Consolidated financial statements of

Eastern Platinum Limited

December 31, 2010 and 2009

Eastern Platinum Limited
December 31, 2010

Table of contents

Independent Auditor's Report 3

Consolidated income statements 4

Consolidated statements of comprehensive income 5

Consolidated statements of financial position 6

Consolidated statements of changes in equity 7

Consolidated statements of cash flows 8

Notes to the consolidated financial statements 9-49

Deloitte.

Deloitte & Touche LLP
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: 604-669-4466
Fax: 604-685-0395
www.deloitte.ca

Independent Auditor's Report
To the Shareholders of
Eastern Platinum Limited

We have audited the accompanying consolidated financial statements of Eastern Platinum Limited (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2010 and 2009, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2010 and 2009, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
March 21, 2011

Eastern Platinum Limited

Consolidated income statements

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

	Note	**Year ended December 31, 2010**	Year ended December 31, 2009
Revenue		**$ 155,000**	$ 111,365
Cost of operations			
Production costs		**109,901**	82,839
Depletion and depreciation	9	**22,507**	17,154
		132,408	99,993
Mine operating earnings		**22,592**	11,372
Expenses			
General and administrative		**12,117**	10,528
Share-based payments	17(c)	**1,452**	582
		13,569	11,110
Operating profit		**9,023**	262
Other income (expense)			
Interest income		**1,797**	1,786
Finance costs	19	**(1,807)**	(1,691)
Foreign exchange loss		**(160)**	(758)
Profit (loss) before income taxes		**8,853**	(401)
Deferred income tax recovery	15	**924**	1,623
Net profit for the year		**$ 9,777**	$ 1,222
Attributable to			
Non-controlling interest	18	**$ (3,575)**	$ (4,428)
Equity shareholders of the Company		**13,352**	5,650
Net profit for the year		**$ 9,777**	$ 1,222
Earnings per share			
Basic	20	**$ 0.02**	$ 0.01
Diluted	20	**$ 0.02**	$ 0.01
Weighted average number of common shares outstanding in thousands			
Basic	20	**683,177**	680,577
Diluted	20	**694,839**	687,790

Eastern Platinum Limited

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

	Year ended December 31, 2010	Year ended December 31, 2009
Net profit for the year	**$ 9,777**	$ 1,222
Other comprehensive income		
Exchange differences on translating foreign operations	**70,355**	116,678
Exchange differences on translating non-controlling interest	**762**	2,467
Comprehensive income for the year	**$ 80,894**	$ 120,367
Attributable to		
Non-controlling interest	**(2,813)**	(1,961)
Equity shareholders of the Company	**83,707**	122,328
Comprehensive income for the year	**$ 80,894**	$ 120,367

Eastern Platinum Limited

Consolidated statements of financial position as at
December 31, 2010 and 2009
(Expressed in thousands of U.S. dollars)

	Note	**December 31, 2010**	December 31, 2009
Assets			
Current assets			
Cash and cash equivalents	6	**$ 107,846**	$ 7,249
Short-term investments		**242,446**	14,409
Trade and other receivables	7	**33,787**	29,138
Inventories	8	**8,832**	4,825
		392,911	55,621
Non-current assets			
Property, plant and equipment	9	**715,976**	634,778
Refining contract	10	**14,265**	14,169
Other assets	11	**3,823**	2,282
		$ 1,126,975	**$ 706,850**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	**$ 27,009**	$ 22,919
Current portion of finance leases	13	**3,211**	926
		30,220	23,845
Non-current liabilities			
Provision for environmental rehabilitation	14	**8,934**	8,152
Finance leases	13	**-**	2,850
Deferred tax liabilities	15	**46,642**	42,491
		85,796	77,338
Equity			
Issued capital	17	**1,219,869**	890,150
Equity-settled employee benefits reserve		**33,390**	32,336
Currency translation adjustment		**17,456**	(52,899)
Deficit		**(236,764)**	(250,116)
Capital and reserves attributable to equity shareholders of the Company		**1,033,951**	619,471
Non-controlling interest	18	**7,228**	10,041
		1,041,179	629,512
		$ 1,126,975	**$ 706,850**

Approved and authorized for issue by the Board on March 21, 2011.

"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		Equity-settled employee benefits reserve	Currency translation adjustment	Deficit	Capital and reserves attributable to equity shareholders of the Company	Non-controlling interest	Equity
	Shares	Amount						
Balance, December 31, 2008	**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
Net profit	-	-	-	-	5,650	5,650	(4,428)	1,222
Currency translation adjustment	-	-	-	116,678	-	116,678	2,467	119,145
Balance, December 31, 2009	**680,893,325**	**$ 890,150**	**$ 32,336**	**$ (52,899)**	**$ (250,116)**	**$ 619,471**	**$ 10,041**	**$ 629,512**
Public offering	224,250,000	345,391	-	-	-	345,391	-	345,391
Share issuance costs	-	(16,501)	-	-	-	(16,501)	-	(16,501)
Stock options exercised	2,446,242	829	(398)	-	-	431	-	431
Share-based payments	-	-	1,452	-	-	1,452	-	1,452
Net profit	-	-	-	-	13,352	13,352	(3,575)	9,777
Currency translation adjustment	-	-	-	70,355	-	70,355	762	71,117
Balance, December 31, 2010	**907,589,567**	**$ 1,219,869**	**$ 33,390**	**$ 17,456**	**$ (236,764)**	**$ 1,033,951**	**$ 7,228**	**$ 1,041,179**

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, 2010	Year ended December 31, 2009
Operating activities			
Profit (loss) before income taxes		$ **8,853**	$ (401)
Adjustments to net profit (loss) for non-cash items			
Depletion and depreciation	9	**22,507**	17,154
Refining contract amortization	10	**1,513**	1,332
Share-based payments	17	**1,452**	582
Interest income		**(1,797)**	(1,786)
Finance costs	19	**1,807**	1,691
Foreign exchange loss		**160**	758
Environmental expense		**-**	301
Net changes in non-cash working capital items			
Trade and other receivables		**(2,318)**	(13,169)
Inventories		**(3,040)**	22
Accounts payable and accrued liabilities		**1,322**	(15,135)
Cash generated from (utilized in) operations		**30,459**	(8,651)
Adjustments to net profit (loss) for cash items			
Interest income received		**1,767**	1,855
Finance costs paid		**(252)**	(69)
Acquisition related dividend taxes paid		**-**	(2,422)
Net operating cash flows		**31,974**	(9,287)
Investing activities			
(Purchase) maturity of short-term investments		**(223,118)**	22,647
Purchase of other assets		**(1,129)**	(929)
Property, plant and equipment expenditures		**(32,991)**	(28,955)
Sale of property, plant and equipment		**-**	1,552
Net investing cash flows		**(257,238)**	(5,685)
Financing activities			
Common shares issued for cash, net of share issue costs - public financing		**328,890**	-
Common shares issued for cash - exercise of stock options		**423**	32
Repayment of current loans		**-**	(3,065)
Payment of finance leases		**(2,161)**	(1,223)
Net financing cash flows		**327,152**	(4,256)
Effect of exchange rate changes on cash and cash equivalents		**(1,291)**	671
Increase (decrease) in cash and cash equivalents		**100,597**	(18,557)
Cash and cash equivalents, beginning of year		**7,249**	25,806
Cash and cash equivalents, end of year		$ **107,846**	$ 7,249

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

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

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Notes 4(v) and 4(w).

3. Application of new and revised International Financial Reporting Standards

Effective January 1, 2010, the Company adopted new and revised International Financial Reporting Standards ("IFRSs") that were issued by the International Accounting Standards Board ("IASB"). The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

(a) Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions

The amendments clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

3. Application of new and revised IFRSs (continued)

(b) *Amendments to IFRS 3 Business Combinations*

The main amendments to IFRS 3 *Business Combinations* are as follows:

(i) The revised standard also applies to business combinations involving only mutual entities and to business combinations achieved by contract alone.

(ii) The definition of a business has been amended to clarify that it can include a set of activities and assets that are not being operated as a business, as long as an acquirer is capable of operating the set of activities and assets as a business.

(iii) All business combinations are accounted for by applying the acquisition method (previously the purchase method).

(iv) The acquirer can elect to measure any non-controlling interest at fair value at the acquisition date, or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

(v) Subsequent recognition of deferred tax assets acquired in a business combination that did not satisfy the criteria for recognition at the acquisition date would be recognized in profit or loss.

This standard applies prospectively to acquisitions with a date on or after the beginning of the first annual period beginning on or after July 1, 2009.

(c) *Amendments to IFRS 8 Operating Segments*

The amendments clarify that disclosing segment information with respect to total assets is only required if such information is regularly reported to the chief operating decision maker.

(d) *Amendments to IAS 7 Statement of Cash Flows*

The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities.

(e) *Amendments to IAS 17 Leases*

The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments also clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element taking into account the fact that land normally has an indefinite economic life.

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

The main amendments to IAS 27 *Consolidated and Separate Financial Statements* are as follows:

(i) Changes in a parent's ownership interest that do not result in the loss of control of a controlled subsidiary are accounted for as equity transactions. Accordingly, acquisitions of additional non-controlling interests are accounted for as equity transactions. Disposals of equity interests while retaining control are accounted for as equity transactions.

3. Application of new and revised IFRSs (continued)

(f) Amendments to IAS 27 Consolidated and Separate Financial Statements (continued)

(ii) Transactions resulting in a loss of control would cause a gain or loss to be recognized in profit or loss.

