Condensed consolidated interim financial statements of

Eastern Platinum Limited

September 30, 2011
(Unaudited)

Eastern Platinum Limited
September 30, 2011

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Eastern Platinum Limited

Condensed consolidated interim income statements

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

	Note	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Revenue		**$ 31,453**	$ 38,073	**$ 94,031**	$ 109,384
Cost of operations					
Production costs		**28,541**	26,953	**88,987**	79,511
Depletion and depreciation	8	**5,502**	5,782	**15,880**	16,625
		34,043	32,735	**104,867**	96,136
Mine operating (loss) earnings		**(2,590)**	5,338	**(10,836)**	13,248
Expenses					
General and administrative	8	**2,546**	2,186	**8,573**	7,419
Share-based payments	15	**22**	16	**8,291**	1,768
		2,568	2,202	**16,864**	9,187
Operating (loss) profit		**(5,158)**	3,136	**(27,700)**	4,061
Other income (expense)					
Interest income		**1,376**	459	**4,298**	1,252
Finance costs	17	**(322)**	(392)	**(1,197)**	(1,355)
Foreign exchange gain (loss)		**3,108**	(576)	**4,785**	(344)
(Loss) profit before income taxes		**(996)**	2,627	**(19,814)**	3,614
Deferred income tax recovery		**447**	561	**1,040**	1,657
Net (loss) profit for the period		**$ (549)**	$ 3,188	**$ (18,774)**	$ 5,271
Attributable to					
Non-controlling interest	16	**$ (1,913)**	$ (851)	**$ (6,554)**	$ (3,040)
Equity shareholders of the Company		**1,364**	4,039	**(12,220)**	8,311
Net (loss) profit for the period		**$ (549)**	$ 3,188	**$ (18,774)**	$ 5,271
(Loss) earnings per share					
Basic	18	**$ 0.00**	$ 0.01	**$ (0.01)**	$ 0.01
Diluted	18	**$ 0.00**	$ 0.01	**$ (0.01)**	$ 0.01
Weighted average number of common shares outstanding in thousands					
Basic	18	**908,188**	683,038	**908,129**	682,350
Diluted	18	**916,706**	693,409	**908,129**	693,754

Eastern Platinum Limited

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

	Three months ended September, 30		Nine months ended September 30,	
	2011	2010	**2011**	2010
Net (loss) profit for the period	**$ (549)**	$ 3,188	**$ (18,774)**	$ 5,271
Other comprehensive (loss) income				
Exchange differences on translating foreign operations	**(133,229)**	49,620	**(133,701)**	32,101
Exchange differences on translating non-controlling interest	**(82)**	625	**(285)**	358
Comprehensive (loss) income for the period	**$ (133,860)**	$ 53,433	**$ (152,760)**	$ 37,730
Attributable to				
Non-controlling interest	**(1,995)**	(226)	**(6,839)**	(2,682)
Equity shareholders of the Company	**(131,865)**	53,659	**(145,921)**	40,412
Comprehensive (loss) income for the period	**$ (133,860)**	$ 53,433	**$ (152,760)**	$ 37,730

Eastern Platinum Limited

Condensed consolidated interim statements of financial position
as at September 30, 2011 and December 31, 2010
(Expressed in thousands of U.S. dollars - unaudited)

	Note	**September 30, 2011**	December 31, 2010
Assets			
Current assets			
Cash and cash equivalents	5	**$ 49,436**	$ 107,846
Short-term investments		**217,728**	242,446
Trade and other receivables	6	**31,154**	33,787
Inventories	7	**7,799**	8,832
		306,117	392,911
Non-current assets			
Property, plant and equipment	8	**639,584**	715,976
Refining contract	9	**10,584**	14,265
Other assets	10	**7,671**	3,823
		$ 963,956	**$ 1,126,975**
Liabilities			
Current liabilities			
Trade and other payables	11	**$ 20,797**	$ 27,009
Finance leases	12	**2,195**	3,211
		22,992	30,220
Non-current liabilities			
Provision for environmental rehabilitation	13	**7,723**	8,934
Deferred tax liabilities		**36,904**	46,642
		67,619	85,796
Equity			
Issued capital	15	**1,219,969**	1,219,869
Treasury shares	15(e)	**(334)**	-
Equity-settled employee benefits reserve		**41,542**	33,390
Foreign currency translation reserve		**(116,245)**	17,456
Deficit		**(248,984)**	(236,764)
Capital and reserves attributable to equity shareholders of the Company		**895,948**	1,033,951
Non-controlling interest	16	**389**	7,228
		896,337	1,041,179
		$ 963,956	**$ 1,126,975**

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

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

Eastern Platinum Limited

Condensed consolidated interim statements of changes in equity

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

	Issued capital	Treasury shares	Equity-settled employee benefits reserve	Foreign currency translation reserve	Deficit	Capital and reserves attributable to equity shareholders of the Company	Non-controlling interest	Equity
December 31, 2009	**$ 890,150**	**$ -**	**$ 32,336**	**$ (52,899)**	**$ (250,116)**	**$ 619,471**	**$ 10,041**	**$ 629,512**
Net profit	-	-	-	-	8,311	8,311	(3,040)	5,271
Currency translation adjustment	-	-	-	32,101	-	32,101	358	32,459
Total comprehensive income	-	-	-	32,101	8,311	40,412	(2,682)	37,730
Stock options exercised	756	-	(359)	-	-	397	-	397
Share-based payments	-	-	1,768	-	-	1,768	-	1,768
September 30, 2010	**$ 890,906**	**$ -**	**$ 33,745**	**$ (20,798)**	**$ (241,805)**	**$ 662,048**	**$ 7,359**	**$ 669,407**
Net profit	-	-	-	-	5,041	5,041	(535)	4,506
Currency translation adjustment	-	-	-	38,254	-	38,254	404	38,658
Total comprehensive income	-	-	-	38,254	5,041	43,295	(131)	43,164
Public offering	345,391	-	-	-	-	345,391	-	345,391
Share issuance costs	(16,501)	-	-	-	-	(16,501)	-	(16,501)
Stock options exercised	73	-	(39)	-	-	34	-	34
Share-based payments	-	-	(316)	-	-	(316)	-	(316)
December 31, 2010	**$ 1,219,869**	**$ -**	**$ 33,390**	**$ 17,456**	**$ (236,764)**	**$ 1,033,951**	**$ 7,228**	**$ 1,041,179**
Net loss	-	-	-	-	(12,220)	(12,220)	(6,554)	(18,774)
Currency translation adjustment	-	-	-	(133,701)	-	(133,701)	(285)	(133,986)
Total comprehensive loss	-	-	-	(133,701)	(12,220)	(145,921)	(6,839)	(152,760)
Stock options exercised	100	-	(100)	-	-	-	-	-
Share-based payments	-	-	8,193	-	-	8,193	-	8,193
Treasury shares	-	(334)	59	-	-	(275)	-	(275)
September 30, 2011	**$ 1,219,969**	**$ (334)**	**$ 41,542**	**$ (116,245)**	**$ (248,984)**	**$ 895,948**	**$ 389**	**$ 896,337**

Eastern Platinum Limited

Condensed consolidated interim statements of cash flows

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

	Note	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Operating activities					
(Loss) profit before income taxes		**$ (996)**	$ 2,627	**$ (19,814)**	$ 3,614
Adjustments to net (loss) profit for non-cash items					
Depletion and depreciation	8	**5,568**	5,782	**16,540**	16,625
Refining contract amortization	9	**387**	378	**1,189**	1,113
Share-based payments	15	**22**	16	**8,291**	1,768
Interest income		**(1,376)**	(459)	**(4,298)**	(1,252)
Finance costs	17	**322**	392	**1,197**	1,355
Foreign exchange (gain) loss		**(3,108)**	576	**(4,785)**	344
Net changes in non-cash working capital items					
Trade and other receivables		**(7,736)**	315	**(195)**	(1,340)
Inventories		**(1,408)**	(2,042)	**(654)**	(3,011)
Trade and other payables		**(1,994)**	1,268	**(1,638)**	(1,149)
Cash (used in) generated from operations		**(10,319)**	8,853	**(4,167)**	18,067
Adjustments to net loss for cash items					
Interest income received		**573**	523	**2,246**	1,260
Finance costs paid		**(3)**	(4)	**(198)**	(251)
Income taxes received		**90**	-	**57**	-
Net operating cash flows		**(9,659)**	9,372	**(2,062)**	19,076
Investing activities					
Net maturity of short-term investments		**14,752**	1,443	**13,257**	2,404
Purchase of other assets		**(175)**	(285)	**(5,170)**	(826)
Property, plant and equipment expenditures		**(27,765)**	(9,724)	**(61,281)**	(20,435)
Net investing cash flows		**(13,188)**	(8,566)	**(53,194)**	(18,857)
Financing activities					
Common shares issued for cash - exercise of stock options		**-**	15	**-**	397
Payment of finance leases		**-**	-	**(648)**	(628)
Net financing cash flows		**-**	15	**(648)**	(231)
Effect of exchange rate changes on cash and cash equivalents		**(3,876)**	617	**(2,506)**	481
(Decrease) increase in cash and cash equivalents		**(26,723)**	1,438	**(58,410)**	469
Cash and cash equivalents, beginning of period		**76,159**	6,280	**107,846**	7,249
Cash and cash equivalents, end of period		**$ 49,436**	$ 7,718	**$ 49,436**	$ 7,718

See accompanying notes to the unaudited condensed consolidated interim financial statements

1. Nature of operations

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

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

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

2. Basis of preparation

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

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

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

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Notes 4(v) and 4(w) of the Company’s audited consolidated financial statements for the year ended December 31, 2010.

