Consolidated financial statements of

Eastern Platinum Limited

December 31, 2009 and 2008

Eastern Platinum Limited
December 31, 2009

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Auditors' Report

To the Shareholders of
Eastern Platinum Limited

We have audited the consolidated statements of financial position of Eastern Platinum Limited ("the Company") as at December 31, 2009, 2008 and January 1, 2008 and the consolidated statements of income, comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2009 and 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009, 2008 and January 1, 2008 and the results of its operations and its cash flows for the years ended December 31, 2009 and 2008 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Chartered Accountants
March 24, 2010

Eastern Platinum Limited

Consolidated income statements

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

	Note	**Year ended December 31, 2009**	Year ended December 31, 2008 (Note 25)
Revenue		**$ 111,365**	$ 114,681
Cost of operations			
Production costs		**82,839**	79,961
Depletion and depreciation	8	**17,154**	14,662
		99,993	94,623
Mine operating earnings		**11,372**	20,058
Expenses			
Impairment	8	**-**	297,285
General and administrative		**10,528**	19,441
Share-based payments	17	**582**	4,625
		11,110	321,351
Operating profit (loss)		**262**	(301,293)
Other income (expense)			
Interest income		**1,786**	8,944
Finance costs	19	**(1,691)**	(3,725)
Foreign exchange loss		**(758)**	(2,155)
Loss before income taxes		**(401)**	(298,229)
Deferred income tax recovery	15	**1,623**	85,113
Net profit (loss) for the year		**$ 1,222**	$ (213,116)
Attributable to			
Non-controlling interest	18	**$ (4,428)**	$ (3,735)
Equity shareholders of the Company		**5,650**	(209,381)
Net profit (loss) for the year		**$ 1,222**	$ (213,116)
Earnings (loss) per share			
Basic	20	**$ 0.01**	$ (0.31)
Diluted	20	**$ 0.01**	$ (0.31)
Weighted average number of common shares outstanding in thousands			
Basic	20	**680,577**	677,117
Diluted	20	**687,790**	677,117

Eastern Platinum Limited

Consolidated statements of comprehensive income (loss)
(Expressed in thousands of U.S. dollars)

		December 31, 2009		December 31, 2008 (Note 25)
Net profit (loss) for the year	**$**	**1,222**	$	(213,116)
Other comprehensive income (loss)				
Exchange differences on translating foreign operations		**116,678**		(169,577)
Exchange differences on translating non-controlling interest		**2,467**		(7,396)
Comprehensive income (loss)	**$**	**120,367**	$	(390,089)
Attributable to				
Non-controlling interest	**$**	**(1,961)**	$	(11,131)
Equity shareholders of the Company	**$**	**122,328**	$	(378,958)

Eastern Platinum Limited

Consolidated statements of financial position
as at December 31, 2009 and 2008, and January 1, 2008
(Expressed in thousands of U.S. dollars)

	Note	**December 31, 2009**	December 31, 2008 (Note 25)	January 1, 2008 (Note 25)
Assets				
Current assets				
Cash and cash equivalents		**$ 7,249**	$ 25,806	$ 18,818
Short-term investments		**14,409**	35,257	171,038
Trade and other receivables	6	**29,138**	9,431	32,560
Inventories	7	**4,825**	3,881	6,888
		55,621	74,375	229,304
Non-current assets				
Property, plant and equipment	8	**634,778**	505,473	815,390
Refining contract	9	**14,169**	12,493	18,467
Other assets	10	**2,282**	1,017	1,247
		$ 706,850	**$ 593,358**	**$ 1,064,408**
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	11	**$ 22,919**	$ 36,729	$ 22,967
Current portion of finance leases	12	**926**	649	748
Current loans	13	**-**	3,219	3,837
		23,845	40,597	27,552
Non-current liabilities				
Provision for environmental rehabilitation	14	**8,152**	5,598	6,224
Finance leases	12	**2,850**	3,014	5,057
Loans	13	**-**	-	3,322
Deferred tax liabilities	15	**42,491**	35,614	150,032
		77,338	84,823	192,187
Equity				
Issued capital	17	**890,150**	890,049	868,045
Equity-settled employee benefits reserve		**32,336**	31,827	27,428
Currency translation adjustment		**(52,899)**	(169,577)	-
Deficit		**(250,116)**	(255,766)	(46,385)
Capital and reserves attributable to equity shareholders of the Company		**619,471**	496,533	849,088
Non-controlling interest	18	**10,041**	12,002	23,133
		629,512	508,535	872,221
		$ 706,850	**$ 593,358**	**$ 1,064,408**

Approved and authorized for issue by the Board on March 24, 2010.

"David Cohen"	***"Robert Gayton"***
David Cohen, Director	Robert Gayton, Director

Eastern Platinum Limited

Consolidated statements of changes in equity
(Expressed in thousands of U.S. dollars, except number of shares)

	Issued capital Shares	Amount	Equity-settled employee benefits reserve	Currency translation adjustment	Deficit	Capital and reserves attributable to equity shareholders of the parent	Non-controlling interest	Equity
Balance, January 1, 2008 (Note 25)	**669,031,691**	**$ 868,045**	**$ 27,428**	**$ -**	**$ (46,385)**	**$ 849,088**	**$ 23,133**	**$ 872,221**
Warrants exercised	10,824,077	21,153	-	-	-	21,153	-	21,153
Stock options exercised	670,686	851	(226)	-	-	625	-	625
Share-based payments	-	-	4,625	-	-	4,625	-	4,625
Comprehensive loss	-	-	-	(169,577)	(209,381)	(378,958)	(11,131)	(390,089)
Balance, December 31, 2008 (Note 25)	**680,526,454**	**$ 890,049**	**$ 31,827**	**$ (169,577)**	**$ (255,766)**	**$ 496,533**	**$ 12,002**	**$ 508,535**
Stock options exercised	366,871	101	(73)	-	-	28	-	28
Share-based payments	-	-	582	-	-	582	-	582
Comprehensive income	-	-	-	116,678	5,650	122,328	(1,961)	120,367
Balance, December 31, 2009	**680,893,325**	**$ 890,150**	**$ 32,336**	**$ (52,899)**	**$ (250,116)**	**$ 619,471**	**$ 10,041**	**$ 629,512**

See accompanying notes to the consolidated financial statements

Eastern Platinum Limited

Consolidated statements of cash flows

(Expressed in thousands of U.S. dollars)

	Note	**Year ended December 31, 2009**	Year ended December 31, 2008 (Note 25)
Operating activities			
Loss before income taxes		**$ (401)**	$ (298,229)
Adjustments to net profit for non-cash items			
Depletion and depreciation	8	**17,154**	14,662
Refining contract amortization	9	**1,332**	1,353
Impairment	8	**-**	297,285
Share-based payments	17	**582**	4,625
Interest income		**(1,786)**	(8,944)
Finance costs	19	**1,691**	3,725
Foreign exchange loss		**758**	2,155
Environmental expense		**301**	-
Net changes in non-cash working capital items			
Trade receivables		**(13,169)**	14,031
Inventories		**22**	1,391
Accounts payable and accrued liabilities		**(15,135)**	12,962
Cash (utilized in) generated from operations		**(8,651)**	45,016
Adjustments to net profit for cash items			
Realized foreign exchange gain		**-**	(1,157)
Interest income received		**1,855**	10,028
Finance costs paid		**(69)**	(375)
Acquisition related dividend taxes paid		**(2,422)**	-
Net operating cash flows		**(9,287)**	53,512
Investing activities			
Acquisitions, net of cash acquired	5	**-**	(39,589)
Maturity of short-term investments		**22,647**	119,360
Purchase of other assets		**(929)**	(42)
Property, plant and equipment expenditures		**(28,955)**	(143,373)
Sale of property, plant and equipment		**1,552**	-
Net investing cash flows		**(5,685)**	(63,644)
Financing activities			
Common shares issued for cash, net of share issue costs		**32**	22,004
Repayment of current loans		**(3,065)**	-
Payment of finance leases		**(1,223)**	(4,309)
Net financing cash flows		**(4,256)**	17,695
Effect of exchange rate changes on cash and cash equivalents		**671**	(575)
(Decrease) increase in cash and cash equivalents		**(18,557)**	6,988
Cash and cash equivalents, beginning of year		**25,806**	18,818
Cash and cash equivalents, end of year		**$ 7,249**	$ 25,806
Cash and cash equivalents are comprised of:			
Cash in bank		**$ 7,249**	$ 9,123
Short-term money market instruments		**-**	16,683
		$ 7,249	$ 25,806

See accompanying notes to the consolidated financial statements

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

In February 2009, the British Columbia and Ontario 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.

These consolidated financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The disclosures concerning the transition from Canadian Generally Accepted Accounting Principles ("GAAP") to IFRS are included in Note 25.

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).

3. Summary of significant accounting policies

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments. The Company's principal accounting policies are outlined below:

3. Summary of significant accounting policies (continued)

(a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries, including special purpose entities). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

Special Purpose Entities (''SPE's'') as defined in SIC 12 *Consolidation – Special Purpose Entities* are entities which are created to accomplish a narrow and well-defined objective (e.g. to act as a Black Economic Empowerment ("BEE") partner). SPE's are subject to consolidation when there is an indication that an entity controls the SPE. The Company has determined that its investment in Gubevu Consortium Investment Holdings (Pty) Ltd. ("Gubevu") is a SPE that the Company controls. The accounts of Gubevu are consolidated with those of the Company.

(b) Business combinations

Business combinations that occurred prior to January 1, 2008 were not accounted for in accordance with IFRS 3 *Business Combinations* in accordance with the IFRS 1 *First-time Adoption of International Financial Reporting Standards* exemption discussed in Note 25(a).

Acquisitions of subsidiaries and businesses on, or after, January 1, 2008 are accounted for using the purchase method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations,* which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized immediately in profit or loss.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

3. Summary of significant accounting policies (continued)

(c) Presentation currency

The Company's presentation currency is the U.S. dollar ("$"). The functional currencies of Eastern Platinum Limited and its South African subsidiaries are the Canadian Dollar and South African Rand ("ZAR"), respectively. These consolidated financial statements have been translated to the U.S. dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). Subsequent to the adoption of IFRS, all resulting translation differences are reported as a separate component of shareholders' equity titled "Cumulative Translation Adjustment".

(d) Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the consolidated income statements.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The following specific criteria must be met before revenue is recognized:

(i) Sale of goods

Revenue from the sale of platinum group and other metals is recognized when all of the following conditions are satisfied:

- the specific risks and rewards of ownership have been transferred to the purchaser;
- the Company does not retain continuing managerial involvement to the degree usually associated with ownership or effective control over the metals sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

The sale of platinum group metals is provisionally priced such that the price is not settled until a predetermined future date based on the market price at that time. Revenue on these sales is initially recognized (when the conditions above are met) at the current market price. The difference between the present value and the future value of the current market price is recognized as interest income over the term of settlement. Subsequent to initial recognition but prior to settlement, sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This mark to market adjustment is recorded in revenue.

3. Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

(ii) Rental income

Rental income from residential properties is recognized on a straight-line basis over the term of the lease.

(iii) Interest income

Interest income is recognized in the income statement as it accrues, using the effective interest method.

(f) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to ten years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

(g) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method and foreign exchange gains and losses on foreign currency borrowings.

(h) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the income statement.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

3. Summary of significant accounting policies (continued)

(h) Income taxes (continued)

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit
- goodwill
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(j) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive income (loss), components of other comprehensive income, and cumulative translation adjustments are presented in the consolidated statements of comprehensive income (loss) and the consolidated statements of changes in equity.

(k) Property, plant and equipment

(i) Mining assets

Assets owned, mineral properties being depleted, and mineral properties not being depleted are recorded at cost less accumulated depreciation and accumulated impairment losses. All direct costs related to the acquisition, exploration and development of mineral properties are capitalized until the properties to which they relate are ready for their intended use, sold, abandoned or management has determined there to be impairment. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mineral properties being depleted and amortized using the units-of-production method following commencement of production. Interest on borrowings incurred to finance mining assets is capitalized until the asset is capable of carrying out its intended use.

3. Summary of significant accounting policies (continued)

(k) Property, plant and equipment (continued)

(i) Mining assets (continued)

Mining properties and mining and process facility assets are amortized on a units-of-production basis which is measured by the portion of the mine's proven and probable ore reserves recovered during the period. Capital work-in-progress, which is included in mining assets, is not depreciated until the assets are ready for their intended use.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

(ii) Residential properties and other property, plant and equipment

Residential properties and other property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. These assets are depreciated using the straight-line method based on estimated useful lives, which generally range from 5 to 7 years, with the exception of residential properties and mine houses whose estimated useful lives are 50 years and office buildings whose estimated useful lives are 20 years. Land is not depreciated.

Where an item of plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of plant and equipment.

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal overheads.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the weighted average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

The depreciation method, useful life and residual values are assessed annually.

3. Summary of significant accounting policies (continued)

(k) Property, plant and equipment (continued)

(iii) Leased assets

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized at the lower of the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as discussed in Note 3(r).

(iv) Subsequent Costs

The cost of replacing part of an item within property, plant and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the group and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced is expensed. All other costs are recognized as an expense as incurred.