(iii) Losses applicable to the non-controlling interests, including negative other comprehensive income, are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a negative balance.

(g) Amendments to IAS 36 Impairment of Assets

The amendments clarify that the largest unit to which goodwill should be allocated is the operating segments level. This amendment applies prospectively.

(h) Amendments to IAS 38 Intangible Assets

The amendments clarify that an intangible asset that is separable only together with a related contract, identifiable asset or liability is recognized separately from goodwill together with the related item, and that complementary intangible assets with similar useful lives may be recognized as a single asset. The amendments also describe valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination for which no active market exists. These amendments are applied prospectively.

(i) Amendments to IAS 39 Financial Instruments: Recognition and Measurement

The main amendments consist of:

(i) Additional guidance provided to help determine whether loan prepayment penalties result in an embedded derivative that needs to be separated.

(ii) Clarification that the scope exemption is restricted to forward contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction.

(iii) Clarification that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

The amendments apply prospectively to all unexpired contracts from the date of adoption.

4. 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:

(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

Acquisitions of subsidiaries and businesses are accounted for using the acquisition 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. Any costs directly attributable to the business combination are generally recognized in profit or loss as incurred.

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.

4. 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).

(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 profit or loss.

(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.

4. 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 profit or loss 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 an expense is adjusted to reflect the number of share options expected to vest.

(g) Finance costs

Finance costs comprise interest payable on revenue advances, finance leases, provision for environmental rehabilitation and other borrowings. Interest payable on borrowings is calculated using the effective interest 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 profit or loss.

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 unused tax loss carry forwards, unused tax credits and 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 profit or loss 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.

4. 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) attributable 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 translation of the financial statements of foreign 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 and mineral properties being depleted are recorded at cost less accumulated depreciation and accumulated impairment losses. Mineral properties not being depleted are recorded at cost less 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.

4. 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.

4. 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 of the leased property 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 4(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.

4. Summary of significant accounting policies (continued)

(l) Refining contract

The Company sells substantially all its PGM 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, concentrate awaiting further processing and sale, and chrome inventory 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.

4. 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 in other comprehensive income and are accumulated in the investments revaluation reserve. To date, these gains and losses have not been significant due to the nature of the underlying investment. 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 debt instruments 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.

4. 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.

4. 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 profit or loss 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.

4. 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 Funds 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.

4. 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 4(k)(v).

(ii) Rehabilitation provision

The future value of the provision for environmental rehabilitation was determined using an inflation rate of 5.49% (December 31, 2009 – 7.00%) and an estimated life of mine of 20 years for Zandfontein (December 31, 2009 – 18 years), 11 years for Maroelabult (December 31, 2009 – 18 years), 14 years for Crocette (December 31, 2009 – Nil), 1 year for Kennedy's Vale (December 31, 2009 – 1 year) and 22 years for Spitzkop (December 31, 2009 – 26 years). The provision has been discounted to present value at a discount rate of 8.29% (December 31, 2009 – 8.39%).

(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, as these are the currencies of the primary economic environment in which the companies operate.

(ii) Useful life of assets

At December 31, 2010 the remaining LOM for Zandfontein, Maroelabult, Crocette and Kennedy's Vale was assessed at 244 months, 133 months, 163 months and 12 months respectively (December 31, 2009 – 211 months, 211 months, 211 months and 12 months, respectively) 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.

4. 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 February 1, 2010

- Amendment to IAS 32 *Financial Instruments: Presentation*

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

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

- Amendments to IFRS 3 *Business Combinations*

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

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

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

- Amendments to IAS 27 *Consolidated and Separate Financial Statements*

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

4. Summary of significant accounting policies (continued)

(x) Accounting standards issued but not yet effective (continued)

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

- Amendments to IFRS 7 *Financial Instruments: Disclosures*

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

- Amendments to IAS 1 *Presentation of Financial Statements*

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

- Amendments to IAS 24 *Related Party Disclosures*

  Amendment of the definition for related parties.

- Amendments to IAS 34 *Interim Financial Reporting*

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

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

- Amendments to IFRS 7 *Financial Instruments: Disclosures*

  Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

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

- New standard IFRS 9 *Financial Instruments*

  Partial replacement of IAS 39 *Financial Instruments: Recognition and Measurement*

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.

5. Subsidiaries and associates

(a) Subsidiaries

Details of the Company's subsidiaries at December 31, 2010 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held December 31, 2010	December 31, 2009
Eastern Platinum Holdings Limited	Holding company	BVI (i)	**100%**	100%
Eastplats Holdings Limited	Holding company	BVI (i)	**100%**	100%
Eastplats Acquisition Co. Ltd.	Holding company	BVI (i)	**100%**	100%
Eastplats International Incorporated	Holding company	Barbados	**100%**	100%
Royal Anthem Investments 134 (Pty) Ltd.	Holding company	South Africa	**100%**	100%
Spitzkop Joint Venture	Mining	South Africa	**93.37%**	93.37%
Barplats Investments Limited	Mining	South Africa	**87.49%**	87.49%
Spitzkop Platinum (Pty) Ltd.	Mining	South Africa	**86.74%**	86.74%
Mareesburg Joint Venture	Mining	South Africa	**75.5%**	75.5%
Lion's Head Platinum (Pty) Ltd.	Holding company	South Africa	**51%**	51%
Gubevu Consortium Investment Holdings (Pty) Ltd. (ii)	Holding company	South Africa	**49.99%**	49.99%

(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, 2010 are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held December 31, 2010	December 31, 2009
Afrimineral Holdings (Pty) Ltd.	Holding company	South Africa	**49%**	49%

6. Cash and cash equivalents

Cash and cash equivalents are comprised of:

	December 31, 2010	December 31, 2009
Cash in bank	**$ 102,654**	$ 7,249
Short-term money market instruments	**5,192**	-
	$ 107,846	$ 7,249

7. Trade and other receivables

Trade and other receivables are comprised of the following:

	December 31, 2010	December 31, 2009
Trade receivables	**$ 30,142**	$ 25,839
Current tax receivable	**1,283**	1,057
Other receivables	**2,556**	2,316
Allowance for doubtful debts for other receivables	**(194)**	(74)
	$ 33,787	$ 29,138

(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 $152 (December 31, 2009 - $276) that are past due but have not been provided for. For the years ended December 31, 2010 and 2009, 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.

	December 31, 2010	December 31, 2009
Less than 5 months	**$ -**	$ 276
5 months and greater	**152**	-
	$ 152	$ 276

7. Trade and other receivables (continued)

(b) Movement in the allowance for doubtful debts

	December 31, 2010	December 31, 2009
Opening balance	**$ 74**	$ 85
Impairment losses recognized on receivables	**116**	42
Amounts written off during the year as uncollectible	**(16)**	(26)
Amounts recovered during the year	**-**	(43)
Foreign exchange translation gains and losses	**20**	16
Closing balance	**$ 194**	$ 74

(c) Aging of impaired receivables

	December 31, 2010	December 31, 2009
Less than 4 months	**46**	6
Greater than 4 months	**148**	68
	$ 194	$ 74

At December 31, 2010, other receivables of $194 (December 31, 2009 - $74) were impaired and provided for. These receivables were for rental income, and impairment was determined based on payment history.

8. Inventories

	December 31, 2010	December 31, 2009
Consumables	**$ 6,607**	$ 4,549
Ore and concentrate	**477**	276
Chrome inventory	**1,748**	-
	$ 8,832	$ 4,825

Production costs for the year ended December 31, 2010 was $109,901 (December 31, 2009 - $82,839). Production costs represent the cost of inventories sold during the period. For the years ended December 31, 2010 and 2009 production costs did not include any amounts with regards to the write-down of inventory to net realizable value or with regards to the reversal of write-downs.

At December 31, 2010 and 2009, no inventories have been pledged as security for liabilities.

9. 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 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**
Assets acquired	32,444	-	-	261	286	-	32,991
Foreign exchange movement	56,520	768	17,040	58,901	1,275	874	135,378
Balance as at December 31, 2010	**$ 515,187**	**$ 6,900**	**$ 153,140**	**$ 605,284**	**$ 11,632**	**$ 7,852**	**$ 1,299,995**
Accumulated depreciation and impairment losses							
Balance as at December 31, 2008	**$ 91,179**	**$ 1,966**	**$ 12,397**	**$ 273,084**	**$ 1,726**	**$ 662**	**$ 381,014**
Depreciation	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**
Depreciation	15,452	1,244	5,676	-	135	-	22,507
Foreign exchange movement	17,574	598	3,224	42,862	302	104	64,664
Balance as at December 31, 2010	**$ 159,970**	**$ 5,533**	**$ 29,665**	**$ 385,184**	**$ 2,733**	**$ 934**	**$ 584,019**
Carrying amounts							
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
At December 31, 2010	**$ 355,217**	**$ 1,367**	**$ 123,475**	**$ 220,100**	**$ 8,899**	**$ 6,918**	**$ 715,976**

Eastern Platinum Limited

Notes to the consolidated financial statements

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

9. 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 December 31, 2008	**$ 442,262**	**$ 319,109**	**$ 101,712**	**$ 23,294**	**$ 110**	**$ 886,487**
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**
Assets acquired	32,728	-	47	214	2	32,991
Foreign exchange movement	76,470	50,082	7,316	1,503	7	135,378
Balance as at December 31, 2010	**$ 694,574**	**$ 450,099**	**$ 126,357**	**$ 28,828**	**$ 137**	**$ 1,299,995**
Accumulated depreciation and impairment losses						
Balance as at December 31, 2008	**$ 107,855**	**$ 273,084**	**$ -**	**$ -**	**$ 75**	**$ 381,014**
Depreciation	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**
Depreciation	22,500	-	-	-	7	22,507
Foreign exchange movement	21,796	42,861	-	1	6	64,664
Balance as at December 31, 2010	**$ 198,713**	**$ 385,183**	**$ -**	**$ 1**	**$ 122**	**$ 584,019**
Carrying amounts						
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
At December 31, 2010	**$ 495,861**	**$ 64,916**	**$ 126,357**	**$ 28,827**	**$ 15**	**$ 715,976**

9. Property, plant and equipment (continued)

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

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

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

The Company holds directly and indirectly 87.5% of KV, which is located on the eastern limb of the Bushveld Complex, near Steelpoort in the Province of Mpumalanga. It comprises PGM mineral rights on five farms in the Steelpoort Valley. The development of this project was on hold as at December 31, 2010.

