Condensed consolidated interim financial statements of

Eastern Platinum Limited

September 30, 2012
(Unaudited)

Eastern Platinum Limited
September 30, 2012

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Eastern Platinum Limited

Condensed consolidated interim statements of loss

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

	Note	Three months ended September 30, **2012**	Three months ended September 30, 2011	Nine months ended September 30, **2012**	Nine months ended September 30, 2011
Revenue		**$ 19,861**	$ 31,453	**$ 68,534**	$ 94,031
Cost of operations					
Production costs		**22,734**	28,541	**78,420**	88,987
Depletion and depreciation	6	**3,192**	5,502	**11,325**	15,880
Impairment	6	**-**	-	**88,278**	-
(Gain) loss on disposal of property, plant and equipment		**(167)**	-	**1,402**	-
		25,759	34,043	**179,425**	104,867
Mine operating loss		**(5,898)**	(2,590)	**(110,891)**	(10,836)
Expenses					
General and administrative	6(d)	**1,987**	2,546	**6,682**	8,573
Share-based payments	7(e)(f)	**(31)**	22	**2,309**	8,291
		1,956	2,568	**8,991**	16,864
Operating loss		**(7,854)**	(5,158)	**(119,882)**	(27,700)
Other income (expense)					
Interest income		**791**	1,376	**2,720**	4,298
Finance costs	8	**(281)**	(322)	**(5,380)**	(1,197)
Foreign exchange (loss) gain		**(138)**	3,108	**64**	4,785
Loss before income taxes		**(7,482)**	(996)	**(122,478)**	(19,814)
Income tax (expense) recovery		**(98)**	447	**12,377**	1,040
Net loss for the period		**$ (7,580)**	$ (549)	**$ (110,101)**	$ (18,774)
Attributable to					
Non-controlling interest	9	**$ (2,551)**	$ (1,913)	**$ (10,490)**	$ (6,554)
Equity shareholders of the Company		**(5,029)**	1,364	**(99,611)**	(12,220)
Net loss for the period		**$ (7,580)**	$ (549)	**$ (110,101)**	$ (18,774)
Loss per share					
Basic	10	**$ (0.01)**	$ 0.00	**$ (0.11)**	$ (0.01)
Diluted	10	**$ (0.01)**	$ 0.00	**$ (0.11)**	$ (0.01)
					$
Weighted average number of common shares outstanding in thousands					
Basic	10	**927,499**	908,188	**927,499**	908,129
Diluted	10	**927,499**	916,706	**927,499**	908,129

Approved and authorized for issue by the Board on November 13, 2012.

"David Cohen"
David Cohen, Director

"Robert Gayton"
Robert Gayton, Director

Eastern Platinum Limited

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	**2012**	2011
Net loss for the period	**$ (7,580)**	$ (549)	**$ (110,101)**	$ (18,774)
Other comprehensive income (loss)				
Exchange differences on translating foreign operations	**(2,962)**	(133,229)	**(9,850)**	(133,701)
Exchange differences on translating non-controlling interest	**218**	(82)	**509**	(285)
Comprehensive loss for the period	**$ (10,324)**	$ (133,860)	**$ (119,442)**	$ (152,760)
Attributable to				
Non-controlling interest	**(2,333)**	(1,995)	**(9,981)**	(6,839)
Equity shareholders of the Company	**(7,991)**	(131,865)	**(109,461)**	(145,921)
Comprehensive loss for the period	**$ (10,324)**	$ (133,860)	**$ (119,442)**	$ (152,760)

Eastern Platinum Limited

Condensed consolidated interim statements of financial position as at September 30, 2012 and December 31, 2011

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

	Note		**September 30, 2012**		December 31, 2011
Assets					
Current assets					
Cash and cash equivalents	11	**$**	**68,662**	$	151,838
Short-term investments			**66,932**		98,963
Trade and other receivables	12		**30,322**		23,580
Inventories	13		**6,862**		7,989
			172,778		282,370
Non-current assets					
Property, plant and equipment	6		**576,853**		615,439
Refining contract	14		**7,778**		9,009
Other assets	15		**8,905**		7,995
		$	**766,314**	$	914,813
Liabilities					
Current liabilities					
Trade and other payables	16	**$**	**23,656**	$	40,459
Finance leases			**-**		1,675
			23,656		42,134
Non-current liabilities					
Provision for environmental rehabilitation	17		**8,695**		8,390
Deferred tax liabilities			**20,331**		33,520
			52,682		84,044
Equity					
Issued capital	7		**1,230,358**		1,230,358
Treasury shares	7(c)		**(334)**		(334)
Equity-settled employee benefits reserve			**43,868**		41,563
Foreign currency translation reserve			**(113,329)**		(103,479)
Deficit			**(433,467)**		(333,856)
Capital and reserves attributable to equity shareholders of the Company			**727,096**		834,252
Non-controlling interest	9		**(13,464)**		(3,483)
			713,632		830,769
		$	**766,314**	$	914,813