3. Application of new and revised International Financial Reporting Standards

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

(a) Amendment to IAS 32 Financial Instruments: Presentation

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

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

(b) *Amendments to IFRS 3 Business Combinations*

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

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

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

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

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

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

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

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

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

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

Amendment of the definition for related parties.

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

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

4. Summary of significant accounting policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements as at December 31, 2010. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2010.

(a) *Accounting standards issued but not yet effective*

During the nine months ended September 30, 2011, five new standards were issued effective for annual periods beginning on or after January 1, 2013.

4. Summary of significant accounting policies (continued)

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

(i) IFRS 10 Consolidated Financial Statements

IFRS 10 outlines the principles for the presentation and preparation of consolidated financial statements.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(b) Accounting standards amended but not yet effective

During the nine months ended September 30, 2011, two standards were amended with the amendments effective for annual periods beginning on or after January 1, 2013.

(i) 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*.

(ii) 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*.

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

4. Summary of significant accounting policies (continued)

(b) Accounting standards amended but not yet effective

The Company has not early adopted these standards and is currently assessing the impact that these standards will have on the consolidated financial statements. IFRS 10, IFRS 11, IAS 27 and IAS 28 cannot be early adopted on a stand-alone basis and may only be early adopted as a group along with IFRS 12. Early adoption must be disclosed.

IFRS 12 disclosure is encouraged prior to adoption of the standard. This early disclosure does not require the entity to apply IFRS 10, IFRS 11, IAS 27 or IAS 28. IFRS 13 may be early adopted on a stand-alone basis so long as this fact is disclosed and the standard is applied prospectively as at the beginning of the annual reporting period in which the standard is initially applied.

5. Cash and cash equivalents

Cash and cash equivalents are comprised of:

	September 30, 2011	December 31, 2010
Cash in bank	**$ 47,290**	$ 102,654
Short-term money market instruments	**2,146**	5,192
	$ 49,436	$ 107,846

6. Trade and other receivables

Trade and other receivables are comprised of the following:

	September 30, 2011	December 31, 2010
Trade receivables	**$ 21,159**	$ 30,142
Current tax receivable	**965**	1,283
Other receivables	**9,354**	2,556
Allowance for doubtful debts for other receivables	**(324)**	(194)
	$ 31,154	$ 33,787

7. Inventories

	September 30, 2011	December 31, 2010
Consumables	**$ 5,338**	$ 6,607
Ore and concentrate	**732**	477
Chrome inventory	**1,729**	1,748
	$ 7,799	$ 8,832

Production costs for the three and nine months ended September 30, 2011 was $28,541 and $88,987 (September 30, 2010 - $26,953 and $79,511), respectively. Production costs represent the cost of inventories sold during the period. For the three months and nine months ended September 30, 2011 and 2010, production costs did not include any amounts with regards to the write-down of inventory to net realizable value or with regards to the reversal of write-downs.

At September 30, 2011 and December 31, 2010, no inventories have been pledged as security for liabilities.

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

8. Property, plant and equipment

	Tangible assets owned	Tangible assets leased	Intangible mineral properties being depleted	Intangible mineral properties not being depleted	Residential properties	Properties and land	TOTAL
Cost							
Balance as at December 31, 2009	**$ 426,223**	**$ 6,132**	**$ 136,100**	**$ 546,122**	**$ 10,071**	**$ 6,978**	**$ 1,131,626**
Assets acquired	32,444	-	-	261	286	-	32,991
Foreign exchange movement	56,520	768	17,040	58,901	1,275	874	135,378
Balance as at December 31, 2010	**$ 515,187**	**$ 6,900**	**$ 153,140**	**$ 605,284**	**$ 11,632**	**$ 7,852**	**$ 1,299,995**
Assets acquired	60,374	-	-	15	892	-	61,281
Transfer	(10,876)	-	862	(862)	10,876	-	-
Foreign exchange movement	(102,835)	(1,284)	(28,622)	(94,415)	(3,550)	(1,463)	(232,169)
Balance as at September 30, 2011	**$ 461,850**	**$ 5,616**	**$ 125,380**	**$ 510,022**	**$ 19,850**	**$ 6,389**	**$ 1,129,107**
Accumulated depreciation and impairment losses							
Balance as at December 31, 2009	**$ 126,944**	**$ 3,691**	**$ 20,765**	**$ 342,322**	**$ 2,296**	**$ 830**	**$ 496,848**
Depreciation	15,452	1,244	5,676	-	135	-	22,507
Foreign exchange movement	17,574	598	3,224	42,862	302	104	64,664
Balance as at December 31, 2010	**$ 159,970**	**$ 5,533**	**$ 29,665**	**$ 385,184**	**$ 2,733**	**$ 934**	**$ 584,019**
Depreciation	11,842	914	3,403	-	381	-	16,540
Transfer	-	-	862	(862)	-	-	-
Foreign exchange movement	(31,407)	(1,159)	(6,095)	(71,633)	(568)	(174)	(111,036)
Balance as at September 30, 2011	**$ 140,405**	**$ 5,288**	**$ 27,835**	**$ 312,689**	**$ 2,546**	**$ 760**	**$ 489,523**
Carrying amounts							
At December 31, 2009	$ 299,279	$ 2,441	$ 115,335	$ 203,800	$ 7,775	$ 6,148	$ 634,778
At December 31, 2010	$ 355,217	$ 1,367	$ 123,475	$ 220,100	$ 8,899	$ 6,918	$ 715,976
At September 30, 2011	**$ 321,445**	**$ 328**	**$ 97,545**	**$ 197,333**	**$ 17,304**	**$ 5,629**	**$ 639,584**

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

8. Property, plant and equipment

	Crocodile River Mine (a)	Kennedy's Vale Project and Concentrator (b)	Spitzkop PGM Project (c)	Mareesburg Project (c)	Other property plant and equipment	TOTAL
Cost						
Balance as at December 31, 2009	**$ 585,376**	**$ 400,017**	**$ 118,994**	**$ 27,111**	**$ 128**	**$ 1,131,626**
Assets acquired	32,728	-	47	214	2	32,991
Foreign exchange movement	76,470	50,082	7,316	1,503	7	135,378
Balance as at December 31, 2010	**$ 694,574**	**$ 450,099**	**$ 126,357**	**$ 28,828**	**$ 137**	**$ 1,299,995**
Assets acquired	42,532	18,722	10	15	2	61,281
Transfer	(55,783)	55,783	-	-	-	-
Foreign exchange movement	(128,474)	(92,985)	(9,141)	(1,563)	(6)	(232,169)
Balance as at September 30, 2011	**$ 552,849**	**$ 431,619**	**$ 117,226**	**$ 27,280**	**$ 133**	**$ 1,129,107**
Accumulated depreciation and impairment losses						
Balance as at December 31, 2009	**$ 154,417**	**$ 342,322**	**$ -**	**$ -**	**$ 109**	**$ 496,848**
Depreciation	22,500	-	-	-	7	22,507
Foreign exchange movement	21,796	42,861	-	1	6	64,664
Balance as at December 31, 2010	**$ 198,713**	**$ 385,183**	**$ -**	**$ 1**	**$ 122**	**$ 584,019**
Depreciation	15,880	660	-	-	-	16,540
Foreign exchange movement	(39,191)	(71,838)	-	(1)	(6)	(111,036)
Balance as at September 30, 2011	**$ 175,402**	**$ 314,005**	**$ -**	**$ -**	**$ 116**	**$ 489,523**
Carrying amounts						
At December 31, 2009	$ 430,959	$ 57,695	$ 118,994	$ 27,111	$ 19	$ 634,778
At December 31, 2010	$ 495,861	$ 64,916	$ 126,357	$ 28,827	$ 15	$ 715,976
At September 30, 2011	**$ 377,447**	**$ 117,614**	**$ 117,226**	**$ 27,280**	**$ 17**	**$ 639,584**

8. Property, plant and equipment (continued)

(a) Crocodile River Mine ("CRM")

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

(b) Kennedy's Vale Project ("KV") and Concentrator

The Company holds directly and indirectly 87.5% of KV, which is located on the eastern limb of the Bushveld Complex, near Steelpoort in the Province of Mpumalanga. It comprises PGM mineral rights on five farms in the Steelpoort Valley. The development of this project was on hold as at June 30, 2011. However, the design and construction of a concentrator located on the KV property is currently in progress and is expected to be completed by the end of 2012. The concentrator will initially be 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 a 75.5% interest in the Mareesburg Project. The Company currently acts as the operator of both the Mareesburg Platinum Project and Spitzkop PGM Project, both located on the eastern limb of the Bushveld Complex. Construction of the Mareesburg Project is currently in progress and is expected to be completed by the end of 2012. The Spitzkop PGM Project is planned to be developed after the Mareesburg Project goes into production.