(c) *Spitzkop PGM Project and Mareesburg Project*

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

10. Refining Contract

During the year ended June 30, 2006, the Company acquired a 69% interest in Barplats and assigned a portion of the purchase price to the off-take contract governing the sales of Barplats' PGM concentrate production. The initial value of the contract was $17,939. During the year ended June 30, 2007, the Company acquired an additional 5% interest in Barplats resulting in an additional allocation to the contract of $4,802 for a total aggregate value of $22,741. During the year ended December 31, 2008, the Company acquired an additional 2.47% interest in Barplats. The acquisition did not affect the aggregate value of the contract. The value of the contract is amortized over the remaining term of the contract which is 8.5 years as at December 31, 2010.

Cost		
Balance as at December 31, 2008	$	16,850
Foreign exchange movement		4,272
Balance as at December 31, 2009	$	21,122
Foreign exchange movement		2,645
Balance as at December 31, 2010	**$**	**23,767**
Accumulated amortization		
Balance as at December 31, 2008	$	4,357
Amortization		1,332
Foreign exchange movement		1,264
Balance as at December 31, 2009	$	6,953
Amortization		1,513
Foreign exchange movement		1,036
Balance as at December 31, 2010	**$**	**9,502**
Carrying amounts		
At December 31, 2008	$	12,493
At December 31, 2009	$	14,169
At December 31, 2010	**$**	**14,265**

11. Other assets

Other assets consists of a money market fund investment that is classified as available-for-sale and serves as security for a guarantee issued to the Department of Mineral Resources of South Africa in respect of the environmental rehabilitation liability (Note 14). Changes to other assets for the year ended December 31, 2010 are as follows:

Balance, December 31, 2008	$	1,017
Additional investment	$	811
Service fees		(6)
Interest income		123
Foreign exchange movement		337
Balance, December 31, 2009	$	2,282
Additional investment		955
Service fees		(8)
Interest income		185
Foreign exchange movement		409
Balance, December 31, 2010	**$**	**3,823**

12. Accounts payable and accrued liabilities

	December 31, 2010	December 31, 2009
Trade payables	**$ 10,604**	$ 9,932
Accrued liabilities	**10,240**	6,849
Other	**6,165**	6,138
	$ 27,009	$ 22,919

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.

13. 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, 2010, the finance leases are repayable in 1 semiannual installment (December 31, 2009 – 3) of $667 (December 31, 2009 - $611) and a top-up payment of $2,738 in December 2011. The fair value of the finance lease liabilities approximated carrying value.

(a) Minimum lease payments

	December 31, 2010	December 31, 2009
No later than 1 year	**$ 3,405**	$ 1,221
Later than 1 year, but no later than 5 years	**-**	3,061
	3,405	4,282
Less: future finance charges	**(194)**	(506)
Present value of minimum lease payments	**$ 3,211**	$ 3,776

13. Finance leases (continued)

(b) Present value of minimum lease payments

	December 31, 2010	December 31, 2009
No later than 1 year	**$ 3,211**	$ 926
Later than 1 year, but no later than 5 years	**-**	2,850
	$ 3,211	$ 3,776

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.

The liability for the environmental rehabilitation provision at December 31, 2010 is approximately ZAR 58.9 million ($8,934). The liability was determined using an inflation rate of 5.49% (December 31, 2009 – 7.00%) and an estimated life of mine of 20 years for Zandfontein (December 31, 2009 – 18 years), 11 years for Maroelabult (December 31, 2009 – 18 years), 14 years for Crocette (December 31, 2009 – Nil), 1 year for Kennedy's Vale (December 31, 2009 – 1 year) and 22 years for Spitzkop (December 31, 2009 – 26 years). A discount rate of 8.29% was used (December 31, 2009 – 8.39%). A guarantee of $3,823 (December 31, 2009 - $2,282) has been issued to the Department of Mineral Resources (Note 11). The guarantee will be utilized to cover expenses incurred to rehabilitate the mining area upon closure of the mine. The undiscounted value of this liability is approximately ZAR 215.4 million ($32,694).

Changes to the environmental rehabilitation provision are as follows:

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
Revision in estimates	(961)
Interest expense (Note 19)	694
Foreign exchange movement	1,049
Balance, December 31, 2010	**$ 8,934**

15. Income taxes

The income tax recognized in profit or loss comprises of:

	December 31, 2010	December 31, 2009
Deferred tax recovery relating to the origination and reversal of temporary differences	**$ 924**	$ 1,623
Total deferred income tax recovery	**$ 924**	$ 1,623

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, 2010	December 31, 2009
Statutory tax rate	**28.50%**	30.00%
Expected tax expense (recovery) on (profit) loss before income tax	**$ 2,523**	$ (120)
Difference in tax rates between foreign jurisdictions and Canada	**(9,365)**	(9,057)
Items not deductible for income tax purposes	**534**	1,986
Tax losses not recognized	**4,572**	5,568
Change in tax estimates	**812**	-
Deferred income tax recovery	**$ (924)**	$ (1,623)

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

	December 31, 2010	December 31, 2009
Non-capital loss carry forwards	**$ 12,031**	$ 5,175
Share issue costs	**3,582**	1,013
Accumulated cost base difference on assets and other	**(43,517)**	(36,877)
Deferred receipts	**(6,102)**	(5,461)
Deferred tax liabilities before valuation allowance	**$ (34,006)**	$ (36,150)
Less valuation allowance	**(12,636)**	(6,341)
Total deferred tax liabilities	**$ (46,642)**	$ (42,491)

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

15. Income taxes (continued)

At December 31, 2010, the Company has non-capital losses of approximately Cdn$20,679 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 R3.2 billion, and estimated assessable tax losses of approximately R103 million. The South African losses do not expire unless the Company's mining activities cease. The Canadian non-capital losses will expire as follows (in thousands of Canadian dollars):

	2010 Cdn$ (000's)
2012	**272**
2013	**1,592**
2014	**916**
2025	**3,224**
2026	**6,105**
2027	**3,393**
2028	**4,217**
2029	**75**
2030	**885**
	$ 20,679

At December 31, 2010, the Company has capital losses of Cdn$1,569 available to apply against future capital gains in Canada.

The Company's operations are conducted in a number of countries with complex tax legislation and regulations pertaining to the Company's activities. Any reassessment of the Company's tax filings by the tax authorities may result in material adjustments to net profit or loss, tax assets and operating loss carry-forwards. The Company provides for such reassessments 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, 2010, 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 ZAR 86 million ($13,056) as at December 31, 2010 (December 31, 2009 – ZAR 37 million, $4,959).

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) December 30, 2010 Public Offering

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

17. Issued capital (continued)

(c) Share options

The Company has an incentive plan (the "2008 Plan"), approved by the Company's shareholders at its annual general meeting held on June 4, 2008, under which options to purchase common shares may be granted to its directors, officers, employees and others at the discretion of the Board of Directors. Under the terms of the 2008 Plan:

- 75 million common shares are reserved for issuance upon the exercise of options.
- All outstanding options at June 4, 2008 granted under the Company's previous plan (the "2005 Plan") will continue to exist under the 2008 plan provided that the fundamental terms governing such options will be deemed to be those under the 2005 Plan.
- Each option granted shall be for a term not exceeding five years from the date of being granted and the vesting period is determined based on the discretion of the Board of Directors. Vesting is dependent on continued employment with the Company.
- The option exercise price is set at the date of the grant and cannot be less than the closing market price of the Company's common shares on the Toronto Stock Exchange on the day immediately preceding the day of the grant of the option.
- The 2008 Plan includes share appreciation rights providing for an optionee to elect to exercise options and to receive an amount in common shares equal to the difference between fair market value at the time of exercise and the exercise price for the options exercised.

(i) Movements in share options during the year

The changes in share options during the years ended December 31, 2010 and 2009 were as follows:

	December 31, 2010		December 31, 2009	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		Cdn$		Cdn$
Balance outstanding, beginning of year	**59,575,834**	**1.48**	64,746,000	1.52
Options granted	**2,231,000**	**1.30**	695,000	0.57
Options exercised	**(2,794,995)**	**0.33**	(535,999)	0.32
Options forfeited	**(1,035,003)**	**1.82**	(5,329,167)	2.00
Balance outstanding, end of year	**57,976,836**	**1.52**	59,575,834	1.48

2,794,995 share options were exercised during the year ended December 31, 2010. The weighted average closing share price at the date of exercise was Cdn$1.50.