Eastern Platinum Limited

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

	Issued capital	Treasury shares	Equity-settled employee benefits reserve	Foreign currency translation reserve	Deficit	Capital and reserves attributable to equity shareholders of the Company	Non-controlling interest	Equity
Balance, 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)
Balance, September 30, 2011	**$ 1,219,969**	**$ (334)**	**$ 41,542**	**$ (116,245)**	**$ (248,984)**	**$ 895,948**	**$ 389**	**$ 896,337**
Net loss	-	-	-	-	(64,325)	(64,325)	(3,889)	(68,214)
Currency translation adjustment	-	-	-	12,766	-	12,766	17	12,783
Total comprehensive loss	-	-	-	12,766	(64,325)	(51,559)	(3,872)	(55,431)
Acquisition of Lion's Head (Note 5)	10,389	-	-	-	(20,547)	(10,158)	-	(10,158)
Stock options exercised	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-
Treasury shares	-	-	21	-	-	21	-	21
Balance, December 31, 2011	**$ 1,230,358**	**$ (334)**	**$ 41,563**	**$ (103,479)**	**$ (333,856)**	**$ 834,252**	**$ (3,483)**	**$ 830,769**
Net loss	-	-	-	-	(99,611)	(99,611)	(10,490)	(110,101)
Currency translation adjustment	-	-	-	(9,850)	-	(9,850)	509	(9,341)
Total comprehensive loss	-	-	-	(9,850)	(99,611)	(109,461)	(9,981)	(119,442)
Share-based payments	-	-	2,305	-	-	2,305	-	2,305
Balance, September 30, 2012	**$ 1,230,358**	**$ (334)**	**$ 43,868**	**$ (113,329)**	**$ (433,467)**	**$ 727,096**	**$ (13,464)**	**$ 713,632**

Eastern Platinum Limited

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

	Note	Three months ended September 30, **2012**	Three months ended September 30, 2011	Nine months ended September 30, **2012**	Nine months ended September 30, 2011
Operating activities					
Loss before income taxes		**$ (7,482)**	$ (996)	**$ (122,478)**	$ (19,814)
Adjustments to net loss for non-cash items					
Depletion and depreciation	6	**3,259**	5,568	**11,525**	16,540
Impairment	6	**-**	-	**88,278**	-
Refining contract amortization	14	**335**	387	**1,032**	1,189
Share-based payments	7(e)(f)	**(31)**	22	**2,309**	8,291
(Gain) loss on disposal of property, plant and equipment		**(167)**	-	**1,402**	
Interest income		**(791)**	(1,376)	**(2,720)**	(4,298)
Finance costs	8	**281**	322	**5,380**	1,197
Foreign exchange loss (gain)		**138**	(3,108)	**(64)**	(4,785)
Net changes in non-cash working capital items					
Trade and other receivables		**(3,039)**	(7,736)	**(6,231)**	(195)
Inventories		**(402)**	(1,408)	**920**	(654)
Trade and other payables		**(5,936)**	(1,994)	**(6,675)**	(1,638)
Cash used in operations		**(13,835)**	(10,319)	**(27,322)**	(4,167)
Adjustments to net loss for cash items					
Interest income received		**979**	573	**3,035**	2,246
Finance costs paid		**(165)**	(3)	**(4,631)**	(198)
Net taxes received		**-**	90	**543**	57
Net operating cash flows		**(13,021)**	(9,659)	**(28,375)**	(2,062)
Investing activities					
Acquisition of Lion's Head	5	**-**	-	**(10,000)**	-
Net receipt of short-term investments		**46,919**	14,752	**34,897**	13,257
Purchase of other assets		**(435)**	(175)	**(1,147)**	(5,170)
Property, plant and equipment expenditures		**(23,886)**	(27,765)	**(80,540)**	(61,281)
Disposal of property, plant and equipment		**218**	-	**772**	-
Net investing cash flows		**22,816**	(13,188)	**(56,018)**	(53,194)
Financing activities					
Common shares issued for cash - exercise of stock options		**-**	-	**-**	-
Payment of finance leases		**-**	-	**(1,553)**	(648)
Net financing cash flows		**-**	-	**(1,553)**	(648)
Effect of exchange rate changes on cash and cash equivalents		**1,470**	(3,876)	**2,770**	(2,506)
Increase (decrease) in cash and cash equivalents		**11,265**	(26,723)	**(83,176)**	(58,410)
Cash and cash equivalents, beginning of period		**57,397**	76,159	**151,838**	107,846
Cash and cash equivalents, end of period		**$ 68,662**	$ 49,436	**$ 68,662**	$ 49,436

