Condensed consolidated interim financial statements of

Eastern Platinum Limited

March 31, 2013
(Unaudited)

Eastern Platinum Limited
March 31, 2013

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Eastern Platinum Limited

Condensed consolidated interim statements of loss

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

	Note	Three months ended March 31, 2013	2012 (Note 3(c))
Revenue	20(c)	**$ 13,342**	$ 30,656
Cost of operations			
Production costs		**17,953**	33,070
Depletion and depreciation	5	**2,222**	4,323
Gain on disposal of property, plant and equipment		**(270)**	-
		19,905	37,393
Mine operating loss		**(6,563)**	(6,737)
Expenses			
General and administrative	5(d)	**1,932**	2,203
Share-based payments	6(d)(e)	**3,090**	2,317
		5,022	4,520
Operating loss		**(11,585)**	(11,257)
Other income (expense)			
Interest income		**544**	1,032
Finance costs	7	**(262)**	(294)
Foreign exchange (loss) gain		**(1,818)**	247
Loss before income taxes		**(13,121)**	(10,272)
Income tax recovery (expense)		**55**	(2,837)
Net loss for the period		**$ (13,066)**	$ (13,109)
Attributable to			
Non-controlling interest	8	**$ (2,701)**	$ (4,201)
Equity shareholders of the Company		**(10,365)**	(8,908)
Net loss for the period		**$ (13,066)**	$ (13,109)
Loss per share			
Basic	9	**$ (0.01)**	$ (0.01)
Diluted	9	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding in thousands			
Basic	9	**927,805**	927,499
Diluted	9	**927,805**	927,499

Approved and authorized for issue by the Board on May 13, 2013.

"David Cohen"
David Cohen, Director

"Robert Gayton"
Robert Gayton, Director

Eastern Platinum Limited

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

	Three months ended March 31, **2013**	2012
Net loss for the period	**$ (13,066)**	$ (13,109)
Other comprehensive (loss) income		
Items that may subsequently be reclassified to loss or profit		
Exchange differences on translating foreign operations	**(46,771)**	33,176
Exchange differences on translating non-controlling interest	**1,296**	(285)
Comprehensive (loss) income for the period	**$ (58,541)**	$ 19,782
Attributable to		
Non-controlling interest	**(1,405)**	(4,486)
Equity shareholders of the Company	**(57,136)**	24,268
Comprehensive (loss) income for the period	**$ (58,541)**	$ 19,782

Eastern Platinum Limited

Condensed consolidated interim statements of financial position as at
March 31, 2013, December 31, 2012 and January 1, 2012
(Expressed in thousands of U.S. dollars - unaudited)

	Note	March 31, 2013	December 31, 2012 (Note 4(a))	January 1, 2012 (Note 4(a))
Assets				
Current assets				
Cash and cash equivalents	10	$ 66,432	$ 70,699	$ 151,838
Short-term investments		49,198	60,226	98,963
Trade and other receivables	11	14,575	15,556	23,580
Inventories	12	4,440	4,746	7,989
		134,645	151,227	282,370
Non-current assets				
Property, plant and equipment	5	536,148	577,031	615,439
Refining contract	13	6,424	7,270	9,009
Other assets	14	8,906	9,062	7,995
		$ 686,123	$ 744,590	$ 914,813
Liabilities				
Current liabilities				
Trade and other payables	15	$ 16,994	$ 17,879	$ 40,459
Finance leases		-	-	1,675
		16,994	17,879	42,134
Non-current liabilities				
Provision for environmental rehabilitation	16	11,364	12,066	8,390
Deferred tax liabilities		18,548	19,977	33,520
		46,906	49,922	84,044
Equity				
Issued capital	6	1,230,358	1,230,358	1,230,358
Treasury shares	6(c)(e)	(204)	(204)	(334)
Equity-settled employee benefits reserve	4(a)	12,081	8,991	34,391
Foreign currency translation reserve		(175,539)	(128,768)	(103,479)
Deficit	4(a)	(410,380)	(400,015)	(326,684)
Capital and reserves attributable to equity shareholders of the Company		656,316	710,362	834,252
Non-controlling interest	8	(17,099)	(15,694)	(3,483)
		639,217	694,668	830,769
		$ 686,123	$ 744,590	$ 914,813

Eastern Platinum Limited

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

	Issued capital	Treasury shares	Equity-settled employee benefits reserve (Note 4(a))	Foreign currency translation reserve	Deficit (Note 4(a))	Capital and reserves attributable to equity shareholders of the Company	Non-controlling interest	Equity
Balance, December 31, 2011	**$ 1,230,358**	**$ (334)**	**$ 34,391**	**$ (103,479)**	**$ (326,684)**	**$ 834,252**	**$ (3,483)**	**$ 830,769**
Net loss	-	-	-	-	(8,908)	(8,908)	(4,201)	(13,109)
Currency translation adjustment	-	-	-	33,176	-	33,176	(285)	32,891
Total comprehensive income	-	-	-	33,176	(8,908)	24,268	(4,486)	19,782
Share-based payments	-	-	2,309	-	-	2,309	-	2,309
Transfer (Note 4(a))	-	-	(12,589)	-	12,589	-	-	-
Balance, March 31, 2012	**$ 1,230,358**	**$ (334)**	**$ 24,111**	**$ (70,303)**	**$ (323,003)**	**$ 860,829**	**$ (7,969)**	**$ 852,860**
Net loss	-	-	-	-	(92,045)	(92,045)	(8,788)	(100,833)
Currency translation adjustment	-	-	-	(58,465)	-	(58,465)	1,063	(57,402)
Total comprehensive loss	-	-	-	(58,465)	(92,045)	(150,510)	(7,725)	(158,235)
Share-based payments	-	-	(87)	-	-	(87)	-	(87)
Vesting of key skills retention plan shares (Note 6(c)(e))	-	130	-	-	-	130	-	130
Transfer (Note 4(a))	-	-	(15,033)	-	15,033	-	-	-
Balance, December 31, 2012	**$ 1,230,358**	**$ (204)**	**$ 8,991**	**$ (128,768)**	**$ (400,015)**	**$ 710,362**	**$ (15,694)**	**$ 694,668**
Net loss	-	-	-	-	(10,365)	(10,365)	(2,701)	(13,066)
Currency translation adjustment	-	-	-	(46,771)	-	(46,771)	1,296	(45,475)
Total comprehensive loss	-	-	-	(46,771)	(10,365)	(57,136)	(1,405)	(58,541)
Share-based payments	-	-	3,090	-	-	3,090	-	3,090
Balance, March 31, 2013	**$ 1,230,358**	**$ (204)**	**$ 12,081**	**$ (175,539)**	**$ (410,380)**	**$ 656,316**	**$ (17,099)**	**$ 639,217**

Eastern Platinum Limited

Condensed consolidated interim statements of cash flows

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

	Note	Three months ended March 31, 2013	March 31, 2012
Operating activities			
Loss before income taxes		**$ (13,121)**	$ (10,272)
Adjustments to net loss for non-cash items			
Depletion and depreciation	5	**2,285**	4,388
Gain on disposal of property, plant and equipment		**(270)**	-
Refining contract amortization	13	**309**	357
Share-based payments	6(d)(e)	**3,090**	2,317
Interest income		**(544)**	(1,032)
Finance costs	7	**262**	294
Foreign exchange loss (gain)		**1,818**	(247)
Net changes in non-cash working capital items			
Trade and other receivables		**367**	(5,653)
Inventories		**(52)**	(637)
Trade and other payables		**(52)**	1,545
Cash used in operations		**(5,908)**	(8,940)
Adjustments to net loss for cash items			
Interest income received		**377**	819
Finance costs paid		**(44)**	(38)
Taxes received		**465**	716
Net operating cash flows		**(5,110)**	(7,443)
Investing activities			
Net maturity of short-term investments		**9,855**	(34,467)
Purchase of other assets		**(537)**	(334)
Property, plant and equipment expenditures		**(5,004)**	(22,623)
Disposal of property, plant and equipment		**525**	-
Net investing cash flows		**4,839**	(57,424)
Financing activities			
Acquisition of Lion's Head		**-**	(10,000)
Payment of finance leases		**-**	(1,680)
Net financing cash flows		**-**	(11,680)
Effect of exchange rate changes on cash and cash equivalents		**(3,996)**	2,719
Decrease in cash and cash equivalents		**(4,267)**	(73,828)
Cash and cash equivalents, beginning of year		**70,699**	151,838
Cash and cash equivalents, end of period		**$ 66,432**	$ 78,010

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 837 West Hastings Street, Suite 501, Vancouver, British Columbia, Canada, V6C 3N6. The Company’s registered address is 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia, Canada, V6E 4N7.

2. Basis of preparation

(a) Statement of compliance

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

(b) Judgments and estimates

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(w) and 4(x) of the Company’s audited consolidated financial statements for the year ended December 31, 2012.

3. Application of new and revised International Financial Reporting Standards

Effective January 1, 2013, the Company adopted the following new and revised International Financial Reporting Standards (“IFRSs”) that were issued by the International Accounting Standards Board (“IASB”).

(a) Amendment to IFRS 7 Financial Instruments: Disclosures

The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

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

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

(b) *New standard IFRS 10 Consolidated Financial Statements*

IFRS 10 outlines the principles for the presentation and preparation of consolidated financial statements. The Company has not yet completed its analysis of the impact that the application of this IFRS will have on the amounts reported for the current or prior years. However, based on the analysis completed to date, the Company does not believe that the application of this IFRS will have a material impact on the amounts reported for the current or prior years.

(c) *New standard IFRS 11 Joint Arrangements*

IFRS 11 defines the two types of joint arrangements (joint operations and joint ventures) and outlines how to determine the type of joint arrangement entered into and the principles for accounting for each type of joint arrangement. The application of this IFRS resulted in the Company recording its share of revenues and cost of sales from its interest in a jointly controlled operation to the respective revenue and cost of sales lines in the condensed consolidated interim financial statements. Previously, net profits from the jointly controlled operation were recorded as revenue in the consolidated statements of income or loss. This change had no effect on the Company's mine operating loss, net loss, cash flows or basic or diluted earnings per share.

The application of IFRS 11 was applied retrospectively as at January 1, 2013 and the effects on the comparative condensed consolidated interim statements of net loss have been outlined below.

	Three months ended March 31, 2013		
	Prior to application of new accounting policy	Effect of application	Subsequent to application of new accounting policy
Revenue	11,108	2,234	13,342
Production costs	15,719	2,234	17,953

	Three months ended March 31, 2012		
	Prior to application of new accounting policy	Effect of application	Subsequent to application of new accounting policy
Revenue	24,386	6,270	30,656
Production costs	26,800	6,270	33,070

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

(d) New standard *IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 outlines the disclosures required in order to provide users of financial statements with the information necessary to evaluate an entity's interest in other entities, the corresponding risks related to those interests and the effects of those interests on the entity's financial position, financial performance and cash flows. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements. The application of this IFRS will have an immaterial impact on disclosures in the Company's annual financial statements.