(d) Depreciation

Depreciation of $66 and $660 is included in general and administrative expenses for the three and nine months ended September 30, 2011. This depreciation pertains to assets which are not currently being used for mining operations.

9. Refining Contract

During the year ended June 30, 2006, the Company acquired a 69% interest in Barplats and assigned a portion of the purchase price to the off-take contract governing the sales of Barplats' PGM concentrate production. The initial value of the contract was $17,939. During the year ended June 30, 2007, the Company acquired an additional 5% interest in Barplats resulting in an additional allocation to the contract of $4,802 for a total aggregate value of $22,741. During the year ended December 31, 2008, the Company acquired an additional 2.47% interest in Barplats. The acquisition did not affect the aggregate value of the contract. The value of the contract is amortized over the remaining term of the contract which is 7.75 years as at September 30, 2011.

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

9. Refining Contract (continued)

Cost		
Balance as at December 31, 2009	$	21,122
Foreign exchange movement		2,645
Balance as at December 31, 2010	$	23,767
Foreign exchange movement		(4,425)
Balance as at September 30, 2011	**$**	**19,342**
Accumulated amortization		
Balance as at December 31, 2009	$	6,953
Amortization		1,513
Foreign exchange movement		1,036
Balance as at December 31, 2010	$	9,502
Amortization		1,189
Foreign exchange movement		(1,933)
Balance as at September 30, 2011	**$**	**8,758**
Carrying amounts		
At December 31, 2009	$	14,169
At December 31, 2010	$	14,265
At September 30, 2011	**$**	**10,584**

10. Other assets

Other assets consists of a money market fund investment that is classified as available-for-sale and serves as security for a guarantee issued to the Department of Mineral Resources of South Africa in respect of the environmental rehabilitation liability (Note 13). Changes to other assets for the nine months ended September 30, 2011 are as follows:

Balance, December 31, 2009	$	2,282
Additional investment	$	955
Service fees		(8)
Interest income		185
Foreign exchange movement		409
Balance, December 31, 2010	$	3,823
Additional investment		5,170
Service fees		(6)
Interest income		237
Foreign exchange movement		(1,553)
Balance, September 30, 2011	**$**	**7,671**

11. Trade and other payables

		September 30, 2011		December 31, 2010
Trade payables	**$**	**8,338**	$	10,604
Accrued liabilities		**7,367**		10,240
Other		**5,092**		6,165
	$	**20,797**	$	27,009

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

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

12. Finance leases

Finance leases relate to mining vehicles with lease terms of 5 years payable half yearly in advance. The Company has the option to purchase the vehicles for a nominal amount at the conclusion of the lease agreements. The Company's obligations under finance leases are secured by the lessor's title to the leased assets. Interest is calculated at the South African prime rate plus 1%. The finance leases are repayable in full in December 2011. The fair value of the finance lease liabilities approximated carrying value.

(a) Minimum lease payments

	September 30, 2011	December 31, 2010
No later than 1 year	**$ 2,228**	$ 3,405
Less: future finance charges	**(33)**	(194)
Present value of minimum lease payments	**$ 2,195**	$ 3,211

	September 30, 2011	December 31, 2010
No later than 1 year	**$ 2,195**	$ 3,211

13. Provision for environmental rehabilitation

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

The provision for environmental rehabilitation at September 30, 2011 is approximately ZAR 62.5 million ($7,723). The provision was determined using an inflation rate of 5.49% (December 31, 2010 – 5.49%) and an estimated life of mine of 20 years for Zandfontein (December 31, 2010 – 20 years), 11 years for Maroelabult (December 31, 2010 – 11 years), 14 years for Crocette (December 31, 2010 – 14 years), 1 year for Kennedy's Vale (December 31, 2010 – 1 year) and 22 years for Spitzkop (December 31, 2010 – 22 years). A discount rate of 8.29% was used (December 31, 2010 – 8.29%). A guarantee of $7,671 (December 31, 2010 - $3,823) has been issued to the Department of Mineral Resources (Note 10). The guarantee will be utilized to cover expenses incurred to rehabilitate the mining area upon closure of the mine. The undiscounted value of this liability is approximately ZAR 215.4 million ($26,606).

Changes to the environmental rehabilitation provision are as follows:

Balance, December 31, 2009	$ 8,152
Revision in estimates	(961)
Interest expense (Note 17)	694
Foreign exchange movement	1,049
Balance, December 31, 2010	$ 8,934
Revision in estimates	-
Interest expense (Note 17)	525
Foreign exchange movement	(1,736)
Balance, September 30, 2011	**$ 7,723**

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

14. Commitments

The Company has committed to capital expenditures on projects of approximately ZAR 247 million ($30,459) as at September 30, 2011 (December 31, 2010 – ZAR 86 million, $13,056).

15. Issued capital

(a) *Authorized*

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

(b) *Issued and outstanding*

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

	September 30, 2011	December 31, 2010
	Number of shares	Number of shares
Balance outstanding, beginning of period	**907,589,567**	680,893,325
Public offering	**-**	224,250,000
Shares issued upon option exercise	**598,240**	2,446,242
Balance outstanding, end of period	**908,187,807**	907,589,567

(c) *December 30, 2010 Public Offering*

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

(d) *Share options*

The Company has an incentive plan (the "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 are reserved for issuance upon the exercise of options, of which 18,684,497 remain available for issuance at September 30, 2011.
- All outstanding options at June 9, 2011 granted under the Company's previous plan (the "2008 Plan") will 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)

15. 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 nine months ended September 30, 2011 and year ended December 31, 2010 were as follows:

	September 30, 2011		December 31, 2010	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		Cdn$		Cdn$
Balance outstanding, beginning of period	**57,976,836**	**1.52**	59,575,834	1.48
Options granted	**9,875,000**	**1.55**	2,231,000	1.30
Options exercised	**(741,333)**	**0.32**	(2,794,995)	0.33
Options forfeited	**(6,795,000)**	**1.69**	(1,035,003)	1.82
Balance outstanding, end of period	**60,315,503**	**1.53**	57,976,836	1.52

598,240 shares were issued upon the exercise of 741,333 share options during the nine months ended September 30, 2011. All 741,333 options exercised were non-cash exercises in accordance with the 2011 Plan's share appreciation rights. The weighted average closing share price at the date of exercise was Cdn$1.66.

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

15. Issued capital (continued)

(d) Share options (continued)

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

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

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

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

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

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

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

15. Issued capital (continued)

(d) Share options (continued)

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

The following table summarizes information concerning outstanding and exercisable options at September 30, 2011:

Options outstanding	Options exercisable	Exercise price	Remaining Contractual Life (Years)	Expiry date
		Cdn$		
250,000	250,000	1.70	0.16	November 27, 2011
19,987,500	19,987,500	1.82	0.44	March 7, 2012
13,782,001	13,782,001	0.32	2.22	December 18, 2013
400,000	400,000	0.52	2.75	June 30, 2014
95,002	45,000	0.76	3.09	November 3, 2014
2,226,000	2,226,000	1.30	3.31	January 18, 2015
9,875,000	9,875,000	1.55	4.49	March 25, 2016
13,070,000	13,070,000	2.31	6.02	October 5, 2017
460,000	460,000	3.38	6.40	February 20, 2018
170,000	170,000	3.38	6.49	March 27, 2018
60,315,503	60,265,501		2.91	

The weighted average exercise price of options exercisable at September 30, 2011 is Cdn$1.53.

