	(4)	1	-	1,514	(2,498)	(984)
Deferred income tax recovery	548	-	-	-	-	548	-	548
Net profit (loss)	\$ 2,577	\$ (512)	\$ (4)	\$ 1	\$ -	\$ 2,062	\$ (2,498)	\$ (436)

December 31, 2010								
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Other	Total South Africa	Canada	TOTAL	
Current assets	\$ 45,787	\$ 445	\$ 1,669	\$ 61	\$ 997	\$ 48,959	\$ 343,952	\$ 392,911
Property, plant and equipment	495,861	64,916	126,357	28,827	-	715,961	15	715,976
Refining contract	14,265	-	-	-	-	14,265	-	14,265
Other Assets	3,823	-	-	-	-	3,823	-	3,823
	\$ 559,736	\$ 65,361	\$ 128,026	\$ 28,888	\$ 997	\$ 783,008	\$ 343,967	\$ 1,126,975

## **Eastern Platinum Limited**

Notes to the condensed consolidated interim financial statements

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

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

From April 1, 2011 to May 9, 2011:

- (a) 151,333 stock options were exercised by way of stock appreciation rights at a weighted average exercise price of Cdn\$0.32.

**EASTERN PLATINUM LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS**  
**AND RESULTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2011**

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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, 2011 and for the three months then ended in comparison to the same period in 2010.*

*This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2011 and supporting notes. These unaudited condensed consolidated interim financial statements have been prepared using accounting policies consistent with IFRS and in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34").*

*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 9, 2011. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

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**Contents of the MD&A**

1. Overview
  2. Summary of results for the three months ended March 31, 2011
  3. Results of operations for the three months ended March 31, 2011
    - 3.1. Mining operations at Crocodile River Mine ("CRM")
    - 3.2. CRM non-IFRS measures
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      - 3.3.1. CRM
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    - 4.4. Contractual obligations and commitments
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  6. Adoption of accounting standards and accounting pronouncements under IFRS
  7. Internal control over financial reporting
  8. Cautionary statement on forward-looking information
-

## 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 three months ended March 31, 2011

- Eastplats recorded a net loss attributable to equity shareholders of the Company of \$5,633,000 (\$0.01 loss per share) in Q1 2011 compared to earnings of \$824,000 (\$0.00 per share) in the first quarter of 2010 (“Q1 2010”).
- EBITDA decreased 29% to \$6,412,000 in Q1 2011 compared to \$8,996,000 in Q1 2010.
- PGM ounces sold decreased 17% to 25,387 ounces in Q1 2011 compared to 30,531 PGM ounces in Q1 2010.
- The U.S. average delivered price per PGM ounce increased 18% to \$1,136 in Q1 2011 compared to \$959 in Q1 2010.
- The Rand average delivered price per PGM ounce increased 11% to R7,963 in Q1 2011 compared to R7,202 in Q1 2010.
- Rand operating cash costs net of by-product credits increased 16% to R6,167 per ounce in Q1 2011 compared to R5,336 per ounce in Q1 2010. Rand operating cash costs increased 28% to R8,090 per ounce in Q1 2011 compared to R6,315 per ounce in Q1 2010.
- U.S. dollar operating cash costs net of by-product credits increased 24% to \$880 per ounce in Q1 2011 compared to \$711 per ounce achieved in Q1 2010. U.S. dollar operating cash costs increased 37% to \$1,154 per ounce in Q1 2011 compared to \$841 per ounce in Q1 2010.
- Head grade decreased to 3.9 grams per tonne in Q1 2011 from 4.1 grams per tonne in Q1 2010.
- Average concentrator recovery increased to 79% in Q1 2011 compared to 78% in Q1 2010.
- Development meters increased by 50% to 4,219 meters and on-reef development increased by 26% to 2,434 meters compared to Q1 2010.
- Stopping units decreased 14% to 44,674 square meters in Q1 2011 compared to 51,760 square meters in Q1 2010.
- Run-of-mine ore hoisted decreased by 19% to 247,369 tonnes in Q1 2011 compared to 304,309 tonnes in Q1 2010.

- Run-of-mine ore processed decreased by 16% to 245,500 tonnes in Q1 2011 compared to 290,854 tonnes in Q1 2010.
- The Company's Lost Time Injury Frequency Rate (LTIFR) improved to 1.54 in Q1 2011 compared to 1.77 in Q1 2010.
- At March 31 2011, the Company had a cash position (including cash, cash equivalents and short term investments) of \$349,719,000 (December 31, 2010 – \$350,292,000).