(e) New standard *IFRS 13 Fair Value Measurement*

IFRS 13 defines fair value, summarizes the methods of determining fair value and outlines the required fair value disclosures. IFRS 13 is utilized when another IFRS standard requires or allows fair value measurements or disclosures about fair value measurements. The application of this IFRS resulted in minor changes to the disclosures within the statement of comprehensive loss.

(f) New interpretation *IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine*

IFRIC Interpretation 20 summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

(g) Amended standard *IAS 1 Presentation of Financial Statements*

The amendments to IAS 1 pertain to the number of comparative financial statements required in different circumstances and disclosure required in the statement of comprehensive loss. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements. The application of this IFRS did have an immaterial impact on disclosures within the statement of comprehensive loss.

(h) Amended standard *IAS 16 Property, Plant and Equipment*

The amendments to IAS 16 clarify when spare parts, stand-by equipment and servicing equipment are to be classified as inventory or property, plant and equipment. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

(i) Amended standard *IAS 19 Employee Benefits*

IAS 19 outlines the accounting treatment and required disclosures for employee benefits. The amendments applicable to the Company consist of modification of the accounting treatment for termination benefits and the clarification of miscellaneous issues including the classification of employee benefits. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

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

(j) Amended standard *IAS 27 Separate Financial Statements*

IAS 27 outlines the accounting principles to be applied with regards to investments in subsidiaries, joint ventures and associates when an entity elects or is required by local regulations to present separate, non-consolidated, financial statements. The previous standard was titled *IAS 27 Consolidated and Separate Financial Statements*. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years and is not expected to affect the accounting for future transactions or arrangements.

(k) Amended standard *IAS 28 Investments in Associates and Joint Ventures*

IAS 28 outlines the accounting treatment and corresponding application of the equity method of accounting in investments in associates and joint ventures. The previous standard was titled *IAS 28 Investments in Associates*. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

(l) Amended standard *IAS 32 Financial Instruments: Presentation*

The amendments to IAS 32 clarify the treatment of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

4. Summary of significant accounting policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements as at December 31, 2012 amended, where applicable, by the adoption of the new and amended accounting standards outlined in Note 3. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2012.

(a) *Change in accounting policy*

(i) *Share-based payments*

As at December 31, 2012 and prior to December 31, 2012, when fully vested stock options expired, were forfeited or were cancelled, no accounting entry was made. The expense previously recognized within the equity-settled employee benefits reserve was not adjusted.

As at January 1, 2013, when fully vested stock options expire, are forfeited or are cancelled, the expense previously recognized within the equity-settled employee benefits reserve will be reallocated to deficit. As a result, going forward, the equity-settled employee benefits reserve will provide more relevant information as it will equal the stock options expensed and outstanding at that point in time.

This change in accounting policy was applied retrospectively as at January 1, 2013 and the effects on the comparative statements of financial position have been outlined below. These changes had no effect on basic or diluted loss per share.

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

4. Summary of significant accounting policies (continued)

(a) Change in accounting policy (continued)

(i) Share-based payments (continued)

	March 31, 2013		
	Prior to retrospective application of new accounting policy	Effect of retrospective application	Subsequent to retrospective application of new accounting policy
Equity-settled employee benefits reserve	46,875	(34,794)	12,081
Deficit	(445,174)	34,794	(410,380)

	December 31, 2012		
	Prior to retrospective application of new accounting policy	Effect of retrospective application	Subsequent to retrospective application of new accounting policy
Equity-settled employee benefits reserve	43,785	(34,794)	8,991
Deficit	(434,809)	34,794	(400,015)

	March 31, 2012		
	Prior to retrospective application of new accounting policy	Effect of retrospective application	Subsequent to retrospective application of new accounting policy
Equity-settled employee benefits reserve	43,872	(19,761)	24,111
Deficit	(342,764)	19,761	(323,003)

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

4. Summary of significant accounting policies (continued)

(a) Change in accounting policy (continued)

(ii) Share-based payments (continued)

	January 1, 2012		
	Prior to retrospective application of new accounting policy	Effect of retrospective application	Subsequent to retrospective application of new accounting policy
Equity-settled employee benefits reserve	41,563	(7,172)	34,391
Deficit	(333,856)	7,172	(326,684)

(b) Accounting standards issued but not yet effective

(i) Effective for annual periods beginning on or after January 1, 2014

- Amended standard *IAS 32 Financial Instruments: Presentation*

  The amendments to IAS 32 pertained to the application guidance on the offsetting of financial assets and financial liabilities.

(ii) Effective for annual periods beginning on or after January 1, 2015

- Amended standard *IFRS 7 Financial Instruments: Disclosures*

  The amendments to IFRS 7 outline the disclosures required when initially applying *IFRS 9 Financial Instruments.*

- New standard *IFRS 9 Financial Instruments*

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

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

Eastern Platinum Limited

Notes to the condensed consolidated interim financial statements

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

5. Property, plant and equipment

	Tangible assets owned	Tangible assets leased being depleted	Intangible mineral properties being depleted	Intangible mineral properties not being depleted	Residential properties	Properties and land	TOTAL
Cost							
Balance as at December 31, 2011	**$ 486,143**	**$ 5,893**	**$ 125,638**	**$ 509,865**	**$ 19,891**	**$ 6,402**	**$ 1,153,832**
Assets acquired	87,161	-	-	759	2,421	-	90,341
Environmental asset capitalized	3,253	-	-	75	-	-	3,328
Assets disposed	(2,369)	-	-	-	(442)	-	(2,811)
Transfer	5,895	(5,895)	-	-	-	-	-
Foreign exchange movement	(27,125)	2	(6,089)	(23,484)	(1,091)	(312)	(58,099)
Balance as at December 31, 2012	**$ 552,958**	**$ -**	**$ 119,549**	**$ 487,215**	**$ 20,779**	**$ 6,090**	**$ 1,186,591**
Assets acquired	5,004	-	-	-	-	-	5,004
Assets disposed	-	-	-	-	(310)	-	(310)
Foreign exchange movement	(41,587)	-	(8,968)	(36,554)	(1,552)	(458)	(89,119)
Balance as at March 31, 2013	**$ 516,375**	**$ -**	**$ 110,581**	**$ 450,661**	**$ 18,917**	**$ 5,632**	**$ 1,102,166**
Accumulated depreciation and impairment losses							
Balance as at December 31, 2011	**$ 175,530**	**$ 5,498**	**$ 40,665**	**$ 313,333**	**$ 2,605**	**$ 762**	**$ 538,393**
Depreciation	10,227	167	3,146	-	235	-	13,775
Depreciation of disposed assets	(243)	-	-	-	(139)	-	(382)
Impairment loss	32,557	-	-	55,721	-	-	88,278
Transfer	5,655	(5,655)	-	-	-	-	-
Foreign exchange movement	(10,590)	(10)	(2,118)	(17,594)	(156)	(36)	(30,504)
Balance as at December 31, 2012	**$ 213,136**	**$ -**	**$ 41,693**	**$ 351,460**	**$ 2,545**	**$ 726**	**$ 609,560**
Depreciation	2,188	-	43	-	54	-	2,285
Depreciation of disposed assets	-	-	-	-	(55)	-	(55)
Foreign exchange movement	(16,038)	-	(3,127)	(26,361)	(192)	(54)	(45,772)
Balance as at March 31, 2013	**$ 199,286**	**$ -**	**$ 38,609**	**$ 325,099**	**$ 2,352**	**$ 672**	**$ 566,018**
Carrying amounts							
At December 31, 2011	$ 310,613	$ 395	$ 84,973	$ 196,532	$ 17,286	$ 5,640	$ 615,439
At December 31, 2012	$ 339,822	$ -	$ 77,856	$ 135,755	$ 18,234	$ 5,364	$ 577,031
At March 31, 2013	**$ 317,089**	**$ -**	**$ 71,972**	**$ 125,562**	**$ 16,565**	**$ 4,960**	**$ 536,148**

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

5. Property, plant and equipment

	Crocodile River Mine (a)	Kennedy's Vale Project and Concentrator (b)	Spitzkop PGM Project (c)	Mareesburg Project (c)	Other property plant and equipment	TOTAL
Cost						
Balance as at December 31, 2011	**$ 561,642**	**$ 448,457**	**$ 115,493**	**$ 28,103**	**$ 137**	**$ 1,153,832**
Assets acquired	17,561	72,019	528	231	2	90,341
Environmental asset capitalized	3,253	-	75	-	-	3,328
Assets disposed	(2,811)	-	-	-	-	(2,811)
Foreign exchange movement	(27,390)	(24,963)	(4,655)	(1,094)	3	(58,099)
Balance as at December 31, 2012	**$ 552,255**	**$ 495,513**	**$ 111,441**	**$ 27,240**	**$ 142**	**$ 1,186,591**
Assets acquired	4,324	680	-	-	-	5,004
Assets disposed	(195)	(115)	-	-	-	(310)
Transfer	(1,793)	1,793	-	-	-	-
Foreign exchange movement	(41,377)	(37,343)	(8,422)	(1,974)	(3)	(89,119)
Balance as at March 31, 2013	**$ 513,214**	**$ 460,528**	**$ 103,019**	**$ 25,266**	**$ 139**	**$ 1,102,166**
Accumulated depreciation and impairment losses						
Balance as at December 31, 2011	**$ 223,555**	**$ 314,711**	**$ -**	**$ -**	**$ 127**	**$ 538,393**
Depreciation	13,554	213	-	-	8	13,775
Depreciation of disposed assets	(382)	-	-	-	-	(382)
Impairment loss	-	47,445	32,802	8,031	-	88,278
Foreign exchange movement	(11,391)	(17,337)	(1,426)	(350)	-	(30,504)
Balance as at December 31, 2012	**$ 225,336**	**$ 345,032**	**$ 31,376**	**$ 7,681**	**$ 135**	**$ 609,560**
Depreciation	2,228	57	-	-	-	2,285
Depreciation of disposed assets	(49)	(6)	-	-	-	(55)
Foreign exchange movement	(16,908)	(25,939)	(2,360)	(566)	1	(45,772)
Balance as at March 31, 2013	**$ 210,607**	**$ 319,144**	**$ 29,016**	**$ 7,115**	**$ 136**	**$ 566,018**
Carrying amounts						
At December 31, 2011	$ 338,087	$ 133,746	$ 115,493	$ 28,103	$ 10	$ 615,439
At December 31, 2012	$ 326,919	$ 150,481	$ 80,065	$ 19,559	$ 7	$ 577,031
At March 31, 2013	**$ 302,607**	**$ 141,384**	**$ 74,003**	**$ 18,151**	**$ 3**	**$ 536,148**

5. 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. In 2012, the Company temporarily suspended production from stoping at the Zandfontein section and replaced it by a 12 to 18 month development program as a result of the combination of continuing cost pressures and depressed metal prices experienced in 2012. On April 19, 2013, the Company announced its decision to suspend funding to the CRM development plan (Note 23).