(e) Key skills retention plan

In 2010, the Company’s South African subsidiary, Barplats Investments Limited (“BIL”), implemented a key skills retention plan for its senior employees in South Africa. The purpose of the plan is to retain key employees, attract new employees as the need arises and remain competitive with other South African mining companies. The plan operates through a trust (“the Trust”) which purchases shares of the Company on behalf of the employees. These shares then vest to the employees over time.

In February, 2011, the Trust purchased 198,563 shares pursuant to the plan which resulted in a share-based payment expense of $19 and $99 in the three and nine months ended September 30, 2011, respectively, and a share-based payment liability of $34 at September 30, 2011.

16. Non-controlling interest

The non-controlling interests are comprised of the following:

Balance, December 31, 2009	$	10,041
Non-controlling interests' share of loss in Barplats		(866)
Non-controlling interests' share of interest on advances to Gubevu		(2,709)
Foreign exchange movement		762
Balance, December 31, 2010	$	7,228
Non-controlling interests' share of loss in Barplats		(4,490)
Non-controlling interests' share of interest on advances to Gubevu		(2,064)
Foreign exchange movement		(285)
Balance, September 30, 2011	**$**	**389**

17. Finance costs

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	**2011**	2010
Interest on revenue advances	**$ 106**	$ 153	**$ 353**	$ 410
Interest on finance leases	**42**	66	**145**	215
Interest on provision for environmental rehabilitation	**171**	173	**525**	509
Interest on tax	**-**	-	**171**	209
Other interest	**3**	-	**3**	12
	$ 322	$ 392	**$ 1,197**	$ 1,355

18. Earnings per share

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

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	**2011**	2010
	(in thousands)		(in thousands)	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**908,188**	683,038	**908,129**	682,350
Shares deemed to be issued for no consideration in respect of options	**8,518**	10,371	**-**	11,404
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**916,706**	693,409	**908,129**	693,754

The earnings and loss, respectively, used to calculate basic and diluted earnings per share for the three and nine months ended September 30, 2011 was $1,364 and ($12,220) (September 30, 2010 – earnings of $4,039 and $8,311), respectively.

The following potential ordinary shares, outstanding at September 30, 2011, are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	**2011**	2010
	(in thousands)		(in thousands)	
Options	**46,039**	43,099	**46,039**	43,099

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

19. Retirement benefit plans

The Barplats Provident Fund is an independent, defined contribution plan administered by Liberty Life Limited in South Africa. The costs associated with the defined contribution plan included in net (loss) profit for the three and nine months were $925 and $3,035 (September 30, 2010 - $991 and $2,859), respectively. The total number of employees in the plan at September 30, 2011 was 1,444 (September 30, 2010 – 1,805).

20. Related party transactions

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

(a) Trading transactions

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

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

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 September 30, 2011**	Three months ended September 30, 2010	**Nine months ended September 30, 2011**	Nine months ended September 30, 2010
Consulting fees	(i)	**$ 47**	$ 53	**$ 131**	$ 118
General and administrative expenses		**90**	29	**145**	91
Management fees		**354**	280	**1,115**	900
		$ 491	$ 362	**$ 1,391**	$ 1,109

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

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at September 30, 2011 included $17 (December 31, 2010 - $1,089) which was due to private companies controlled by officers of the Company.

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

20. Related party transactions (continued)

(b) *Compensation of key management personnel*

The remuneration of directors and other members of key management personnel during the three and nine months ended September 30, 2011 and 2010 were as follows:

		Three months ended September 30,		Nine months ended September 30,	
	Note	**2011**	2010	**2011**	2010
Salaries and directors' fees	(i)	**$ 676**	$ 583	**$ 2,028**	$ 1,699
Share-based payments	(ii)	**-**	-	**7,996**	1,627
		$ 676	$ 583	**$ 10,024**	$ 3,326

(i) Salaries and directors' fees include consulting and management fees disclosed in Note 20(a).

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

(iii) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three and nine months ended September 30, 2011 and 2010.

21. Segmented information

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

(b) Geographic segments - The Company's revenues and expenses by geographic areas for the three and nine months ended September 30, 2011 and 2010 and assets by geographic areas as at September 30, 2011 and December 31, 2010 are as follows:

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

21. Segmented Information (continued)

(b) Geographic segments (continued)

	Three months ended September 30, 2011								
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Current assets	$ 33,318	$ 4,962	$ 1,547	$ 68	$ 737	$ 40,632	$ 1,503	$ 263,982	$ 306,117
Property, plant and equipment	377,447	117,614	117,226	27,280	-	639,567	-	17	639,584
Refining contract	10,584	-	-	-	-	10,584	-	-	10,584
Other Assets	7,671	-	-	-	-	7,671	-	-	7,671
	$ 429,020	$ 122,576	$ 118,773	$ 27,348	$ 737	$ 698,454	$ 1,503	$ 263,999	$ 963,956
Property, plant and equipment expenditures	$ 18,204	$ 9,551	$ 10	$ -	$ -	$ 27,765	$ -	$ -	$ 27,765
Revenue	$ 31,453	$ -	$ -	$ -	$ -	$ 31,453	$ -	$ -	$ 31,453
Production costs	(28,541)	-	-	-	-	(28,541)	-	-	(28,541)
Depletion and depreciation	(5,502)	-	-	-	-	(5,502)	-	-	(5,502)
General and administrative expenses	(1,162)	(163)	(50)	(6)	(1)	(1,382)	(38)	(1,126)	(2,546)
Share-based payment	(3)	-	-	-	-	(3)	-	(19)	(22)
Interest income	340	22	8	-	-	370	-	1,006	1,376
Finance costs	(280)	(42)	-	-	-	(322)	-	-	(322)
Foreign exchange gain (loss)	1,041	(1)	-	-	-	1,040	-	2,068	3,108
(Loss) profit before income taxes	(2,654)	(184)	(42)	(6)	(1)	(2,887)	(38)	1,929	(996)
Deferred income tax recovery	447	-	-	-	-	447	-	-	447
Net (loss) profit	$ (2,207)	$ (184)	$ (42)	$ (6)	$ (1)	$ (2,440)	$ (38)	$ 1,929	$ (549)

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

21. Segmented Information (continued)

(b) Geographic segments (continued)

	Three months ended September 30, 2010							
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Canada	TOTAL
Property, plant and equipment expenditures	$ 9,681	$ -	$ 30	$ 13	$ -	$ 9,724	$ -	$ 9,724
Revenue	$ 38,073	$ -	$ -	$ -	$ -	$ 38,073	$ -	$ 38,073
Production costs	(26,953)	-	-	-	-	(26,953)	-	(26,953)
Depreciation and amortization	(5,782)	-	-	-	-	(5,782)	-	(5,782)
General and administrative expenses	(909)	(274)	(5)	(3)	(3)	(1,194)	(992)	(2,186)
Share-based payment	(16)	-	-	-	-	(16)	-	(16)
Interest income	423	-	-	2	-	425	34	459
Finance costs	(194)	(191)	(7)	-	-	(392)	-	(392)
Foreign exchange gain (loss)	21	-	-	-	-	21	(597)	(576)
Profit (loss) before income taxes	4,663	(465)	(12)	(1)	(3)	4,182	(1,555)	2,627
Deferred income tax recovery	561	-	-	-	-	561	-	561
Net profit (loss)	$ 5,224	$ (465)	$ (12)	$ (1)	$ (3)	$ 4,743	$ (1,555)	$ 3,188

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

21. Segmented Information (continued)

(b) Geographic segments (continued)

Nine months ended September 30, 2011	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Property, plant and equipment expenditures	$ 42,532	$ 18,722	$ 10	$ 15	$ -	$ 61,279	$ -	$ 2	$ 61,281
Revenue	$ 94,031	$ -	$ -	$ -	$ -	$ 94,031	$ -	$ -	$ 94,031
Production costs	(88,987)	-	-	-	-	(88,987)	-	-	(88,987)
Depletion and depreciation	(15,880)	-	-	-	-	(15,880)	-	-	(15,880)
General and administrative expenses	(3,703)	(1,110)	121	(42)	(3)	(4,737)	(76)	(3,760)	(8,573)
Share-based payment	(296)	-	-	-	-	(296)	-	(7,995)	(8,291)
Interest income	1,069	40	8	-	-	1,117	-	3,181	4,298
Finance costs	(908)	(289)	-	-	-	(1,197)	-	-	(1,197)
Foreign exchange gain (loss)	1,829	(1)	-	-	-	1,828	-	2,957	4,785
(Loss) profit before income taxes	(12,845)	(1,360)	129	(42)	(3)	(14,121)	(76)	(5,617)	(19,814)
Deferred income tax recovery	1,040	-	-	-	-	1,040	-	-	1,040
Net (loss) profit	$ (11,805)	$ (1,360)	$ 129	$ (42)	$ (3)	$ (13,081)	$ (76)	$ (5,617)	$ (18,774)