(v) Impairment

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(vi) Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

3. Summary of significant accounting policies (continued)

(l) Refining contract

The Company sells substantially all its concentrate to one customer under the terms of an off-take or refining contract. The refining contract is amortized over the original life of the contract, estimated to be fifteen years, commencing in mid 2004. An evaluation of the carrying value of the contract is undertaken whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(m) Inventories

Inventories, comprising stockpiled ore and concentrate awaiting further processing and sale, are valued at the lower of cost and net realizable value. Consumables are valued at the lower of cost and net realizable value, with replacement cost used as the best available measure of net realizable value. Cost is determined using the weighted average method and includes direct mining expenditures and an appropriate portion of normal overhead expenditure. In the case of concentrate, direct concentrate costs are also included. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Obsolete, redundant and slow moving stores are identified and written down to net realizable values.

(n) Short-term investments

Short-term investments are investments which are transitional or current in nature, with an original maturity greater than three months.

(o) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

(p) Financial assets

Financial assets are classified into one of four categories:

- fair value through profit or loss (“FVTPL”);
- held-to-maturity (“HTM”);
- available for sale (“AFS”); and,
- loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) FVTPL financial assets

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Summary of significant accounting policies (continued)

(p) Financial assets (continued)

(i) FVTPL financial assets (continued)

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company does not have any assets classified as FVTPL financial assets.

(ii) HTM investments

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

(iii) AFS financial assets

Short-term investments and other assets held by the Company are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve. To date, these gains and losses have not been significant due to the nature of the underlying investment. As a result, the assets' carrying values approximate their fair values. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss for the period.

The fair value of AFS monetary assets denominated in a foreign currency is translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences on amortized cost of the asset is recognized in profit or loss, while other changes are recognized in equity.

(iv) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(v) Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. Summary of significant accounting policies (continued)

(p) Financial assets (continued)

(v) Effective interest method (continued)

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

(vi) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:
- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(vii) Derecognition of financial assets

A financial asset is derecognized when:
- the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

3. Summary of significant accounting policies (continued)

(q) Environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the income statement in the period incurred.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred.

(r) Leases

(i) The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the corresponding lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

(ii) The Company as lessee

Assets held under finance leases are recognized as assets of the Company at the lower of the fair value at the inception of the lease or the present value of the minimum lease payments. The corresponding liability is recognized as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are expensed on a straight-line basis over the term of the relevant lease. Incentives received upon entry into an operating lease are recognized straight-line over the lease term.

3. Summary of significant accounting policies (continued)

(s) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(t) Employee benefits

(i) Employee post-retirement obligations – defined contribution retirement plan

The Company's South African subsidiaries operate a defined contribution retirement plan for its employees. The pension plan is funded by payments from the employees and the subsidiaries and payments are charged to profit and loss for the period as incurred. The assets of the different plans are held by independently managed trust funds. The South African Pension Fund Act of 1956 governs these funds.

(ii) Leave pay

Employee entitlements to annual leave are recognized as they are earned by the employees. A provision, stated at current cost, is made for the estimated liability at period end.

(u) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. Summary of significant accounting policies (continued)

(u) Financial liabilities and equity (continued)

(i) Other financial liabilities (continued)

The Company has classified trade and other payables, short-term financial liabilities and long-term financial liabilities as other financial liabilities.

(ii) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(v) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

(i) Impairment of property, plant and equipment

Please refer to Note 8(d).

(ii) Rehabilitation provision

The future value of the provision for environmental rehabilitation was determined using an inflation rate of 7.00% (December 31, 2008 – 5.78%) and an estimated life of mine of 18 years for Zandfontein and Maroelabult (December 31, 2008 – 14 years), 1 year for Kennedy's Vale (December 31, 2008 – 1 year) and 26 years for Spitzkop. A provision for environmental rehabilitation was not recognized for Spitzkop as at December 31, 2008. The provision has been discounted to present value at a discount rate of 8.39% (December 31, 2008 – 7.09%).

(w) Critical accounting judgments

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

(i) Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currencies of Eastern Platinum Limited and its South African subsidiaries are the Canadian Dollar and South African Rand ("ZAR"), respectively.

(ii) Useful life of assets

The Company engaged an independent third party engineering company in South Africa to assess the life of mine ("LOM") of Barplats Mines Limited ("Barplats") in December, 2009. At December 31, 2009 the remaining LOM for Barplats was assessed at 211 months (December 31, 2008 – 171 months) based on proven and probable ore reserves. The change in remaining mine life will be evaluated each year as the reserves move to the proven and probable category.

3. Summary of significant accounting policies (continued)

(w) Critical accounting judgments (continued)

(iii) Depreciation rates

The estimated maximum useful lives of property, plant and equipment are:

Mining assets owned	
Underground and other assets	Life of mine
Mine houses	50 years
Office buildings	20 years
Plant	Life of mine
Computer equipment	3 years
Mining assets leased	5 years
Mineral properties being depleted	Life of mine
Residential properties	50 years
Properties and land	50 years

(x) Accounting standards issued but not yet effective

(i) Effective for annual periods beginning on or after July 1, 2009

- IFRS 2 *Share Based Payments* (revised) – revision of scope
- IFRS 3 *Business Combinations* (revised) – revision of scope and amendments to accounting for business combinations
- IAS 27 *Consolidated and Separate Financial Statements* (revised) – amendments due to IFRS 3 *Business Combinations* revisions
- IAS 38 *Intangible Assets* (revised) - amendments due to IFRS 3 *Business Combinations* revisions and measuring the fair value of an intangible asset acquired in a business combination

(ii) Effective for annual periods beginning on or after January 1, 2010

- IFRS 8 *Operating Segments* (revised) – disclosure of information about segment assets

(iii) Effective for annual periods beginning on or after January 1, 2011

- IAS 24 *Related Party Disclosures* (revised) – clarification of the definition of a related party

(v) Effective for annual periods beginning on or after January 1, 2013

- IFRS 9 *Financial Instruments (new)* – partial replacement of IAS 39. All of IAS 39 is expected to be replaced in its entirety by the end of 2010

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

4. Subsidiaries and associates

(a) Subsidiaries

Details of the Company's subsidiaries at December 31, 2009 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held December 31, 2009	December 31, 2008	January 1, 2008
Eastern Platinum Holdings Limited	Holding company	BVI (i)	**100%**	100%	100%
Eastplats Holdings Limited	Holding company	BVI (i)	**100%**	100%	100%
Eastplats Acquisition Co. Ltd.	Holding company	BVI (i)	**100%**	100%	100%
Eastplats International Incorporated	Holding company	Barbados	**100%**	100%	100%
Royal Anthem Investments 134 (Pty) Ltd.	Holding company	South Africa	**100%**	100%	100%
Spitzkop Joint Venture	Mining	South Africa	**93.37%**	93.37%	93.37%
Barplats Investments Limited	Mining	South Africa	**87.49%**	87.49%	85.02%
Spitzkop Platinum (Pty) Ltd.	Mining	South Africa	**86.74%**	86.74%	86.74%
Mareesburg Joint Venture	Mining	South Africa	**75.5%**	75.5%	75.5%
Lion's Head Platinum (Pty) Ltd.	Holding company	South Africa	**51%**	51%	51%
Gubevu Consortium Investment Holdings (Pty) Ltd. (ii)	Holding company	South Africa	**49.99%**	49.99%	42.39%

(i) British Virgin Islands ("BVI")

(ii) The Company has determined that its investment in Gubevu Consortium Investment Holdings (Pty) Ltd. is a Special Purpose Entity.

(b) Associates

Details of the Company's associates at December 31, 2009 are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held December 31, 2009	December 31, 2008	January 1, 2008
Afrimineral Holdings (Pty) Ltd.	Holding company	South Africa	**49%**	49%	49%

5. Acquisitions

(a) *Acquisitions during the year ended December 31, 2008*

On December 8, 2008 the Company acquired a further 2.47% of Barplats Investments Limited ("Barplats") to increase its direct and indirect interest to 87.49%. Of the 2.47% interest, the Company acquired 0.99% directly from Barplats through the acquisition of 12,155,814 shares issued from Barplats' treasury in exchange for net cash of $6,422. This increased the Company's direct ownership in Barplats from 74% to 74.99%. The Company acquired the other 1.48% indirectly from Gubevu through the acquisition of 1,519 shares in Gubevu in exchange for net cash of $33,167. This increased the Company's direct ownership in Gubevu from 42.39% to 49.99%, and the Company's indirect ownership in Barplats from 11.02% to 12.50%.

Following these acquisitions, the Company owns directly and indirectly 87.49% of Barplats, a PGM producing company in South Africa.

Purchase price	
Acquisition of 2.47% interest in Barplats	
Cash	$ 39,589
	$ 39,589
Net assets acquired	
Property, plant and equipment	39,589
	$ 39,589

6. Trade and other receivables

Trade and other receivables are comprised of the following:

	December 31, 2009	December 31, 2008	January 1, 2008
Trade receivables	**$ 25,839**	$ 1,450	$ 27,690
Allowance for doubtful debts	**(74)**	(85)	(111)
	25,765	1,365	27,579
Other receivables	**2,316**	8,066	4,981
Current tax receivable	**1,057**	-	-
	$ 29,138	$ 9,431	$ 32,560

(a) *Aging of past due, but not impaired*

The average credit period of PGM sales is 4 months. The Company has the right to request up to a 90% advance on payment, payable 1 month subsequent to sale. The Company has financial risk management policies in place to ensure that all receivables are received within the pre-agreed credit terms.

Included in trade and other receivables are receivables with a carrying value of $276 (December 31, 2008 - Nil; January 1, 2008 - $1,201) that are past due but have not been provided for. For the years ended December 31, 2009 and 2008, substantially all of the Company's PGM production was sold to one customer and there was no significant change in the credit quality of this customer over that time. The past due amounts are considered recoverable.

6. Trade and other receivables (continued)

(a) Aging of past due, but not impaired (continued)

	December 31, 2009	December 31, 2008	January 1, 2008
Less than 6 months	**$ 276**	$ -	$ -
6 months to less than 7 months	**-**	-	152
7 months to less than 8 months	**-**	-	751
8 months and greater	**-**	-	298
	$ 276	$ -	$ 1,201

(b) Movement in the allowance for doubtful debts

	December 31, 2009	December 31, 2008
Opening balance	**$ 85**	$ 111
Impairment losses recognized on receivables	**42**	10
Amounts written off during the year as uncollectible	**(26)**	-
Amounts recovered during the year	**(43)**	(7)
Foreign exchange translation gains and losses	**16**	(29)
Closing balance	**$ 74**	$ 85

(c) Aging of impaired trade receivables

	December 31, 2009	December 31, 2008	January 1, 2008
Less than 4 months	**6**	1	4
Greater than 4 months	**68**	84	107
	$ 74	$ 85	$ 111

At December 31, 2009, receivables of $74 (December 31, 2008 - $85; January 1, 2008 - $111) were impaired and provided for. These receivables were for rental income, and impairment was determined based on payment history.

7. Inventories

	December 31, 2009	December 31, 2008	January 1, 2008
Consumables	**$ 4,549**	$ 3,509	$ 5,446
Ore and concentrate	**276**	372	1,442
	$ 4,825	$ 3,881	$ 6,888

Production costs for the year ended December 31, 2009 was $82,839 (December 31, 2008 - $79,961). Production costs represent the cost of inventories sold during the period. This expense includes Nil (December 31, 2008 - Nil) with regards to the write-down of inventory to net realizable value, and a reduction of Nil (December 31, 2008 - Nil) with regards to the reversal of write-downs.

At December 31, 2009 and 2008, no inventories have been pledged as security for liabilities.