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	2011	2010				2009		
	Mar 31	Dec 31	Sept 30	June 30	March 31	Dec 31	Sept 30	June 30
Revenues	\$ 35,702	\$ 45,616	\$ 38,073	\$ 36,612	\$ 34,699	\$ 34,259	\$ 27,365	\$ 24,838
Cost of operations	(34,409)	(36,272)	(32,735)	(32,383)	(31,018)	(29,294)	(26,702)	(22,595)
Mine operating earnings	1,293	9,344	5,338	4,229	3,681	4,965	663	2,243
Expenses (G&A and share-based payment)	(11,318)	(4,382)	(2,202)	(2,050)	(4,935)	(3,523)	(2,445)	(3,374)
Operating (loss) profit	(10,025)	4,962	3,136	2,179	(1,254)	1,442	(1,782)	(1,131)
Net (loss) profit attributable to equity shareholders of the Company	\$ (5,633)	\$ 5,041	\$ 4,039	\$ 3,448	\$ 824	\$ 330	\$ 1,839	\$ 317
(Loss) earnings per share - basic	\$ (0.01)	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
(Loss) earnings per share - diluted	\$ (0.01)	\$ 0.01	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Average foreign exchange rates								
South African Rand per US dollar	7.01	6.91	7.31	7.53	7.51	7.50	7.80	8.44
US dollar per Canadian dollar	1.0141	0.9870	0.9621	0.9727	0.9608	0.9459	0.9114	0.8578
Period end foreign exchange rates								
South African Rand per US dollar	6.75	6.59	7.00	7.66	7.33	7.41	7.53	7.75
US dollar per Canadian dollar	1.0314	1.0054	0.9718	0.9393	0.9844	0.9515	0.9340	0.8598

### 3. Results of Operations for the three months ended March 31, 2011

The following table sets forth selected consolidated financial information for the three months ended March 31, 2011 and 2010:

Table 2

<b>Condensed consolidated interim income statements</b>		
(Expressed in thousands of U.S. dollars, except per share amounts - unaudited)		
	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Revenue</b>	<b>\$ 35,702</b>	<b>\$ 34,699</b>
Cost of operations		
Production costs	29,290	25,703
Depletion and depreciation	5,119	5,315
Mine operating earnings	1,293	3,681
Expenses		
General and administrative	3,095	3,196
Share-based payments	8,223	1,739
Operating loss	(10,025)	(1,254)
Other income (expense)		
Interest income	1,509	372
Finance costs	(522)	(370)
Foreign exchange gain	1,564	268
Loss before income taxes	(7,474)	(984)
Deferred income tax recovery	122	548
<b>Net loss for the period</b>	<b>\$ (7,352)</b>	<b>\$ (436)</b>
Attributable to		
Non-controlling interest	\$ (1,719)	\$ (1,260)
<b>Equity shareholders of the Company</b>	<b>(5,633)</b>	<b>824</b>
<b>Net loss for the period</b>	<b>\$ (7,352)</b>	<b>\$ (436)</b>
(Loss) earnings per share		
Basic	\$ (0.01)	\$ 0.00
Diluted	\$ (0.01)	\$ 0.00
Weighted average number of common share outstanding		
Basic	908,015	681,200
Diluted	908,015	693,830
<b>Condensed consolidated statements of financial position</b>	<b>March 31,</b>	<b>December 31,</b>
	<b>2011</b>	<b>2010</b>
Total assets	\$ 1,125,966	\$ 1,126,975
Total long-term liabilities	\$ 53,946	\$ 55,576