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

21. Segmented Information (continued)

(b) Geographic segments (continued)

Nine months ended September 30, 2010	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Canada	TOTAL
Property, plant and equipment expenditures	$ 20,318	$ -	$ 38	$ 90	$ -	$ 20,446	$ -	$ 20,446
Revenue	$ 109,384	$ -	$ -	$ -	$ -	$ 109,384	$ -	$ 109,384
Production costs	(79,511)	-	-	-	-	(79,511)	-	(79,511)
Depreciation and amortization	(16,625)	-	-	-	-	(16,625)	-	(16,625)
General and administrative expenses	(3,276)	(1,081)	(12)	(5)	(6)	(4,380)	(3,039)	(7,419)
Share-based payment	(63)	-	-	-	-	(63)	(1,705)	(1,768)
Interest income	1,147	-	-	6	-	1,153	99	1,252
Finance costs	(778)	(557)	(20)	-	-	(1,355)	-	(1,355)
Foreign exchange gain (loss)	12	-	-	-	-	12	(356)	(344)
Profit (loss) before income taxes	10,290	(1,638)	(32)	1	(6)	8,615	(5,001)	3,614
Deferred income tax recovery	1,657	-	-	-	-	1,657	-	1,657
Net profit (loss)	$ 11,947	$ (1,638)	$ (32)	$ 1	$ (6)	$ 10,272	$ (5,001)	$ 5,271

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

For the three and nine months ended September 30, 2011 and 2010, substantially all of the Company's PGM production was sold to one customer.

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. The Company believes the proposed action has no merit and intends to continue to vigorously defend the action.

23. Events after the reporting period

There were no events that required adjustment to, or disclosure in, the financial statements after the reporting period from October 1, 2011 to November 9, 2011.

EASTERN PLATINUM LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

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 September 30, 2011 and for the three and nine months then ended in comparison to the same period in 2010.

This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2011 and supporting notes. These unaudited condensed consolidated interim financial statements have been prepared using accounting policies consistent with IFRS and in accordance with International Accounting Standard 34 – Interim Financial Reporting("IAS 34").

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

All monetary amounts are in U.S. dollars unless otherwise specified. The effective date of this MD&A is November 9, 2011. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Contents of the MD&A

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1. Overview

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

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

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2. Summary of results

2.1 Summary of results for the quarter ended September 30, 2011

- Eastplats recorded earnings attributable to equity shareholders of the Company of $1,364,000 ($0.00 per share) in the quarter ended September 30, 2011 ("Q3 2011") compared to earnings of $4,039,000 ($0.01 per share) in the quarter ended September 30, 2010 ("Q3 2010").

- EBITDA decreased to $2,912,000 in Q3 2011 compared to $11,120,000 in Q3 2010.

- PGM ounces sold decreased 29% to 26,955 ounces in Q3 2011 compared to 37,798 PGM ounces in Q3 2010.

- The U.S. dollar average delivered price per PGM ounce increased 14% to $1,088 in Q3 2011 compared to $953 in Q3 2010.

- The Rand average delivered price per PGM ounce increased 12% to R7,768 in Q3 2011 compared to R6,966 in Q3 2010.

- Total Rand operating cash costs increased 3% to R204 million in Q3 2011 compared to R197 million in Q3 2010.

- Rand operating cash costs net of by-product credits increased 34% to R6,097 per ounce in Q3 2011 compared to R4,566 per ounce in Q3 2010. Rand operating cash costs increased 45% to R7,561 per ounce in Q3 2011 compared to R5,212 per ounce in Q3 2010.

- U.S. dollar operating cash costs net of by-product credits increased 37% to $854 per ounce in Q3 2011 compared to $625 per ounce achieved in Q3 2010. U.S. dollar operating cash costs increased 49% to $1,059 per ounce in Q3 2011 compared to $713 per ounce in Q3 2010.

- Head grade increased to 4.1 grams per tonne in Q3 2011 from 4.0 grams per tonne in Q3 2010.

- Average concentrator recovery decreased to 78% in Q3 2011 compared to 81% in Q3 2010.

- Development meters increased by 21% to 3,976 meters and on-reef development increased by 25% to 2,248 meters compared to Q3 2010.

- Stoping units decreased 20% to 40,594 square meters in Q3 2011 compared to 50,892 square meters in Q3 2010.

- Run-of-mine ore hoisted decreased by 27% to 265,889 tonnes in Q3 2011 compared to 362,042 tonnes in Q3 2010.

- Run-of-mine ore processed decreased by 27% to 261,280 tonnes in Q3 2011 compared to 357,219 tonnes in Q3 2010.

- The Company's Lost Time Injury Frequency Rate (LTIFR) improved to 1.66 in Q3 2011 compared to 4.66 in Q3 2010.

- At September 30 2011, the Company had a cash position (including cash, cash equivalents and short term investments) of $267,164,000 (December 31, 2010 – $350,292,000).

2.2 Summary of results for the nine months ended September 30, 2011

- Eastplats recorded a net loss attributable to equity shareholders of the Company of $12,220,000 ($0.01 loss per share) in the nine months ended September 30, 2011 ("9M 2011") compared to earnings of $8,311,000 ($0.01 per share) in the nine months ended September 30, 2010 ("9M 2010").

- EBITDA decreased 83% to $5,044,000 in 9M 2011 compared to $29,873,000 in 9M 2010.

- PGM ounces sold decreased 27% to 72,870 ounces in 9M 2011 compared to 99,149 PGM ounces in 9M 2010.

- The U.S. dollar average delivered price per PGM ounce increased 14% to $1,112 in 9M 2011 compared to $974 in 9M 2010.

- The Rand average delivered price per PGM ounce increased 7% to R7,777 in 9M 2011 compared to R7,249 in 9M 2010.

- Total Rand operating cash costs increased 4% to R620 million in 9M 2011 compared to R594 million in 9M 2010.

- Rand operating cash costs net of by-product credits increased 37% to R6,691 per ounce in 9M 2011 compared to R4,896 per ounce in 9M 2010. Rand operating cash costs increased 42% to R8,513 per ounce in 9M 2011 compared to R5,995 per ounce in 9M 2010.

- U.S. dollar operating cash costs net of by-product credits increased 46% to $959 per ounce in 9M 2011 compared to $658 per ounce achieved in 9M 2010. U.S. dollar operating cash costs increased 52% to $1,221 per ounce in 9M 2011 compared to $805 per ounce in 9M 2010.

- Head grade decreased to 4.0 grams per tonne in 9M 2011 from 4.1 grams per tonne in 9M 2010.

- Average concentrator recovery decreased to 78% in 9M 2011 compared to 80% in 9M 2010.

- Development meters increased by 26% to 11,757 meters and on-reef development increased by 28% to 6,772 meters compared to 9M 2010.

- Stoping units decreased 24% to 117,096 square meters in 9M 2011 compared to 153,225 square meters in 9M 2010.

- Run-of-mine ore hoisted decreased by 26% to 716,424 tonnes in 9M 2011 compared to 963,537 tonnes in 9M 2010.

- Run-of-mine ore processed decreased by 24% to 708,766 tonnes in 9M 2011 compared to 938,101 tonnes in 9M 2010.

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

Table 1

Selected quarterly data	2011			2010				2009
	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	March 31	Dec 31
Revenues	$ 31,453	$ 26,876	$ 35,702	$ 45,616	$ 38,073	$ 36,612	$ 34,699	$ 34,259
Cost of operations	(34,043)	(36,415)	(34,409)	(36,272)	(32,735)	(32,383)	(31,018)	(29,294)
Mine operating (loss) earnings	(2,590)	(9,539)	1,293	9,344	5,338	4,229	3,681	4,965
Expenses (G&A and share-based payment)	(2,568)	(2,978)	(11,318)	(4,382)	(2,202)	(2,050)	(4,935)	(3,523)
Operating (loss) profit	(5,158)	(12,517)	(10,025)	4,962	3,136	2,179	(1,254)	1,442
Net (loss) profit attributable to equity shareholders of the Company	$ 1,364	$ (7,951)	$ (5,633)	$ 5,041	$ 4,039	$ 3,448	$ 824	$ 330
(Loss) earnings per share - basic	$ 0.00	$ (0.01)	$ (0.01)	$ 0.01	$ 0.01	$ 0.01	$ 0.00	$ 0.00
(Loss) earnings per share - diluted	$ 0.00	$ (0.01)	$ (0.01)	$ 0.01	$ 0.01	$ 0.00	$ 0.00	$ 0.00
Average foreign exchange rates								
South African Rand per US dollar	7.14	6.79	7.01	6.91	7.31	7.53	7.51	7.50
US dollar per Canadian dollar	1.0204	1.0335	1.0141	0.9870	0.9621	0.9727	0.9608	0.9459
Period end foreign exchange rates								
South African Rand per US dollar	8.09	6.76	6.75	6.59	7.00	7.66	7.33	7.41
US dollar per Canadian dollar	0.9540	1.0368	1.0314	1.0054	0.9718	0.9393	0.9844	0.9515