(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 of PGM mineral rights on five farms in the Steelpoort Valley. The KV mineral property was planned to be developed after the Mareesburg Project goes into production. The design and construction of a concentrator located on the KV property commenced in 2011 and was expected to be completed in the first quarter of 2013 but, due to the continuing negative outlook in the global economic environment and the operating environment in South Africa, the Company decided to suspend funding for the construction of the concentrator in mid-2012. The concentrator would initially have been used to process ore from the Mareesburg Project.

(c) Spitzkop PGM Project and Mareesburg Project

The Company holds directly and indirectly a 93.4% interest in the Spitzkop PGM Project and an 87% interest in the Mareesburg Project. The Company currently acts as the operator of both the Mareesburg Platinum Project and the Spitzkop PGM Project, both located on the eastern limb of the Bushveld Complex. Construction of the Mareesburg Project was expected to be completed in the first quarter of 2013 but, due to the continuing negative outlook in the global economic environment and the operating environment in South Africa, the Company decided to suspend funding for the Mareesburg Project in mid-2012. The Spitzkop PGM Project was planned to be developed after the Mareesburg Project goes into production.

(d) Depreciation

Depreciation of $63 (March 31, 2012 – $65) is included in general and administrative expenses for the three months ended March 31, 2013. This depreciation pertains to assets which are not currently being used for mining operations.

(e) Impairment of property, plant and equipment

(i) Quarter ended March 31, 2013

The Company assessed the carrying values of its mineral properties for indication of impairment as at March 31, 2013. The Company believed that certain factors, such as the sustained weakness in PGM pricing, rising cost pressures, decreasing productivities, the stagnant European and global economy and the current operating environment in South Africa have contributed to the Company's decision to suspend funding of the CRM development plan as announced on April 19, 2013 (Note 23). These factors have also caused a further decrease in the Company's share price. Following analysis, the Company concluded that as at March 31, 2013, there was no impairment or reversal of impairment to be recorded during the quarter.

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

5. Property, plant and equipment (continued)

(e) Impairment of property, plant and equipment (continued)

(i) Quarter ended March 31, 2013 (continued)

Subsequent to March 31, 2013, PGM prices decreased significantly and were below the prices used in the quarterly impairment test outlined above. If PGM prices were to remain at these decreased levels through June 30, 2013, this would be an indicator of potential impairment and the Company would complete another assessment of impairment as at June 30, 2013.

(ii) Year ended December 31, 2012

During the year ended December 31, 2012, the Company assessed the carrying values of its mineral properties for indication of impairment at each quarter end. The Company believed that certain factors, such as the decision to suspend funding for the Mareesburg open pit mine and KV concentrator project in June 2012, a significant drop in production at CRM in 2011 and 2012 compared to 2010, the continued operational issues facing the South African PGM industry, and the weakness of the global economy, particularly in Europe, which have negatively affected PGM prices, have contributed to the decrease in the Company's share price. Since August 2011, the Company's market capitalization has been below its book value. The Company recorded an impairment charge in the quarter ended June 30, 2012 as described below. The Company concluded that, as at December 31, 2012, there was no further impairment to be recorded.

During the quarter ended June 30, 2012, the Company determined that the carrying value of its Eastern Limb projects exceeded the expected net present value of its future cash flows. This resulted in an impairment charge of $88,278 that was allocated pro-rata amongst KV, the Spitzkop PGM Project and the Mareesburg Project. An impairment charge of $47,445 was recorded at KV, of which $32,557 pertained to mining assets owned and $14,888 pertained to intangible mineral properties not being depleted. Impairment charges of $32,802 and $8,031 were recorded to the mineral properties not being depleted at the Spitzkop PGM Project and the Mareesburg Project, respectively. The Company concluded that as at June 30, 2012, there was no impairment of assets at CRM.

The expected net present value of the Eastern Limb projects' future cash flows were calculated using a weighted average cost of capital of 8.78%, and the following forecasted foreign exchange rates and prices.

		2012	2013	2014	2015	2016	2017+
South African Rand per U.S. Dollar		7.89	7.97	8.23	9.64	9.96	10.21
Platinum	US$/oz	1,575	1,728	1,688	1,673	1,662	1,649
Palladium	US$/oz	679	809	808	838	758	706
Rhodium	US$/oz	1,525	1,763	2,413	2,678	2,692	3,625
Gold	US$/oz	1,698	1,688	1,456	1,280	1,182	1,119
Iridium	US$/oz	1,040	1,019	624	620	617	610
Ruthenium	US$/oz	120	118	221	216	212	210
Nickel	US$/tonne	18,483	19,769	20,402	20,818	20,158	19,346
Copper	US$/tonne	8,242	8,271	7,773	7,293	6,787	5,777
Chrome	Rand/tonne	400	600	600	600	600	600

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

6. 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) *Issued and outstanding*

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

	March 31, 2013	December 31, 2012
	Number of shares	Number of shares
Balance outstanding, beginning and end of period	**928,187,840**	928,187,840

(c) *Treasury shares*

	March 31, 2013	December 31, 2012
	Number of treasury shares	Number of treasury shares
Balance outstanding, beginning of period	**120,564**	198,563
Vesting of shares pursuant to the key skills retention plan (Note 6(e))	**-**	(77,999)
Balance outstanding, end of period	**120,564**	120,564

(d) *Share options*

The Company has an incentive plan (the “2011 Plan”), approved by the Company’s shareholders at its annual general meeting held on June 9, 2011, 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 2011 Plan:

- 79 million common shares were initially reserved for issuance upon the exercise of options, of which 19,572,261 remain available for issuance at March 31, 2013.

- All outstanding options at June 9, 2011 granted under the Company’s previous plan (the “2008 Plan”) continue to exist under the 2011 plan provided that the fundamental terms governing such options will be deemed to be those under the 2008 Plan.

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

6. Issued capital (continued)

(d) Share options (continued)

- 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 2011 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 period

The changes in share options during the three months ended March 31, 2013 and the year ended December 31, 2012 were as follows:

	March 31, 2013		December 31, 2012	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		Cdn$		Cdn$
Balance outstanding, beginning of period	**26,605,667**	**0.84**	59,855,503	1.52
Options granted	**28,975,000**	**0.19**	7,265,000	0.60
Options exercised	**-**	**-**	-	-
Options forfeited	**-**	**-**	(20,527,336)	1.78
Options expired	**-**	**-**	(19,987,500)	1.82
Balance outstanding, end of period	**55,580,667**	**0.50**	26,605,667	0.84

Options granted and exercised during the three months ended March 31, 2013 resulted in share-based payment expense of $3,090 (March 31, 2012 - $2,304).

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

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

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

6. Issued capital (continued)

(d) Share options (continued)

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

	2013	
	January 8	**January 8**
Number of options	**22,025,000**	**6,950,000**
Exercise price	**Cdn$0.19**	**Cdn$0.19**
Closing market price on day preceding date of grant	**Cdn$0.19**	**Cdn$0.19**
Grant date share price	**Cdn$0.21**	**Cdn$0.21**
Risk-free interest rate	**1.45%**	**1.17%**
Expected life	**5**	**2**
Annualized volatility	**77%**	**61%**
Dividend rate	**0%**	**0%**
Grant date fair value	**Cdn$0.13**	**Cdn$0.08**

28,975,000 options were granted on January 8, 2013, of which 22,025,000 were fully vested upon grant and have an expected life of 5 years and 6,950,000 were vested one-third upon grant, one-third will vest upon the first anniversary of the grant and one-third upon the second anniversary of the grant and have an expected life of 2 years.

	2012
	March 8
Number of options	7,265,000
Exercise price	Cdn$0.60
Closing market price on day preceding date of grant	Cdn$0.53
Grant date share price	Cdn$0.54
Risk-free interest rate	1.50%
Expected life	5
Annualized volatility	74%
Dividend rate	0%
Grant date fair value	Cdn$0.32

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

Annualized volatility is based on the historical volatility of the Company's Canadian dollar common share price of the Toronto Stock Exchange.

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

The following table summarizes information concerning outstanding and exercisable options at March 31, 2013:

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

6. Issued capital (continued)

(d) Share options (continued)

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

Options outstanding	Options exercisable	Exercise price	Remaining Contractual Life (Years)	Expiry date
		Cdn$		
13,128,667	13,128,667	0.32	0.72	December 18, 2013
400,000	400,000	0.52	1.25	June 30, 2014
30,000	30,000	0.76	1.59	November 3, 2014
405,000	405,000	1.30	1.81	January 18, 2015
400,000	400,000	1.55	2.99	March 25, 2016
6,967,000	6,967,000	0.60	3.95	March 12, 2017
4,815,000	4,815,000	2.31	4.53	October 5, 2017
28,975,000	24,341,666	0.19	4.78	January 8, 2018
400,000	400,000	3.38	4.90	February 20, 2018
60,000	60,000	3.38	4.99	March 27, 2018
55,580,667	50,947,333		3.63	

The weighted average exercise price of options exercisable at March 31, 2013 is Cdn$0.53.

(e) Key skills retention plan

In 2010, the Company's South African subsidiary, Barplats Investments Limited, implemented a key skills retention plan for its senior employees in South Africa. The purpose of the plan is to retain key employees, attract new employees as the need arises and remain competitive with other South African mining companies. The plan operates through a trust which purchases shares of the Company on behalf of the employees. These shares then vest to the employees over time. These shares have been recorded as "treasury shares" in the statement of financial position.

The share-based payment expense during the three months ended March 31, 2013 resulting from the key skills retention plan was $Nil (March 31, 2012 - $13). The share-based payment liability as at March 31, 2013 was $Nil (December 31, 2012 - $74). On November 30, 2012, 77,999 treasury shares with a historic cost of $130 vested.

7. Finance costs

	Three months ended	
	March 31, 2013	March 31, 2012
Interest on revenue advances	**$ 54**	$ 109
Interest on provision for environmental rehabilitation (Note 16)	**208**	185
	$ 262	$ 294

8. Non-controlling interest

The non-controlling interests are comprised of the following:

Balance, December 31, 2011	$	(3,483)
Non-controlling interests' share of loss in Barplats		(10,484)
Non-controlling interests' share of interest on advances to Gubevu		(2,505)
Foreign exchange movement		778
Balance, December 31, 2012	$	(15,694)
Non-controlling interests' share of loss in Barplats		(2,120)
Non-controlling interests' share of interest on advances to Gubevu		(581)
Foreign exchange movement		1,296
Balance, March 31, 2013	**$**	**(17,099)**

9. Loss per share

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

	Three months ended	
	March 31, 2013	March 31, 2012
	(in thousands)	
Weighted average number of ordinary shares used in the calculation of basic loss per share	**927,805**	927,499
Shares deemed to be issued for no consideration in respect of options	**-**	-
Weighted average number of ordinary shares used in the calculation of diluted loss per share	**927,805**	927,499

The loss used to calculate basic and diluted loss per share for the three months ended March 31, 2013 was $10,365 (March 31, 2012 – loss of $8,908).