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
Cost							
Balance as at January 1, 2008	**$ 267,210**	**$ 6,603**	**$ 136,818**	**$ 535,883**	**$ 8,903**	**$ 3,897**	**$ 959,314**
Additions							
Assets acquired	133,650	-	-	4,985	1,543	2,742	142,920
Assets acquired through step acquisition	-	-	7,236	32,353	-	-	39,589
Foreign exchange movement	(85,313)	(1,711)	(35,374)	(129,106)	(2,492)	(1,340)	(255,336)
Balance as at December 31, 2008	**$ 315,547**	**$ 4,892**	**$ 108,680**	**$ 444,115**	**$ 7,954**	**$ 5,299**	**$ 886,487**
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
Balance as at December 31, 2009	**$ 426,223**	**$ 6,132**	**$ 136,100**	**$ 546,122**	**$ 10,071**	**$ 6,978**	**$ 1,131,626**
Accumulated depreciation and impairment losses							
Balance as at January 1, 2008	**$ 114,993**	**$ 1,333**	**$ 8,840**	**$ 15,666**	**$ 2,198**	**$ 894**	**$ 143,924**
Depreciation for the year	6,791	1,112	6,648	-	111	-	14,662
Impairment loss	-	-	-	297,285	-	-	297,285
Foreign exchange movement	(30,605)	(479)	(3,091)	(39,867)	(583)	(232)	(74,857)
Balance as at December 31, 2008	**$ 91,179**	**$ 1,966**	**$ 12,397**	**$ 273,084**	**$ 1,726**	**$ 662**	**$ 381,014**
Depreciation for the year	11,298	1,092	4,646	-	118	-	17,154
Foreign exchange movement	24,467	633	3,722	69,238	452	168	98,680
Balance as at December 31, 2009	**$ 126,944**	**$ 3,691**	**$ 20,765**	**$ 342,322**	**$ 2,296**	**$ 830**	**$ 496,848**
Carrying amounts							
At January 1, 2008	$ 152,217	$ 5,270	$ 127,978	$ 520,217	$ 6,705	$ 3,003	$ 815,390
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**

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
Cost						
Balance as at January 1, 2008	**$ 423,315**	**$ 386,352**	**$ 121,443**	**$ 28,088**	**$ 116**	**$ 959,314**
Additions						
Assets acquired	137,917	257	4,728	-	18	142,920
Assets acquired through step acquisition	7,236	32,353	-	-	-	39,589
Foreign exchange movement	(126,206)	(99,853)	(24,459)	(4,794)	(24)	(255,336)
Balance as at December 31, 2008	**$ 442,262**	**$ 319,109**	**$ 101,712**	**$ 23,294**	**$ 110**	**$ 886,487**
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
Balance as at December 31, 2009	**$ 585,376**	**$ 400,017**	**$ 118,994**	**$ 27,111**	**$ 128**	**$ 1,131,626**
Accumulated depreciation and impairment losses						
Balance as at January 1, 2008	**$ 128,223**	**$ 15,666**	**$ -**	**$ -**	**$ 35**	**$ 143,924**
Depreciation for the period	14,609	-	-	-	53	14,662
Impairment loss	-	297,285	-	-	-	297,285
Foreign exchange movement	(34,977)	(39,867)	-	-	(13)	(74,857)
Balance as at December 31, 2008	**$ 107,855**	**$ 273,084**	**$ -**	**$ -**	**$ 75**	**$ 381,014**
Depreciation for the period	17,130	-	-	-	24	17,154
Foreign exchange movement	29,432	69,238	-	-	10	98,680
Balance as at December 31, 2009	**$ 154,417**	**$ 342,322**	**$ -**	**$ -**	**$ 109**	**$ 496,848**
Carrying amounts						
At January 1, 2008	$ 295,092	$ 370,686	$ 121,443	$ 28,088	$ 81	$ 815,390
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**

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 was on hold as at December 31, 2009.

(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 December 31, 2009.

(d) *Impairment of property, plant and equipment*

During the year ended December 31, 2008, the significant decline in platinum group metal prices triggered an impairment assessment which resulted in an impairment of $297 million on Kennedy's Vale. Future cash flows were discounted to present value at the weighted average cost of capital of 9%.

The foreign exchange rate utilized in the model is ZAR9.51 = US$1.00.

The average forecast prices utilized in the impairment model were:

		2009	2010	2011	2012	2013 +
Platinum	US$/oz	950	1,020	1,055	1,155	1,180
Palladium	US$/oz	210	225	305	385	380
Rhodium	US$/oz	1,000	980	2,785	2,895	2,830
Gold	US$/oz	870	815	650	695	680
Iridium	US$/oz	270	295	345	350	340
Ruthenium	US$/oz	190	215	240	250	245
Nickel	US$/tonne	13,850	15,875	16,210	16,285	15,915
Copper	US$/tonne	5,180	5,550	5,505	4,265	4,170
Chrome	US$/tonne	380	382	400	400	400

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 9.5 years as at December 31, 2009.

9. Refining Contract (continued)

Cost	
Balance as at January 1, 2008	$ 22,741
Foreign exchange movement	(5,891)
Balance as at December 31, 2008	$ 16,850
Foreign exchange movement	4,272
Balance as at December 31, 2009	**$ 21,122**

Accumulated amortization	
Balance as at January 1, 2008	$ 4,274
Amortization for the period	1,353
Foreign exchange movement	(1,270)
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**

Carrying amounts	
At January 1, 2008	$ 18,467
At December 31, 2008	$ 12,493
At December 31, 2009	**$ 14,169**

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 Minerals and Energy of South Africa in respect of the environmental rehabilitation liability (Note 14). Changes to other assets for the year ended December 31, 2009 are as follows:

Balance, January 1, 2008	$ 1,247
Service fees	(16)
Interest income	122
Foreign exchange movement	(336)
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**

11. Accounts payable and accrued liabilities

	December 31, 2009	December 31, 2008	January 1, 2008
Trade payables	**$ 9,932**	$ 9,976	$ 6,467
Accrued liabilities	**6,849**	16,767	14,544
Taxes payable	**-**	2,388	732
Other	**6,138**	7,598	1,224
	$ 22,919	$ 36,729	$ 22,967

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 December 31, 2009, the finance leases are repayable in 3 semiannual installments (December 31, 2008 – 5) of $611 (December 31, 2008 - $544) and a top-up payment of $2,450 in December 2011. The fair value of the finance lease liabilities approximated carrying value.

(a) Minimum lease payments

	December 31, 2009	December 31, 2008	January 1, 2008
No later than 1 year	**$ 1,221**	$ 1,102	$ 1,565
Later than 1 year, but no later than 5 years	**3,061**	3,644	5,599
	4,282	4,746	7,164
Less: future finance charges	**(506)**	(1,083)	(1,359)
Present value of minimum lease payments	**$ 3,776**	$ 3,663	$ 5,805

(b) Present value of minimum lease payments

	December 31, 2009	December 31, 2008	January 1, 2008
No later than 1 year	**$ 926**	$ 649	$ 748
Later than 1 year, but no later than 5 years	**2,850**	3,014	5,057
	$ 3,776	$ 3,663	$ 5,805

13. Loans

	Note	**December 31, 2009**	December 31, 2008	January 1, 2008
Short-term portion	(i)	**$ -**	$ 3,219	$ 3,837
Long-term portion	(i)	**-**	-	3,322
		$ -	$ 3,219	$ 7,159

(i) Pursuant to the Company's acquisition of a 42.39% interest in Gubevu Consortium Investment Holdings (Pty) Ltd. ("Gubevu") during the year ended June 30, 2007, the Company entered into an agreement to pay an unrelated third party certain amounts that existed in the underlying Gubevu agreements as an obligation of Gubevu. As at June 30, 2007, the total payable was ZAR 55.4 million of which half was paid in June, 2008, and the remaining amount was paid in June, 2009. The fair value of loans approximated carrying value.

14. 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.

14. Provision for environmental rehabilitation (continued)

The liability for the environmental rehabilitation provision at December 31, 2009 is approximately ZAR 60 million ($8,152). The liability was determined using an inflation rate of 7.00% (December 31, 2008 – 5.78%) and an estimated life of mine of 18 years for Zandfontein and Maroelabult (December 31, 2008 – 14 years), 1 year for Kennedy's Vale (December 31, 2008 – 1 year) and 26 years for Spitzkop. A provision for environmental rehabilitation was not recognized for Spitzkop as at December 31, 2008. A discount rate of 8.39% was used (December 31, 2008 – 7.09%). A guarantee of $2,282 (December 31, 2008 - $1,017) has been issued to the Department of Minerals and Energy (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 ZAR236.3 million ($31,885).

Changes to the environmental rehabilitation provision are as follows:

Balance, January 1, 2008	$ 6,224
Revision in estimates	554
Interest expense (Note 19)	491
Foreign exchange movement	(1,671)
Balance, December 31, 2008	$ 5,598
Revision in estimates	629
Interest expense (Note 19)	443
Foreign exchange movement	1,482
Balance, December 31, 2009	**$ 8,152**

15. Income taxes

The income tax recognized in profit or loss comprises of:

	December 31, 2009	December 31, 2008
Deferred tax recovery relating to the origination and reversal of temporary differences	**$ (1,623)**	$ (79,730)
Effect of changes in tax rates	**-**	(5,383)
Total deferred income tax recovery	**$ (1,623)**	$ (85,113)

15. Income taxes (continued)

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before tax provision due to the following:

	December 31, 2009	December 31, 2008
Statutory tax rate	**30.00%**	31.00%
Expected tax recovery on net income (loss) before income tax	**$ (120)**	$ (92,452)
Difference in tax rates between foreign jurisdictions and Canada	**(9,057)**	(15,534)
Items not deductible for income tax purposes	**1,986**	2,840
Effective change in tax rates	**-**	(5,383)
Tax losses not recognized	**5,568**	32,883
Change in tax estimates	**-**	(7,467)
Deferred income tax recovery	**$ (1,623)**	$ (85,113)

The approximate tax effect of each item that gives rise to the Company's deferred tax liabilities are as follows:

	December 31, 2009	December 31, 2008	January 1, 2008
Non-capital loss carry forwards	**$ 5,175**	$ 5,160	$ 5,304
Share issue costs	**1,013**	2,119	2,919
Accumulated cost base difference on assets and other	**(36,877)**	(36,880)	(143,505)
Deferred receipts	**(5,461)**	1,213	(6,416)
Deferred tax liabilities before valuation allowance	**$ (36,150)**	$ (28,388)	$ (141,698)
Less valuation allowance	**(6,341)**	(7,226)	(8,334)
Total deferred tax liabilities	**$ (42,491)**	**$ (35,614)**	**$ (150,032)**

The movement between the opening and closing balances was recognized in profit or loss.

At December 31, 2009, the Company has non-capital losses of approximately Cdn$21,713 available to apply against future Canadian income for tax purposes. In South Africa, the Company has unredeemed capital expenditures available for utilization against future mining taxable income of approximately R3,127 million, and estimated assessable tax losses of approximately R9.3 million. The South African losses do not expire unless the Company's mining activities cease. The non-capital losses will expire as follows (in thousands of Canadian dollars):

15. Income taxes (continued)

	2009 Cdn$ (000's)	2008 Cdn$ (000's)
2011	**$ 1,115**	$ 1,115
2012	**272**	272
2013	**1,592**	1,595
2014	**916**	916
2025	**3,224**	3,101
2026	**6,105**	6,106
2027	**3,393**	2,551
2028	**4,217**	4,614
2029	**879**	-
	$21,713	$20,270

The Company does not have any capital losses available to apply against future capital gains in Canada.

The Company is subject to assessments by various taxation authorities which may interpret tax legislation and tax filing positions differently from the Company. The Company provides for such differences when it is probable that a taxation authority will not sustain the Company's filing position and the amount of the tax exposure can be reasonably estimated. As at December 31, 2009, no provisions have been made in the financial statements for any estimated tax liability.

16. Commitments

The Company has committed to capital expenditures on projects of approximately ZAR37 million ($4,959) as at December 31, 2009 (December 31, 2008 – ZAR 259 million, $27,925).

17. 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.

(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.

17. Issued capital (continued)

(b) Share options (continued)

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 during the year

The changes in share options during the years ended December 31, 2009 and 2008 were as follows:

	December 31, 2009		December 31, 2008	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		Cdn$		Cdn$
Balance outstanding, beginning of year	**64,746,000**	**1.52**	46,360,000	1.94
Options granted	**695,000**	**0.57**	19,856,000	0.55
Options exercised	**(535,999)**	**0.32**	(845,000)	1.26
Options forfeited	**(5,329,167)**	**2.00**	(625,000)	1.76
Balance outstanding, end of year	**59,575,834**	**1.48**	64,746,000	1.52

(ii) Fair value of share options granted in the year

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:

	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.

17. Issued capital (continued)

(b) Share options (continued)

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

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.