3. Results of Operations for the three and nine months ended September 30, 2011

The following table sets forth selected consolidated financial information for the three and nine months ended September 30, 2011 and 2010:

Table 2

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

	Three months ended September 30, 2011	Three months ended September 30, 2010	**Nine months ended September 30, 2011**	Nine months ended September 30, 2010
Revenue	**$ 31,453**	$ 38,073	**$ 94,031**	$ 109,384
Cost of operations				
Production costs	**28,541**	26,953	**88,987**	79,511
Depletion and depreciation	**5,502**	5,782	**15,880**	16,625
Mine operating (loss) earnings	**(2,590)**	5,338	**(10,836)**	13,248
Expenses				
General and administrative	**2,546**	2,186	**8,573**	7,419
Share-based payments	**22**	16	**8,291**	1,768
Operating (loss) profit	**(5,158)**	3,136	**(27,700)**	4,061
Other income (expense)				
Interest income	**1,376**	459	**4,298**	1,252
Finance costs	**(322)**	(392)	**(1,197)**	(1,355)
Foreign exchange gain (loss)	**3,108**	(576)	**4,785**	(344)
(Loss) profit before income taxes	**(996)**	2,627	**(19,814)**	3,614
Deferred income tax recovery	**447**	561	**1,040**	1,657
Net (loss) profit for the period	**$ (549)**	$ 3,188	**$ (18,774)**	$ 5,271
Attributable to				
Non-controlling interest	**$ (1,913)**	$ (851)	**$ (6,554)**	$ (3,040)
Equity shareholders of the Company	**1,364**	4,039	**(12,220)**	8,311
Net (loss) profit for the period	**$ (549)**	$ 3,188	**$ (18,774)**	$ 5,271
Earnings (loss) per share				
Basic	**$ 0.00**	$ 0.01	**$ (0.01)**	$ 0.01
Diluted	**$ 0.00**	$ 0.01	**$ (0.01)**	$ 0.01
Weighted average number of common share outstanding				
Basic	**908,188**	683,038	**908,129**	682,350
Diluted	**916,706**	693,409	**908,129**	693,754

Condensed consolidated statements of financial position	**September 30, 2011**	December 31, 2010
Total assets	**$ 963,956**	$ 1,126,975
Total long-term liabilities	**$ 44,627**	$ 55,576

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

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

Table 3

Crocodile River Mine operations	Three months ended							
	2011			2010				2009
	September 30	June 30	March 31	December 31	September 30	June 30	March 31	December 31
Key financial statistics								
(dollar amounts stated in U.S. dollars)								
Sales - PGM ounces	26,955	20,528	25,387	32,752	37,798	30,820	30,531	34,000
Average delivered price per ounce (2)	$1,088	$1,113	$1,136	$1,058	$953	$1,015	$959	$860
Average basket price	$1,290	$1,319	$1,344	$1,250	$1,128	$1,200	$1,130	$1,008
Rand average delivered price per ounce	R 7,768	R 7,557	R 7,963	R 7,311	R 6,966	R 7,643	R 7,202	R 6,450
Rand average basket price	R 9,211	R 8,956	R 9,421	R 8,638	R 8,246	R 9,036	R 8,486	R 7,560
Cash costs per ounce of PGM (1)	$1,059	$1,515	$1,154	$928	$713	$882	$841	$706
Cash costs per ounce of PGM, net of chrome by-product credits (1)	$854	$1,196	$880	$653	$625	$646	$711	$621
Rand cash costs per ounce of PGM (1)	R 7,561	R 10,287	R 8,090	R 6,412	R 5,212	R 6,639	R 6,315	R 5,296
Rand cash costs per ounce of PGM, net of chrome by-product credits (1)	R 6,097	R 8,119	R 6,167	R 4,509	R 4,566	R 4,866	R 5,336	R 4,661
Key production statistics								
Run-of-mine ("ROM") ore tonnes processed	261,280	201,986	245,500	327,872	357,219	290,028	290,854	321,983
Development meters	3,976	3,562	4,219	3,501	3,299	3,202	2,812	3,254
On-reef development meters	2,248	2,090	2,434	1,925	1,797	1,573	1,931	2,135
Stoping units (square meters)	40,594	31,828	44,674	53,044	50,892	50,573	51,760	55,153
Concentrator recovery from ROM ore	78%	76%	79%	78%	81%	80%	78%	79%
Chrome sold (tonnes)	64,608	60,661	63,578	89,123	50,148	76,677	75,846	66,694
Metal in concentrate sold (ounces)								
Platinum (Pt)	13,656	10,363	12,790	16,526	19,195	15,433	15,405	17,012
Palladium (Pd)	5,844	4,485	5,494	7,055	8,129	6,769	6,562	7,444
Rhodium (Rh)	2,294	1,740	2,162	2,786	3,216	2,661	2,607	2,923
Gold (Au)	98	74	97	117	131	108	105	121
Iridium (Ir)	967	728	919	1,183	1,323	1,077	1,106	1,240
Ruthenium (Ru)	4,096	3,138	3,925	5,085	5,804	4,772	4,746	5,260
Total PGM ounces	26,955	20,528	25,387	32,752	37,798	30,820	30,531	34,000

(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.

<u>Quarter ended September 30, 2011 compared to the quarter ended September 30, 2010</u>

In Q3 2011, CRM recorded a Lost Time Injury Frequency Rate ("LTIFR") of 1.66 compared to 4.66 in Q3 2010. There were three lost time injuries in Q3 2011 compared to nine lost time injuries in Q3 2010.

The Company generated revenue of $31,453,000 in Q3 2011 of which $25,924,000 is PGM revenue and $5,529,000 is chrome revenue. PGM revenues represent the amounts recorded when PGM concentrates are physically delivered to the buyer, which are provisionally priced on the date of delivery. The Company settles its PGM sales three to five months following the physical delivery of the concentrates and adjustments are made when the prices for the metal sold to the market are established.

The Company recorded an average delivered basket price of $1,088 per PGM ounce in Q3 2011, compared to $953 in Q3 2010 and $1,113 in the second quarter of 2011 ("Q2 2011"). The delivered price per ounce refers to the PGM prices in effect at the time the PGM concentrates are delivered to the smelter. As a result of fluctuations in PGM prices, the Company recorded negative provisional price adjustments of $1,772,000 in the three months ended September 30, 2011, compared to positive price adjustments of $239,000 in the three months ended September 30, 2010.

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

Table 4

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

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Revenue before provisional price adjustments	$ 33,225	$ 37,834	$ 95,773	$ 107,071
Provisional price adjusments				
Adjustments to revenue upon settlement of prior periods' sales	(291)	(192)	(262)	1,882
Mark-to-market adjustment on sales not yet settled at end of period	(1,481)	431	(1,481)	431
Revenue as reported in the income statement	$ 31,453	$ 38,073	$ 94,031	$ 109,384

Third quarter production was negatively impacted due to slower than anticipated production build-up at the Maroelabult section as new JIC crews were integrated into the section subsequent to the suspension of 155 production workers following the illegal underground sit-in in May. PGM ounces sold decreased by 29% in Q3 2011 compared to Q3 2010 due to lower run-of-mine ore tonnes processed (261,280 tonnes in Q3 2011 compared to 357,219 tonnes in Q3 2010) and lower concentrator recovery (78% in Q3 2011 compared to 81% in Q3 2010), which were offset by an increase in grade (4.1 grams per tonne in Q3 2011 compared to 4.0 grams per tonne in Q3 2010).

Operating cash costs, a non-IFRS measure, are incurred in Rand. Total Rand operating cash costs increased by 3% compared to Q3 2010, but Rand operating cash costs per ounce increased by 45% from R5,212 per ounce in Q3 2010 to R7,561 per ounce in Q3 2011 primarily due to a 29% decrease in ounces sold.

Operating cash costs stated in U.S. dollars increased by 49% from $713 per ounce in Q3 2010 to $1,059 per ounce in Q3 2011 primarily due to a 29% decrease in ounces sold and a 3% increase in total Rand operating cash costs combined with a 2% appreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R7.14:$1.00 in Q3 2011 compared to R7.31:$1.00 in Q3 2010.