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

(a) Statement of compliance

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

(b) Judgments and estimates

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

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

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Notes 4(v) and 4(w) of the Company's audited consolidated financial statements for the year ended December 31, 2011.

3. Application of new and revised International Financial Reporting Standards

Effective January 1, 2012, the Company adopted a revised International Financial Reporting Standard ("IFRS") that was issued by the International Accounting Standards Board ("IASB"). The application of this revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

(a) Amendments to IFRS 7 Financial Instruments: Disclosures

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

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, 2011. 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, 2011.

(a) Accounting standards issued but not yet effective

(i) Effective for annual periods beginning on or after July 1, 2012

- Amended standard *IAS 1 Presentation of Financial Statements*

  The amendment to IAS 1 revises the presentation of other comprehensive income.

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

- Amended standard *IFRS 7 Financial Instruments: Disclosures*

  The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities.

- New standard *IFRS 10 Consolidated Financial Statements*

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

- New standard *IFRS 11 Joint Arrangements*

  IFRS 11 defines the two types of joint arrangements (joint operations and joint ventures) and outlines how to determine the type of joint arrangement entered into and the principles for accounting for each type of joint arrangement.

- New standard *IFRS 12 Disclosure of Interests in Other Entities*

  IFRS 12 outlines the disclosures required in order to provide users of financial statements with the information necessary to evaluate an entity's interest in other entities, the corresponding risks related to those interests and the effects of those interests on the entity's financial position, financial performance and cash flows.

- New standard *IFRS 13 Fair Value Measurement*

  IFRS 13 defines fair value, summarizes the methods of determining fair value and outlines the required fair value disclosures. IFRS 13 is utilized when another IFRS standard requires or allows fair value measurements or disclosures about fair value measurements.

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

  IFRIC Interpretation 20 summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine.

4. Summary of significant accounting policies (continued)

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

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

- Amended standard *IAS 19 Employee Benefits*

  IAS 19 outlines the accounting treatment and required disclosures for employee benefits. The amendments applicable to the Company consist of modification of the accounting treatment for termination benefits and the clarification of miscellaneous issues including the classification of employee benefits.

- Amended standard *IAS 27 Separate Financial Statements*

  IAS 27 outlines the accounting principles to be applied with regards to investments in subsidiaries, joint ventures and associates when an entity elects or is required by local regulations to present separate, non-consolidated, financial statements. The previous standard was titled *IAS 27 Consolidated and Separate Financial Statements*.

- Amended standard IAS 28 *Investments in Associates and Joint Ventures*

  IAS 28 outlines the accounting treatment and corresponding application of the equity method of accounting in investments in associates and joint ventures. The previous standard was titled *IAS 28 Investments in Associates*.

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

- Amended standard IAS 32 *Financial Instruments: Presentation*

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

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

- Amended standard *IFRS 7 Financial Instruments: Disclosures*

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

- New standard IFRS 9 *Financial Instruments*

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

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

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

5. Purchase of Lion's Head Platinum (Pty) Ltd.

On December 14, 2011 the Company acquired a further 23% of Lion's Head Platinum (Pty) Ltd. ("Lion's Head") to increase its direct and indirect interest to 74%. The acquisition was by way of a purchase of 23 shares in Lion's Head for consideration of $10 million and 20,000,000 common shares in Eastern Platinum Limited. The cash of $10 million was paid in January 2012 (Note 16).

This transaction increased the Company's direct and indirect ownership in the Mareesburg Joint Venture from 75.5% to 87%. As the acquisition did not lead to the Company acquiring control nor losing control of the Mareesburg JV, the increase in ownership was accounted for as an equity transaction.