The following potential ordinary shares, outstanding at March 31, 2013, are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted loss per share:

	March 31, 2013	March 31, 2012
	(in thousands)	
Options	**50,947**	46,126

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

10. Cash and cash equivalents

Cash and cash equivalents are comprised of:

		March 31, 2013		December 31, 2012
Cash in bank	**$**	**63,219**	$	65,569
Short-term money market instruments		**3,213**		5,130
	$	**66,432**	$	70,699

11. Trade and other receivables

Trade and other receivables are comprised of the following:

		March 31, 2013		December 31, 2012
Trade receivables	**$**	**8,649**	$	10,439
Current tax receivable		**650**		702
VAT receivable		**3,348**		1,764
Other receivables		**2,472**		3,239
Allowance for doubtful debts for other receivables		**(544)**		(588)
	$	**14,575**	$	15,556

As at March 31, 2013, $13,181 (December 31, 2012 - $14,272) of trade and other receivables have been pledged as security for a R50 million long-term facility and a R10 million general banking facility held by one of the Company's South African subsidiaries. These facilities have not been drawn down as at March 31, 2013.

12. Inventories

		March 31, 2013		December 31, 2012
Consumables	**$**	**3,712**	$	3,975
Ore and concentrate		**44**		136
Chrome inventory		**684**		635
	$	**4,440**	$	4,746

Production costs for the three months ended March 31, 2013 was $17,953 (March 31, 2012 - $33,070). Production costs represent the cost of inventories sold during the period. For the three months ended March 31 2013 and 2012, production costs did not include any amounts with regards to write-down of inventory to net realizable value or with regards to the reversal of write-downs.

13. 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 6.25 years as at March 31, 2013.

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

13. Refining Contract (continued)

Cost		
Balance as at December 31, 2011	$	19,382
Foreign exchange movement		(939)
Balance as at December 31, 2012	$	18,443
Foreign exchange movement		(1,379)
Balance as at March 31, 2013	**$**	**17,064**
Accumulated amortization		
Balance as at December 31, 2011	$	10,373
Amortization		1,350
Foreign exchange movement		(550)
Balance as at December 31, 2012	$	11,173
Amortization		309
Foreign exchange movement		(842)
Balance as at March 31, 2013	**$**	**10,640**
Carrying amounts		
At December 31, 2011	$	9,009
At December 31, 2012	$	7,270
At March 31, 2013	**$**	**6,424**

14. 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 16). Changes to other assets for the three months ended March 31, 2013 are as follows:

Balance, December 31, 2011	$	7,995
Additional investment		1,059
Service fees		(36)
Interest income		485
Foreign exchange movement		(441)
Balance, December 31, 2012	$	9,062
Additional investment		409
Service fees		(10)
Interest income		138
Foreign exchange movement		(693)
Balance, March 31, 2013	**$**	**8,906**

15. Trade and other payables

		March 31, 2013		December 31, 2012
Trade payables	**$**	**4,780**	$	2,874
Accrued liabilities		**6,752**		8,055
Other		**5,462**		6,950
	$	**16,994**	$	17,879

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.

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

16. Provision for environmental rehabilitation

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

The provision for environmental rehabilitation at March 31, 2013 is ZAR 104 million ($11,364) (December 31, 2012 – ZAR 102 million, $12,066). The provision was determined using an inflation rate of 5.55% (December 31, 2012 – 5.55%) and an estimated life of mine of 18 years for Zandfontein (December 31, 2012 – 18 years), 9 years for Maroelabult (December 31, 2012 – 9 years), 16 years for Crocette (December 31, 2012 – 16 years), 28 years for Kennedy's Vale (December 31, 2012 – 28 years) and 28 years for Spitzkop (December 31, 2012 – 28 years). A discount rate of 7.27% was used (December 31, 2012 – 7.27%). A guarantee of $8,906 (December 31, 2012 - $9,062) has been issued to the Department of Mineral Resources (Note 14). 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 470 million ($51,260) (December 31, 2012 – ZAR 470 million, $55,417).

Changes to the environmental rehabilitation provision are as follows:

Balance, December 31, 2011	$	8,390
Revision in estimates		3,328
Interest expense (Note 7)		701
Foreign exchange movement		(353)
Balance, December 31, 2012	$	12,066
Interest expense (Note 7)		208
Foreign exchange movement		(910)
Balance, March 31, 2013	**$**	**11,364**

17. Commitments

The Company has committed to capital expenditures on projects of approximately ZAR 41 million ($4,519) as at March 31, 2013 (December 31, 2012 – ZAR 21 million, $2,463).

18. Retirement benefit plans

The Barplats Provident Fund is an independent, defined contribution plan administered by Liberty Life Limited in South Africa. The costs associated with the defined contribution plan included in net loss for the three months ended March 31, 2013 were $680 (March 31, 2012 - $808). The total number of employees in the plan at March 31, 2013 was 1,311 (March 31, 2012 – 1,417).

19. 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:

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

19. Related party transactions (continued)

(a) Trading transactions (continued)

	Nature of transactions
Andrews PGM Consulting	Consulting and general and administrative
Buccaneer Management Inc.	Management
Jazz Financial Ltd.	Management
Maluti Services Limited	General and administrative
Xiste Consulting Ltd.	Management and general and administrative
Zinpro Engineering (Pty) Ltd	Consulting and mine contractor

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	Three months ended March 31, 2013	Three months ended March 31, 2012
Consulting fees	(i)	**$ 161**	$ 198
General and administrative expenses		**43**	102
Management fees		**344**	347
Mine contractor fees	(ii)	**2,272**	-
		$ 2,820	$ 647

(i) Consulting fees include fees paid to two private companies controlled by key management personnel of the Company for consulting services performed outside of their capacities as key management personnel.

(ii) Mine contractor fees are paid to a private company controlled by an executive officer of the Company's South African operating subsidiary for specific design, procurement and construction projects at CRM.

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at March 31, 2013 included $20 (December 31, 2012 - $28) which was due to private companies controlled by officers and directors of the Company.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2013 and 2012 were as follows:

	Note	Three months ended March 31, 2013	Three months ended March 31, 2012
Remuneration and directors' fees	(i)	**$ 576**	$ 717
Share-based payments	(ii)	**2,640**	2,216
		$ 3,216	$ 2,933

(i) Remuneration and directors' fees include consulting and management fees disclosed in Note 19(a).

19. Related party transactions (continued)

(b) Compensation of key management personnel (continued)

(ii) Share-based payments are the fair value of options granted to key management personnel.

(iii) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three months ended March 31, 2013 and 2012.

20. Segmented information

(a) Operating segments - The Company's operations are primarily directed towards the acquisition, exploration and production of platinum group metals in South Africa.

(b) Geographic segments - The Company's revenues and expenses by geographic areas for the three months ended March 31, 2013 and 2012, and assets by geographic areas as at March 31, 2013 and December 31, 2012 are as follows:

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

20. Segmented Information (continued)

(b) Geographic segments (continued)

March 31, 2013	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Property, plant and equipment expenditures	$ 4,324	$ 680	$ -	$ -	$ -	$ 5,004	$ -	$ -	$ 5,004
Property, plant and equipment disposals	195	115	-	-	-	310	-	-	310
Revenue (Note 3(c))	$ 13,342	$ -	$ -	$ -	$ -	$ 13,342	$ -	$ -	$ 13,342
Production costs (Note 3(c))	(17,953)	-	-	-	-	(17,953)	-	-	(17,953)
Depletion and depreciation	(2,222)	-	-	-	-	(2,222)	-	-	(2,222)
Gain (loss) on disposal of property, plant and equipment	291	(21)	-	-	-	270	-	-	270
General and administrative expenses	(701)	(217)	(7)	(10)	(1)	(936)	(8)	(988)	(1,932)
Share-based payments	(239)	-	-	-	-	(239)	-	(2,851)	(3,090)
Interest income	232	31	2	1	-	266	-	278	544
Finance costs	(206)	(56)	-	-	-	(262)	-	-	(262)
Foreign exchange gain (loss)	237	-	-	-	-	237	(15)	(2,040)	(1,818)
Loss before income taxes	(7,219)	(263)	(5)	(9)	(1)	(7,497)	(23)	(5,601)	(13,121)
Income tax recovery (expense)	-	-	151	3	-	154	(99)	-	55
Net loss	$ (7,219)	$ (263)	$ 146	$ (6)	$ (1)	$ (7,343)	$ (122)	$ (5,601)	$ (13,066)

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

20. Segmented Information (continued)

(b) Geographic segments (continued)

March 31, 2012

	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Property, plant and equipment expenditures	$ 2,235	$ 17,650	$ -	$ -	$ -	$ 19,885	$ -	$ 2	$ 19,887
Revenue (Note 3(c))	$ 30,656	$ -	$ -	$ -	$ -	$ 30,656	$ -	$ -	$ 30,656
Production costs (Note 3(c))	(33,070)	-	-	-	-	(33,070)	-	-	(33,070)
Depletion and depreciation	(4,323)	-	-	-	-	(4,323)	-	-	(4,323)
General and administrative expenses	(754)	48	(32)	(5)	-	(743)	(1)	(1,459)	(2,203)
Share-based payment	(13)	-	-	-	-	(13)	-	(2,304)	(2,317)
Interest income	328	34	5	-	-	367	-	665	1,032
Finance costs	(263)	(31)	-	-	-	(294)	-	-	(294)
Foreign exchange (loss) gain	(283)	(20)	-	-	-	(303)	7	543	247
(Loss) profit before income taxes	(7,722)	31	(27)	(5)	-	(7,723)	6	(2,555)	(10,272)
Income tax (expense) recovery	(4,139)	153	954	278	-	(2,754)	(83)	-	(2,837)
Net (loss) profit	$ (11,861)	$ 184	$ 927	$ 273	$ -	$ (10,477)	$ (77)	$ (2,555)	$ (13,109)

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

20. Segmented Information (continued)

(b) Geographic segments (continued)

	March 31, 2013								
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Assets									
Current assets	$ 19,661	$ 4,125	$ 858	$ 77	$ 650	$ 25,371	$ 14	$ 109,260	$ 134,645
Property, plant and equipment	302,607	141,384	74,003	18,151	-	536,145	-	3	536,148
Refining contract	6,424	-	-	-	-	6,424	-	-	6,424
Other assets	8,906	-	-	-	-	8,906	-	-	8,906
	$ 337,598	$ 145,509	$ 74,861	$ 18,228	$ 650	$ 576,846	$ 14	$ 109,263	$ 686,123
Liabilities									
Current liabilities	$ 13,019	$ 2,921	$ 359	$ 54	$ 451	$ 16,804	$ 18	$ 172	$ 16,994
Provision for environmental rehabilitation	7,887	3,076	401	-	-	11,364	-	-	11,364
Deferred tax liabilities	-	-	13,370	2,865	-	16,235	2,313	-	18,548
	$ 20,906	$ 5,997	$ 14,130	$ 2,919	$ 451	$ 44,403	$ 2,331	$ 172	$ 46,906

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

20. Segmented Information (continued)

(b) Geographic segments (continued)

	December 31, 2012								
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Assets									
Current assets	$ 22,280	$ 4,400	$ 905	$ 102	$ 702	$ 28,389	$ 20	$ 122,818	$ 151,227
Property, plant and equipment	326,919	150,481	80,065	19,559	-	577,024	-	7	577,031
Refining contract	7,270	-	-	-	-	7,270	-	-	7,270
Other assets	9,062	-	-	-	-	9,062	-	-	9,062
	$ 365,531	$ 154,881	$ 80,970	$ 19,661	$ 702	$ 621,745	$ 20	$ 122,825	$ 744,590
Liabilities									
Current liabilities	$ 12,418	$ 4,220	$ 405	$ 67	$ 492	$ 17,602	$ 17	$ 260	$ 17,879
Provision for environmental rehabilitation	8,374	3,266	426	-	-	12,066	-	-	12,066
Deferred tax liabilities	-	-	14,616	3,100	-	17,716	2,261	-	19,977
	$ 20,792	$ 7,486	$ 15,447	$ 3,167	$ 492	$ 47,384	$ 2,278	$ 260	$ 49,922

(c) Revenue

The Company's primary product is platinum group metals and by-product is chrome. For the three months ended March 31, 2013 and 2012, substantially all of the Company's PGM production was sold to one customer.