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

Chrome revenues and effect on cash costs per ounce

The Company recorded revenue for 64,608 tonnes of chrome in Q3 2011 (50,148 tonnes in Q3 2010). Net chrome revenue recognized was $86 per tonne ($67 per tonne in Q3 2010) for a total of $5,529,000 ($3,341,000 in Q3 2010). The 28% increase in chrome revenue recognized per tonne compared to Q3 2010 was mainly due to a one-time adjustment to chrome revenues recorded in Q3 2010 that resulted from a change to the timing of chrome revenue recognition.

Q3 2011 chrome revenues of $5,529,000 reduced operating cash costs from $1,059 to $854 per ounce net of by-product credits and from R7,561 to R6,097 per ounce net of by-product credits.

Quarter ended September 30, 2011 compared to the quarter ended June 30, 2011

Revenues increased by 17% compared to Q2 2011 as a result of a 31% increase in the ounces produced in the quarter, which was offset by a 2% decrease in the average delivered price per ounce, a 16% ($1,025,000) decrease in chrome revenues and a 42% ($527,000) increase in negative price adjustments. The increase in ounces produced was due to a 29% increase in run-of-mine ore processed (201,986 tonnes in Q2 2011 compared to 261,280 tonnes in Q3 2011) combined with an increase in concentrator recovery from 76% in Q2 2011 to 78% in Q3 2011, and an increase in head grade from 3.9 grams per tonne in Q2 2011 to 4.1 grams per tonne in Q3 2011. The increase in ounces produced and concentrator recovery are the result of operations at the Zandfontein section steadily returning to levels achieved in late 2010 subsequent to the negative impact of the labour issues related to the illegal underground sit-in and unprotected strike in early May.

Rand operating cash costs decreased by 27% from R10,287 per ounce in Q2 2011 to R7,561 per ounce in Q3 2011 primarily as a result of a 31% increase in ounces produced which was offset by a 3% decrease in total Rand operating cash costs. Operating cash costs stated in U.S. dollars decreased by 30% from $1,515 per ounce in Q2 2011 to $1,059 per ounce in Q3 2011 also due to the 31% increase in ounces produced, a 3% decrease in total Rand operating cash costs and a 5% depreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R7.14:$1.00 in Q3 2011 compared to R6.79:$1.00 in Q2 2011.

Nine months ended September 30, 2011 compared to the nine months ended September 30, 2010

In 9M 2011, the Company sold 72,870 PGM ounces, a decrease of 27% compared to 9M 2010, primarily as a result of a 24% decrease in run-of-mine ore processed in 2011 (938,101 tonnes in 9M 2010 compared to 708,766 tonnes in 9M 2011), combined with a decrease in the recovery rate (80% in 9M 2010 compared to 78% in 9M 2011) and a decrease in head grade (4.1 grams per tonne in 9M 2010 compared to 4.0 grams per tonne in 9M 2011).

The average delivered basket price per ounce increased from $974 in 9M 2010 to $1,112 in 9M 2011.

Operating cash costs increased 52% from $805 per ounce in 9M 2010 to $1,221 per ounce in 9M 2011 due to a 27% decrease in ounces produced and a 4% increase in total Rand operating cash costs combined with a 6% appreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R6.98:$1.00 in 9M 2011 compared to R7.45:$1.00 in 9M 2010.

Total Rand operating cash costs increased 4% between 9M 2010 and 9M 2011 mainly due to a 26.95% increase in power and electricity costs effective April 1, 2011, an increase in repairs and maintenance due to damages caused during the interruption in May 2011 that led to a higher number of vehicle repairs in 2011 than in 2010, and an increase in support costs as a result of changes to the support pattern. Additional grout packs are being installed to support the ground conditions. Power and electricity costs now comprise approximately 8% of the mine's total operating costs.

3.2 CRM non-IFRS measures

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

Table 5

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

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Mine operating (loss) earnings	$ (2,590)	$ 5,338	$ (10,836)	$ 13,248
Depletion and depreciation	5,502	$ 5,782	15,880	16,625
EBITDA (1)	2,912	11,120	5,044	29,873
Production costs as reported	28,541	26,953	88,987	79,511
Adjustments for miscellaneous costs (2)	4	(3)	(45)	286
Cash operating costs	28,545	26,950	88,942	79,797
Less by-product credits - chrome revenues and adjustments	(5,529)	(3,341)	(19,046)	(14,578)
Cash operating costs net of by-product credits	23,016	23,609	69,896	65,219
Ounces sold	26,955	37,798	72,870	99,149
Cash cost per ounce sold	$ 1,059	$ 713	$ 1,221	$ 805
Cash cost per ounce sold net of by-product credits	$ 854	$ 625	$ 959	$ 658

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

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

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

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

3.3 Development projects

3.3.1 CRM

During the nine months ended September 30, 2011, the Company spent approximately $42,532,000 at CRM on underground mine development, underground electrical upgrades, and ongoing underground works at the Zandfontein vertical shaft, including the development of a decline for a conveyor and chairlift system that will move ore and workers to and from the new stopes being developed below 4-level as well as workshops and refuelling systems underground to improve equipment availability.

Mine development at the shallow Crocette ore body continued in the second quarter. The Company expects Crocette to reach full production by the first quarter of 2013, at which time Crocette will begin ramping up to 40,000 tonnes of ore per month. Combined with the mining at Zandfontein and Maroelabult, this will enable CRM to achieve its production target of approximately 160,000 tonnes of ore per month with an estimated head grade of 4.1 g/t (5PGE+Au). Construction power for the project is being provided by Eskom, the South African public utility company and the Company is in discussions with Eskom for the supply of permanent power.

3.3.2 Eastern Limb projects

Development of Mareesburg/Kennedy's Vale open-pit and concentrator project, which was reinitiated in Q4 2010, continued to advance in 2011. During the nine months ended September 30, 2011, expenditures of $18,722,000 at this project consisted of site capture, installation of temporary works, mass earthworks and the development of tender documentation for installation of concrete, steel, mechanical equipment and piping for the 90,000 tonne-per-month (tpm) concentrator. Engineering and construction planning for the open-pit mine at Mareesburg is well advanced and tenders for contract mining will be released in early 2012. There are approximately 200 people working on site, with the workforce growing on a daily basis. A similar sized crew is working on housing development for the operating staff.

Under the current development plan, a 90,000 tpm concentrator would be located on the Kennedy's Vale site and the planned rapid production build-up of ore from the Mareesburg open pit will allow the concentrator to start to ramp up quickly to full capacity immediately upon commissioning. To accommodate future capacity increases, the plant at Kennedy's Vale includes the civil and other surface infrastructure work required for an additional 90,000 tpm processing stream and appropriate tailings facility infrastructure to process up to 180,000 tonnes per month of ore.

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

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

3.4 Corporate and other expenses

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

G&A increased by 16% from $2,186,000 in Q3 2010 to $2,546,000 in Q3 2011 mainly due to a $114,000 increase in G&A at the Company's South African subsidiaries combined with the appreciation of the South African Rand relative to the U.S. dollar. South African G&A expenses increased due to legal fees incurred in connection with the resolution of the strike action at CRM in May. The average U.S. dollar-Rand exchange rate was R7.14:$1.00 in Q3 2011 compared to R7.31:$1.00 in Q3 2010.

G&A decreased 13% from $2,932,000 in Q2 2011 to $2,546,000 in Q3 2011 mainly due to $228,000 decrease in G&A at the Company's head office that resulted from a decrease in accounting and legal, shareholder communication and travel related costs.

G&A increased 16% from $7,419,000 in 9M 2010 to $8,573,000 in 9M 2011 primarily due to a $562,000 increase in G&A at the Company's head office as increases in annual fees were paid to certain officers and directors, combined with the appreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R6.98:$1.00 in 9M 2011 compared to R7.45:$1.00 in 9M 2010.

Interest income recorded during the three and nine months ended September 30, 2011 was $1,376,000 and $4,298,000 compared with $459,000 and $1,252,000 during the same periods in 2010. The increase in interest income was mainly due to an increase in cash balances at head office as a result of the Company's December 30, 2010 equity financing. Further details on the equity financing have been included within Section 4.

During the three and nine months ended September 30, 2011, the Company recorded a deferred income tax recovery of $447,000 and a net deferred tax recovery of $1,040,000, which consists of current tax expense of $377,000 and a deferred income tax recovery of $1,417,000. The current tax expense was the result of income earned for non-mining activities. The Company's mining loss carry-forwards could not be applied against this income as the income was non-mining based. The deferred income tax recovery was based on changes in the Company's net assets. The consolidated statement of financial position reflects total deferred tax liabilities of $36,904,000 which arose primarily as a result of the step-up to fair value of the net assets acquired on the Barplats and Gubevu business acquisitions during the years ended June 30, 2006, June 30, 2007, and December 31, 2008.