### 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							
	2011	2010			2009			
	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	25,387	32,752	37,798	30,820	30,531	34,000	29,986	33,383
Average delivered price per ounce (2)	\$1,136	\$1,058	\$953	\$1,015	\$959	\$860	\$765	\$679
Average basket price	\$1,344	\$1,250	\$1,128	\$1,200	\$1,130	\$1,008	\$878	\$779
Rand average delivered price per ounce	R 7,963	R 7,311	R 6,966	R 7,643	R 7,202	R 6,450	R 5,967	R 5,730
Rand average basket price	R 9,421	R 8,638	R 8,246	R 9,036	R 8,486	R 7,560	R 6,848	R 6,574
Cash costs per ounce of PGM (1)	\$1,154	\$928	\$713	\$882	\$841	\$706	\$758	\$554
Cash costs per ounce of PGM, net of chrome by-product credits (1)	\$880	\$653	\$625	\$646	\$711	\$621	\$583	\$494
Rand cash costs per ounce of PGM (1)	R 8,090	R 6,412	R 5,212	R 6,639	R 6,315	R 5,296	R 5,915	R 4,673
Rand cash costs per ounce of PGM, net of chrome by-product credits (1)	R 6,167	R 4,509	R 4,566	R 4,866	R 5,336	R 4,661	R 4,548	R 4,169
<b>Key production statistics</b>								
Run-of-mine (“ROM”) ore tonnes processed	245,500	327,872	357,219	290,028	290,854	321,983	280,777	304,354
Development meters	4,219	3,501	3,299	3,202	2,812	3,254	2,882	4,326
On-reef development meters	2,434	1,925	1,797	1,573	1,931	2,135	1,562	2,860
Stoping units (square meters)	44,674	53,044	50,892	50,573	51,760	55,153	36,263	51,342
Concentrator recovery from ROM ore	79%	78%	81%	80%	78%	79%	78%	80%
Chrome sold (tonnes)	63,578	89,123	50,148	76,677	75,846	66,694	76,900	70,850
<b>Metal in concentrate sold (ounces)</b>								
Platinum (Pt)	12,790	16,526	19,195	15,433	15,405	17,012	15,080	16,721
Palladium (Pd)	5,494	7,055	8,129	6,769	6,562	7,444	6,613	7,406
Rhodium (Rh)	2,162	2,786	3,216	2,661	2,607	2,923	2,499	2,868
Gold (Au)	97	117	131	108	105	121	115	141
Iridium (Ir)	919	1,183	1,323	1,077	1,106	1,240	1,095	1,179
Ruthenium (Ru)	3,925	5,085	5,804	4,772	4,746	5,260	4,584	5,068
Total PGM ounces	25,387	32,752	37,798	30,820	30,531	34,000	29,986	33,383

(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 smelting, refining and marketing costs, under the Company’s primary off-take agreement.

#### Quarter ended March 31, 2011 compared to the quarter ended March 31, 2010

In Q1 2011, CRM recorded a Lost Time Injury Frequency Rate (“LTIFR”) of 1.54 compared to 1.77 in Q1 2010. There were three lost time injuries in both Q1 2011 and Q1 2010. The difference in LTIFR was due to more man hours in Q1 2011 than in Q1 2010.

The Company generated revenue of \$35,702,000 in Q1 2011 of which \$28,739,000 is PGM revenue and \$6,963,000 is chrome revenue. PGM revenues represent the amounts recorded when PGM concentrates are physically delivered to the buyer, which are provisionally priced on the date of delivery. The Company settles its PGM sales three to five months following the physical delivery of the concentrates and adjustments are made when the prices for the metal sold to the market are established.

The Company recorded an average delivered basket price of \$1,136 per PGM ounce in Q1 2011, compared to \$959 in Q1 2010 and \$1,058 in the fourth quarter of 2010 (“Q4 2010”). The delivered price

per ounce refers to the PGM prices in effect at the time the PGM concentrates are delivered to the smelter. As a result of fluctuations in PGM prices, the Company recorded positive provisional price adjustments of \$1,273,000 in the three months ended March 31, 2011, compared to positive price adjustments of \$2,898,000 in the three months ended March 31, 2010.

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

*Table 4*

Crocodile River Mine Effect of provisional price adjustments on revenues (stated in thousands of U.S. dollars)	Three months ended	
	March 31,	
	2011	2010
Revenue before provisional price adjustments	\$ 34,429	\$ 31,801
Provisional price adjustments		
Adjustments to revenue upon settlement of prior periods' sales	1,697	1,702
Mark-to-market adjustment on sales not yet settled at end of period	(424)	1,196
Revenue as reported in the income statement	\$ 35,702	\$ 34,699

PGM ounces sold decreased by 17% in Q1 2011 compared to Q1 2010 due to lower run-of-mine ore tonnes processed (245,500 tonnes in Q1 2011 compared to 290,854 tonnes in Q1 2010) and lower head grade (3.9 grams per tonne in Q1 2011 compared to 4.1 grams per tonne in Q1 2010), despite higher concentrator recovery (79% in Q1 2011 compared to 78% in Q1 2010). The decrease in run-of-mine tonnes processed was the result of a comprehensive internal safety review that occurred early in the quarter and is in line with new DMR general safety recommendations on roof support requirements. Following the review, support methods at CRM were modified, which included the acceleration of the previously planned progressive introduction of cement grout support packs into working panels, to further enhance safety standards. This increase in support standards necessitated the retraining of underground personnel, which temporarily decreased the number of working panels during the quarter and impacted production. The decrease in head grade was the result of increased on-reef development.