	Three months ended March 31, 2013	March 31, 2012
Platinum group metals	**$ 9,991**	$ 21,808
Chrome (Note 3(c))	**3,351**	8,848
	$ 13,342	$ 30,656

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

21. Financial instruments

(a) Categories of financial instruments

	March 31, 2013	December 31, 2012
Financial assets		
Cash and cash equivalents	**$ 66,432**	$ 70,699
FVTPL financial assets		
Trade receivables	**8,649**	10,439
Loans and receivables		
Other receivables	**5,926**	5,117
Available for sale financial assets		
Short-term investments	**49,198**	60,226
Other assets	**8,906**	9,062
	$ 139,111	$ 155,543
Financial liabilities		
Other financial liabilities		
Trade and other payables	**$ 16,994**	$ 17,879
	$ 16,994	$ 17,879

(b) 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, other assets and trade and other payables approximate their carrying values due to the short-term to maturities of these financial instruments.

Trade receivables are settled three to five months following the physical delivery of the PGM's and are adjusted to prices of the metals at the end of the settlement period. At each period end, the Company's trade receivables are marked to market based on the PGM forward prices quoted in the active market.

(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 trade receivables, short-term investments, and other assets are measured subsequent to initial recognition at fair value and are Level 2 financial instruments at March 31, 2013. There were no transfers between levels during the year three months ended March 31, 2013 and 2012.

21. Financial instruments (continued)

(c) Reclassification of financial assets

There was no reclassification of financial assets during the three months ended March 31, 2013 or the twelve months ended December 31, 2012.

22. Contingency

In June 2011, the Company became aware that the law firm of Siskinds LLP of London, Ontario, had filed a "Notice of Application" under the Class Action Proceedings Act, 1992, in the Ontario Superior Court of Justice against the Company and three of its directors and officers. The Notice of Application seeks permission of the Court to grant leave or permission to commence a lawsuit under the Securities Act of Ontario and other provinces in respect to certain alleged breaches of disclosure obligations. In July 2011, the Company and its officers and directors were served with court documents.

On June 18, 2012, the Company was served with the Plaintiff's Application Record and Amended Notice of Application. No further steps had been taken in the action until this time. The Amended Notice of Application is no longer being brought on behalf of a class, and instead, is being brought by Brian Bradley in his individual capacity. The affidavits filed in support of the application state that should the applicant be successful in obtaining leave to file the statement of claim, the plaintiff would move for the certification of the action as a class proceeding. The Company believes the proposed action has no merit and intends to continue to vigorously defend the action.

The Company is also subject to claims and legal proceedings arising in the ordinary course of business activities, each of which is subject to various uncertainties and it is possible that some of these matters may be resolved unfavourably to the Company. For matters that are probable and can be reasonably estimated, the Company establishes provisions in its financial statements.

When evaluating legal proceedings that are pending against the Company, the Company and its legal counsel assess the perceived merits of the legal proceedings along with the perceived merits of the amount of relief sought. It is management's opinion that there are currently no other claims expected to have a material effect on the results of operations or financial condition of the Company.

23. Events after the reporting period

On April 19, 2013 the Company suspended funding for the CRM development plan due to the continuing negative outlook in the global economic environment, the sustained weakness in PGM pricing and the current operating environment in South Africa. The Company will continue to reassess the viability of production at CRM and reinitiate funding for production once conditions support such a decision.

EASTERN PLATINUM LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2013

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Eastern Platinum Limited ("Eastplats" or the "Company") as at March 31, 2013 and for the three months then ended in comparison to the same period in 2012.

This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2013 and supporting notes. These unaudited condensed consolidated interim financial statements have been prepared using accounting policies consistent with IFRS and in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34").

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

All monetary amounts are in U.S. dollars unless otherwise specified. The effective date of this MD&A is May 13, 2013. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Contents of the MD&A

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 an 87% 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 three months ended March 31, 2013

- Eastplats recorded a loss attributable to equity shareholders of the Company of $10,365,000 ($0.01 loss per share) in the quarter ended March 31, 2013 ("Q1 2013") compared to a loss of $8,908,000 ($0.01 loss per share) in the quarter ended March 31, 2012 ("Q1 2012").

- Adjusted EBITDA was negative $4,611,000 in Q1 2013 compared to negative $2,414,000 in Q1 2012.

- PGM ounces sold decreased 54% to 11,224 ounces in Q1 2013 compared to 24,474 PGM ounces in Q1 2012.

- The U.S. dollar average delivered price per PGM ounce decreased 1% to $960 in Q1 2013 compared to $969 in Q1 2012.

- The Rand average delivered price per PGM ounce increased 14% to R8,595 in Q1 2013 compared to R7,510 in Q1 2012.

- Total Rand operating cash costs decreased 32% to R141 million in Q1 2013 compared to R208 million in Q1 2012.

- Rand operating cash costs net of by-product credits increased 52% to R11,644 per ounce in Q1 2013 compared to R7,670 per ounce in Q1 2012. Rand operating cash costs increased 48% to R12,535 per ounce in Q1 2013 compared to R8,486 per ounce in Q1 2012.

- U.S. dollar operating cash costs net of by-product credits increased 31% to $1,301 per ounce in Q1 2013 compared to $990 per ounce achieved in Q1 2012. U.S. dollar operating cash costs increased 28% to $1,400 per ounce in Q1 2013 compared to $1,095 per ounce in Q1 2012.

- Head grade decreased 2% to 3.97 grams per tonne in Q1 2013 compared to 4.07 grams per tonne in Q1 2012.

- Average concentrator recovery decreased to 74% in Q1 2013 compared to 77% in Q1 2012.

- Development meters decreased by 60% to 1,243 meters and on-reef development decreased by 72% to 484 meters compared to Q1 2012.

- Stoping units decreased 60% to 16,011 square meters in Q1 2013 compared to 39,857 square meters in Q1 2012.

- Run-of-mine ore hoisted decreased 59% to 102,539 tonnes in Q1 2013 compared to 247,538 tonnes in Q1 2012.

- Run-of-mine ore processed decreased by 57% to 101,981 tonnes in Q1 2013 compared to 235,354 tonnes in Q1 2012.

- The Company's Lost Time Injury Frequency Rate (LTIFR) was 2.91 in Q1 2013 compared to 5.46 in Q1 2012.

- At March 31, 2013, the Company had a cash position (including cash, cash equivalents and short term investments) of $115,630,000 (December 31, 2012 – $130,925,000).

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

Table 1

Selected quarterly data	2013	2012				2011		
	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30
Revenues (1)	$ 13,342	$ 17,292	$ 23,329	$ 31,152	$ 30,656	$ 24,347	$ 38,477	$ 33,501
Cost of operations (1)	(19,905)	(21,333)	(29,227)	(129,408)	(37,393)	(81,700)	(41,067)	(43,040)
Mine operating loss	(6,563)	(4,041)	(5,898)	(98,256)	(6,737)	(57,353)	(2,590)	(9,539)
Expenses (G&A and share-based payment)	(5,022)	(2,516)	(1,956)	(2,515)	(4,520)	(3,308)	(2,568)	(2,978)
Operating loss	(11,585)	(6,557)	(7,854)	(100,771)	(11,257)	(60,661)	(5,158)	(12,517)
Net (loss) profit attributable to equity shareholders of the Company	$ (10,365)	$ (1,342)	$ (5,029)	$ (85,674)	$ (8,908)	$ (64,325)	$ 1,364	$ (7,951)
(Loss) earnings per share - basic	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.09)	$ (0.01)	$ (0.07)	$ 0.00	$ (0.01)
(Loss) earnings per share - diluted	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.09)	$ (0.01)	$ (0.07)	$ 0.00	$ (0.01)
Average foreign exchange rates								
South African Rand per US dollar	8.95	8.69	8.26	8.12	7.75	8.10	7.14	6.79
US dollar per Canadian dollar	0.9916	1.0087	1.0054	0.9902	0.9990	0.9777	1.0204	1.0335
Period end foreign exchange rates								
South African Rand per US dollar	9.18	8.49	8.29	8.17	7.65	8.08	8.09	6.76
US dollar per Canadian dollar	0.9843	1.0051	1.0171	0.9822	1.0025	0.9833	0.9540	1.0368

(1) These are retrospectively adjusted numbers as described in Section 6.1(c)

3. Results of operations for the three months ended March 31, 2013

The following table sets forth selected consolidated financial information for the three months ended March 31, 2013 and 2012:

Table 2

Condensed consolidated interim and annual consolidated statements of loss
(Expressed in thousands of U.S. dollars, except per share amounts - unaudited)

	Three months ended March 31, 2013	2012
Revenue	**$ 13,342**	$ 30,656
Cost of operations		
Production costs	**17,953**	33,070
Depletion and depreciation	**2,222**	4,323
Gain on disposal of property, plant and equipment	**(270)**	-
Mine operating loss	**(6,563)**	(6,737)
Expenses		
General and administrative	**1,932**	2,203
Share-based payments	**3,090**	2,317
Operating loss	**(11,585)**	(11,257)
Other income (expense)		
Interest income	**544**	1,032
Finance costs	**(262)**	(294)
Foreign exchange (loss) gain	**(1,818)**	247
Loss before income taxes	**(13,121)**	(10,272)
Income tax recovery (expense)	**55**	(2,837)
Net loss for the period	**$ (13,066)**	$ (13,109)
Attributable to		
Non-controlling interest	**(2,701)**	(4,201)
Equity shareholders of the Company	**(10,365)**	(8,908)
Net loss for the period	**$ (13,066)**	$ (13,109)
Loss per share		
Basic	**$ (0.01)**	$ (0.01)
Diluted	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding		
Basic	**927,805**	927,499
Diluted	**927,805**	927,499

Condensed consolidated statements of financial position	**March 31, 2013**	December 31, 2012
Total assets	**$ 686,123**	$ 744,590
Total long-term liabilities	**$ 29,912**	$ 32,043