4. Liquidity and Capital Resources

At September 30, 2011, the Company had working capital of $283,125,000 (December 31, 2010 – $362,691,000) and cash and cash equivalents and short-term investments of $267,164,000 (December 31, 2010 – $350,292,000) in highly liquid, fully guaranteed, bank sponsored instruments.

The Company's strong working capital and cash position was achieved through the completion of an equity financing on December 30, 2010. The Company raised Cdn$348 million through a public offering which consisted of 224,250,000 common shares, of which 195,361,476 common shares were issued at a price of Cdn$1.55 and 28,888,524 common shares were issued at a price of £0.9568. In the nine months ended September 30, 2011, the Company spent over $42 million in development costs at CRM and over $18 million in the construction of Mareesburg/Kennedy's Vale open-pit and concentrator. The Company's working capital and cash position are affected by fluctuations in the exchange rates between the Rand and the U.S. dollar.

The Company had no long-term debt at September 30, 2011, other than a provision for environmental rehabilitation relating to CRM, Kennedy's Vale and Spitzkop.

In January 2011, the Company received formal letters of commitment to underwrite a $100 million corporate debt facility through certain of its South African subsidiaries. The mandated lead arrangers are UniCredit Bank AG, London Branch and The Standard Bank of South Africa Limited. The Company expects to formalize the facility agreement before the end of the year.

4.1 Outlook

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

The recovery of PGM prices in 2009 and 2010 allowed the Company to resume mine development at the Crocette section at CRM in April 2010 and commence planning for Phase 1 of the development of its Eastern Limb projects in late 2010. Phase 1 includes the development of an open-pit mine at Mareesburg and the construction of a 90,000 tpm concentrator located on the Kennedy's Vale site. Concurrently with the planning for Crocette and for Phase 1, the Company sought to raise financing to fund these development projects.

Upon the closing of the debt facility discussed above, the Company believes that it will have sufficient funds in the form of cash, short-term investments and undrawn credit facilities available to complete the development of the Mareesburg/Kennedy's Vale open-pit and concentrator project, for the Crocette development, and for general corporate purposes.

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

4.2 Impairment

At September 30, 2011, the Company assessed the carrying values of its mineral properties as a result of the sharp and sudden decrease in PGM prices in late September. This also contributed to the decrease in the Company's share price, resulting in the Company's market capitalization falling below its book value as at September 30, 2011. Based on current and expected PGM prices and cost structures, management has concluded that the values of the Company's mineral properties have not been impaired at this time. However, should current market conditions and commodity prices deteriorate or improve in the future, an impairment or reversal of impairment of the Company's mineral properties may be required.

4.3 Share Capital

During the three months ended September 30, 2011, the Company did not grant any stock options. Total share-based payment expense with regards to stock options for the quarter was $3,000, which takes into account the vesting of options and the reversal of share-based payment expense previously recognized for unvested options that were forfeited in the period. During Q3 2011, no options were forfeited or exercised.

During the nine months ended September 30, 2011, the Company granted 9,875,000 stock options at an exercise price of Cdn$1.55. Total share-based payment expense with regards to stock options for the nine months was $8,193,000, which takes into account the vesting of options and the reversal of share-based payment expense previously recognized for unvested options that were forfeited in the period. During 9M 2011, 6,795,000 options were forfeited at a weighted averaged exercise price of Cdn$1.69 and 741,333 options were exercised at a weighted average exercise price of Cdn$0.32.

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 ("the Trust") which purchases shares of the Company on behalf of the employees. These shares then vest to the employees over time. In February 2011, the Trust purchased 198,563 shares pursuant to the plan which resulted in a share-based payment expense of $19,000 and $99,000 in the three and nine months ended September 30, 2011, respectively, and a share-based payment liability of $34,000.

As at November 9, 2011, the Company had:

- 908,187,807 common shares outstanding; and
- 60,315,503 stock options outstanding, which are exercisable at prices ranging from Cdn$0.32 to Cdn$3.38 and which expire between 2011 and 2018.

4.4 Contractual Obligations, Commitments and Contingencies

The Company's major contractual obligations and commitments at September 30, 2011 were as follows:

Table 6

(in thousands of U.S. dollars)	Total	Less than 1 year	1-5 years	More than 5 years
Provision for environmental rehabilitation	$ 26,606	$ -	$ -	$ 26,606
Capital expenditure and purchase commitments contracted at September 30, 2011 but not recognized on the unaudited condensed consolidated interim statement of financial position	30,459	30,459	-	-
Finance lease obligations	2,228	2,228	-	-
	$ 59,293	$ 32,687	$ -	$ 26,606

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. The Company believes the proposed action has no merit and intends to continue to vigorously defend the action.

5. Related Party Transactions

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

Table 7

(Expressed in thousands of U.S. dollars, except per share amounts)	Three months ended September 30,				Nine months ended September 30,			
	2011		2010		**2011**		2010	
Trading transactions								
Management and consulting fees	**$**	**401**	$	333	**$**	**1,246**	$	1,018
Reimbursements of expenses		**90**		29		**145**		91
Total trading transactions	**$**	**491**	$	362	**$**	**1,391**	$	1,109
Compensation of key management personnel								
Salaries and directors' fees	**$**	**676**	$	583	**$**	**2,028**	$	1,699
Share-based payments		**-**		-		**7,996**		1,627
Total compensation of key management personnel	**$**	**676**	$	583	**$**	**10,024**	$	3,326

Management and consulting fees increased during the three and nine months ended September 30, 2011 mainly due to increases in annual fees granted to certain directors that were applied retroactively to January 1, 2011, combined with an appreciation of the Canadian dollar relative to the U.S. dollar. The average U.S. dollar-Canadian dollar exchange rate was U.S.$1.0204:Cdn$1.00 in Q3 2011 compared to U.S.$0.9621:Cdn$1.00 in Q3 2010.

Salaries and directors' fees increased during the three and nine months ended September 30, 2011 as a result of increases to annual fees granted to certain officers and directors applied retroactively to January 1, 2011 combined with an appreciation of the Canadian dollar relative to the U.S. dollar. Share-based payments increased from $1,627,000 during the nine months ended September 30, 2010 to $7,996,000 during the same period in 2011 mainly due to the issuance of approximately triple as many stock options in Q1 2011 compared to Q1 2010.

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

6. Adoption of Accounting Standards and Accounting Pronouncements under IFRS

6.1 Application of new and revised IFRSs

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

(a) Amendment to IAS 32 Financial Instruments: Presentation

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

(b) *Amendments to IFRS 3 Business Combinations*

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

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

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

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

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

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

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

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

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

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

Amendment of the definition for related parties.

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

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

6.2 Accounting standards issued but not yet effective

During the nine months ended September 30, 2011, five new standards were issued effective for annual periods beginning on or after January 1, 2013.

(a) *IFRS 10 Consolidated Financial Statements*

IFRS 10 outlines the principles for the presentation and preparation of consolidated financial statements.

(b) *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.

(c) *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.

(d) *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.

(e) *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.

During the nine months ended September 30, 2011, two standards were amended with the amendments effective for annual periods beginning on or after January 1, 2013.

(a) *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*.

(b) *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 Company has not early adopted these standards and is currently assessing the impact that these standards will have on the consolidated financial statements. IFRS 10, IFRS 11, IAS 27 and IAS 28 cannot be early adopted on a stand-alone basis and may only be early adopted as a group along with IFRS 12. Early adoption must be disclosed.

IFRS 12 disclosure is encouraged prior to adoption of the standard. This early disclosure does not require the entity to apply IFRS 10, IFRS 11, IAS 27 or IAS 28. IFRS 13 may be early adopted on a stand-alone basis so long as this fact is disclosed and the standard is applied prospectively as at the beginning of the annual reporting period in which the standard is initially applied.

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 September 30, 2011 and 2010, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("DCP") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been disclosed in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements.

The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that the design and operation of the Company's DCP were effective as of September 30, 2011 and that the Company has the appropriate DCP to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable.

The CEO and the CFO are also responsible for the design of the internal controls over financial reporting ("ICFR") within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). Since 2009, the Company has used the services of an international accounting firm to act as the Company's internal auditors for its South African operations. Under the supervision, and with the participation, of the CEO and the CFO, management conducted an evaluation of the effectiveness of the Company's ICFR based on the framework in the *Internal Control – Integrated Framework* developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, the CEO and the CFO concluded that the design and operation of the Company's ICFR were effective as at September 30, 2011.

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

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

There have been no changes in the Company's ICFR during the three months ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

8. Cautionary Statement on Forward-Looking Information

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

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

November 9, 2011

Ian Rozier