17. Issued capital (continued)

(c) *Share options (continued)*

(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:

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

	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 2008 Plan.

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

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

17. Issued capital (continued)

(c) Share options (continued)

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

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

Options outstanding	Options exercisable	Exercise price	Remaining Contractual Life (Years)	Expiry date
		Cdn$		
6,725,000	6,725,000	1.70	0.40	May 24, 2011
250,000	250,000	1.70	0.91	November 27, 2011
19,987,500	19,987,500	1.82	1.19	March 7, 2012
14,573,334	14,573,334	0.32	2.97	December 18, 2013
20,000	-	0.32	3.12	February 11, 2014
400,000	400,000	0.52	3.50	June 30, 2014
95,002	45,000	0.76	3.84	November 3, 2014
2,226,000	2,226,000	1.30	4.06	January 18, 2015
13,070,000	13,070,000	2.31	6.77	October 5, 2017
460,000	460,000	3.38	7.15	February 20, 2018
170,000	170,000	3.38	7.24	March 27, 2018
57,976,836	57,906,834		3.00	

The weighted average exercise price of options exercisable at December 31, 2010 is Cdn$1.53.

(d) Share purchase warrants

The changes in warrants during the years ended December 31, 2010 and 2009 were as follows:

	December 31, 2010		December 31, 2009	
	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
Warrants exercised	**-**	**-**	-	-
Warrants expired	**-**	**-**	(58,485,996)	1.80
Balance outstanding, end of year	**-**	**-**	-	-

18. Non-controlling interest

The non-controlling interests are comprised of the following:

Balance, December 31, 2008	$ 12,002
Non-controlling interests' share of loss in Barplats	(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
Non-controlling interests' share of loss in Barplats	(866)
Non-controlling interests' share of interest on advances to Gubevu	(2,709)
Foreign exchange movement	762
Balance, December 31, 2010	**$ 7,228**

19. Finance costs

	December 31, 2010	December 31, 2009
Interest on revenue advances	**$ 614**	$ 482
Interest on finance leases	**277**	377
Interest on provision for environmental rehabilitation	**694**	443
Interest on tax	**209**	2
Other interest	**13**	387
	$ 1,807	$ 1,691

20. 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, 2010	December 31, 2009
	(in thousands)	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**683,177**	680,577
Shares deemed to be issued for no consideration in respect of options	**11,662**	7,213
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**694,839**	687,790

The earnings used to calculate basic and diluted earnings per share for the year ended December 31, 2010 was $13,352 (December 31, 2009 – $5,650).

20. Earnings per share (continued)

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

	December 31, 2010	December 31, 2009
	(in thousands)	
Options	**40,663**	41,434

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 were $3,894 (December 31, 2009 - $2,705). The total number of employees in the plan at December 31, 2010 was 1,762 (December 31, 2009 – 1,800).

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, 2010**	December 31, 2009
Consulting fees	(i)	**$ 304**	$ 232
General and administrative expenses		**193**	48
Management fees		**2,253**	1,429
		$ 2,750	$ 1,709

(i) The Company paid fees to a private company controlled by a director of the Company for consulting services performed outside of his capacity as a director.

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at December 31, 2010 included $1,089 (December 31, 2009 - $510) which were due to private companies controlled by officers of the Company.

22. Related party transactions (continued)

(b) Compensation of key management personnel

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

	Note		**December 31, 2010**		December 31, 2009
Salaries and directors' fees	(i)	**$**	**3,758**	$	2,695
Share-based payments	(ii)		**1,627**		93
		$	**5,385**	$	2,788

(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.

(iii) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended December 31, 2010 and 2009.

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, 2010 and 2009 are as follows:

23. Segmented Information (continued)

(b) Geographic segments (continued)

December 31, 2010									
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Current assets	$ 45,787	$ 445	$ 1,669	$ 61	$ 997	$ 48,959	$ -	$ 343,952	$ 392,911
Property, plant and equipment	495,861	64,916	126,357	28,827	-	715,961	-	15	715,976
Refining contract	14,265	-	-	-	-	14,265	-	-	14,265
Other Assets	3,823	-	-	-	-	3,823	-	-	3,823
	$ 559,736	$ 65,361	$ 128,026	$ 28,888	$ 997	$ 783,008	$ -	$ 343,967	$ 1,126,975
Property, plant and equipment expenditures	$ 32,728	$ -	$ 47	$ 214	$ -	$ 32,989	$ -	$ 2	$ 32,991
Revenue	$ 155,000	$ -	$ -	$ -	$ -	$ 155,000	$ -	$ -	$ 155,000
Production costs	(109,901)	-	-	-	-	(109,901)	-	-	(109,901)
Depletion and depreciation	(22,499)	-	-	-	-	(22,499)	-	(8)	(22,507)
General and administrative expenses	(4,591)	(1,396)	(118)	(114)	(16)	(6,235)	(60)	(5,822)	(12,117)
Share-based payment	(79)	-	-	-	-	(79)	-	(1,373)	(1,452)
Interest income	1,635	-	-	8	-	1,643	-	154	1,797
Finance costs	(1,027)	(752)	(28)	-	-	(1,807)	-	-	(1,807)
Foreign exchange (loss) gain	(827)	-	-	-	-	(827)	-	667	(160)
Profit (loss) before income taxes	17,711	(2,148)	(146)	(106)	(16)	15,295	(60)	(6,382)	8,853
Deferred income tax recovery (expense)	2,240	-	-	-	-	2,240	(1,316)	-	924
Net profit (loss)	$ 19,951	$ (2,148)	$ (146)	$ (106)	$ (16)	$ 17,535	$ (1,376)	$ (6,382)	$ 9,777

Eastern Platinum Limited

Notes to the consolidated financial statements

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

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)
Deferred income tax recovery	1,623	-	-	-	-	1,623	-	1,623
Net profit (loss)	$ 9,002	$ (2,286)	$ (472)	$ (157)	$ (26)	$ 6,061	$ (4,839)	$ 1,222

For the years ended December 31, 2010 and 2009, 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, 2010	December 31, 2009
Financial assets		
Cash and cash equivalents	**$ 107,846**	$ 7,249
Loans and receivables		
Trade receivables	**33,787**	29,138
Available for sale financial assets		
Short-term investments	**242,446**	14,409
Other assets	**3,823**	2,282
	$ 387,902	$ 53,078
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	**$ 27,009**	$ 22,919
Current portion of finance leases	**3,211**	926
Long-term portion of finance leases	**-**	2,850
	$ 30,220	$ 26,695

(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, 2010. There were no transfers between levels during the year ended December 31, 2010.

(d) Reclassification of financial assets

There was no reclassification of financial assets during the years ended December 31, 2010 and 2009.

(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 revenues 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 subsidiary's foreign-currency denominated monetary assets at December 31, 2010, is as follows:

	December 31, 2010	December 31, 2009
Financial assets		
Loans and receivables	**30,142**	25,839

24. Financial instruments (continued)

(e) Financial risk management (continued)

(i) Currency risk (continued)

The sensitivity of the Company's net earnings due to changes in the exchange rate between the South African Rand and the United States dollar is summarized in the table below. This sensitivity is based on loans and receivables not denominated in the functional currency of the subsidiary. The increase (decrease) in net earnings is due to the effect of the exchange rate on financial instruments.

	Year ended Dec. 31, 2010	
	10% weakening of ZAR in relation to USD FX rate	10% strengthening of ZAR in relation to USD FX rate
Increase (decrease) in net earnings	3,014	(3,014)

The carrying amount of the Company's head office foreign-currency denominated monetary assets at December 31, 2010 is as follows:

	December 31, 2010	December 31, 2009
Financial assets		
Cash and cash equivalents	**43,110**	-

The sensitivity of the Company's net earnings due to changes in the exchange rate between the U.K. Pound Sterling and the United States dollar is summarized in the table below. This sensitivity is based on cash and cash equivalents not denominated in the functional currency of head office. The (decrease) increase in net earnings is due to the effect of the exchange rate on financial instruments.

	Year ended Dec. 31, 2010	
	10% weakening of GBP in relation to USD FX rate	10% strengthening of GBP in relation to USD FX rate
(Decrease) increase in net earnings	(4,311)	4,311

24. Financial instruments (continued)

(e) Financial risk management (continued)

(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.

The Company has not included a sensitivity analysis of interest rate risk at year-end as it does not reflect the exposure experienced during the twelve months ended December 31, 2010. The Company's financial assets as at December 31, 2010 were significantly higher than throughout the year due to the closing of the Company's public offering on December 30, 2010. Presenting such an analysis would be misleading.

(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, 2010, the Company's financial assets subject to metal price risk consist of trade receivables of $30,142 (December 31, 2009 - $25,839). 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, 2010 and 2009.

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, 2010. Presenting such an analysis would be misleading.

(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 PGM concentrate production to one customer under an off-take contract. At December 31, 2010, the Company had receivable balances associated with this one customer of $30,142 (December 31, 2009 - $25,839). 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, 2010.

24. Financial instruments (continued)

(e) Financial risk management (continued)

(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 2009.

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, 2010	
	Total	**<1 year**
Accounts payable	**$ 27,009**	**$ 27,009**
Finance leases	**3,405**	**3,405**
Commitments	**13,056**	**13,056**
	$ 43,470	**$ 43,470**

	December 31, 2009		
	Total	<1 year	1-3 years
Accounts payable	$ 22,919	$ 22,919	$ -
Finance leases	4,282	1,221	3,061
Purchase commitments	881	881	-
Capital expenditures	4,078	4,078	-
	$ 32,160	$ 29,099	$ 3,061

25. Events after the reporting period

From January 1, 2011 to March 21, 2011:

(a) 550,000 stock options were exercised by way of stock appreciation rights at a weighted average exercise price of Cdn$0.32.