	2008			
	February 19	March 26	December 18	Weighted average
Exercise price	Cdn$3.38	Cdn$3.38	Cdn$0.32	**Cdn$0.55**
Closing market price on day preceding date of grant	Cdn$3.38	Cdn$3.32	Cdn$0.32	**Cdn$0.55**
Grant date share price	Cdn$3.38	Cdn$3.38	Cdn$0.30	**Cdn$0.53**
Risk-free interest rate	3.24%	2.67%	1.42%	**1.54%**
Expected life	3 years	3 years	3 years	**3 years**
Annualized volatility	49%	49%	76%	**74%**
Dividend rate	0%	0%	0%	**0%**
Grant date fair value	Cdn$1.22	Cdn$1.20	Cdn$0.15	**Cdn$0.23**

(iii) Share options exercised during the year

The following table outlines share options exercised during the year:

Date of issue	Number of options exercised	Exercise date	Closing share price at exercise date
December 18, 2008	6,000	May 8, 2009	$ 0.55
December 18, 2008	15,000	May 22, 2009	0.45
December 18, 2008	33,333	June 3, 2009	0.65
December 18, 2008	10,000	September 22, 2009	0.59
December 18, 2008	15,000	November 4, 2009	0.83
December 18, 2008	44,999	November 13, 2009	0.84
December 18, 2008	20,000	November 16, 2009	0.91
December 18, 2008	266,667	November 23, 2009	1.00
December 18, 2008	10,000	November 26, 2009	0.96
December 18, 2008	115,000	December 23, 2009	0.88
	535,999		$ 0.90

17. Issued capital (continued)

(b) Share options (continued)

(iv) Share options outstanding at the end of the year

The following table summarizes information concerning outstanding and exercisable options at December 31, 2009:

Options outstanding	Options exercisable	Exercise price	Remaining Contractual Life (Years)	Expiry date
		Cdn$		
6,725,000	6,725,000	1.70	1.40	May 24, 2011
250,000	250,000	1.70	1.91	November 27, 2011
19,987,500	19,987,500	1.82	2.19	March 7, 2012
17,478,334	16,598,334	0.32	3.97	December 18, 2013
60,000	20,000	0.32	4.12	February 11, 2014
400,000	400,000	0.52	4.50	June 30, 2014
215,000	71,667	0.76	4.84	November 3, 2014
13,740,000	13,740,000	2.31	7.77	October 5, 2017
90,000	90,000	2.50	7.96	December 12, 2017
460,000	440,000	3.38	8.15	February 20, 2018
170,000	130,000	3.38	8.24	March 27, 2018
59,575,834	58,452,501	1.50	4.01	

(c) Share purchase warrants

The changes in warrants during the years ended December 31, 2009 and 2008 were as follows:

	December 31, 2009		December 31, 2008	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		Cdn$		Cdn$
Balance outstanding, beginning of year	**58,485,996**	**1.80**	71,248,050	1.83
Warrants exercised	**-**	**-**	(10,824,077)	1.97
Warrants expired	**(58,485,996)**	**1.80**	(1,937,977)	2.00
Balance outstanding, end of year	**-**	**-**	58,485,996	1.80

18. Non-controlling interest

The non-controlling interests are comprised of the following:

Balance, January 1, 2008	$ 23,133
Non-controlling interests' share of loss in Barplats	(717)
Non-controlling interests' share of interest on advances to Gubevu	(3,018)
Foreign exchange movement	(7,396)
Balance, December 31, 2008	$ 12,002
Non-controlling interests' share of loss in Barplats	(1,908)
Non-controlling interests' share of interest on advances to Gubevu	(2,520)
Foreign exchange movement	2,467
Balance, December 31, 2009	**$ 10,041**

19. Finance costs

	December 31, 2009	December 31, 2008
Interest on revenue advances	**$ 482**	$ 1,784
Interest on finance leases	**377**	604
Interest on provision for environmental rehabilitation	**443**	491
Interest on tax	**2**	395
Other interest	**387**	451
	$ 1,691	$ 3,725

20. 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:

	December 31, 2009	December 31, 2008
	(in thousands)	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**680,577**	677,117
Shares deemed to be issued for no consideration in respect of:		
Options	**7,213**	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**687,790**	677,117

The following potential ordinary shares, outstanding at December 31, 2009, are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	December 31, 2009	December 31, 2008
	(in thousands)	
Options	**41,434**	61,053
Warrants	**-**	58,486

21. 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 (loss) were $2,705 (December 31, 2008 - $2,308). The total number of employees in the plan at December 31, 2009 was 1,800 (December 31, 2008 – 1,460).

22. 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.

	Note	**December 31, 2009**	December 31, 2008
Consulting fees	(i)	**$ 232**	$ 90
General and administrative expenses		**48**	254
Management fees		**1,429**	1,205
		$ 1,709	$ 1,549

(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 December 31, 2009 included $510 (December 31, 2008 - $35) 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 years ended December 31, 2009 and 2008 were as follows:

	Note	**December 31, 2009**	December 31, 2008
Salaries and directors' fees	(i)	**$ 2,695**	$ 2,133
Share-based payments	(ii)	**93**	2,374
		$ 2,788	$ 4,507

22. Related party transactions (continued)

(b) *Compensation of key management personnel (continued)*

(i) Salaries and directors' fees include consulting and management fees disclosed in Note 22(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 years ended December 31, 2009 and 2008.

23. 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 assets, revenues and expenses by geographic areas for the years ended December 31, 2009 and 2008 are as follows:

23. Segmented Information (continued)

(b) Geographic segments (continued)

	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
Property, plant and equipment expenditures	$ 27,826	$ -	$ 826	$ 95	$ -	$ 28,747	$ -	$ 28,747
Sale of property, plant and equipment	(1,510)	-	-	-	-	(1,510)	-	(1,510)
Revenue	$ 111,365	$ -	$ -	$ -	$ -	$ 111,365	$ -	$ 111,365
Production costs	(82,839)	-	-	-	-	(82,839)	-	(82,839)
Depreciation and amortization	(17,130)	-	-	-	-	(17,130)	(24)	(17,154)
General and administrative expenses	(3,397)	(2,286)	(510)	(157)	(26)	(6,376)	(4,152)	(10,528)
Share-based payment	(489)	-	-	-	-	(489)	(93)	(582)
Interest income	1,388	-	38	-	-	1,426	360	1,786
Finance costs	(1,547)	-	-	-	-	(1,547)	(144)	(1,691)
Foreign exchange gain (loss)	28	-	-	-	-	28	(786)	(758)
Profit (loss) before income taxes	$ 7,379	$ (2,286)	$ (472)	$ (157)	$ (26)	$ 4,438	$ (4,839)	$ (401)

23. Segmented Information (continued)

(b) Geographic segments (continued)

	December 31, 2008							
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Canada	TOTAL
Current assets	$ 13,636	$ 2,047	$ 1,839	$ 132	$ 1	$ 17,655	$ 56,720	$ 74,375
Property, plant and equipment	334,407	46,025	101,712	23,294	-	505,438	35	505,473
Refining contract	12,493	-	-	-	-	12,493	-	12,493
Other Assets	1,017	-	-	-	-	1,017	-	1,017
	$ 361,553	$ 48,072	$ 103,551	$ 23,426	$ 1	$ 536,603	$ 56,755	$ 593,358
Property, plant and equipment expenditures	$ 137,917	$ 257	$ 4,728	$ -	$ 18	$ 142,920	$ -	$ 142,920
Sale of property, plant and equipment	-	-	-	-	-	-	-	-
Revenue	$ 114,681	$ -	$ -	$ -	$ -	$ 114,681	$ -	$ 114,681
Production costs	(79,961)	-	-	-	-	(79,961)	-	(79,961)
Depreciation and amortization	(14,609)	-	-	-	-	(14,609)	(53)	(14,662)
Impairment	-	(297,285)	-	-	-	(297,285)	-	(297,285)
General and administrative expenses	(12,317)	(1,415)	(588)	-	(18)	(14,338)	(5,103)	(19,441)
Share-based payment	(1,979)	-	-	-	-	(1,979)	(2,646)	(4,625)
Interest income	3,770	42	7	-	-	3,819	5,125	8,944
Finance costs	(3,068)	(86)	-	-	-	(3,154)	(571)	(3,725)
Foreign exchange gain (loss)	(8)	-	343	55	2	392	(2,547)	(2,155)
Profit (loss) before income taxes	$ 6,509	$ (298,744)	$ (238)	$ 55	$ (16)	$ (292,434)	$ (5,795)	$ (298,229)

For the years ended December 31, 2009 and 2008, substantially all of the Company's PGM production was sold to one customer.

24. Financial instruments

(a) Management of capital risk

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued capital, equity-settled employee benefits reserve, deficit and currency translation adjustment. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company is not subject to externally imposed capital requirements.

(b) Categories of financial instruments

	December 31, 2009	December 31, 2008	January 1, 2008
Financial assets			
Cash and cash equivalents	**$ 7,249**	$ 25,806	$ 18,818
Loans and receivables			
Trade receivables	**29,138**	9,431	32,560
Available for sale financial assets			
Short-term investments	**14,409**	35,257	171,038
Other assets	**2,282**	1,017	1,247
	$ 53,078	$ 71,511	$ 223,663
Financial liabilities			
Other financial liabilities			
Accounts payable and accrued liabilities	**$ 22,919**	$ 36,729	$ 22,967
Current portion of finance leases	**926**	649	748
Current loans	**-**	3,219	3,837
Long-term portion of finance leases	**2,850**	3,014	5,057
Long-term loans	**-**	-	3,322
	$ 26,695	$ 43,611	$ 35,931

(c) Fair value of financial instruments

(i) Fair value estimation of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair values of cash and cash equivalents, short-term investments, trade receivables and accounts payable approximate their carrying values due to the short-term to maturities of these financial instruments.

The fair value of short-term debt was determined using discounted cash flows at prevailing market rates and the fair value is considered to approximate carrying value.

24. Financial instruments (continued)

(c) Fair value of financial instruments (continued)

(ii) Fair value measurements recognized in the statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into a hierarchy based on the degree to which the fair value is observable. Level 1 fair value measurements are derived from unadjusted, quoted prices in active markets for identical assets or liabilities. Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly. Level 3 fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The Company's short-term investments and other assets are measured subsequent to initial recognition at fair value and are Level 2 financial instruments at December 31, 2009. There were no transfers between levels during the year ended December 31, 2009.

(d) Reclassification of financial assets

During the year ended December 31, 2008, a short-term investment classified as held-to-maturity was sold prior to its maturity date. This tainted the Company's held-to-maturity investments and resulted in the reclassification of the Company's held-to-maturity investments, short-term investments ($35,257) and other assets ($1,017), to available for sale financial assets. The short-term investments were re-measured at fair value with any gains or losses recorded directly to other comprehensive income. The impact of the reclassification was insignificant.

(e) Financial risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Company's exposure to these risks and its methods of managing the risks remain consistent.

(i) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company's revenues are based on US dollar PGM prices, but the Company receives revenue in South African Rand. A significant change in the currency exchange rates between the South African Rand relative to the US dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations.

The carrying amount of the Company's foreign-currency denominated monetary assets at December 31, 2009, is as follows:

	December 31, 2009		December 31, 2008	
	(000's Cdn)	**(000's ZAR)**	(000's Cdn$)	(000's ZAR)
Financial assets				
Loans and receivables	**320**	**213,701**	552	83,410

24. Financial instruments (continued)

(e) Financial risk management (continued)

(i) Currency risk (continued)

The sensitivity of the Company's net earnings and other comprehensive income due to changes in the exchange rate between the South African Rand and the United States dollar, and between the Canadian dollar and the United States dollar are summarized in the tables below. The increase (decrease) in other comprehensive income is due to the effect of the exchange rate on financial instruments.

	Year ended Dec. 31, 2009	
	10% increase in ZAR to USD FX rate	10% decrease in ZAR to USD FX rate
Increase (decrease) in other comprehensive income	(2,621)	3,204

	Year ended Dec. 31, 2009	
	10% increase in Cdn to USD FX rate	10% decrease in Cdn to USD FX rate
Increase (decrease) in other comprehensive income	(2,914)	2,914

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its short-term investments. The risk that the Company will realize a loss as a result of a decline in the fair value of short-term investments is limited because these investments, although available for sale, are generally not sold before maturity. The Company monitors its exposure to interest rates and has not entered into any derivative financial instruments to manage this risk. A sensitivity analysis has not been completed for interest rate risk as it is immaterial.

(iii) Price risk

The Company is exposed to price risk with respect to fluctuations in the prices of platinum group metals. These fluctuations directly affect revenues and trade receivables. As at December 31, 2009, the Company's financial assets subject to metal price risk consist of trade receivables of $25,765 (December 31, 2008 - $1,365). Historically, the Company has not entered into any derivative financial instruments to manage exposures to price fluctuations. No such derivative financial instruments existed at December 31, 2009 and 2008.

The Company has not included a sensitivity analysis of price risk at year-end as it does not reflect the exposure experienced during the twelve months ended December 31, 2009. Presenting such an analysis would be misleading.

24. Financial instruments (continued)

(e) Financial risk management (continued)

(iv) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables. The carrying value of the financial assets represents the maximum credit exposure.

The Company currently sells substantially all of its concentrate production to one customer under an off-take contract. At December 31, 2009, the Company had receivable balances associated with this one customer of $25,765 (December 31, 2008 - $1,365). The loss of this customer or unexpected termination of the off-take contract could have a material adverse effect on the Company's results of operations, financial condition and cash flows. The Company has not experienced any bad debts with this customer.

The Company minimizes credit risk by reviewing the credit risk of the counterparty to the arrangement and has made any necessary provisions related to credit risk at December 31, 2009.

(v) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansionary plans. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments. The Company staggers the maturity dates of its investments over different time periods and dates to minimize exposure to interest rate changes. This strategy remains unchanged from 2008.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's significant commitments and corresponding maturities.

	December 31, 2009		
	Total	**<1 year**	**1-3**
Accounts payable	$ 22,919	$ 22,919	$ -
Finance leases	4,282	1,221	3,061
Purchase commitments	881	881	-
Capital expenditures	4,077	4,077	-
	$ 32,159	$ 29,098	$ 3,061

24. Financial instruments (continued)

(e) Financial risk management (continued)

(v) Liquidity risk (continued)

	December 31, 2008		
	Total	<1 year	1-3 years
Accounts payable	$ 36,729	$ 36,729	$ -
Finance leases	4,746	1,102	3,644
Loans	3,219	3,219	-
Purchase commitments	4,751	4,751	-
Capital expenditures	23,174	22,725	449
	$ 72,619	$ 68,526	$ 4,093

	January 1, 2008		
	Total	<1 year	1-3 years
Accounts payable	$ 22,967	$ 22,967	$ -
Finance leases	7,164	1,565	5,599
Loans	7,159	3,837	3,322
Purchase commitments	2,407	2,407	-
Capital expenditures	22,741	22,741	-
	$ 62,438	$ 53,517	$ 8,921

25. IFRS

IFRS 1 *First-time Adoption of International Financial Reporting Standards* sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated January 1, 2008:

(a) Business Combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has taken advantage of this election and has applied IFRS 3 to business combinations that occurred on or after January 1, 2008.