Operating cash costs, a non-IFRS measure, are incurred in Rand. Rand operating cash costs, increased by 28% from R6,315 per ounce in Q1 2010 to R8,090 per ounce in Q1 2011 due to a 17% decrease in ounces sold, the introduction of the South African mining royalty and a 7.5% wage increase both effective March 1, 2010, a significant increase in electricity tariffs that came into effect in Q2 2010, and inflation on other expenses of approximately 7%.

Operating cash costs stated in U.S. dollars increased by 37% from \$841 per ounce in Q1 2010 to \$1,154 per ounce in Q1 2011 primarily due to an increase in actual Rand operating cash costs combined with a 7% appreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R7.01:\$1.00 in Q1 2011 compared to R7.51:\$1.00 in Q1 2010.

A reconciliation of production costs, as reported in the income statement, to cash operating costs, is shown in Table 5 under Section 3.2 CRM non-IFRS measures.

### *Chrome revenues and effect on cash costs per ounce*

The Company recorded revenue for 63,578 tonnes of chrome in Q1 2011 (75,846 tonnes in Q1 2010). Net chrome revenue recognized was \$110 per tonne (\$52 per tonne in Q1 2010) for a total of \$6,963,000 (\$3,980,000 in Q1 2010). The net chrome revenue per tonne received by the Company which increased by 112% compared to Q1 2010, has been very volatile during the last two years. Global chrome prices dropped in late 2009 and increased in the latter half of 2010.

Q1 2011 chrome revenues of \$6,963,000 reduced operating cash costs from \$1,154 to \$880 per ounce net of by-product credits and from R8,090 to R6,167 per ounce net of by-product credits.

### *Quarter ended March 31, 2011 compared to the quarter ended December 31, 2010*

Revenues decreased by 22% compared to Q4 2010 as a result of a 22% decrease in the ounces produced in the quarter, a 23% decrease in chrome revenues and a 59% decrease in price adjustments, which were slightly offset by a 7% rise in the average delivered price per ounce. The decrease in chrome revenues was due to a 29% decrease in tonnes of chrome sold which was partially offset by a 9% increase in the net price received for chrome. The decrease in ounces produced was due to a 25% decrease in run-of-mine ore processed (327,872 tonnes in Q4 2010 compared to 245,500 tonnes in Q1 2011) and a decrease in head grade from 4.0 grams per tonne in Q4 2010 to 3.9 grams per tonne in Q1 2011, which were slightly offset by an increase in concentrator recovery from 78% in Q4 2010 to 79% in Q1 2011. The decrease in run-of-mine ore processed was due to the change in stope support standards and the retraining of underground personnel in order to further enhance stope stability. The decrease in head grade was the result of increased on-reef development, and the increase in concentrator recovery was the result of improved concentrator utilization and stability.

Rand operating cash costs increased by 26% from R6,412 per ounce in Q4 2010 to R8,090 per ounce in Q1 2011 primarily as a result of a 22% decrease in ounces produced. Operating cash costs stated in U.S. dollars increased by 24% from \$928 per ounce in Q4 2010 to \$1,154 per ounce in Q1 2011 due to increases in actual Rand operating cash costs, which was slightly offset by a 1% depreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R7.01:\$1.00 in Q1 2011 compared to R6.91:\$1.00 in Q4 2010.