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							
	2013	2012				2011		
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30
Key financial statistics								
(dollar amounts stated in U.S. dollars)								
Sales - PGM ounces	11,224	14,066	21,273	26,412	24,474	19,854	26,955	20,528
Average delivered price per ounce (2)	$960	$936	$896	$902	$969	$931	$1,088	$1,113
Average basket price	$1,136	$1,109	$1,062	$1,071	$1,149	$1,104	$1,290	$1,319
Rand average delivered price per ounce	R 8,595	R 8,134	R 7,401	R 7,324	R 7,510	R 7,541	R 7,768	R 7,557
Rand average basket price	R 10,171	R 9,637	R 8,772	R 8,697	R 8,905	R 8,942	R 9,211	R 8,956
Cash costs per ounce of PGM (1)	$1,400	$1,200	$1,069	$1,094	$1,095	$1,291	$1,059	$1,515
Cash costs per ounce of PGM, net of chrome by-product credits (1)	$1,301	$958	$992	$910	$990	$1,072	$854	$1,196
Rand cash costs per ounce of PGM (1)	R 12,535	R 10,428	R 8,830	R 8,881	R 8,486	R 10,455	R 7,561	R 10,287
Rand cash costs per ounce of PGM, net of chrome by-product credits (1)	R 11,644	R 8,326	R 8,197	R 7,390	R 7,670	R 8,685	R 6,097	R 8,119
Key production statistics								
LTIFR	2.91	5.68	0.63	1.17	5.46	2.61	1.66	0.63
Run-of-mine ("ROM") ore tonnes processed	101,981	123,222	203,279	252,883	235,354	194,532	261,280	201,986
ROM ore tonnes hoisted	102,539	127,654	206,176	257,250	247,538	200,919	265,889	203,166
Development meters	1,243	1,365	2,066	2,922	3,117	2,929	3,976	3,562
On-reef development meters	484	350	966	1,653	1,704	1,591	2,248	2,090
Stoping units (square meters)	16,011	16,468	28,943	40,959	39,857	31,767	40,594	31,828
Concentrator recovery from ROM ore	74%	77%	76%	79%	77%	76%	78%	76%
Chrome sold (tonnes)	26,586	47,802	41,903	71,833	61,025	56,890	64,608	60,661
Metal in concentrate sold (ounces)								
Platinum (Pt)	5,713	7,135	10,715	13,240	12,263	9,819	13,656	10,363
Palladium (Pd)	2,348	2,983	4,672	5,847	5,508	4,428	5,844	4,485
Rhodium (Rh)	943	1,195	1,825	2,274	2,056	1,696	2,294	1,740
Gold (Au)	48	58	77	97	83	77	98	74
Iridium (Ir)	409	520	764	985	866	778	967	728
Ruthenium (Ru)	1,763	2,175	3,220	3,969	3,698	3,056	4,096	3,138
Total PGM ounces	11,224	14,066	21,273	26,412	24,474	19,854	26,955	20,528

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

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

Quarter ended March 31, 2013 compared to the quarter ended March 31, 2012

In Q1 2013, CRM recorded a Lost Time Injury Frequency Rate ("LTIFR") of 2.91 compared to 5.46 in Q1 2012. There were three lost time injuries in Q1 2013 compared to nine lost time injuries in Q1 2012.

As at January 1, 2013, the Company retrospectively applied new standard IFRS 11 Joint Arrangements. IFRS 11 defines the two types of joint arrangements (joint operations and joint ventures) and outlines how to determine the type of joint arrangement entered into and the principles for accounting for each type of joint arrangement. The application of this IFRS resulted in the Company recording its share of revenues and cost of sales from its interest in a jointly controlled operation to the respective revenue and cost of sales lines in the condensed consolidated interim financial statements. Previously, net profits from the jointly controlled operation were recorded as revenue in the consolidated statements of income or loss. This change had no effect on the Company's mine operating loss, net loss, cash flows or basic or diluted earnings per share.

The following is a summary of CRM's revenues and cost of sales:

Table 4

Condensed consolidated interim and annual consolidated statements of loss
(Expressed in thousands of U.S. dollars, except per share amounts - unaudited)

	Platinum Group Metals Three months ended March 31,		Chrome Three months ended March 31,	
	2013	2012	**2013**	2012
Revenue	**$ 9,991**	$ 21,808	**$ 3,351**	$ 8,848
Production costs	**15,719**	26,800	**2,234**	6,270
	(5,728)	(4,992)	**1,117**	2,578

The Company generated revenues of $13,342,000 in Q1 2013 of which $9,991,000 was PGM revenue and $3,351,000 was 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 $960 per PGM ounce in Q1 2013, compared to $969 in Q1 2012 and $936 in the fourth quarter of 2012 ("Q4 2012"). 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 generally positive fluctuations in PGM prices compared to Q4 2012, the Company recorded positive provisional price adjustments of $930,000 in Q1 2013, compared to positive price adjustments of $1,043,000 in Q1 2012.

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

Table 5

Crocodile River Mine
Effect of provisional price adjustments on revenues
(stated in thousands of U.S. dollars)

	Three months ended March 31,	
	2013	2012
Revenue before provisional price adjustments	$ 12,412	$ 29,613
Provisional price adjustments		
Adjustments to revenue upon settlement of prior periods' sales	935	611
Mark-to-market adjustment on sales not yet settled at end of period	(5)	432
Revenue as reported in the consolidated statements of loss	$ 13,342	$ 30,656

PGM ounces sold decreased by 54% in Q1 2013 compared to Q1 2012 primarily due to lower run-of-mine ore tonnes processed (101,981 tonnes in Q1 2013 compared to 235,354 tonnes in Q1 2012), combined with lower grades (3.97 grams per tonne in Q1 2013 compared to 4.07 grams per tonne in Q1 2012) and lower concentrator recoveries (74% in Q1 2013 compared to 77% in Q1 2012). The decrease in mining activity is a result of the Company's implementation of a comprehensive mine development plan at CRM, as previously discussed in the Company's June 12, 2012 press release. A fatality at CRM in February 2013 also caused production and mining activity at CRM to be lower than expected in Q1 2013.

Operating cash costs, a non-IFRS measure, are incurred in Rand. Total Rand operating cash costs decreased by 32% compared to Q1 2012, but Rand operating cash costs per ounce increased by 48% to R12,535 per ounce in Q1 2013 compared to R8,486 per ounce in Q1 2012 primarily due to a 54% decrease in ounces sold, which was partially offset by the 32% decrease in total Rand operating cash costs. The 32% decrease in total Rand operating cash costs was mainly due to a R62 million ($8,608,000) decrease in general mining costs (consisting of labour allowances, bonuses, fuel and lubricants, support, contract mining and outsourced services) that resulted from the 54% decrease in PGM production. These decreases in costs all resulted from the implementation of a comprehensive mine development plan at Zandfontein in the latter half of 2012.

U.S. dollar operating cash costs per ounce increased by 28% from $1,095 per ounce in Q1 2012 to $1,400 per ounce in Q1 2013 primarily due to a 54% decrease in ounces sold, which was partially offset by a 32% decrease in total Rand operating cash costs, combined with the 16% depreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R8.95:$1.00 in Q1 2013 compared to R7.75:$1.00 in Q1 2012.

A reconciliation of production costs, as reported in the income statement, to cash operating costs, is shown in Table 6 under Section 3.2 CRM non-IFRS measures.

Chrome revenues and effect on cash costs per ounce

The Company recorded revenue for 26,586 tonnes of chrome in Q1 2013 (61,025 tonnes in Q1 2012). Chrome revenue recognized was $126 per tonne ($145 per tonne in Q1 2012) for a total of $3,351,000 in Q1 2013 ($8,848,000 in Q1 2012). The 13% decrease in chrome revenue recognized per tonne compared to Q1 2012 was mainly due to the 16% depreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R8.95:$1.00 in Q1 2013 compared to R7.75:$1.00 in Q1 2012.

Q1 2013 net chrome revenues of $1,117,000 reduced operating cash costs from $1,400 per ounce to $1,301 per ounce net of by-product credits and from R12,535 per ounce to R11,644 per ounce net of by-product credits.

Quarter ended March 31, 2013 compared to the quarter ended December 31, 2012

PGM revenues decreased by 10% in Q1 2013 compared to Q4 2012 as a result of a 20% decrease in the number of ounces produced, which was offset by a 3% increase in the average delivered price per ounce and an increase in price adjustments from negative $301,000 in Q4 2012 to positive $930,000 in Q1 2013. The decrease in ounces produced was due to a 17% decrease in run-of-mine ore processed (101,981 tonnes in Q1 2013 compared to 123,222 tonnes in Q4 2012) combined with a decrease in concentrator recovery from 77% in Q4 2012 to 74% in Q1 2013 and a decrease in grade from 4.09 grams per tonne in Q4 2012 to 3.97 grams per tonne in Q1 2013. A fatality at CRM in February 2013 caused production and mining activity at CRM to be lower than expected in Q1 2013.

Rand operating cash costs increased by 20% from R10,428 per ounce in Q4 2012 to R12,535 per ounce in Q1 2013 as a result of the 20% decrease in the number of ounces produced, which was partially offset by a 4% decrease in total Rand operating cash costs. Operating cash costs stated in U.S. dollars increased 17% from $1,200 per ounce in Q4 2012 to $1,400 per ounce in Q1 2013 due to the 20% decrease in the number of ounces produced, which was partially offset by a 4% decrease in total Rand operating cash costs and a 3% depreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R8.95:$1.00 in Q1 2013 compared to R8.69:$1.00 in Q4 2012.

3.2 CRM non-IFRS measures

The following table provides a reconciliation of adjusted EBITDA (see definition below) and cash operating costs per PGM ounce to mine operating earnings and production costs, respectively:

Table 6

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

	Three months ended March 31, 2013	Three months ended March 31, 2012
Mine operating loss	$ (6,563)	$ (6,737)
Depletion and depreciation	2,222	4,323
Gain on disposal of property, plant and equipment	(270)	-
Adjusted EBITDA (1)	(4,611)	(2,414)
Production costs as reported	17,953	33,070
Less chrome production costs	(2,234)	(6,270)
Adjustments for miscellaneous costs (2)	(5)	(1)
Cash operating costs	15,714	26,799
Less by-product credits - net chrome revenues	(1,117)	(2,578)
Cash operating costs net of by-product credits	14,597	24,221
Ounces sold	11,224	24,474
Cash cost per ounce sold	$ 1,400	$ 1,095
Cash cost per ounce sold net of by-product credits	$ 1,301	$ 990

(1) Adjusted EBITDA consists of mine operating loss before depletion, depreciation, impairment, gains and losses on disposal of property, plant and equipment, interest and tax.

(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 operational profitability of the Company's business, in this case the Crocodile River Mine. 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 mine operating loss before depletion, depreciation, impairment, gains and losses on disposal of property, plant and equipment, interest and tax ("adjusted EBITDA") for CRM. This is a liquidity non-IFRS measure which the Company believes is used by certain investors to determine CRM's operational profitability. The Company also reports cash operating costs per ounce of PGM produced, another non-IFRS measure which is a common performance measure used in the precious metals industry.

3.3 Development projects

3.3.1 CRM

During the three months ended March 31, 2013, the Company spent $4,324,000 at CRM on underground mine development, the installation of a fire suppression system on the underground conveyor belt systems, and the upgrading of the surface tailings lines and permanent de-watering systems. Construction focused mainly on installations associated with a conveyor and chairlift system that will move ore and workers to and from the new stopes being developed below 4-level.