(b) Cumulative translation differences

IFRS 1 allows a first-time adopter to not comply with the requirements of IAS 21 *The Effects of Changes in Foreign Exchange Rates* for cumulative translation differences that existed at the date of transition to IFRS. The Company has chosen to apply this election and has eliminated the cumulative translation difference and adjusted retained earnings by the same amount at the date of transition to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS will not affect the gain or loss on disposal.

25. IFRS (Continued)

(c) *Share-based payment transactions*

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2008, which have been accounted for in accordance with Canadian GAAP.

(d) *IAS 27 – Consolidated and Separate Financial Statements*

In accordance with IFRS 1, if a company elects to apply IFRS 3 *Business Combinations* retrospectively, IAS 27 *Consolidated and Separate Financial Statements* must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has also elected to apply IAS 27 prospectively.

(e) *IAS 23 – Borrowing Costs*

In accordance with IFRS 1, the Company has elected to prospectively apply IAS 23 effective January 1, 2009.

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated January 1, 2008:

(f) *Assets and liabilities of subsidiaries and associates*

In accordance with IFRS 1, if a parent company adopts IFRS subsequent to its subsidiary or associate adopting IFRS, the assets and the liabilities of the subsidiary or associate are to be included in the consolidated financial statements at the same carrying amounts as in the financial statements of the subsidiary or associate. The Company's principal operating subsidiary, Barplats Investments Limited, adopted IFRS in 2005.

(g) *Estimates*

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2008 are consistent with its Canadian GAAP estimates for the same date.

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and results of operations. In order to allow the users of the financial statements to better understand these changes, the Company's Canadian GAAP statement of operations, statement of comprehensive income, statement of financial position and statement of cash flows for the year ended December 31, 2008 have been reconciled to IFRS, with the resulting differences explained.

(h) *Revenue and interest income*

The Company settles its metal sales three or five months, depending on the type of metal, following the physical delivery of the concentrates.

25. IFRS (continued)

(h) Revenue and interest income (continued)

The present value of sales revenue expected to be received in three or five months is recognized on the date of sale. The difference between the present value and the future value is recognized as interest revenue over the term of settlement. In its Canadian GAAP financial statements for the year ended December 31, 2008, the Company recorded the future value as sales revenue, as opposed to recognizing the difference between the present value and the future value as interest revenue over the term of settlement. The difference in the treatment of revenue results in a timing difference in the recognition of income and is not material to these financial statements.

(i) Property plant and equipment

Due to the adjustments to the provision for environmental rehabilitation discussed in Note 25(k), the cost of property plant and equipment is different in accordance with IFRS than in accordance with Canadian GAAP. As a result, even though depreciation is calculated in the same manner, the amount of depreciation differs.

(j) Share-based payments

IFRS

- Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches.
- Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

Canadian GAAP

- The fair value of stock-based awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period.
- Forfeitures of awards are recognized as they occur.

(k) Provision for environmental rehabilitation

IFRS

- The provision for environmental rehabilitation must be adjusted for changes in the discount rate.

Canadian GAAP

- The provision for environmental rehabilitation is not adjusted for changes in the discount rate.

(l) Deferred tax asset/liability

IFRS

- All deferred tax assets and liabilities must be classified as non-current.

Canadian GAAP

- Deferred tax assets and liabilities are classified as current or non-current as appropriate.

25. IFRS (continued)

(m) Other comprehensive income (loss)

Other comprehensive income (loss) consists of the change in the cumulative translation adjustment ("CTA"). Due to other IFRS adjustments, the balances that are used to calculate the CTA are different in accordance with IFRS than in accordance with Canadian GAAP. As a result, CTA and other comprehensive income (loss) are different in accordance with IFRS than in accordance with Canadian GAAP.

(n) Impairment

IFRS – If indication of impairment is identified, the asset's carrying value is compared to the asset's discounted cash flows. If the discounted cash flows are less than the carrying value, the asset is impaired by an amount equal to the difference between the discounted cash flows and the carrying value.

Canadian GAAP - If indication of impairment is identified, the asset's carrying value is compared to the asset's undiscounted cash flows. If the undiscounted cash flows are less than the carrying value, the asset is impaired by an amount equal to the difference between the discounted cash flows and the carrying value.

The Company completed an impairment review of its assets at January 1, 2008 and concluded that the assets were not impaired in accordance with IFRS. At December 31, 2008, the carrying value of the Kennedy's Vale mineral property was less than the property's undiscounted cash flows, but greater than the property's discounted cash flows. As a result, the mineral property was concluded to be impaired in accordance with IFRS, but not impaired in accordance with Canadian GAAP. An impairment of $297.3 million and an income tax recovery of $71.5 million have been recorded relating to the Kennedy's Vale impairment.

(o) Presentation

The presentation in accordance with IFRS differs from the presentation in accordance with Canadian GAAP.

25. IFRS (continued)

The January 1, 2008 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

		January 1, 2008		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		$ 18,818	$ -	$ 18,818
Short-term investments		171,038	-	171,038
Trade and other receivables	(f)(h)	33,157	(597)	32,560
Inventories		6,888	-	6,888
		229,901	(597)	229,304
Property, plant and equipment	(f)(i)(k)	813,461	1,929	815,390
Refining contract		18,467	-	18,467
Other assets		1,247	-	1,247
		$ 1,063,076	$ 1,332	$ 1,064,408
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		$ 22,967	$ -	$ 22,967
Current portion of finance leases	(o)	$ -	$ 748	$ 748
Current portion of long-term liability		3,837	-	3,837
Deferred tax	(l)	6,416	(6,416)	-
		33,220	(5,668)	27,552
Provision for environmental rehabilitation	(f)(k)	2,889	3,335	6,224
Capital leases and other long-term liabilities	(o)	9,127	(9,127)	-
Finance leases	(o)	-	5,057	5,057
Loans	(o)	-	3,322	3,322
Deferred tax liabilities	(l)	143,616	6,416	150,032
		188,852	3,335	192,187
Equity				
Issued capital		868,045	-	868,045
Equity-settled employee benefits reserve		27,428	-	27,428
Currency translation adjustment	(b)	23,481	(23,481)	-
Deficit		(68,132)	21,747	(46,385)
Capital and reserves attributable to equity shareholders of the Company		850,822	(1,734)	849,088
Non-controlling interest		23,402	(269)	23,133
		874,224	(2,003)	872,221
		$ 1,063,076	$ 1,332	$ 1,064,408

25. IFRS (continued)

The Canadian GAAP income statement and statement of comprehensive income for the twelve months ended December 31, 2008 have been reconciled to IFRS as follows:

	Note	12 months ended December 31, 2008		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue	(h)	$ 116,198	$ (1,517)	$ 114,681
Cost of operations				
Production costs		79,961	-	79,961
Depletion and depreciation	(i)	14,599	63	14,662
		94,560	63	94,623
Mine operating earnings		21,638	(1,580)	20,058
Expenses				
Impairment	(n)	-	297,285	297,285
General and administrative	(f)	19,411	30	19,441
Share-based payments	(j)	4,290	335	4,625
		23,701	297,650	321,351
Operating loss		(2,063)	(299,230)	(301,293)
Other income (expense)				
Interest income	(h)	7,081	1,863	8,944
Finance costs	(k)	(3,551)	(174)	(3,725)
Foreign exchange gain		(2,155)	-	(2,155)
Loss before income taxes		(688)	(297,541)	(298,229)
Deferred income tax recovery	(n)	13,623	71,490	85,113
Net profit (loss) for the year		$ 12,935	$ (226,051)	$ (213,116)
Attributable to				
Non-controlling interest		$ (3,429)	$ (306)	$ (3,735)
Equity shareholders of the Company		$ 16,364	$ (225,745)	$ (209,381)
Net profit (loss) for the year		$ 12,935	$ (226,051)	$ (213,116)

	Note	12 months ended December 31, 2008		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Net profit (loss) for the year		$ 12,935	$ (226,051)	$ (213,116)
Other comprehensive loss - currency translation adjustment	(m)	(197,052)	27,475	(169,577)
Exchange differences on translating non-controlling interest	(o)	-	(7,396)	(7,396)
Comprehensive loss		$ (184,117)	$ (205,972)	$ (390,089)
Attributable to				
Non-controlling interest	(o)	$ (3,429)	$ (7,702)	$ (11,131)
Equity shareholders of the Company		$ (180,688)	$ (198,270)	$ (378,958)

25. IFRS (continued)

The Canadian GAAP statement of financial position at December 31, 2008 has been reconciled to IFRS as follows:

	Note	December 31, 2008 Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		$ 25,806	$ -	$ 25,806
Short-term investments		35,257	-	35,257
Trade receivables	(h)	9,556	(125)	9,431
Inventories		3,881	-	3,881
Deferred tax asset	(l)	1,178	(1,178)	-
		75,678	(1,303)	74,375
Property, plant and equipment	(i)(k)(n)	783,039	(277,566)	505,473
Refining contract		12,493	-	12,493
Other assets		1,017	-	1,017
		$ 872,227	$ (278,869)	$ 593,358
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		$ 36,729	$ -	$ 36,729
Current portion of finance leases		649	-	649
Current loans	(o)	2,972	247	3,219
		40,350	247	40,597
Non-current liabilities				
Provision for environmental rehabilitation	(k)	2,846	2,752	5,598
Finance leases	(o)	3,261	(247)	3,014
Deferred tax liabilities	(l)(n)	117,234	(81,620)	35,614
		163,691	(78,868)	84,823
Equity				
Issued capital		890,049	-	890,049
Equity-settled employee benefits reserve	(j)	31,491	336	31,827
Currency translation adjustment	(m)	(173,571)	3,994	(169,577)
Deficit		(51,768)	(203,998)	(255,766)
Capital and reserves attributable to equity shareholders of the Company		696,201	(199,668)	496,533
Non-controlling interest		12,335	(333)	12,002
		708,536	(200,001)	508,535
		$ 872,227	$ (278,869)	$ 593,358

25. IFRS (continued)

The reconciliation of the statement of cash flows for the twelve months ended December 31, 2008:

		December 31, 2008 (12 months)		
	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating activities				
Net profit (loss) for the year		$ (688)	$ (297,541)	$ (298,229)
Adjustments to net profit (loss) for non-cash items				
Depreciation	(i)	14,877	(215)	14,662
Refining contract amortization		1,353	-	1,353
Impairment	(n)	-	297,285	297,285
Share-based payments	(j)	4,290	335	4,625
Interest income	(o)	-	(8,944)	(8,944)
Finance costs	(o)	2,845	880	3,725
Foreign exchange loss	(o)	5,731	(3,576)	2,155
Net changes in non-cash working capital items				
Trade receivables	(h)	10,765	3,266	14,031
Inventories		1,391	-	1,391
Accounts payable and accrued liabilities		12,962	-	12,962
Cash generated from operations		53,526	(8,510)	45,016
Adjustments to net profit for cash items				
Realized foreign exchange gain	(o)	-	(1,157)	(1,157)
Interest income received	(o)	-	10,028	10,028
Finance costs paid	(o)	-	(375)	(375)
Net operating cash flows		53,526	(14)	53,512
Investing activities				
Acquisitions, net of cash acquired		(39,589)	-	(39,589)
Maturity of short-term investments	(o)	119,318	42	119,360
Purchase of other assets	(o)	-	(42)	(42)
Property, plant and equipment expenditures		(143,373)	-	(143,373)
Net investing cash flows		(63,644)	-	(63,644)
Financing activities				
Common shares issued for cash, net of share issue costs		22,004	-	22,004
Repayment of short-term debt	(o)	(892)	892	-
Other long-term liabilities	(o)	(3,411)	(898)	(4,309)
Net financing cash flows		17,701	(6)	17,695
Effect of exchange rate changes on cash and cash equivalents		(595)	20	(575)
Increase in cash and cash equivalents		6,988	-	6,988
Cash and cash equivalents, beginning of year		18,818	-	18,818
Cash and cash equivalents, end of year		$ 25,806	$ -	$ 25,806

26. Events after the reporting period

From January 1, 2010 to March 24, 2010:

(a) The Company granted 2,231,000 options with an exercise price of Cdn$1.30 per share expiring on January 18, 2015.

(b) 444,831 stock options were exercised, of which 83,333 were exercised by way of cash payment at a weighted average exercise price of Cdn$0.32 for proceeds of Cdn$27, and 361,498 were exercised by way of stock appreciation rights at a weighted average exercise price of Cdn$0.35.

EASTERN PLATINUM LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009

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 December 31, 2009 and for the three and twelve months then ended in comparison to the same periods in 2008.