(b) The Company received formal letters of commitment to underwrite a US$100 million financing package. The mandated lead arrangers are UniCredit Bank AG, London Branch and The Standard Bank of South Africa Limited. The terms and conditions of the financing package include:

- Scheduled tenor of 5.5 years with an 18 month grace period
- Separate amortizing term loan (US$70 million) and revolving loan facilities (US$30 million)
- Initial interest rate of US LIBOR + 3.85% rising to US LIBOR + 4.15% for the last three years of the loan.

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

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, 2010 and for the three and twelve months then ended in comparison to the same period in 2009.

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

This MD&A should be read in conjunction with the consolidated financial statements for the year ended December 31, 2010 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").

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 21, 2011. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Contents of the MD&A

1. Overview

2. Summary of results
   2.1. Summary of results for the quarter ended December 31, 2010
   2.2. Summary of results for the twelve months ended December 31, 2010

3. Results of operations for the three and twelve months ended December 31, 2010
   3.1. Mining operations at the Crocodile River Mine ("CRM")
   3.2. CRM non-IFRS measures
   3.3. Development projects
      3.3.1. CRM
      3.3.2. Eastern Limb projects
   3.4. Corporate and other expenses

4. Liquidity and Capital Resources
   4.1. Outlook
   4.2. Impairment
   4.3. Share capital
   4.4. Contractual obligations and commitments

5. Related party transactions

6. Critical accounting policies and estimates
    6.1. Property, plant and equipment
    6.2. Revenue recognition
    6.3. Share-based payment
    6.4. Provision for environmental rehabilitation

7. Adoption of accounting standards and accounting pronouncements under IFRS
    7.1. Application of new and revised IFRSs
    7.2. Accounting standards issued but not yet effective

8. Risk factors
    8.1. Risks associated with the mining industry
    8.2. Risks associated with foreign currencies
    8.3. Risks associated with metals prices
    8.4. Risks associated with foreign operations
    8.5. Risks associated with granting of exploration, mining and other licenses
    8.6. Risks associated with the development of the Mareesburg PGM Project

9. Internal control over financial reporting

10. Cautionary statement on forward-looking information

---

1. Overview

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

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

---

2. Summary of results

2.1 Summary of results for the quarter ended December 31, 2010 ("Q4 2010")

- Eastplats recorded a net profit attributable to equity shareholders of the Company of $5,041,000 ($0.01 basic earnings per share) in Q4 2010 compared to $330,000 ($0.00 per share) in the fourth quarter of 2009 ("Q4 2009").

- EBITDA increased 52% to $15,226,000 in Q4 2010 compared to $10,008,000 in Q4 2009.

- PGM ounces sold decreased 4% to 32,752 ounces in Q4 2010 compared to 34,000 PGM ounces in Q4 2009.

- The U.S. average delivered basket price per PGM ounce increased 23% to $1,058 in Q4 2010 compared to $860 in Q4 2009.

- The Rand average delivered price per PGM ounce increased 13% to R7,311 in Q4 2010 compared to R6,450 in Q4 2009.

- Rand operating cash costs net of by-product credits decreased 3% to R4,509 per ounce in Q4 2010 compared to R4,661 per ounce in Q4 2009. Rand operating cash costs increased 21% to R6,412 per ounce in Q4 2010 compared to R5,296 per ounce in Q4 2009.

- U.S. dollar operating cash costs net of by-product credits increased 5% to $653 per ounce in Q4 2010 compared to $621 per ounce achieved in Q4 2009. U.S. dollar operating cash costs increased 31% to $928 per ounce in Q4 2010 compared to the $706 per ounce in Q4 2009.

- Head grade decreased to 4.0 grams per tonne in Q4 2010 from 4.1 grams per tonne in Q4 2009.

- Average concentrator recovery decreased to 78% in Q4 2010 compared to 79% in Q4 2009.

- Development meters increased by 8% to 3,501 meters and on-reef development decreased by 10% to 1,925 meters compared to Q4 2009.

- Stoping units decreased 4% to 53,044 square meters in Q4 2010 compared to 55,153 square meters in Q4 2009.

- Run-of-mine ore hoisted increased by 1% to 324,879 tonnes in Q4 2010 compared to 321,393 tonnes in Q4 2009.

- Run-of-mine ore processed increased by 2% to 327,872 tonnes in Q4 2010 compared to 321,983 tonnes in Q4 2009.

- The Company's Lost Time Injury Frequency Rate (LTIFR) was 3.88 in Q4 2010 compared to 3.45 in Q4 2009.

- At December 31, 2010, the Company had a cash position (including cash, cash equivalents and short term investments) of $350,292,000 (December 31, 2009 – $21,658,000).

2.2 Summary of results for the twelve months ended December 31, 2010 ("YE 2010")

- Eastplats recorded a net profit attributable to equity shareholders of the Company of $13,352,000 ($0.02 per share) in YE 2010 compared to $5,650,000 ($0.01 per share) in the twelve months ended December 31, 2009 ("YE 2009").

- EBITDA increased 58% to $45,099,000 in YE 2010 compared to $28,526,000 in YE 2009.

- PGM ounces sold increased 1% to 131,901 in YE 2010 compared to 130,338 PGM ounces in YE 2009.

- The U.S. average delivered basket price per PGM ounce increased 38% to $995 in YE 2010 compared to $723 in YE 2009.

- The Rand average delivered basket price per PGM ounce increased 21% to R7,264 in YE 2010 compared to R6,006 in YE 2009.

- Rand operating cash costs net of by-product credits increased 11% to R4,800 per ounce in YE 2010 compared to R4,306 per ounce in YE 2009. Rand operating cash costs increased 15% to R6,099 per ounce in YE 2010 compared to R5,286 per ounce in YE 2009.

- U.S. dollar operating cash costs net of by-product credits increased 26% to $657 per ounce in YE 2010 compared to $521 per ounce achieved in YE 2009. Operating cash costs increased 33% to $844 per ounce in YE 2010 compared to $636 per ounce in YE 2009.

- Head grade remained consistent at 4.1 grams per tonne during YE 2010 and 2009.

- Average concentrator recovery remained consistent at 79% in YE 2010 and 2009.

- Development meters decreased by 15% to 12,814 meters and on-reef development decreased by 22% to 7,226 meters compared to YE 2009.

- Stoping units increased by 10% to 206,269 square meters in YE 2010 compared to 187,856 square meters in YE 2009.

- Run-of-mine ore hoisted increased by 5% to 1,288,416 tonnes in YE 2010 compared to 1,229,885 tonnes in YE 2009.

- Run-of-mine ore processed increased by 3% to 1,265,973 tonnes in YE 2010 compared to 1,225,508 tonnes in YE 2009.

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

Table 1

Selected quarterly data	2010				2009			
	Dec 31	Sept 30	June 30	March 31	Dec 31	Sept 30	June 30	March 31
Revenues	$ 45,616	$ 38,073	$ 36,612	$ 34,699	$ 34,259	$ 27,365	$ 24,838	$ 24,903
Cost of operations	(36,272)	(32,735)	(32,383)	(31,018)	(29,294)	(26,702)	(22,595)	(21,402)
Mine operating earnings	9,344	5,338	4,229	3,681	4,965	663	2,243	3,501
Expenses (G&A and share-based payment)	(4,382)	(2,202)	(2,050)	(4,935)	(3,523)	(2,445)	(3,374)	(1,768)
Operating profit (loss)	4,962	3,136	2,179	(1,254)	1,442	(1,782)	(1,131)	1,733
Net profit attributable to equity shareholders of the Company	$ 5,041	$ 4,039	$ 3,448	$ 824	$ 330	$ 1,839	$ 317	$ 3,164
Earnings per share - basic	$ 0.01	$ 0.01	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Earnings per share - diluted	$ 0.01	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Average foreign exchange rates								
South African Rand per US dollar	6.91	7.31	7.53	7.51	7.50	7.80	8.44	9.94
US dollar per Canadian dollar	0.9870	0.9621	0.9727	0.9608	0.9459	0.9114	0.8578	0.8038
Period end foreign exchange rates								
South African Rand per US dollar	6.59	7.00	7.66	7.33	7.41	7.53	7.75	9.54
US dollar per Canadian dollar	1.0054	0.9718	0.9393	0.9844	0.9515	0.9340	0.8598	0.7928

3. Results of Operations for the three and twelve months ended December 31, 2010

The following table sets forth selected consolidated financial information for the three and twelve months ended December 31, 2010 and 2009:

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,	
	2010	2009	**2010**	2009
Revenue	**$ 45,616**	$ 34,259	**$ 155,000**	$ 111,365
Cost of operations				
Production costs	**30,390**	24,251	**109,901**	82,839
Depletion and depreciation	**5,882**	5,043	**22,507**	17,154
Mine operating earnings	**9,344**	4,965	**22,592**	11,372
Expenses				
General and administrative	**4,698**	3,385	**12,117**	10,528
Share-based payments	**(316)**	138	**1,452**	582
Operating profit	**4,962**	1,442	**9,023**	262
Other income (expense)				
Interest income	**545**	349	**1,797**	1,786
Finance costs	**(452)**	(532)	**(1,807)**	(1,691)
Foreign exchange gain (loss)	**184**	37	**(160)**	(758)
Profit (loss) before income taxes	**5,239**	1,296	**8,853**	(401)
Deferred income tax (expense) recovery	**(733)**	(2,311)	**924**	1,623
Net profit (loss) for the period	**$ 4,506**	$ (1,015)	**$ 9,777**	$ 1,222
Attributable to				
Non-controlling interest	**$ (535)**	$ (1,345)	**$ (3,575)**	$ (4,428)
Equity shareholders of the Company	**5,041**	330	**13,352**	5,650
Net profit (loss) for the period	**$ 4,506**	$ (1,015)	**$ 9,777**	$ 1,222
Earnings per share				
Basic	**$ 0.01**	$ 0.00	**$ 0.02**	$ 0.01
Diluted	**$ 0.01**	$ 0.00	**$ 0.02**	$ 0.01
Weighted average number of common share outstanding				
Basic	**685,633**	680,682	**683,177**	680,577
Diluted	**697,916**	691,072	**694,839**	687,790

Condensed consolidated statements of financial position	**December 31, 2010**	December 31, 2009
Total assets	**$ 1,126,975**	$ 706,850
Total long-term liabilities	**$ 55,576**	$ 53,493

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

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

Table 3

Crocodile River Mine operations	Three months ended							
	2010				2009			
	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	32,752	37,798	30,820	30,531	34,000	29,986	33,383	32,969
Average delivered price per ounce (2)	$1,058	$953	$1,015	$959	$860	$765	$679	$590
Average basket price	$1,250	$1,128	$1,200	$1,130	$1,008	$878	$779	$676
Rand average delivered price per ounce	R 7,311	R 6,966	R 7,643	R 7,202	R 6,450	R 5,967	R 5,730	R 5,865
Rand average basket price	R 8,638	R 8,246	R 9,036	R 8,486	R 7,560	R 6,848	R 6,574	R 6,720
Cash costs per ounce of PGM (1)	$928	$713	$882	$841	$706	$758	$554	$536
Cash costs per ounce of PGM, net of chrome by-product credits (1)	$653	$625	$646	$711	$621	$583	$494	$388
Rand cash costs per ounce of PGM (1)	R 6,412	R 5,212	R 6,639	R 6,315	R 5,296	R 5,915	R 4,673	R 5,326
Rand cash costs per ounce of PGM, net of chrome by-product credits (1)	R 4,509	R 4,566	R 4,866	R 5,336	R 4,661	R 4,548	R 4,169	R 3,857
Key production statistics								
Run-of-mine ("ROM") rock tonnes processed	327,872	357,219	290,028	290,854	321,983	280,777	304,354	318,394
Development meters	3,501	3,299	3,202	2,812	3,254	2,882	4,326	4,573
On-reef development meters	1,925	1,797	1,573	1,931	2,135	1,562	2,860	2,745
Stoping units (square meters)	53,044	50,892	50,573	51,760	55,153	36,263	51,342	45,098
Concentrator recovery from ROM ore	78%	81%	80%	78%	79%	78%	80%	80%
Chrome sold (tonnes)	89,123	50,148	76,677	75,846	66,694	76,900	70,850	84,207
Metal in concentrate sold (ounces)								
Platinum (Pt)	16,526	19,195	15,433	15,405	17,012	15,080	16,721	16,499
Palladium (Pd)	7,055	8,129	6,769	6,562	7,444	6,613	7,406	7,399
Rhodium (Rh)	2,786	3,216	2,661	2,607	2,923	2,499	2,868	2,812
Gold (Au)	117	131	108	105	121	115	141	135
Iridium (Ir)	1,183	1,323	1,077	1,106	1,240	1,095	1,179	1,144
Ruthenium (Ru)	5,085	5,804	4,772	4,746	5,260	4,584	5,068	4,980
Total PGM ounces	32,752	37,798	30,820	30,531	34,000	29,986	33,383	32,969

(1) These are non-IFRS measures as described in Section 3.2
(2) Average delivered price is the average basket price at the time of delivery of PGM concentrates, net of associated smelting, refining and marketing costs, under the Company's primary off-take agreement.

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

In Q4 2010, CRM recorded a Lost Time Injury Frequency Rate ("LTIFR") of 3.88 compared to 3.45 in Q4 2009. There were seven lost time injuries in both Q4 2010 and Q4 2009. The difference in LTIFR was due to fewer man hours in Q4 2010 than in Q4 2009.

The Company generated revenue of $45,616,000 in Q4 2010 of which $36,595,000 is PGM revenue and $9,021,000 is chrome revenue. PGM revenues represent the amounts recorded when PGM concentrates are physically delivered to the buyer, which are provisionally priced on the date of delivery. The Company settles its PGM sales three to five months following the physical delivery of the concentrates and adjustments are made when the prices for the metal sold to the market are established.

The Company recorded an average delivered basket price of $1,058 per PGM ounce in Q4 2010, compared to $860 in Q4 2009 and $953 in the third quarter of 2010 (“Q3 2010”). The delivered price per ounce refers to the PGM prices in effect at the time the PGM concentrates are delivered to the smelter. As a result of fluctuations in PGM prices, the Company recorded positive provisional price adjustments of $3,082,000 and $5,394,000 in the three and twelve months ended December 31, 2010, respectively, compared to positive price adjustments of $4,537,000 and $11,027,000 in the three and twelve months ended December 31, 2009, respectively.

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,	
	2010	2009	2010	2009
Revenue before provisional price adjustments	$ 42,534	$ 29,722	$ 149,606	$ 100,338
Provisional price adjusments				
Adjustments to revenue upon settlement of prior periods' sales	1,706	1,065	4,018	7,555
Mark-to-market adjustment on sales not yet settled at end of period	1,376	3,472	1,376	3,472
Revenue as reported in the income statement	$ 45,616	$ 34,259	$ 155,000	$ 111,365

PGM ounces sold decreased by 4% in Q4 2010 compared to Q4 2009 due to lower concentrator recovery (78% in Q4 2010 compared to 79% in Q4 2009) and head grade (4.0 grams per tonne in Q4 2010 compared to 4.1 grams per tonne in Q4 2009), despite an increase in run-of-mine rock tonnes processed (327,872 tonnes in Q4 2010 compared to 321,983 tonnes in Q4 2009). The decrease in concentrator recovery was the result of additional planned shutdown for modification to the process plant. The decrease in head grade resulted from dilution due to increased waste development at Maroelabult relating to conveyor belt extensions.

Operating cash costs, a non-IFRS measure, are incurred in Rand. Rand operating cash costs, increased by 21% from R5,296 per ounce in Q4 2009 to R6,412 per ounce in Q4 2010 due to a 4% decrease in ounces sold, a new South African mining royalty and 7.5% wage increase both effective March 1, 2010, a 7% inflation rate and a significant increase in electricity tariffs that came into effect in Q2 2010.

Operating cash costs stated in U.S. dollars increased by 31% from $706 per ounce in Q4 2009 to $928 per ounce in Q4 2010 primarily due to an increase in actual Rand operating cash costs combined with an 8% appreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R6.91:$1.00 in Q4 2010 compared to R7.50:$1.00 in Q4 2009.

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

The Company recorded revenue for 89,123 tonnes of chrome in Q4 2010 (66,694 tonnes in Q4 2009). Net chrome revenue recognized was $101 per tonne ($43 per tonne in Q4 2009) for a total of $9,021,000 ($2,877,000 in Q4 2009). The net chrome revenue per tonne received by the Company which increased by 135% compared to Q4 2009, has been very volatile during the last two years. Global chrome prices dropped in late 2009 which led to negative price adjustments in Q4 2009 and increased in the latter half of 2010. Q4 2010 chrome revenues of $9,021,000 reduced operating cash costs to $653 per ounce net of by-product credits.

Quarter ended December 31, 2010 compared to the quarter ended September 30, 2010

Revenues increased by 20% compared to Q3 2010 as a result of an 11% rise in the average delivered price per ounce, a $5,680,000 increase in chrome revenues and a $2,843,000 increase in price adjustments, which were offset by a 13% decrease in ounces produced in the quarter. The increase in chrome revenues was due to a 78% increase in tonnes of chrome and a 52% increase in the net price received for chrome. The decrease in ounces produced was due to an 8% decrease in run-of-mine ore processed (357,219 tonnes in Q3 2010 compared to 327,872 tonnes in Q4 2010), and a decrease in concentrator recovery from 81% in Q3 2010 to 78% in Q4 2010. The decrease in run-of-mine ore processed was due to a 7% decrease in shifts worked as a result of the Christmas break while the decrease in concentrator recovery resulted from a planned shutdown and modification to the process plant.

Rand operating cash costs increased by 23% from R5,212 per ounce in Q3 2010 to R6,412 per ounce in Q4 2010 primarily as a result of a 13% decrease in ounces produced and the Q3 2010 adjustment to record chrome inventory in transit, as discussed in greater detail in the section below. The impact of this adjustment was a R400 decrease to cash costs per ounce in Q3 2010. As this was a one-time adjustment, there was no corresponding decrease to cash costs in Q4 2010. Operating cash costs stated in U.S. dollars increased by 30% from $713 per ounce in Q3 2010 to $928 per ounce in Q4 2010 due to increases in actual Rand operating cash costs combined with a 5% appreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R6.91:$1.00 in Q4 2010 compared to R7.31:$1.00 in Q3 2010.