As a result of the continuing negative outlook in the global environment, the sustained weakness in PGM pricing and the current operating environment in South Africa, the Company announced on April 19, 2013 that it would suspend funding for the CRM development plan previously announced on June 12, 2012.

3.3.2 Eastern Limb projects

During the three months ended March 31, 2013, Eastern Limb expenditures of $680,000 were mainly incurred for care and maintenance. Due to the continuing negative outlook for the global economic environment and the operating environment in South Africa, the Company announced in June 2012 to suspend funding for the construction of the concentrator and the development of the Mareesburg open pit mine. The project is estimated to be 43% complete and has been on full care and maintenance since the fourth quarter of 2012. It is expected that when economic and operating conditions improve, the project would be able to restart relatively quickly, subject to adequate funding being available.

3.4 Corporate and other expenses

General and administrative expenses (“G&A”) are costs associated with the Company’s Vancouver corporate head office and South African administrative office. Corporate office costs include legal and accounting, regulatory, executive management fees, investor relations, travel and consulting fees.

Quarter ended March 31, 2013 compared to the quarter ended March 31, 2012

G&A decreased 12% from $2,203,000 in Q1 2012 to $1,932,000 in Q1 2013 mainly due to a $471,000 decrease in G&A at the Company’s head office, which was partially offset by a $193,000 increase in G&A at the Company’s South African subsidiaries. The decrease in G&A at the Company’s head office was mainly due to a $150,000 decrease in bonuses granted to a consulting director in January 2012, combined with a $73,000 decrease in directors’ fees, an $83,000 decrease in shareholder communication and a $71,000 decrease in travel and related costs. The $193,000 increase in G&A in South Africa in Q1 2013 compared to Q1 2012 was mainly due to the receipt of an insurance settlement which was credited against G&A in Q1 2012.

Quarter ended March 31, 2013 compared to the quarter ended December 31, 2012

G&A decreased 21% from $2,451,000 in Q4 2012 to $1,932,000 in Q1 2013 mainly due to a $429,000 decrease in G&A at the Company’s South African subsidiaries. The $429,000 decrease in G&A at the Company’s South African subsidiaries was mainly due to the timing of the accrual for the annual audit fees in Q4 2012.

Interest income

Interest income recorded during the three months ended March 31, 2013 was $544,000, compared with $1,032,000 during the same periods in 2012. The decrease in interest income was mainly due to a decrease in the Company's cash balances mainly as a result of the cash expenditures on the Company's development of the Mareesburg/Kennedy's Vale open-pit and concentrator project.

Finance costs

Finance costs recorded during the three months ended March 31, 2013 were $262,000, compared with $294,000 during the same period in 2012. The decrease was mainly due to the 16% depreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R8.95:$1.00 in Q1 2013 compared to R7.75:$1.00 in Q1 2012.

Income tax

During the three months ended March 31, 2013, the Company recorded a net income tax recovery of $55,000, consisting of a deferred income tax recovery. 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 $18,548,000 which arose primarily as a result of the step-up to fair value of the net assets acquired on the Spitzkop and Mareesburg business acquisitions in prior years.

4. Liquidity and capital resources

At March 31, 2013, the Company had working capital of $117,651,000 (December 31, 2012 – $133,348,000) and cash and cash equivalents and short-term investments of $115,630,000 (December 31, 2012 – $130,925,000) in highly liquid, fully guaranteed, bank sponsored instruments.

Working capital, cash and cash equivalents and short-term investments decreased during the three months ended March 31, 2013 as the Company incurred negative operating cash flows of approximately $6 million (including approximately $2 million in G&A), spent approximately $4 million in development costs at CRM, and approximately $1 million in the care and maintenance of the Mareesburg/Kennedy's Vale open pit and concentrator. The Company's working capital and cash position were also affected by fluctuations in the exchange rates between the Rand and the U.S. dollar, and between the British Pound (GBP) and the U.S. dollar, as the Company held approximately $41 million (GBP 27 million) in British Pounds at March 31, 2013.

The Company had no long-term debt outstanding at March 31, 2013, other than a provision for environmental rehabilitation relating to CRM, Kennedy's Vale and Spitzkop.

4.1 Outlook

PGM prices have been weak since the third quarter of 2011 as a result of continuing low economic growth and uncertainty in the global financial markets, particularly in Europe which consumes approximately 50% of South Africa's platinum production. At the same time, the South African PGM industry continues to experience a number of adverse economic factors, including ongoing labour unrest, unrelenting operating cost inflation, volatile currency exchange rates, weak chrome prices, and heightened concerns with respect to reliable power delivery.

The Company believes that, given the stagnation of the European car market together with a continuing resistance to any significant large scale production cuts from the larger PGM producers, the industry will have to contend with much lower PGM prices than previously projected in the short and medium term. Ongoing cost pressure and decreasing productivity in South Africa will continue to significantly reduce free cash flow.

In order to preserve its cash resources and mineral reserves in the current operating environment, the Company has taken significant actions at its South African projects over the last twelve months. In mid-2012, the Company implemented a comprehensive mine development plan at the Crocodile River Mine and suspended funding for the construction and development of its Mareesburg open pit mine and Kennedy's Vale concentrator project (the "Mareesburg Project" or "Project"). On April 19, 2013, the Company announced its decision to suspend funding for CRM's comprehensive mine development plan as the impact of stagnant commodity markets, rising costs of mining and decreasing productivity has made it increasingly difficult to justify the continued level of funding required for the CRM development plan.

The impact of the Company's recently announced suspension of funding to CRM is currently being discussed with the workforce at CRM in accordance with Section 189 of the South African Labour Relations Act which requires the completion of a facilitated consultation process with affected employees and their representatives to review the need for restructuring and the implications on manpower levels. The 60-day consultation period is scheduled to be completed on June 20, 2013.

The Company will continue to reassess the viability of funding CRM and to reinitiate funding for development and production once conditions support such a decision. Should there be a sustained strengthening of PGM prices and marked improvement in the operating environment in South Africa, CRM can react quickly and ramp up activities at its Zandfontein and Maroelabult sections at that time.

Subject to adequate funding being available, funding and development of the Mareesburg Project can also be restarted once market and operating conditions support such recommencement. The Company does not believe that it will have sufficient funds in the form of cash and short-term investments to complete the development and construction of the open-pit mine and concentrator when the Project is restarted. The Company had successfully negotiated a definitive facilities agreement dated December 30, 2011 with UniCredit Bank AG, London Branch and Standard Finance (Isle of Man) Limited (a subsidiary of Standard Bank Group Limited) for the U.S.$100 million financing package that was to be used to part fund the development costs of the Project. Due to the suspension of the Project, the facilities agreement was terminated in 2012 but the Company and the banks have agreed to investigate the restructuring of the financing package when the Project is restarted. There is no assurance that a restructuring of the financing package will be available to the Company or, if available, that this funding will be on acceptable terms.

Additional funding will be required to bring the Project into production, and to bring the rest of the Eastern Limb projects (including Spitzkop and Kennedy's Vale) into production, and such funding may include a restructuring of the financing package as described above, 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. Any additional financing may be dilutive to shareholders, and debt financing, if available, may involve restrictions on financing, investing and operating activities. There can be no assurance that additional funding will be available to the Company when needed 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 or current mining operations, or to cease trading entirely.

4.2 Impairment

The Company assessed the carrying values of its mineral properties for indication of impairment as at March 31, 2013. The Company believed that certain factors, such as the sustained weakness in PGM pricing, rising cost pressures, decreasing productivities, the stagnant European and global economy and the current operating environment in South Africa have contributed to the Company's decision to suspend funding of the CRM development plan as announced on April 19, 2013. These factors have also caused a further decrease in the Company's share price. Following analysis, the Company concluded that as at March 31, 2013, there was no impairment or reversal of impairment to be recorded during the quarter.

Subsequent to March 31, 2013, PGM prices decreased significantly and were below the prices used in the quarterly impairment test outlined above. If PGM prices were to remain at these decreased levels through June 30, 2013, this would be an indicator of potential impairment and the Company would complete another assessment of impairment as at June 30, 2013.

During the year ended December 31, 2012, the Company assessed the carrying values of its mineral properties for indication of impairment at each quarter end. The Company believes that certain factors, such as the decision to suspend funding for the Mareesburg open pit mine and KV concentrator project in June 2012, a significant drop in production at CRM in 2011 and 2012 compared to 2010, the continued operational issues facing the South African PGM industry, and the weakness of the global economy particularly in Europe, which have negatively affected PGM prices, have contributed to the decrease in the Company's share price. Since August 2011, the Company's market capitalization has been below its book value. The Company recorded an impairment charge in the quarter ended June 30, 2012 as described below. The Company concluded that, as at December 31, 2012, there was no further impairment to be recorded.

During the quarter ended June 30, 2012, the Company determined that the carrying value of its Eastern Limb projects exceeded the expected net present value of its future cash flows. This resulted in an impairment charge of $88,278,000 that was allocated pro-rata amongst the Kennedy's Vale, the Spitzkop PGM Project and the Mareesburg Project. An impairment charge of $47,445,000 was recorded at KV, of which $32,557,000 pertained to mining assets owned and $14,888,000 pertained to intangible mineral properties not being depleted. Impairment charges of $32,802,000 and $8,031,000 were recorded to the mineral properties not being depleted at the Spitzkop PGM Project and the Mareesburg Project, respectively. The Company concluded that as at June 30, 2012, there was no impairment of assets at CRM.

Any changes to future market conditions and commodity prices may result in impairment, a further impairment or a reversal of impairment of any of the Company's mineral properties.

4.3 Share capital

During the three months ended March 31, 2013, the Company granted 28,975,000 stock options at an exercise price of Cdn$0.19 and total share-based payment expense with regards to stock option was $3,090,000, which takes into account the vesting of options. No options were forfeited or exercised during the three months ended March 31, 2013.

In 2010, the Company's South African subsidiary, Barplats Investments Limited, implemented a key skills retention plan for its senior employees in South Africa. The purpose of the plan is to retain key employees, attract new employees as the need arises and remain competitive with other South African mining companies. The plan operates through a trust which purchases shares of the Company on behalf of the employees. These shares then vest to the employees over time. The trust purchased 198,563 shares in February 2011 pursuant to the plan and has not purchased any shares since. On November 30, 2012, 77,999 shares vested to employees. During the three months ended March 31, 2013, there was no share-based payment recorded with regards to the key skills retention plan, and there was no share-based payment liability as at March 31, 2013.

As at May 13, 2013, the Company had:

- 928,187,840 common shares outstanding;
- 120,564 treasury shares outstanding; and
- 55,580,667 stock options outstanding, which are exercisable at prices ranging from Cdn$0.19 to Cdn$3.38 and which expire between 2013 and 2018.