Purchase price		
Acquisition of 23% of Lion's Head		
Cash ($10 million)	$	10,000
Shares (20,000,000 common shares of Eastern Platinum Limited)		10,389
Acquisition costs		158
	$	**20,547**

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

6. Property, plant and equipment

	Tangible assets owned	Tangible assets leased being depleted	Intangible mineral properties being depleted	Intangible mineral properties not being depleted	Residential properties	Properties and land	TOTAL
Cost							
Balance as at December 31, 2010	**$ 515,187**	**$ 6,900**	**$ 153,140**	**$ 605,284**	**$ 11,632**	**$ 7,852**	**$ 1,299,995**
Assets acquired	85,857	265	-	34	892	-	87,048
Assets disposed	(2,221)	-	-	-	-	-	(2,221)
Transfer	(10,876)	-	862	(862)	10,876	-	-
Foreign exchange movement	(101,804)	(1,272)	(28,364)	(94,591)	(3,509)	(1,450)	(230,990)
Balance as at December 31, 2011	**$ 486,143**	**$ 5,893**	**$ 125,638**	**$ 509,865**	**$ 19,891**	**$ 6,402**	**$ 1,153,832**
Assets acquired	76,065	-	-	145	1,594	-	77,804
Assets disposed	(2,367)	-	-	-	(69)	-	(2,436)
Transfer	5,895	(5,895)	-	-	-	-	-
Foreign exchange movement	(14,532)	2	(3,217)	(11,851)	(614)	(166)	(30,378)
Balance as at September 30, 2012	**$ 551,204**	**$ -**	**$ 122,421**	**$ 498,159**	**$ 20,802**	**$ 6,236**	**$ 1,198,822**
Accumulated depreciation and impairment losses							
Balance as at December 31, 2010	**$ 159,970**	**$ 5,533**	**$ 29,665**	**$ 385,184**	**$ 2,733**	**$ 934**	**$ 584,019**
Depreciation	15,282	1,114	4,339	-	435	-	21,170
Depreciation of disposed assets	(1,989)	-	-	-	-	-	(1,989)
Impairment loss	33,281	-	11,796	-	-	-	45,077
Transfer	-	-	862	(862)	-	-	-
Foreign exchange movement	(31,014)	(1,149)	(5,997)	(70,989)	(563)	(172)	(109,884)
Balance as at December 31, 2011	**$ 175,530**	**$ 5,498**	**$ 40,665**	**$ 313,333**	**$ 2,605**	**$ 762**	**$ 538,393**
Depreciation	8,321	167	2,859	-	178	-	11,525
Depreciation of disposed assets	(243)	-	-	-	(19)	-	(262)
Impairment loss	32,557	-	-	55,721	-	-	88,278
Transfer	5,655	(5,655)	-	-	-	-	-
Foreign exchange movement	(5,565)	(10)	(1,130)	(9,150)	(91)	(19)	(15,965)
Balance as at September 30, 2012	**$ 216,255**	**$ -**	**$ 42,394**	**$ 359,904**	**$ 2,673**	**$ 743**	**$ 621,969**
Carrying amounts							
At December 31, 2010	$ 355,217	$ 1,367	$ 123,475	$ 220,100	$ 8,899	$ 6,918	$ 715,976
At December 31, 2011	$ 310,613	$ 395	$ 84,973	$ 196,532	$ 17,286	$ 5,640	$ 615,439
At September 30, 2012	**$ 334,949**	**$ -**	**$ 80,027**	**$ 138,255**	**$ 18,129**	**$ 5,493**	**$ 576,853**