Twelve months ended December 31, 2010 compared to the twelve months ended December 31, 2009

In YE 2010, the Company sold 131,901 PGM ounces, an increase of 1% compared to YE 2009, primarily as a result of higher run-of-mine volumes processed in 2010 (1,265,973 tonnes processed in YE 2010 compared to 1,225,508 tonnes processed in YE 2009). On-reef development decreased to 7,226 meters in YE 2010 compared to 9,302 meters in YE 2009.

The average delivered basket price per ounce increased from $723 in YE 2009 to $995 in YE 2010. PGM prices have generally experienced a rising trend since January 2009.

Operating cash costs of $844 per ounce was achieved in YE 2010, compared to $636 per ounce during the same period in 2009 due to a 13% weakening in the value of the U.S. dollar relative to the Rand, and a 17% increase in total Rand operating cash costs. Total Rand operating cash costs were 17% higher in YE 2010 compared to YE 2009 due to two significant increases in electricity tariffs that came into effect in Q3 2009 and Q2 2010, annual inflation of approximately 7%, a 7.5% wage increase effective March 1, 2010, a new South African mining royalty tax effective March 1, 2010, and the one-time chrome inventory adjustment recorded in Q3 2010.

In Q3 2010, the Company reassessed the timing of its chrome revenue recognition and determined that it was more appropriate to recognize chrome revenues at the time the physical chrome crossed the ship's rail at the port of shipment. This one-time adjustment resulted in a decrease of $3,181,000 to chrome revenues in Q3 2010 and a corresponding decrease to production costs of $2,106,000.

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,	
	2010	2009	2010	2009
Mine operating earnings	$ 9,344	$ 4,965	$ 22,592	$ 11,372
Depletion and depreciation	5,882	$ 5,043	22,507	17,154
EBITDA (1)	15,226	10,008	45,099	28,526
Production costs as reported	30,390	24,251	109,901	82,839
Adjustments for miscellaneous costs (2)	4	(244)	290	62
Cash operating costs	30,394	24,007	110,191	82,901
Less by-product credits - chrome revenues and adjustments	(9,021)	(2,877)	(23,599)	(15,021)
Cash operating costs net of by-product credits	21,373	21,130	86,592	67,880
Ounces sold	32,752	34,000	131,901	130,338
Cash cost per ounce sold	$ 928	$ 706	$ 835	$ 636
Cash cost per ounce sold net of by-product credits	$ 653	$ 621	$ 656	$ 521

(1) EBITDA includes provisional price adjustments, chrome revenues, chrome penalties, and foreign exchange adjustments to sales.
(2) Miscellaneous costs include costs such as housing, technical services and planning.

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

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

3.3 Development projects

3.3.1 CRM

During the three and twelve months ended December 31, 2010, the Company spent approximately $12,410,000 and $32,728,000, respectively, at CRM on underground mine development, underground electrical upgrades, and ongoing underground works at the Zandfontein vertical shaft, including the construction of dams for underground water control. The shaft hoisting capacity is 100,000 tonnes of ore per month plus associated waste. The shaft, along with additional decline development, will allow access into the deeper parts of the ore body.

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

3.3.2 Eastern Limb projects

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

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

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

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

3.4 Corporate and other expenses

General and administrative expenses ("G&A") are costs associated with the Company's corporate head office in Vancouver and the Johannesburg administrative office, and costs associated with care and maintenance at the Company's Eastern Limb projects, Spitzkop, Kennedy's Vale and Mareesburg. Corporate office costs include legal and accounting, regulatory, executive management fees, investor relations, travel and consulting fees.

G&A increased by 39% from $3,385,000 in Q4 2009 to $4,698,000 in Q4 2010 mainly due to a Cdn$956,000 increase in bonuses paid to executive officers and directors of the Company for the achievement of various operational and corporate objectives, including the completion of a Cdn$348 million equity financing in December, 2010 and the signing of a mandate letter for a US$100 million credit facility in October, 2010. G&A increased by 115% from $2,186,000 in Q3 2010 to $4,698,000 in

Q4 2010 mainly due to the payment of Cdn$1,490,000 in bonuses to executive officers and directors of the Company and the accrual of the year-end audit fees at head office and in South Africa. For the twelve months ended December 31, G&A increased by 15% from $10,528,000 in 2009 to $12,117,000 in 2010 mainly due to a weakening of the U.S. dollar relative to the South African Rand, the introduction in Q1 2010 of a key skills retention plan for the Company's senior employees in South Africa, and a Cdn$956,000 increase in bonuses paid to key management in Q4 2010.

Interest income recorded during the three and twelve months ended December 31, 2010 was $545,000 and $1,797,000 compared with $349,000 and $1,786,000 during the same periods in 2009. The increase in interest income in Q4 2010 compared to Q4 2009 was mainly due to an increase in cash balances in CRM that resulted from the increase in revenue in 2010.

During the three and twelve months ended December 31, 2010, the Company recorded a deferred income tax expense of $733,000 and deferred income tax recovery of $924,000, 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 $46,642,000 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.

---

4. Liquidity and Capital Resources

At December 31, 2010, the Company had working capital of $362,691,000 (December 31, 2009 – $31,776,000) and cash and cash equivalents and short-term investments of $350,292,000 (December 31, 2009 – $21,658,000) in highly liquid, fully guaranteed, bank sponsored instruments.

On December 30, 2010, the Company raised $328,890,000 net of share issue costs through a public offering which consisted of 224,250,000 common shares, of which 195,361,476 common shares were issued at a price of Cdn$1.55 and 28,888,524 common shares were issued at a price of £0.9568.

The Company had no long-term debt at December 31, 2010, other than a provision for environmental rehabilitation relating to CRM, Kennedy's Vale and Spitzkop.

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

4.1 Outlook

The PGM industry has experienced over three years of global economic uncertainty and market volatility. Although PGM prices in U.S. dollar terms have recovered since the beginning of 2009, this has been significantly negated by the strength of the Rand against the U.S. dollar. The U.S. dollar realized basket prices that the Company is receiving have improved since the December 2008 lows, but these prices, in Rand terms, are still 34% below those recorded in June 2008 when basket prices reached their peak. The Company anticipates that PGM prices will remain volatile and the Rand will remain strong against the U.S. dollar in the short term, which impacts the income and cash flows generated by the Company as it has U.S. dollar-based revenues and a Rand-based operating cost structure. As a result, the Company continues to seek ways to improve its operating efficiency and thereby minimize its operating costs, without compromising safety, health and environmental standards.

With the rising trend in PGM prices, the Company resumed mine development at the Crocette section at CRM in April 2010 and commenced planning for Phase 1 of the development of its Eastern Limb projects

in late 2010. Phase 1 includes the development of an open-pit mine at Mareesburg and the construction of a 90,000 tpm concentrator located on the Kennedy's Vale site. Concurrently with the planning for Crocette and for Phase 1, the Company sought to raise financing to fund these development projects.

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

To bring the rest of the Eastern Limb projects, which includes Spitzkop and Kennedy's Vale, into production, additional funding will be required and may include joint venture or other third party participation in one or more of these projects, or the public or private sales of equity or debt securities of the Company. There can be no assurance that additional funding will be available to the Company or, if available, that this funding will be on acceptable terms. If adequate funds are not available, including funds generated from producing operations, the Company may be required to delay or reduce the scope of these development projects.

4.2 Impairment

At December 31, 2010, the Company assessed the carrying values of its mineral properties and concluded that none of its mineral properties required further impairment or reversal of impairment. Should market conditions and commodity prices deteriorate or improve in the future, an impairment or reversal of impairment of the Company's mineral properties may be required.

4.3 Share Capital

On December 30, 2010, the Company completed a public offering which consisted of 224,250,000 common shares, of which 195,361,476 common shares were issued at a price of Cdn$1.55 and 28,888,524 common shares were issued at a price of £0.9568.

During the three months ended December 31, 2010, the Company did not grant any stock options. Total share-based payment expense for the quarter was negative $316,000, which takes into account the vesting of options and the reversal of share-based payment expense previously recognized for unvested options that were forfeited in the period. During Q4 2010, 263,335 options were forfeited at a weighted average exercise price of Cdn$1.99 and 300,335 options were exercised at a weighted average exercise price of Cdn$0.35.

During the twelve months ended December 31, 2010, the Company granted 2,231,000 stock options at an exercise price of Cdn$1.30. The grant date fair value was Cdn$0.80 per share, which resulted in share-based payment expense of $1,705,000 upon issuance. Total share-based payment expense for the twelve months was $1,452,000, which also takes into account the vesting of options and the reversal of share-based payment expense previously recognized for unvested options that were forfeited in the period. During the twelve months ended December 31, 2010, 1,035,003 options were forfeited at a weighted average exercise price of Cdn$1.82 and 2,794,995 options were exercised at a weighted average exercise price of Cdn$0.33.