4.4 Contractual obligations, commitments and contingencies

The Company's major contractual obligations and commitments at March 31, 2013 were as follows:

Table 7

(in thousands of U.S. dollars)	Total	Less than 1 year	More than 5 years
Provision for environmental rehabilitation	$ 11,364	$ -	$ 11,364
Capital expenditure and purchase commitments contracted at March 31, 2013 but not recognized on the consolidated statement of financial position	4,519	4,519	-
	$ 15,883	$ 4,519	$ 11,364

In June 2011, the Company became aware that the law firm of Siskinds LLP of London, Ontario, had filed a "Notice of Application" under the Class Action Proceedings Act, 1992, in the Ontario Superior Court of Justice against the Company and three of its directors and officers. The Notice of Application seeks permission of the Court to grant leave or permission to commence a lawsuit under the Securities Act of Ontario and other provinces in respect to certain alleged breaches of disclosure obligations. In July 2011, the Company and its officers and directors were served with court documents.

On June 18, 2012, the Company was served with the Plaintiff's Application Record and Amended Notice of Application. The Amended Notice of Application is no longer being brought on behalf of a class, and instead, is being brought by Brian Bradley in his individual capacity. The affidavits filed in support of the application state that should the applicant be successful in obtaining leave to file the statement of claim, the plaintiff would move for the certification of the action as a class proceeding. The Company believes the proposed action has no merit and intends to continue to vigorously defend the action.

The Company is also subject to claims and legal proceedings arising in the ordinary course of business activities, each of which is subject to various uncertainties and it is possible that some of these matters may be resolved unfavourably to the Company. For matters that are probable and can be reasonably estimated, the Company establishes provisions in its financial statements.

When evaluating legal proceedings that are pending against the Company, the Company and its legal counsel assess the perceived merits of the legal proceedings along with the perceived merits of the amount of relief sought. It is management's opinion that there are currently no other claims expected to have a material effect on the results of operations or financial condition of the Company.

5. Related party transactions

A number of the Company's executive officers and directors are engaged under contract with those officers' and directors' personal services companies or consulting 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.

Table 8

(Expressed in thousands of U.S. dollars)				
	Three months ended March 31,			
		2013		2012
Trading transactions				
Management and consulting fees	**$**	**505**	$	545
General and administrative expenses		**43**		102
Mine contractor fees		**2,272**		-
Total trading transactions	**$**	**2,820**	$	647
Compensation of key management personnel				
Remuneration and directors' fees	**$**	**576**	$	717
Share-based payments		**2,640**		2,216
Total compensation of key management personnel	**$**	**3,216**	$	2,933

In the three months ended March 31, 2013, $2,272,000 was paid to a mine contractor company which undertook specific design, procurement and construction projects at CRM. The Company's South African executive officer is a principal of the mine contractor company.

Remuneration and directors' fees, which include management and consulting fees discussed above as well as any salaries to executive officers, decreased during the three months ended March 31, 2013 compared to the same period in 2012 mainly as a result of a $102,000 decrease in directors' fees compared with Q1 2012.

Share-based payments increased from $2,216,000 in Q1 2012 to $2,640,000 in Q1 2013 due to the issuance of more stock options to key management personnel in 2013 compared to 2012, combined with a decrease in the grant date fair value of the share options granted in 2013 compared to 2012.

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

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6. Adoption of accounting standards and accounting pronouncements under IFRS

6.1 Application of new and revised IFRSs

Effective January 1, 2013, the Company adopted the following new and revised International Financial Reporting Standards ("IFRSs") that were issued by the International Accounting Standards Board ("IASB").

(a) *Amendment to IFRS 7 Financial Instruments: Disclosures*

The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

(b) *New standard IFRS 10 Consolidated Financial Statements*

IFRS 10 outlines the principles for the presentation and preparation of consolidated financial statements. The Company has not yet completed its analysis of the impact that the application of this IFRS will have on the amounts reported for the current or prior years. However, based on the analysis completed to date, the Company does not believe that the application of this IFRS will have a material impact on the amounts reported for the current or prior years.

(c) *New standard IFRS 11 Joint Arrangements*

IFRS 11 defines the two types of joint arrangements (joint operations and joint ventures) and outlines how to determine the type of joint arrangement entered into and the principles for accounting for each type of joint arrangement. The application of this IFRS resulted in the Company recording its share of revenues and cost of sales from its interest in a jointly controlled operation to the respective revenue and cost of sales lines in the condensed consolidated interim financial statements. Previously, net profits from the jointly controlled operation were recorded as revenue in the consolidated statements of income or loss. This change had no effect on the Company's mine operating loss, net loss, cash flows or basic or diluted earnings per share.

The application of IFRS 11 was applied retrospectively as at January 1, 2013 and the effects on the comparative condensed consolidated interim statements of net loss have been outlined below.

	Three months ended March 31, 2013		
	Prior to application of new accounting policy	Effect of application	Subsequent to application of new accounting policy
Revenue	11,108	2,234	13,342
Production costs	15,719	2,234	17,953

	Three months ended March 31, 2012		
	Prior to application of new accounting policy	Effect of application	Subsequent to application of new accounting policy
Revenue	24,386	6,270	30,656
Production costs	26,800	6,270	33,070

(d) *New standard IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 outlines the disclosures required in order to provide users of financial statements with the information necessary to evaluate an entity's interest in other entities, the corresponding risks related to those interests and the effects of those interests on the entity's financial position, financial performance and cash flows. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements. The application of this IFRS will have an immaterial impact on disclosures in the Company's annual financial statements.

(e) *New standard IFRS 13 Fair Value Measurement*

IFRS 13 defines fair value, summarizes the methods of determining fair value and outlines the required fair value disclosures. IFRS 13 is utilized when another IFRS standard requires or allows fair value measurements or disclosures about fair value measurements. The application of this IFRS resulted in minor changes to the disclosures within the statement of comprehensive loss.

(f) *New interpretation IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine*

IFRIC Interpretation 20 summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

(g) *Amended standard IAS 1 Presentation of Financial Statements*

The amendments to IAS 1 pertain to the number of comparative financial statements required in different circumstances and disclosure required in the statement of comprehensive loss. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements. The application of this IFRS did have an immaterial impact on disclosures within the statement of comprehensive loss.

(h) *Amended standard IAS 16 Property, Plant and Equipment*

The amendments to IAS 16 clarify when spare parts, stand-by equipment and servicing equipment are to be classified as inventory or property, plant and equipment. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

(i) *Amended standard IAS 19 Employee Benefits*

IAS 19 outlines the accounting treatment and required disclosures for employee benefits. The amendments applicable to the Company consist of modification of the accounting treatment for termination benefits and the clarification of miscellaneous issues including the classification of employee benefits. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

(j) *Amended standard IAS 27 Separate Financial Statements*

IAS 27 outlines the accounting principles to be applied with regards to investments in subsidiaries, joint ventures and associates when an entity elects or is required by local regulations to present separate, non-consolidated, financial statements. The previous standard was titled *IAS 27 Consolidated and Separate Financial Statements*. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years and is not expected to affect the accounting for future transactions or arrangements.

(k) Amended standard IAS 28 Investments in Associates and Joint Ventures

IAS 28 outlines the accounting treatment and corresponding application of the equity method of accounting in investments in associates and joint ventures. The previous standard was titled *IAS 28 Investments in Associates*. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

(l) Amended standard IAS 32 Financial Instruments: Presentation

The amendments to IAS 32 clarify the treatment of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

6.2 Change in accounting policy

(a) Share-based payments

As at December 31, 2012 and prior to December 31, 2012, when fully vested stock options expired, were forfeited or were cancelled, no accounting entry was made. The expense previously recognized within the equity-settled employee benefits reserve was not adjusted.

As at January 1, 2013, when fully vested stock options expire, are forfeited or are cancelled, the expense previously recognized within the equity-settled employee benefits reserve will be reallocated to deficit. As a result, going forward, the equity-settled employee benefits reserve will provide more relevant information as it will equal the stock options expensed and outstanding at that point in time.

This change in accounting policy was applied retrospectively as at January 1, 2013 and the effects on the comparative statements of financial position have been outlined below. These changes had no effect on basic or diluted loss per share.

	March 31, 2013		
	Prior to retrospective application of new accounting policy	Effect of retrospective application	Subsequent to retrospective application of new accounting policy
Equity-settled employee benefits reserve	46,875	(34,794)	12,081
Deficit	(445,174)	34,794	(410,380)

	December 31, 2012		
	Prior to retrospective application of new accounting policy	Effect of retrospective application	Subsequent to retrospective application of new accounting policy
Equity-settled employee benefits reserve	43,785	(34,794)	8,991
Deficit	(434,809)	34,794	(400,015)

	March 31, 2012		
	Prior to retrospective application of new accounting policy	Effect of retrospective application	Subsequent to retrospective application of new accounting policy
Equity-settled employee benefits reserve	43,872	(19,761)	24,111
Deficit	(342,764)	19,761	(323,003)

	December 31, 2012		
	Prior to retrospective application of new accounting policy	Effect of retrospective application	Subsequent to retrospective application of new accounting policy
Equity-settled employee benefits reserve	41,563	(7,172)	34,391
Deficit	(333,856)	7,172	(326,684)

6.3 Accounting standards issued but not yet effective

(a) Effective for annual periods beginning on or after January 1, 2014

(i) Amended standard IAS 32 Financial Instruments: Presentation

The amendments to IAS 32 pertained to the application guidance on the offsetting of financial assets and financial liabilities.

(b) Effective for annual periods beginning on or after January 1, 2015

(i) Amended standard IFRS 7 Financial Instruments: Disclosures

The amendments to IFRS 7 outline the disclosures required when initially applying *IFRS 9 Financial Instruments.*

(ii) New standard IFRS 9 Financial Instruments

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

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

7. Internal control over financial reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, together with the Company's management, are responsible for the information disclosed in this MD&A and in the Company's other external disclosure documents. For the three months ended March 31, 2013 and 2012, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("DCP") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been disclosed in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements.

The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that the design and operation of the Company's DCP were effective as of March 31, 2013 and that the Company has the appropriate DCP to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable.

The CEO and the CFO are also responsible for the design of the internal controls over financial reporting ("ICFR") within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). Since 2009, the Company has used the services of an international accounting firm to act as the Company's internal auditors for its South African operations. Under the supervision, and with the participation, of the CEO and the CFO, management conducted an evaluation of the effectiveness of the Company's ICFR based on the framework in the *Internal Control – Integrated Framework* developed by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on that evaluation, the CEO and the CFO concluded that the design and operation of the Company's ICFR were effective as at March 31, 2013.

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

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

There have been no changes in the Company's ICFR during the three months ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

11. 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. These forward-looking statements pertain to assumptions regarding the price of PGMs, fluctuations in currency markets (specifically the Rand and the U.S. dollar), the future funding of the Company’s projects, the future development of the Company’s projects, the Company’s plans for its properties, the anticipated timing for the awarding of tenders, and the accounting policies issued but not yet effective for the Company. 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, the risk of fluctuations in the assumed exchange rates of currencies that directly impact the Company, such as Canadian dollar, South African Rand and U.S. dollar, the risk of fluctuations in the assumed prices of PGM and other commodities, the risk of 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 assumed 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.

May 13, 2013

Ian Rozier