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 consolidated financial statements for the twelve months ended December 31, 2009 and supporting notes. These consolidated financial statements have been prepared using accounting policies in compliance with IFRS as issued by the International Accounting Standards Board ("IASB"). A reconciliation of the previously disclosed comparative periods' financial statements prepared in accordance with Canadian generally accepted accounting principles to IFRS is set out in Note 25 to these consolidated financial statements.

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 March 24, 2010. Additional information relating to the Company is available on SEDAR at www.sedar.com.

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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. Highlights

2.1 Highlights for the quarter ended December 31, 2009 ("Q4 2009")

- Eastplats recorded a net profit attributable to equity shareholders of the Company of $330,000 ($0.00 per share) compared to a net loss attributable to equity shareholders of $230,176,000 ($0.34 loss per share) in the fourth quarter of 2008 ("Q4 2008").

- Production at CRM was 34,000 PGM ounces, an increase of 17% compared to 29,015 PGM ounces in Q4 2008.

- EBITDA was $10,008,000 compared to negative EBITDA of $18,179,000 in Q4 2008.

- The U.S. average delivered basket price per PGM ounce was $860, an increase of 56% compared to $550 in Q4 2008.

- The Rand average delivered basket price per PGM ounce was R6,450, an increase of 18% compared to R5,456 in Q4 2008.

- Rand operating cash costs net of by-product credits were R4,661 per ounce, a decrease of 19% compared to R5,734 per ounce in Q4 2008. Rand operating cash costs were R5,296 per ounce, a decrease of 15% compared to R6,231 per ounce in Q4 2008.

- U.S. dollar operating cash costs net of by-product credits were $621 per ounce, a 7% increase from $578 per ounce achieved in Q4 2008. Operating cash costs were $706 per ounce, an increase of 12% compared to the $628 per ounce in Q4 2008.

- Head grade increased to 4.1 grams per tonne in Q4 2009 from 4.0 grams per tonne in Q4 2008

- Average concentrator recovery increased to 79% from 76% in Q4 2008.

- Development meters decreased by 29% to 3,254 meters and on-reef development decreased by 27% to 2,135 meters compared to Q4 2008, mainly as a result of the planned reduction in reserve development that was initiated in November 2008.

- Stoping units increased by 19% to 55,153 square meters compared to Q4 2008.

- Run-of-mine rock ore hoisted increased by 14% to 321,393 tonnes in Q4 2009 compared to 280,933 tonnes in Q4 2008.

- Run-of-mine ore processed increased by 8% to 321,983 tonnes in Q4 2009 compared to 298,514 tonnes in Q4 2008.

- The Company's Lost Time Injury Frequency Rate (LTIFR) was 3.45 in Q4 2009, an increase of 78% compared to 1.94 in Q4 2008.

- At December 31, 2009, the Company had a cash position (including cash, cash equivalents and short term investments) of $21,658,000 (December 31, 2008 – $61,063,000).

2.2 Highlights for the year ended December 31, 2009

- Eastplats recorded a net profit attributable to equity shareholders of the Company of $5,650,000 ($0.01 per share) compared to a net loss attributable to equity shareholders of $209,381,000 ($0.31 loss per share) in the year ended December 31, 2008.

- Production at CRM was 130,338 PGM ounces, an increase of 11% compared to 117,909 PGM ounces in 2008.

- EBITDA was $28,526,000 compared to EBITDA of $34,720,000 in 2008.

- The U.S. average delivered basket price per PGM ounce was $723, a decrease of 42% compared to $1,255 in 2008.

- The Rand average delivered basket price per PGM ounce was R6,006, a decrease of 40% compared to R9,956 in 2008.

- Rand operating cash costs net of by-product credits were R4,306 per ounce, a decrease of 12% compared to R4,893 per ounce in 2008. Rand operating cash costs were R5,286 per ounce in 2009, a decrease of 4% compared to R5,530 per ounce in 2008.

- U.S. dollar operating cash costs net of by-product credits were $521 per ounce, a 16% decrease from $622 per ounce achieved in 2008. Operating cash costs were $636 per ounce, a decrease of 6% compared to the $674 per ounce in 2008.

- Head grade increased to 4.1 grams per tonne in 2009 from 4.0 grams per tonne in 2008.

- Average concentrator recovery increased to 79% from 76% in 2008.

- Development meters decreased by 26% to 15,035 meters and on-reef development decreased by 23% to 9,302 meters compared to 2008, due to the planned reduction in reserve development that was initiated in November 2008.

- Stoping units increased by 11% to 187,856 square meters.

- Run-of-mine ore processed increased by 4% to 1,225,508 tonnes in 2009 from 1,175,519 tonnes in 2008.

- The Company's twelve month (LTIFR) was 2.21 in 2009, a decrease of 18% compared to 2.70 in 2008.

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	2009				2008			
	Dec 31	Sept 30	June 30	March 31	Dec 31	Sept 30	June 30	March 31
Revenues	$ 34,259	$ 27,365	$ 24,838	$ 24,903	$ 345	$ 9,224	$ 49,317	$ 55,795
Cost of operations	(29,294)	(26,702)	(22,595)	(21,402)	(19,569)	(25,372)	(25,538)	(24,144)
Mine operating earnings (loss)	4,965	663	2,243	3,501	(19,224)	(16,148)	23,779	31,651
Expenses (G&A and share-based payment)	(3,523)	(2,445)	(3,374)	(1,768)	(6,599)	(5,996)	(5,789)	(5,682)
Impairment of property, plant and equipmen	-	-	-	-	(297,285)	-	-	-
Operating (loss) profit	1,442	(1,782)	(1,131)	1,733	(323,108)	(22,144)	17,990	25,969
Net profit (loss) attributable to equity shareholders of the Company	$ 330	$ 1,839	$ 317	$ 3,164	$ (230,176)	$ (10,829)	$ 12,148	$ 19,476
Earnings (loss) per share - basic	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ (0.34)	$ (0.02)	$ 0.02	$ 0.03
Earnings (loss) per share - diluted	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ (0.34)	$ (0.02)	$ 0.02	$ 0.03
Average foreign exchange rates								
South African Rand per US dollar	7.50	7.80	8.44	9.94	9.92	7.78	7.77	7.53
US dollar per Canadian dollar	0.9459	0.9114	0.8578	0.8038	0.8252	0.9603	0.9901	0.9955
Period end foreign exchange rates								
South African Rand per US dollar	7.41	7.53	7.75	9.54	9.29	8.35	7.81	8.14
US dollar per Canadian dollar	0.9515	0.9340	0.8598	0.7928	0.8210	0.9397	0.9807	0.9742

3. Results of Operations for the three and twelve months ended December 31, 2009

The following table sets forth selected consolidated financial information for the three and twelve months ended December 31, 2009 and 2008:

Table 2

Condensed consolidated interim income statements
(Expressed in thousands of U.S. dollars, except per share amounts)

	Three months ended December 31,		Twelve months ended December 31,	
	2009	2008	**2009**	2008
Revenue	**$ 34,259**	$ 345	**$ 111,365**	$ 114,681
Cost of operations				
Production costs	**24,251**	18,524	**82,839**	79,961
Depletion and depreciation	**5,043**	1,045	**17,154**	14,662
Mine operating earnings (loss)	**4,965**	(19,224)	**11,372**	20,058
Expenses				
Impairment	**-**	297,285	**-**	297,285
General and administrative	**3,385**	4,214	**10,528**	19,441
Share-based payments	**138**	2,385	**582**	4,625
Operating profit (loss)	**1,442**	(323,108)	**262**	(301,293)
Other income (expense)				
Interest income	**349**	963	**1,786**	8,944
Finance costs	**(532)**	(768)	**(1,691)**	(3,725)
Foreign exchange gain (loss)	**37**	(3,255)	**(758)**	(2,155)
Profit (loss) before income taxes	**1,296**	(326,168)	**(401)**	(298,229)
Deferred income tax recovery (expense)	**(2,311)**	92,530	**1,623**	85,113
Net profit (loss) for the period	**$ (1,015)**	$ (233,638)	**$ 1,222**	$ (213,116)
Attributable to				
Non-controlling interest	**$ (1,345)**	$ (3,462)	**$ (4,428)**	$ (3,735)
Equity shareholders of the Company	**330**	(230,176)	**5,650**	(209,381)
Net profit (loss) for the period	**$ (1,015)**	$ (233,638)	**$ 1,222**	$ (213,116)
Earnings (loss) per share				
Basic	**$ 0.00**	$ (0.34)	**$ 0.01**	$ (0.31)
Diluted	**$ 0.00**	$ (0.34)	**$ 0.01**	$ (0.31)
Weighted average number of common share outstanding				
Basic	**680,682**	680,506	**680,577**	677,117
Diluted	**691,072**	680,506	**687,790**	677,117

Condensed consolidated statements of financial position	**December 31, 2009**	December 31, 2008
Total assets	**$ 706,850**	$ 593,358
Total long-term liabilities	**$ 53,493**	$ 44,226

3.1 Mining operations at Crocodile River Mine ("CRM")

The following is a summary of CRM's operations for each of the quarters of 2009 and 2008:

Table 3

Crocodile River Mine operations	Three months ended							
	2009				2008			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Key financial statistics								
(dollar amounts stated in U.S. dollars)								
Sales - PGM ounces	34,000	29,986	33,383	32,969	29,015	30,758	30,311	27,825
Average delivered price per ounce (2)	$860	$765	$679	$590	$550	$1,193	$1,657	$1,621
Average basket price	$1,008	$878	$779	$676	$655	$1,438	$1,969	$1,927
Rand average delivered price per ounce	R 6,450	R 5,967	R 5,730	R 5,865	R 5,456	R 9,285	R 12,880	R 12,206
Rand average basket price	R 7,560	R 6,848	R 6,574	R 6,720	R 6,496	R 11,191	R 15,305	R 14,511
Cash costs per ounce of PGM (1)	$706	$758	$554	$536	$628	$672	$696	$698
Cash costs per ounce of PGM, net of chrome by-product credits (1)	$621	$583	$494	$388	$578	$521	$696	$698
Rand cash costs per ounce of PGM (1)	R 5,296	R 5,915	R 4,673	R 5,326	R 6,231	R 5,233	R 5,411	R 5,258
Rand cash costs per ounce of PGM, net of chrome by-product credits (1)	R 4,661	R 4,548	R 4,169	R 3,857	R 5,734	R 4,055	R 5,410	R 5,256
Key production statistics								
Total tonnes processed	466,414	471,743	440,288	318,394	298,514	317,602	337,471	349,497
Run-of-mine ("ROM") rock tonnes processed	321,983	280,777	304,354	318,394	298,514	305,490	313,767	257,748
Tailings tonnes processed	144,431	190,966	135,934	-	-	12,112	23,704	88,948
Third party ore processed	-	-	-	-	-	-	-	2,801
Development meters	3,254	2,882	4,326	4,573	4,604	5,599	5,575	4,409
On-reef development meters	2,135	1,562	2,860	2,745	2,922	3,556	3,230	2,343
Stoping units (square meters)	55,153	36,263	51,342	45,098	46,459	39,652	44,277	38,686
Concentrator recovery from ROM ore	79%	78%	80%	80%	76%	78%	73%	78%
Chrome produced (tonnes)	109,388	83,930	82,760	77,554	69,937	64,744	37,515	22,489
Metal in concentrate sold (ounces)								
Platinum (Pt)	17,012	15,080	16,721	16,499	14,466	15,393	15,333	13,684
Palladium (Pd)	7,444	6,613	7,406	7,399	6,690	6,973	6,777	6,201
Rhodium (Rh)	2,923	2,499	2,868	2,812	2,451	2,581	2,543	2,335
Gold (Au)	121	115	141	135	121	123	132	121
Iridium (Ir)	1,240	1,095	1,179	1,144	979	1,083	994	1,078
Ruthenium (Ru)	5,260	4,584	5,068	4,980	4,308	4,605	4,532	4,405
Total PGM ounces	34,000	29,986	33,383	32,969	29,015	30,758	30,311	27,825

(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 December 31, 2009 compared to the quarter ended December 31, 2008

In Q4 2009, CRM suffered seven lost time injuries (compared to six lost time injuries in Q4 2008) resulting in a Lost Time Injury Frequency Rate ("LTIFR") of 3.45 (1.94 in Q4 2008).

The Company generated revenue of $34,259,000 in Q4 2009 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.

After a period of sharp declines in late 2008, PGM prices in U.S. dollar terms have risen steadily throughout 2009. The Company recorded an average delivered basket price of $860 per PGM ounce in Q4 2009, compared to $550 in Q4 2008. 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 $4,537,000 and $11,027,000 for the three and twelve months ended December 31, 2009 respectively. In comparison, PGM prices declined sharply from August through December 2008 resulting in significant negative adjustments to the provisional prices in Q3 and Q4 2008.