As at March 21, 2011, the Company had:

- 908,041,287 common shares outstanding; and
- 57,426,836 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, 2010 were as follows:

Table 6

(in thousands of U.S. dollars)	Total	Less than 1 year	1-5 years	More than 5 years
Provision for environmental rehabilitation	$ 32,694	$ -	$ -	$ 32,694
Capital expenditure and purchase commitments contracted at December 31, 2010 but not recognized on the consolidated statement of financial position	13,056	13,056	-	-
Finance lease obligations	3,405	3,405	-	-
	$ 49,155	$ 16,461	$ -	$ 32,694

5. Related Party Transactions

Table 7

(Expressed in thousands of U.S. dollars, except per share amounts)	**Three months ended December 31,**		**Twelve months ended December 31,**	
	2010	2009	**2010**	2009
Trading transactions				
Management and consulting fees	**$ 1,539**	$ 832	**$ 2,557**	$ 1,661
Reimbursements of expenses	**102**	3	**193**	48
Total trading transactions	**$ 1,641**	$ 835	**$ 2,750**	$ 1,709
Compensation of key management personnel				
Salaries and directors' fees	**$ 2,059**	$ 1,185	**$ 3,758**	$ 2,695
Share-based payments	**-**	-	**1,627**	93
Total compensation of key management personnel	**$ 2,059**	$ 1,185	**$ 5,385**	$ 2,788

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

Management and consulting fees increased during the three months ended December 31, 2010 due to a Cdn$956,000 increase in bonuses paid to executive officers and directors of the Company for the achievement of various operational and corporate objectives, including the completion of a Cdn$348 million equity financing and the signing of a mandate letter for a US$100 million credit facility in the last quarter of 2010. Management and consulting fees increased during the twelve months ended December 31, 2010 due to the Cdn$956,000 increase in bonuses paid to executive officers, additional consulting work in Q3 2010 and a stronger Canadian dollar in YE 2010 than YE 2009. During the three and twelve

months ended December 31, 2010, reimbursements of expenses were higher due to increased travel to South Africa as the Company prepares for the development of its Eastern Limb projects.

Salaries and directors' fees increased during the three and twelve months ended December 31, 2010 for the same reasons that management and consulting fees increased in the corresponding periods. Share-based payments increased from $93,000 during the twelve months ended December 31, 2009 to $1,627,000 during the same period in 2010 due to the issuance of stock options in Q1 2010.

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

---

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 4 of the consolidated financial statements for the year ended December 31, 2010.

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 or reversal of 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.

At December 31, 2010, the Company assessed the carrying values of its mineral properties and concluded that none of its mineral properties required further impairment or reversal of impairment. Should market conditions and commodity prices deteriorate or improve in the future, an impairment or reversal of impairment of the Company's mineral properties may be required.

6.2 Revenue recognition

Revenue, based upon prevailing metal prices, is recorded in the financial statements when title to the PGMs and chrome transfers to the customer. For PGMs, 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.

As a result of fluctuations in PGM prices, the Company recorded positive provisional price adjustments of $3,082,000 and $5,394,000 in the three and twelve months ended December 31, 2010, respectively, compared to positive price adjustments of $4,537,000 and $11,027,000 in 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. In the event that unvested stock options are forfeited, any share-based payment expense previously recognized with regards to these options is reversed in the period of forfeiture.

During the year ended December 31, 2010, the Company's weighted average assumptions for the calculation included a risk-free interest rate of 1.73%, expected life of the options of 3 years, no dividends, and an annualized volatility of the Company's shares of 83%. The resulting weighted average option valuation was Cdn$0.80 per share. Share-based payment expense of $1,452,000 was recognized during the twelve months ended December 31, 2010 (2009 - $582,000).

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, 2010, the expected present value of future rehabilitation costs at CRM and Spitzkop was $8,934,000 using a discount rate of 8.29%. The undiscounted value was approximately $32,694,000. The Company has not recorded any future rehabilitation costs for its Mareesburg project as these costs are currently determined to be immaterial.

---

7. Adoption of Accounting Standards and Accounting Pronouncements under IFRS

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

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

7.1 Application of new and revised IFRSs

Effective January 1, 2010, the Company adopted new and revised International Financial Reporting Standards ("IFRSs") that were issued by the International Accounting Standards Board ("IASB"). The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

(a) Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions

The amendments clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

(b) *Amendments to IFRS 3 Business Combinations*

The main amendments to IFRS 3 *Business Combinations* are as follows:

(i) The revised standard also applies to business combinations involving only mutual entities and to business combinations achieved by contract alone.

(ii) The definition of a business has been amended to clarify that it can include a set of activities and assets that are not being operated as a business, as long as an acquirer is capable of operating the set of activities and assets as a business.

(iii) All business combinations are accounted for by applying the acquisition method (previously the purchase method).

(iv) The acquirer can elect to measure any non-controlling interest at fair value at the acquisition date, or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

(v) Subsequent recognition of deferred tax assets acquired in a business combination that did not satisfy the criteria for recognition at the acquisition date would be recognized in profit or loss.

This standard applies prospectively to acquisitions with a date on or after the beginning of the first annual period beginning on or after July 1, 2009.

(c) *Amendments to IFRS 2 Share-based Payments and IFRS 3 Business Combinations*

The amendments clarify that business combinations as defined in IFRS 3 (2008) are outside the scope of IFRS 2, notwithstanding that they may be outside the scope of IFRS 3. As a result, business combinations amongst entities under common control and the contribution of a business upon the formation of a joint venture will not be accounted for under IFRS 2.

(d) *Amendments to IFRS 8 Operating Segments*

The amendments clarify that disclosing segment information with respect to total assets is only required if such information is regularly reported to the chief operating decision maker.

(e) *Amendments to IAS 7 Statement of Cash Flows*

The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities.

(f) *Amendments to IAS 17 Leases*

The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments also clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element taking into account the fact that land normally has an indefinite economic life.

(g) Amendments to IAS 27 Consolidated and Separate Financial Statements

The main amendments to IAS 27 *Consolidated and Separate Financial Statements* are as follows:

(i) Changes in a parent's ownership interest that do not result in the loss of control of a controlled subsidiary are accounted for as equity transactions. Accordingly, acquisitions of additional non-controlling interests are accounted for as equity transactions. Disposals of equity interests while retaining control are accounted for as equity transactions.

(ii) Transactions resulting in a loss of control would cause a gain or loss to be recognized in profit or loss.

(iii) Losses applicable to the non-controlling interests, including negative other comprehensive income, are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a negative balance.

(h) Amendments to IAS 36 Impairment of Assets

The amendments clarify that the largest unit to which goodwill should be allocated is the operating segments level. This amendment applies prospectively.

(i) Amendments to IAS 38 Intangible Assets

The amendments clarify that an intangible asset that is separable only together with a related contract, identifiable asset or liability is recognized separately from goodwill together with the related item, and that complementary intangible assets with similar useful lives may be recognized as a single asset. The amendments also describe valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination for which no active market exists. These amendments are applied prospectively.

(j) Amendments to IAS 39 Financial Instruments: Recognition and Measurement

The main amendments consist of:

(i) Additional guidance provided to help determine whether loan prepayment penalties result in an embedded derivative that needs to be separated.

(ii) Clarification that the scope exemption is restricted to forward contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction.

(iii) Clarification that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

The amendments apply prospectively to all unexpired contracts from the date of adoption.

7.2 Accounting standards issued but not yet effective

(a) Effective for annual periods beginning on or after February 1, 2010

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

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

(b) Effective for annual periods beginning on or after July 1, 2010

(i) Amendments to IFRS 3 *Business Combinations*

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

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

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

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

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

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

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

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

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

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

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

Amendment of the definition for related parties.

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

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

(d) Effective for annual periods beginning on or after July 1, 2011

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

Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

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

(i) New standard IFRS 9 *Financial Instruments*

Partial replacement of IAS 39 *Financial Instruments: Recognition and Measurement*

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.

---

8. Risk Factors

The business of exploring for minerals and the mining and processing of those minerals involves a high degree of risk. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, 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 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 presentation 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 a material adverse effect on the earnings of CRM. During 2010, the average U.S. dollar to Rand exchange rate weakened by 13% compared to 2009, causing U.S. dollar 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.

8.3 Risks associated with metal prices

Metal 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. Demand has recovered in 2010 as a result of the recovery of the auto sector and acquisition by physically-backed exchange traded funds (ETFs). Supplies are expected to increase, as cash becomes available to mining companies and development recommences. 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 reached 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 since the beginning of 2009, the weakening of the U.S. dollar over

the same period 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.

8.4 Risks associated with foreign operations

The Company's investments in South Africa carry certain risks associated with different political and economic environments. Since 1994, South Africa has 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 which came into effect on March 1, 2010. The royalty rate for unrefined minerals is based on a formula that references EBIT margins and is estimated to be approximately 1% of gross mining revenues.

8.5 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. New Order Mining Rights for the Spitzkop and Mareesburg Projects were issued by the Department of Mineral Resources ("DMR") in October 2009 and September 2010, respectively.

CRM was awarded one additional New Order Mining Right in January 2009, which allows for extension of the Maroelabult mining operations. CRM now holds a total of 15 New Order Prospecting Rights and 5 New Order Mining Rights. The Kennedy's Vale Project and CRM now hold a combined total of 20 New Order Prospecting Rights.

8.6 Risks associated with the development of the Mareesburg PGM Project

A portion of the proceeds from the recently completed Cdn$348 million financing will be used to develop an open-pit mining operation at the Mareesburg Project. The Company's decision to carry out this development was based on internal scoping studies and cash flow models. The Company did not

commission an independent economic analysis in respect of its decision to proceed with this development. If the Company's internal scoping studies or cash flow models prove to be inaccurate or incomplete, the expected developments and returns from the Mareesburg Project could be lower or even negative, and the Company's financial condition and results of operations could be materially adversely affected.

---

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, 2010 and 2009, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("DCP") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been disclosed in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements.

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

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

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

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

under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

There have been no changes in the Company's ICFR during the year ended December 31, 2010 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 21, 2011

Ian Rozier