### ***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

<b>Crocodile River Mine non-IFRS measures</b>			
(Expressed in thousands of U.S. dollars, except ounce and per ounce data)			
	Three months ended		
	March 31,		
	2011	2010	
Mine operating earnings	\$ 1,293	\$ 3,681	
Depletion and depreciation	5,119	5,315	
<b>EBITDA (1)</b>	<b>6,412</b>	<b>8,996</b>	
Production costs as reported	29,290	25,703	
Adjustments for miscellaneous costs (2)	7	(29)	
Cash operating costs	29,297	25,674	
Less by-product credits - chrome revenues and adjustments	(6,963)	(3,980)	
Cash operating costs net of by-product credits	22,334	21,694	
Ounces sold	25,387	30,531	
<b>Cash cost per ounce sold</b>	<b>\$ 1,154</b>	<b>\$ 841</b>	
<b>Cash cost per ounce sold net of by-product credits</b>	<b>\$ 880</b>	<b>\$ 711</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, 2011, the Company spent approximately \$14,306,000 at CRM on underground mine development, underground electrical upgrades, and ongoing underground works at the Zandfontein vertical shaft, including the development of a decline for a conveyor and chairlift system that will move ore and workers to and from the new stopes being developed below 4-level.

As a result of the higher trend in PGM prices, mine development at the shallow Crocette ore body recommenced on April 4, 2010. The Company expects Crocette to reach full production by the first quarter of 2013, at which time Crocette is planned to deliver up to 40,000 tonnes of ore per month. Combined with the mining at Zandfontein and Maroelabult, this will enable CRM to achieve its production target of approximately 175,000 tonnes of ore per month with an estimated head grade of 4.1 g/t (5PGE+Au). Construction power for the project is being provided by Eskom, the South African public utility company and the Company is in discussions with Eskom for the supply of permanent power.

### ***3.3.2 Eastern Limb projects***

Development of Mareesburg, Spitzkop and Kennedy's Vale was put on hold in December 2008 but rising PGM prices and the receipt of New Order Mining Rights for both Spitzkop and Mareesburg (received in October 2009 and September 2010 respectively) have allowed the Company to move forward in Q4 2010 with the development plans for these projects. During the three months ended March 31, 2011, expenditures at these projects were comprised of care and maintenance costs as well as costs for the restart of engineering and construction planning for an open-pit mine at Mareesburg and an associated 90,000 tonne-per-month (tpm) concentrator. The Company expects expenditures to increase commencing in the second quarter of 2011 as development activities ramp up.

The Mareesburg open-pit mine, when operating at full capacity, could result in an increase in the Company's annual PGM production to approximately 325,000 ounces by 2014, when combined with CRM. Under the current development plan, a 90,000 tpm concentrator would be located on the Kennedy's Vale site and the planned rapid production build-up at Mareesburg would allow the concentrator to ramp up quickly to full capacity immediately upon commissioning. To accommodate future capacity increases, the plant at Kennedy's Vale would include the civil and other surface infrastructure work required for an additional 90,000 tpm processing stream and appropriate tailings facility infrastructure to process up to 180,000 tonnes per month of ore.

Mareesburg will initially be an open-pit mining operation and consequently require little power. A power line currently provides 800 KVA across the Mareesburg property and this will be adequate to run administration and workshop/maintenance facilities with any further power requirements to be provided by on-site diesel power generators.

Design for the mine and concentrator are progressing, and long lead items such as mills and mining equipment have been purchased or ordered. The mill terrace is complete. A project management/construction management contract has been awarded to a qualified South African company and construction work on site is expected to begin in the second quarter of 2011 with operations planned in the fourth quarter of 2012.

The Company has already secured 3MVA of power for the construction phase for the concentrator at the Kennedy's Vale site. With respect to permanent operating power for the concentrator and for the Spitzkop mine which is planned to be developed after the Mareesburg open-pit mine comes on stream, the Company has applied for 40 MVA of installed capacity, of which 20MVA would be required for the initial 90,000 tpm plant. The Company has paid the necessary fees to initiate the acquisition of power and Eskom has commenced the engineering work.

### ***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 decreased by 3% from \$3,196,000 in Q1 2010 to \$3,095,000 in Q1 2011 due to a \$514,000 decrease in G&A at the Company's South African subsidiary, Barplats Investments Limited, which was partially offset by the appreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R7.01:\$1.00 in Q1 2011 compared to R7.51:\$1.00 in Q1 2010. G&A decreased by 34% from \$4,698,000 in Q4 2010 to \$3,095,000 in Q1 2011 mainly due to the payment of \$1,471,000 in bonuses to executive officers and directors of the Company in Q4 2010.