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 December 31,		Twelve months ended December 31,	
	2009	2008	2009	2008
Revenue before provisional price adjustments	$ 29,722	$ 17,043	$ 100,338	$ 146,745
Provisional price adjusments				
Adjustments to revenue upon settlement of prior periods' sales	1,065	(9,515)	7,555	(24,881)
Mark-to-market adjustment on sales not yet settled at end of period	3,472	(7,183)	3,472	(7,183)
Revenue as reported in the income statement	$ 34,259	$ 345	$ 111,365	$ 114,681

PGM ounces sold were up by 17% in Q4 2009 compared to Q4 2008 as a result of increased run-of-mine rock tonnes processed (321,983 tonnes in Q4 2009 compared to 298,514 tonnes in Q4 2008) and increased head grades (4.1 grams per tonne in Q4 2009 compared to 4.0 grams per tonne in Q4 2008). Total tonnage processed increased by 56% compared to Q4 2008 primarily due to the Q2 2009 recommencement of tailings retreatment at CRM. There were 144,431 tonnes of tailings processed in Q4 2009 compared to nil in Q4 2008.

Total development for the quarter was 3,254 metres, a 29% decrease compared to 4,604 metres achieved in Q4 2008, and on-reef development was 2,135 metres, a 27% decrease compared to 2,922 metres in Q4 2008 due to the planned reduction in reserve development that was initiated in November 2008. The current development levels ensure that the reserves immediately available for stoping can be maintained at about eighteen months.

Recovery rates increased from 76% in Q4 2008 to 79% in Q4 2009 as the full effects of the upgrades to the concentrator in mid-2008 were realized in 2009.

Operating cash costs, a non-IFRS measure, are incurred primarily in Rand. Operating cash costs increased by 12% from $628 per ounce in Q4 2008 to $706 per ounce in Q4 2009 due to a 24% devaluation of the U.S. dollar relative to the South African Rand. The average U.S. dollar-Rand exchange rate was R7.50:$1.00 in Q4 2009 compared to R9.92:$1.00 in Q4 2008. The corresponding Rand operating cash costs, also a non-IFRS measure, decreased by 15% from R6,231 per ounce in Q4 2008 to R5,296 per ounce in Q4 2009. This decrease reflects improved production and operating

efficiencies, which were partially offset by a 10% wage increase and a 30% increase in electricity costs effective June 1 and July 1, 2009, respectively.

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

The chrome recovery circuit at CRM was fully operational at the end of the second quarter of 2008. As a result, penalties for excess chrome present in PGM concentrates have been significantly reduced and commercial quantities of chrome have been produced and sold as a by-product of PGM production. In July 2008, the Company commenced reporting cash costs net of chrome by-product credits, also a non-IFRS measure. In Q4 2009, 109,388 tonnes of chrome were produced and 85,347 tonnes were sold for proceeds of $2,877,000, reducing operating cash costs net of by-product credits to $621 per ounce.

Quarter ended December 31, 2009 compared to the quarter ended September 30, 2009

PGM revenues increased by 25% compared to Q3 2009 as a result of a 13% increase in ounces produced coupled with a 12% rise in PGM prices during the quarter. In Q4 2009, underground mining activities and production returned to levels achieved in the first half of 2009, following the interruption that resulted from the illegal industrial action in July, 2009. Development meters, on-reef development meters, and stoping units increased by 13%, 37% and 52% respectively compared to Q3 2009. Run-of-mine ore processed increased by 15% as 35,000 tonnes of surface ore stockpiles which had accumulated in June 2009 were processed in Q3 2009.

Operating cash costs per ounce decreased from $758 per ounce in Q3 2009 to $706 per ounce in Q4 2009 primarily as a result of the increase in ounces produced in Q4 2009. A 4% weakening of the U.S. dollar from R7.80:$1.00 in Q3 2009 to R7.50:$1.00 in Q4 2009 partially offset the decrease in operating cash costs.

Year ended December 31, 2009 compared to the year ended December 31, 2008

In 2009, the Company sold 130,338 PGM ounces, an increase of 11% compared to 2008. The increase was primarily a result of higher volumes mined in 2009 (1,696,839 tonnes processed in 2009 compared to 1,303,084 tonnes processed in 2008), improved recovery rates (79% in 2009 compared to 76% in 2008), and an improvement in head grades from 4.0 grams per tonne in 2008 to 4.1 grams per tonne in 2009. On-reef development decreased to 9,302 meters in 2009 compared to 12,051 meters in 2008.

The average delivered basket price per ounce decreased from $1,255 in 2008 to $723 in 2009. PGM prices reached multi-year highs in March 2008, decreased sharply between August 2008 and December 2008, and increased steadily between January 2009 and December 2009.

Operating cash costs of $636 per ounce were achieved in 2009, compared to $674 per ounce in 2008. The factors contributing to the improvement in operating cash costs per ounce included an 11% increase in the PGM produced in 2009 compared to 2008, and a 2% strengthening of the U.S. dollar from R8.25:$1.00 in 2008 to R8.42:$1.00 in 2009. This was offset by a 10% wage increase effective June 1, 2009, a year-over-year 26% increase in electricity costs, and inefficiencies caused by the Q3 2009 industrial action at CRM.

The Company's twelve month LTIFR of 2.21 to December 31, 2009 (December 31, 2008 – 2.70) compares favorably with other platinum producers in South Africa.

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

Crocodile River Mine non-IFRS measures
(Expressed in thousands of U.S. dollars, except ounce and per ounce data)

	Three months ended December 31,		Twelve months ended December 31,	
	2009	2008	2009	2008
Mine operating earnings (loss)	$ 4,965	$ (19,224)	$ 11,372	$ 20,058
Depletion and depreciation	5,043	$ 1,045	17,154	14,662
EBITDA (1)	10,008	(18,179)	28,526	34,720
Production costs as reported	24,251	18,524	82,839	79,961
Adjustments for miscellaneous costs (2)	(244)	(303)	62	(548)
Cash operating costs	24,007	18,221	82,901	79,413
Less by-product credits - chrome revenues and adjustments	(2,877)	(1,450)	(15,021)	(6,090)
Cash operating costs net of by-product credits	21,130	16,771	67,880	73,323
Ounces sold	34,000	29,015	130,338	117,909
Cash cost per ounce sold	$ 706	$ 628	$ 636	$ 674
Cash cost per ounce sold net of by-product credits	$ 621	$ 578	$ 521	$ 622

(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 year ended December 31, 2009, the Company spent approximately $27.8 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 hoisted up the vertical shaft 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.

On January 12, 2010, the Company announced that, with recent increases in PGM prices and the reduction in operating costs achieved at CRM, mine development at Crocette would be reactivated. 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 º, 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 2009, the bulk of 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. The Company is currently evaluating alternatives to optimize PGM production from this and other Eastern Limb projects.

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 Spitzkop, Kennedy's Vale and Mareesburg. Corporate office costs include legal and accounting, regulatory, executive management fees, investor relations, travel and consulting fees. Given the sharp downturn in the economy in Q4 2008 and the resulting curtailment and postponement of some of the Company's projects, the Company made considerable efforts to reduce G&A expenses beginning in Q4 2008. G&A decreased by 20% from $4,214,000 in Q4 2008 to $3,385,000 in Q4 2009. Similarly, G&A decreased by 46% from $19,441,000 in the full year 2008 to $10,528,000 2009. The decrease in G&A was due to a reduction in certain senior level staff in Johannesburg in late 2008, and a general reduction in corporate travel and investor relations activities.

Interest income recorded during the three and twelve months ended December 31, 2009 was $349,000 and $1,786,000 respectively compared with $963,000 and $8,944,000 during the same periods in 2008.

The decrease in interest income was due to significantly lower average cash balances and lower interest rates throughout 2009 compared to the same period in 2008.

During the three and twelve months ended December 31, 2009 the Company recorded an income tax expense of $2,311,000 and a deferred income tax recovery of $1,623,000 respectively. 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 $42,491,000 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 December 31, 2009, the Company had working capital of $31,776,000 (December 31, 2008 – $33,778,000) and cash and cash equivalents and short-term investments of $21,658,000 (December 31, 2008 – $61,063,000) in highly liquid, fully guaranteed, bank sponsored instruments.

The Company had no long-term debt at December 31, 2009, 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 with 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 are still more than 50% below those recorded in July 2008. 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 has resumed mine development at the Crocette section at CRM during the first quarter of 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. The Company is continually 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 current market conditions 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 the current tight credit markets that may 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, 2008, the Company assessed the carrying values of its mineral properties as a result of the market downturn. In late 2008, declining PGM prices and negative market sentiment led to the Company's market capitalization dropping below its book value as at December 31, 2008. Based on the then-expected PGM prices and cost structures as at December 31, 2008, management determined that the value of the Company's Kennedy's Vale Project was impaired by $297,285,000 in accordance with IFRS, and that the values of the Company's other mineral properties were not impaired as at December 31, 2008. The impairment has been recorded in the year ended December 31, 2008.

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 a 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 December 31, 2009, the Company granted 215,000 stock options at an exercise price of Cdn$0.76. The grant date fair value was Cdn$0.45 per share, which resulted in share-based payment expense of $30,000 upon issuance. Total share-based payment expense for the quarter was $138,000, which also takes into account the vesting of options. During Q4 2009, 175,000 options were forfeited at a weighted average exercise price of Cdn$1.23 and 471,666 options were exercised at a weighted average exercise price of Cdn$0.32.

During the year ended December 31, 2009, the Company granted 695,000 stock options with a weighted average exercise price of Cdn$0.57 and expiry dates of February 11, 2014, June 30, 2014, and November 3, 2014, giving rise to share-based payment expense of $131,000. The total share-based payment expense for the year was $582,000, which also takes into account the vesting of options. During the year ended December 31, 2009, 5,329,167 options were forfeited at a weighted average exercise price of Cdn$2.00 and 535,999 options were exercised at a weighted average exercise price of Cdn$0.32.

On March 28, 2009, the Company's warrants that traded on the Toronto Stock Exchange under the symbol *"ELR.WT.A"* expired. A total of 58,485,996 warrants expired unexercised.

As at March 24, 2010, the Company had:

- 681,313,000 common shares outstanding; and
- 61,362,003 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 December 31, 2009 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	$ 31,885	$ -	$ -	$ 31,885
Capital expenditure and purchase commitments contracted at December 31, 2009 but not recognized on the consolidated statement of financial position	4,958	4,958	-	-
Finance lease obligations	4,282	1,221	3,061	-
	$ 41,125	$ 6,179	$ 3,061	$ 31,885

5. Related Party Transactions

(Expressed in thousands of U.S. dollars, except per share amounts)	Three months ended December 31,		Twelve months ended December 31,	
	2009	2008	**2009**	2008
Trading transactions				
Management and consulting fees	**$ 832**	$ 262	**$ 1,661**	$ 1,295
Reimbursements of expenses	**3**	26	**48**	254
Total trading transactions	**$ 835**	$ 288	**$ 1,709**	$ 1,549
Compensation of key management personnel				
Salaries and directors' fees	**$ 1,186**	$ 484	**$ 2,695**	$ 2,133
Share-based payments	**-**	1,893	**93**	2,374
Total compensation of key management personnel	**$ 1,186**	$ 2,377	**$ 2,788**	$ 4,507

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 and twelve months ended December 31, 2009 due to a grant of bonuses to executive officers and certain directors at the end of the year. During the same periods, reimbursements of expenses were lower due to reduced travel to South Africa by the Company's head office staff. Salaries and directors' fees increased during the three and twelve months ended December 31, 2009 due to the addition of a director in June 2009. Share-based payment decreased significantly in 2009 due to the fact that, except for options granted to the new director in June 2009, no options were granted to directors during 2009. In comparison, there was a significant stock option issuance in December 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. Critical Accounting Policies and Estimates

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities, revenues and expenses. These estimates are based upon historical experience and on various other assumptions that management believes to be reasonable under the circumstances, and require judgement on matters which are inherently uncertain. A summary of the Company's significant accounting policies is set forth in Note 3 of the consolidated financial statements for the year ended December 31, 2009.

Management reviews its estimates and assumptions on an ongoing basis using the most current information available and considers the following to be key accounting policies and estimates:

6.1 Property, plant and equipment

Property, plant and equipment are the most significant assets of the Company and represent capitalized expenditures related to the development of mining properties and related plant and equipment and the value assigned to exploration potential on acquisition. Property, plant and equipment are recorded at cost less accumulated depreciation and depletion. Maintenance, repairs and renewals are charged to operations. Capitalized costs are depreciated and depleted using either the unit-of-production method over the estimated economic life of the mine which they relate to, or using the straight-line method over their estimated useful lives.

All direct costs related to the acquisition, exploration and development of mineral properties are capitalized until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be impairment. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the units-of-production method following commencement of production.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

The Company reviews and evaluates its mining interests for impairment at least annually or when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. In accordance with IFRS, these evaluations consist of comparing each asset's carrying value with the estimated discounted future net cash flows. Impairment is considered to exist if the total estimated future discounted cash flows are less than the carrying amount of the assets. The resulting impairment loss is measured and recorded based on the difference between future discounted cash flows and book value. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs. Other estimates incorporated in the impairment evaluations include processing and mining costs, mining tonnage, ore grades and recoveries, which are all subject to uncertainty.

In accordance with IFRS if, subsequent to impairment, an asset's discounted future net cash flows exceeds its book value, the impairment previously recognized can be reversed. However, the asset's book value cannot exceed what its amortized book value would have been had the impairment not been recognized.