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

6. 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, 2010	**$**	**694,574**	**$**	**450,099**	**$**	**126,357**	**$**	**28,828**	**$**	**137**	**$**	**1,299,995**
Assets acquired		52,384		34,618		30		14		2		87,048
Assets disposed		(2,221)		-		-		-		-		(2,221)
Transfer		(55,783)		55,783		-		-		-		-
Foreign exchange movement		(127,312)		(92,043)		(10,894)		(739)		(2)		(230,990)
Balance as at December 31, 2011	**$**	**561,642**	**$**	**448,457**	**$**	**115,493**	**$**	**28,103**	**$**	**137**	**$**	**1,153,832**
Assets acquired		10,180		67,477		-		145		2		77,804
Assets disposed		(2,436)		-		-		-		-		(2,436)
Foreign exchange movement		(14,575)		(13,318)		(2,008)		(482)		5		(30,378)
Balance as at September 30, 2012	**$**	**554,811**	**$**	**502,616**	**$**	**113,485**	**$**	**27,766**	**$**	**144**	**$**	**1,198,822**
Accumulated depreciation and impairment losses												
Balance as at December 31, 2010	**$**	**198,713**	**$**	**385,183**	**$**	**-**	**$**	**1**	**$**	**122**	**$**	**584,019**
Depreciation		20,444		719		-		-		7		21,170
Depreciation of disposed assets		(1,989)		-		-		-		-		(1,989)
Impairment loss		45,077		-		-		-		-		45,077
Foreign exchange movement		(38,690)		(71,191)		-		(1)		(2)		(109,884)
Balance as at December 31, 2011	**$**	**223,555**	**$**	**314,711**	**$**	**-**	**$**	**-**	**$**	**127**	**$**	**538,393**
Depreciation		11,369		156		-		-		-		11,525
Depreciation of disposed assets		(262)		-		-		-		-		(262)
Impairment loss		-		47,445		32,802		8,031		-		88,278
Foreign exchange movement		(6,079)		(9,051)		(672)		(165)		2		(15,965)
Balance as at September 30, 2012	**$**	**228,583**	**$**	**353,261**	**$**	**32,130**	**$**	**7,866**	**$**	**129**	**$**	**621,969**
Carrying amounts												
At December 31, 2010	$	495,861	$	64,916	$	126,357	$	28,827	$	15	$	715,976
At December 31, 2011	$	338,087	$	133,746	$	115,493	$	28,103	$	10	$	615,439
At September 30, 2012	**$**	**326,228**	**$**	**149,355**	**$**	**81,355**	**$**	**19,900**	**$**	**15**	**$**	**576,853**

6. 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 section is currently in production, but production from stoping has been temporarily suspended at Zandfontein while the Company embarks on a 12 to 18 month development program at Zandfontein as a result of continuing cost pressures combined with depressed metal prices. Development of the Crocette section was put on hold in December 2011.

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

The Company holds directly and indirectly 87.5% of KV, which is located on the eastern limb of the Bushveld Complex, near Steelpoort in the Province of Mpumalanga. It comprises PGM mineral rights on five farms in the Steelpoort Valley. The development of this project was on hold as at December 31, 2011. However, the design and construction of a concentrator located on the KV property had commenced and was expected to be completed in the first quarter of 2013 but, due to the continuing negative outlook in the global economic environment and the operating environment in South Africa, the Company has decided to suspend funding for the construction of the concentrator. The concentrator would initially have been used to process ore from the Mareesburg Project.

(c) *Spitzkop PGM Project and Mareesburg Project*

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

(d) *Depreciation*

Depreciation of $67 and $200 (September 30, 2011 – $66 and $660) is included in general and administrative expenses for the three months and nine months ended September 30, 2012, respectively. This depreciation pertains to assets which are not currently being used for mining operations.

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

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

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

6. Property, plant and equipment (continued)

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

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

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

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

During the year ended December 31, 2011, the Company determined that the carrying value of Crocodile River Mine exceeded the expected net present value of its future cash flows. This resulted in an impairment charge of $45,077 at CRM, of which $33,281 pertained to tangible assets owned and $11,796 pertained to intangible mineral properties being depleted.

The expected net present value of CRM's future cash flows was calculated using a weighted average cost of capital of 8.63%, and the following forecasted foreign exchange rates and prices.

		2012	2013	2014	2015	2016	2017+
South African Rand per U.S. Dollar		7.35	7.20	8.20	8.59	9.03	10.59
Platinum	US$/oz	1,750	1,753	1,741	1,752	1,735	1,665
Palladium	US$/oz	750	784	821	859	825	702
Rhodium	US$/oz	1,525	1,763	2,413	2,678	2,692	3,625
Gold	US$/oz	1,580	1,430	1,319	1,221	1,113	1,005
Iridium	US$/oz	1,040	1,019	643	648	644	620
Ruthenium	US$/oz	120	118	230	225	230	220
Nickel	US$/tonne	24,150	22,865	21,598	20,886	20,231	18,210
Copper	US$/tonne	9,855	9,001	7,828	7,319	6,916	5,565
Chrome	Rand/tonne	600	600	600	600	600	600