Interest income recorded during the three months ended March 31, 2011 was \$1,509,000 compared with \$372,000 during the same period in 2010. The increase in interest income was mainly due to an increase in cash balances at head office as a result of the Company's December 30, 2010 equity financing. Further details on the equity financing have been included within Section 4.

During the three months ended March 31, 2011, the Company recorded current tax expense of \$377,000 and a deferred income tax recovery of \$499,000 for a net deferred tax recovery of \$122,000. The current tax expense was the result of income earned for non-mining activities. The Company's mining loss carry-forwards could not be applied against this income as the income was non-mining based. 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 \$45,049,000 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, 2011, the Company had working capital of \$360,356,000 (December 31, 2010 – \$362,691,000) and cash and cash equivalents and short-term investments of \$349,719,000 (December 31, 2010 – \$350,292,000) in highly liquid, fully guaranteed, bank sponsored instruments.

The Company's strong working capital and cash position was achieved through the completion of an equity financing on December 30, 2010. The Company raised Cdn\$348 million through a public offering which consisted of 224,250,000 common shares, of which 195,361,476 common shares were issued at a price of Cdn\$1.55 and 28,888,524 common shares were issued at a price of £0.9568.

The Company had no long-term debt at March 31, 2011, other than a provision for environmental rehabilitation relating to CRM, Kennedy's Vale and Spitzkop.

In January, 2011 the Company received formal letters of commitment to underwrite a US\$100 million corporate debt facility through Eastplats International Inc., a subsidiary of the Company. The mandated lead arrangers are UniCredit Bank AG, London Branch and The Standard Bank of South Africa Limited.

##### **4.1 Outlook**

The PGM industry has experienced over three years of global economic uncertainty and market volatility. Although PGM prices in U.S. dollar terms have recovered since the beginning of 2009, this has been significantly negated by the strength of the Rand against the U.S. dollar. The U.S. dollar realized basket prices that the Company is receiving have improved since the December 2008 lows, but these prices, in Rand terms, are still significantly below those recorded in June 2008 when basket prices reached their peak. The Company anticipates that PGM prices will remain volatile and the Rand will remain strong against the U.S. dollar in the short term, which impacts the income and cash flows generated by the Company as it has U.S. dollar-based revenues and a Rand-based operating cost structure. As a result, the Company continues to seek ways to improve its operating efficiency and thereby minimize its operating costs, without compromising safety, health and environmental standards.

With the rising trend in PGM prices, the Company resumed mine development at the Crocette section at CRM in April 2010 and commenced planning for Phase 1 of the development of its Eastern Limb projects in late 2010. Phase 1 includes the development of an open-pit mine at Mareesburg and the construction of a 90,000 tpm concentrator located on the Kennedy's Vale site. Concurrently with the planning for Crocette and for Phase 1, the Company sought to raise financing to fund these development projects.

On December 30, 2010, the Company completed a Cdn\$348 million public offering, which primary purpose was to finance the development of Phase 1. In January 2011, the Company received formal letters of commitment to underwrite a US\$100 million corporate debt facility through Eastplats International Inc., a subsidiary of the Company. The mandated lead arrangers are UniCredit Bank AG, London Branch and The Standard Bank of South Africa Limited. The Company expects to complete the final legal documentation for the debt facility during the second quarter of 2011. Upon the closing of the debt facility, the Company will have approximately U.S.\$450 million in cash, short-term investments and undrawn credit facilities available for the development of the Mareesburg open-pit mine and the associated concentrator, for the Crocette development, and for general corporate purposes.

To bring the rest of the Eastern Limb projects, which includes Spitzkop and Kennedy's Vale, into production additional funding will be required and may include joint venture or other third party participation in one or more of these projects, or the public or private sales of equity or debt securities of the Company. 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, including funds generated from producing operations, the Company may be required to delay or reduce the scope of these development projects.

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

At March 31, 2011, the Company determined that there was no indication of impairment for the carrying values of its mineral properties. 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, 2011, the Company granted 9,875,000 stock options at an exercise price of Cdn\$1.55. Total share-based payment expense with regards to stock options for the quarter was \$8,186,000, which takes into account the vesting of options and the reversal of share-based payment expense previously recognized for unvested options that were forfeited in the period. During Q1 2011, 30,000 options were forfeited at a weighted average exercise price of Cdn\$0.32 and 590,000 options were exercised at a weighted average exercise price of Cdn\$0.32.