Based on impairment analyses, it was determined that Kennedy's Value was impaired by $297,285,000 at December 31, 2008. The impairment analyses at December 31, 2009 did not result in further impairment or reversal of impairment. The PGM prices used in these analyses were based on the average future PGM price estimates of a number of independent industry and financial analysts. If price and other

assumptions prove to be inaccurate, or if PGM prices significantly decrease or increase from values which existed as at December 31, 2009 for a prolonged period, then material asset impairment charges or reversal of impairment may be required in the future.

6.2 Revenue recognition

Revenue, based upon prevailing metal prices, is recorded in the financial statements when title to the PGMs transfers to the customer. The difference between the present value and the future value of the current market price is recognized as interest income over the term of settlement. The estimated revenue is recorded based on metal prices and exchange rates on the date of shipment and is adjusted at each balance sheet date to the metal prices on those dates. The actual amounts will be reflected in revenue upon final settlement, which are three and five months after the date of shipment. These adjustments reflect changes in metal prices and changes in qualities arising from final assay calculations. Prices of PGMs declined sharply between August and December 2008, resulting in the Company recording negative price adjustments of $16,698,000 and $32,064,000 being recognized in the three months and twelve months ended December 31, 2008, respectively. Subsequently, PGM prices increased steadily between January 2009 and December 2009 resulting in positive price adjustments of $4,537,000 and $11,027,000 being recognized the three and twelve months ended December 31, 2009 respectively.

6.3 Share-based payment

Share-based payment expense is calculated using the Black-Scholes option pricing model and is recognized over the period that the employees earn the options, with a corresponding credit to equity-settled employee benefits reserve. If and when the stock options are ultimately exercised, the applicable amounts of equity-settled employee benefits reserve are transferred to share capital. During the year ended December 31, 2009, the Company's weighted average assumptions for the calculation included a risk-free interest rate of 1.83%, expected life of the options of 3 years, no dividends, and an annualized volatility of the Company's shares of 80%. The resulting weighted average option valuation was Cdn$0.32 per share. Share-based payment expense of $582,000 was recognized during the year ended December 31, 2009 (2008 - $4,625,000).

6.4 Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, the fair value of the liability for an asset retirement obligation is recognized in the period incurred. If the cost estimates arise from the decommissioning of plant and other site preparation work, the net present value is added to the carrying amount of the associated asset and amortized over the asset's useful life. If the cost estimates arise from restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production, the net present value is charged to profit and loss for the period. The liability is accreted over time through periodic charges to operations and it is reduced by actual costs of reclamation.

The Company's estimates of reclamation costs are based on the Company's interpretation of current regulatory requirements and these estimates could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. A change in estimated discount rates is reviewed annually or as new information becomes available. Expenditures relating to ongoing environmental programs are charged against operations as incurred or capitalized and amortized depending on their relationship to future earnings. At December 31, 2009, the expected present value of future rehabilitation costs at CRM and Spitzkop was approximately $8.2 million using a discount rate of 8.39%. The undiscounted value was approximately $31.9 million. The Company has not recorded

any future rehabilitation costs for its Mareesburg and Kennedy's Vale projects as these costs are currently determined to be immaterial.

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7. Adoption of Accounting Standards and Pronouncements under IFRS

In 2008, the Company's management assessed the impact of an early adoption to IFRS and concluded that early adoption would be beneficial to shareholders. An application for early adoption was submitted to the British Columbia and Ontario Securities Commissions (the "Commissions") in November 2008.

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 are 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 these financial statements. These 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.

7.1 Significant differences between IFRS and Canadian GAAP in the Company's financial statements

During the year ended December 31, 2008, the Company recorded an impairment of its Kennedy's Vale ("KV") Project of $297,285,000 in accordance with IFRS, as the discounted cash flows of the KV Project were below its carrying value. The amount of the impairment was the difference between the discounted cash flows and the carrying value. Deferred tax liabilities associated with the KV Project were also written off as a result. The effect of the impairment was a decrease in property, plant and equipment of $297,285,000, from $783,039,000 in accordance with Canadian GAAP, to $485,754,000 in accordance with IFRS. Impairment was not required under Canadian GAAP, as the undiscounted cash flows of the KV Project were higher than its carrying value. Since the valuation of the KV Project was based on a production start date of 2020, discounted and undiscounted cash flows varied significantly, creating a difference in the impairment determination in accordance with IFRS and in accordance with Canadian GAAP.

Tests for impairment are based on certain assumptions on metal prices, production rates, project start-up dates, operating costs, capital costs, and discount rates. Should any of these assumptions change and cause an adverse effect on the valuation of a project, additional impairment charges may be required.

At January 1, 2008, the Company elected to eliminate its currency translation adjustment balance in the statement of financial position, as allowed for first-time IFRS adopters. The effect of this elimination was a decrease in the deficit of $21,747,000, from $68,132,000 in accordance with Canadian GAAP to $46,385,000 in accordance with IFRS.

7.2 Accounting standards issued but not yet effective

(i) Effective for annual periods beginning on or after July 1, 2009

- IFRS 2 *Share Based Payments* (revised) – revision of scope
- IFRS 3 *Business Combinations* (revised) – revision of scope and amendments to accounting for business combinations
- IAS 27 *Consolidated and Separate Financial Statements* (revised) – amendments due to IFRS 3 *Business Combinations* revisions

- IAS 38 *Intangible Assets* (revised) - amendments due to IFRS 3 *Business Combinations* revisions and measuring the fair value of an intangible asset acquired in a business combination

(ii) Effective for annual periods beginning on or after January 1, 2010

- IFRS 8 *Operating Segments* (revised) – disclosure of information about segment assets

(iv) Effective for annual periods beginning on or after January 1, 2011

- IAS 24 *Related Party Disclosures* (revised) – clarification of the definition of a related party

(v) Effective for annual periods beginning on or after January 1, 2013

- IFRS 9 *Financial Instruments (new)* – partial replacement of IAS 39. All of IAS 39 is expected to be replaced in its entirety by the end of 2010

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

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8. Risk Factors

The business of exploring for minerals and the mining and processing of those minerals involve a high degree of risk. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some case, eliminate. These risks include risks associated with the mining industry, the financial markets, metals prices and foreign operations.

8.1 Risks associated with the mining industry

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a mineral deposit include its size, grade and proximity to infrastructure. In addition, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations could have a profound impact on the economic viability of a mineral deposit.

The mining operations and the exploration and development programmes of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including, but not limited to, geological, geotechnical and seismic factors, fires, power outages, labour disruptions, flooding, explosions, cave-ins, land-slides, availability of suitable or adequate machinery and labour, industrial and mechanical accidents, environmental hazards (including discharge of metals, pollutants or hazardous chemicals), and political and social instability. In the past two years, the Company has experienced power shortages and labour disruptions.

It is not always possible to obtain insurance against all risks described above and the Company may decide not to insure against certain risks as a result of high premiums or for other commercial reasons. The Company does not maintain insurance against political or environmental risks, but may be required to do so in the future. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

The Company is not able to determine the impact of potential changes in environmental laws and regulations on its financial position due to the uncertainty surrounding the form such changes may take.

As mining regulators continue to update and clarify their requirements for closure plans and environmental protection laws and administrative policies are changed, additional reclamation obligations and further security for mine reclamation costs may be required. It is not known whether such changes would have a material effect on the operations of the Company.

8.2 Risks associated with the current global economic uncertainty

PGM and metals prices in general and shares of mining companies have been particularly volatile in the past two years as a result of the global economic uncertainty, declining confidence in financial markets, failures of financial institutions and concerns over the availability of credit. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms that are favourable to the Company. If market volatility and uncertainty continue or worsen, the Company's operations could be adversely impacted and the value of the Company's common shares could be adversely affected, making accessibility to public financing even more difficult.

8.3 Risks associated with foreign currencies

The Company currently uses the South African Rand and the Canadian dollar as its functional currencies, and the U.S. dollar as its reporting currency. Operations at the Company's CRM are predominately conducted in Rand, with costs paid in Rand and revenues received in Rand, even though PGM prices are based in U.S. dollars. The Company does not hedge or sell forward any of its PGM production and is therefore exposed to exchange rate fluctuations. A deterioration of the U.S. dollar against the Rand could increase the cost of PGM production and exploration and development costs and therefore may have an adverse effect on the earnings of CRM. During 2009, the U.S. dollar weakened by 24% compared to December 31, 2008, causing operating costs per ounce to increase in the absence of other cost factors.

Fluctuations in the exchange rate between the Canadian dollar and the Rand may also have a significant impact on the Company's results of operations and financial condition. The Company's assets and liabilities will be subject to the same exchange rate fluctuations that could also have a significant effect on the results of the Company.

The Company cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on its business, operating results or financial condition.

8.4 Risks associated with metal prices

Metals prices, particularly platinum prices, have a direct impact on the Company's earnings and the commercial viability of the Company's other mineral properties. Platinum is both a precious metal and an industrial metal. The most important industrial consumption of platinum is in automobile catalytic converters. The current fundamentals of the PGM market are volatile. Demand has decreased as a result of the slowdown in the auto sector in North America and Europe, and has partially recovered as a result of Chinese consumption and acquisition by physically-backed exchange traded funds (ETFs). Supplies are expected to be constrained, as mining companies have cut back on marginal and loss-making production, and have reduced development to preserve cash. Platinum prices have experienced significant volatility in the last two years, and if the current imbalance between supply and demand continues, price volatility can be expected to continue. Some of the other key factors that may influence platinum prices are policies in the most important producing countries, namely South Africa and the Russian Federation, the amount of stockpiled platinum, economic conditions in the main consuming countries, international economic and political trends, fluctuations in the U.S. dollar and other currencies, interest rates, and inflation. A decline in the market price of PGMs mined by the Company may render ore reserves containing relatively low grades of mineralization uneconomic and may in certain circumstances lead to a restatement of reserves.

Prices for platinum and most of the other PGMs increased to all-time highs in early 2008, and as a result, the Company achieved record margins for its PGM sales during the first two quarters of that year. While PGM prices have increased steadily throughout 2009, the weakening of the U.S. dollar has had an offsetting effect against the increasing PGM prices. There is no assurance that PGM prices will return to its 2008 highs in the future.

The marketability of metals is also affected by numerous other factors beyond the control of the Company, including but not limited to government regulations relating to price, royalties, allowable production and importing and exporting of minerals, the effect of which cannot accurately be predicted.

8.5 Risks associated with foreign operations

The Company's investments in South Africa carry certain risks associated with different political and economic environments. South Africa has recently undergone major constitutional changes to effect majority rule, and mineral title. Accordingly, all laws may be considered relatively new, resulting in risks such as possible misinterpretation of new laws, unilateral modification of mining or exploration rights, operating restrictions, increased taxes, environmental regulation, mine safety and other risks arising out of a new sovereignty over mining, any or all of which could have an adverse impact upon the Company. The Company's operations may also be affected in varying degrees by political and economic instability, terrorism, crime, extreme fluctuations in currency exchange rates, and inflation.

The Government of South Africa has promulgated the Mineral and Petroleum Resources Royalty Act, 2008. This act allows for a revenue-based royalty on South African mining companies with an effective date of March 1, 2010. The royalty rate for unrefined minerals is based on a formula that references EBIT margins and is estimated to be approximately 2.7% of gross mining revenues. This will have an impact on CRM's earnings beginning in 2010.

8.6 Risks associated with granting of exploration, mining and other licenses

The Government of South Africa exercises control over such matters as exploration and mining licensing, permitting, exporting and taxation, which may adversely impact on the Company's ability to carry out exploration, development and mining activities. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The Company's exploration and mining activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be granted for a defined period of time, or may not be granted, or may be withdrawn or made subject to limitations. There can be no assurance that such authorizations will be renewed following expiry or granted (as the case may be) or as to the terms of such grants or renewals. There is also no assurance that the issue of a reconnaissance, prospecting or exploration licence will ensure the subsequent issue of a mining licence. All 'old order' mineral rights in South Africa are subject to conversion into 'new order' mineral rights. A new order prospecting right for the Mareesburg PGM Project, and a new order mining right for the Spitzkop PGM Project have been issued by the Department of Minerals and Energy ("DME"). Spitzkop received its new order mining right in October 2009. CRM has been awarded one additional new order mining right on January 29, 2009 which allows for extension of the Maroelabult Mining operations and now holds a total of 6 new order mining rights. The Kennedy's Vale Project and CRM now hold a total of 21 new order prospecting rights. Two new order prospecting right applications and one application for the renewal of a new order prospecting right have been lodged for CRM and are still pending approval. Application for new order mining rights for Mareesburg has been made in the appropriate manner and the application is currently being processed by the DME. Communication with the relevant DMR offices indicated that this

right will be executed the first half of 2010. The Company and its independent South African legal counsel are not aware of any reasons why the new order mining right would not be issued by the DME.

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9. 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 years ended December 31, 2009 and 2008, 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 December 31, 2009 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 2008 and 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 December 31, 2009.

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 (previously a variable interest entity under Canadian generally accepted accounting principles). 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 year ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Company’s ICFR.

10. 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.

March 24, 2010

Ian Rozier