In 2010, the Company's South African subsidiary, Barplats Investments Limited ("BIL"), 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 operates through a trust ("the Trust") which purchases shares of the Company on behalf of the employees. These shares then vest to the employees over time. During the 3 months ended March 31, 2011, the Trust purchased 198,563 shares pursuant to the plan which resulted in a share-based payment expense of \$37,000 and a share-based payment liability of \$15,000.

As at May 9, 2011, the Company had:

- 908,187,807 common shares outstanding; and
- 67,070,503 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, 2011 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	\$ 31,896	\$ -	\$ -	\$ 31,896
Capital expenditure and purchase commitments contracted at March 31, 2011 but not recognized on the unaudited condensed consolidated interim statement of financial position	23,065	23,065	-	-
Finance lease obligations	3,322	3,322	-	-
	<u>\$ 58,283</u>	<u>\$ 26,387</u>	<u>\$ -</u>	<u>\$ 31,896</u>

#### 5. Related Party Transactions

Table 7

(Expressed in thousands of U.S. dollars, except per share amounts)		
	Three months ended March 31,	
	2011	2010
Trading transactions		
Management and consulting fees	\$ 392	\$ 336
Reimbursements of expenses	18	20
<b>Total trading transactions</b>	<b>\$ 410</b>	<b>\$ 356</b>
Compensation of key management personnel		
Salaries and directors' fees	\$ 647	\$ 548
Share-based payments	7,996	1,627
<b>Total compensation of key management personnel</b>	<b>\$ 8,643</b>	<b>\$ 2,175</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, 2011 mainly due to an appreciation of the Canadian dollar relative to the U.S. dollar. The average U.S. dollar-Canadian dollar exchange rate was U.S.\$1.0141:Cdn\$1.00 in Q1 2011 compared to U.S.\$0.9608:Cdn\$1.00 in Q1 2010.

Salaries and directors' fees increased during the three months ended March 31, 2011 as a result of increases to annual fees granted to certain officers and directors during the quarter. Share-based payments increased from \$1,627,000 during the three months ended March 31, 2010 to \$7,996,000 during the same period in 2011 mainly due to the issuance of 3.4 times as many stock options in Q1 2011 compared to Q1 2010.

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

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

Effective January 1, 2011, the Company adopted new and revised International Financial Reporting Standards (“IFRSs”) that were issued by the International Accounting Standards Board (“IASB”). The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

(a) *Amendment to IAS 32 Financial Instruments: Presentation*

Rights, options or warrants to acquire a fixed number of the Company’s equity instruments for a fixed amount of any currency will be allowed to be classified as equity instruments so long as the Company offers the rights, options or warrants pro rata to all of the Company’s existing owners of the same class of the Company’s non-derivative equity instruments.

(b) *Amendments to IFRS 3 Business Combinations*

Clarification that the contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 that is outstanding at the adoption date continues to be accounted for in accordance with IFRS 3.

Limiting the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation.

Expansion of the guidance with regards to the attribution of the market-based measure of an acquirer’s share-based payment awards issued in exchange for acquiree awards.

(c) *Amendments to IAS 27 Consolidated and Separate Financial Statements*

Clarification that the amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates*, and IAS 31 *Interests in Joint Ventures* resulting from IAS 27 should be applied prospectively, except for amendments resulting from renumbering.

(d) *Amendments to IFRS 7 Financial Instruments: Disclosures*

Amendment to disclosure requirements, specifically, ensuring qualitative disclosures are made in close proximity to quantitative disclosures in order to better enable financial statement users to evaluate an entity’s exposure to risks arising from financial instruments.

(e) *Amendments to IAS 1 Presentation of Financial Statements*

Clarification that the breakdown of changes in equity resulting from transactions recognized in other comprehensive income is required to be presented in the statement of changes in equity or in the notes to the financial statements.

(f) *Amendments to IAS 24 Related Party Disclosures*

Amendment of the definition for related parties.

(g) *Amendments to IAS 34 Interim Financial Reporting*

Addition of further examples of events or transactions that require disclosure and removal of references to materiality when discussing other minimum disclosures.

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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 three months ended March 31, 2011 and 2010, 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, 2011 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”). Since 2009, the Company has used the services of 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, 2011.

The scope of the Company’s design of DCP and ICFR excluded Gubevu Consortium Investment 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 three months ended March 31, 2011 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 9, 2011

Ian Rozier