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

7. 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:

	Note	**September 30, 2012** Number of shares	December 31, 2011 Number of shares
Balance outstanding, beginning of period		**928,187,840**	907,589,567
Lion's Head acquisition	7(d)	**-**	20,000,000
Shares issued upon option exercise	7(e)	**-**	598,273
Balance outstanding, end of period		**928,187,840**	928,187,840

(c) *Treasury shares*

	Note	**September 30, 2012** Number of treasury shares	December 31, 2011 Number of treasury shares
Balance outstanding, beginning of period		**198,563**	-
Purchase of shares pursuant to Key Skills Retention Plan	7(f)	**-**	198,563
Balance outstanding, end of period		**198,563**	198,563

(d) *December 14, 2011 Lion's Head acquisition*

On December 14, 2011, the Company acquired a further 23% of Lion's Head for consideration of $10 million and 20,000,000 common shares in Eastern Platinum Limited (Note 5).

(e) *Share options*

The Company has an incentive plan (the "2011 Plan"), approved by the Company's shareholders at its annual general meeting held on June 9, 2011, under which options to purchase common shares may be granted to its directors, officers, employees and others at the discretion of the Board of Directors. Under the terms of the 2011 Plan:

- 79 million common shares were initially reserved for issuance upon the exercise of options, of which 47,189,261 remain available for issuance at September 30, 2012.
- All outstanding options at June 9, 2011 granted under the Company's previous plan (the "2008 Plan") continue to exist under the 2011 plan provided that the fundamental terms governing such options will be deemed to be those under the 2008 Plan.

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

7. Issued capital (continued)

(e) *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*

The changes in share options during the nine months ended September 30, 2012 and the year ended December 31, 2011 were as follows:

	September 30, 2012		December 31, 2011	
	Number of Options	**Weighted average exercise price**	Number of Options	Weighted average exercise price
		Cdn$		Cdn$
Balance outstanding, beginning of period	**59,855,503**	**1.52**	57,976,836	1.52
Options granted	**7,265,000**	**0.60**	9,875,000	1.55
Options exercised	**-**	**-**	(741,333)	0.32
Options forfeited	**(19,169,336)**	**1.85**	(7,255,000)	1.71
Options expired	**(19,987,500)**	**1.82**	-	-
Balance outstanding, end of period	**27,963,667**	**0.84**	59,855,503	1.52

The share-based payment expense during the three and nine months ended September 30, 2012 resulting from options granted during the period was Nil and $2,304 (September 30, 2011 - $3 and $8,192), respectively.

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

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

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

7. Issued capital (continued)

(e) Share options (continued)

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

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

	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

Exercise price for the March 25, 2011 option issuance is equivalent to the December 30, 2010 public offering price.

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

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

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

The following table summarizes information concerning outstanding and exercisable options at September 30, 2012:

Options Outstanding	Options exercisable	Exercise price (Cdn$)	Remaining contractual life (years)	Expiry date
13,728,667	13,728,667	0.32	1.22	December 18, 2013
400,000	400,000	0.52	1.75	June 30, 2014
30,000	30,000	0.76	2.09	November 3, 2014
505,000	505,000	1.30	2.31	January 18, 2015
500,000	500,000	1.55	3.49	March 25, 2016
7,265,000	7,265,000	0.60	4.45	March 12, 2017
5,075,000	5,075,000	2.31	5.02	October 5, 2017
400,000	400,000	3.38	5.40	February 20, 2018
60,000	60,000	3.38	5.49	March 27, 2018
27,963,667	27,963,667		2.89	

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

7. Issued capital (continued)

(e) Share options (continued)

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

The weighted average exercise price of options exercisable at September 30, 2012 is Cdn$0.85.

(f) 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. These shares have been recorded as "treasury shares" in the statement of financial position.

The share-based payment expense during the three and nine months ended September 30, 2012 resulting from the purchase of shares was negative $31 and $5 (September 30, 2011 - $19 and $99), respectively, and the share-based payment liability as at September 30, 2012 was $48 (December 31, 2011 - $48).

8. Finance costs

	Three months ended September 30, 2012	Three months ended September 30, 2011	**Nine months ended September 30,** 2012	Nine months ended September 30, 2011
Interest on revenue advances	**$** 107	$ 109	**$** 325	$ 356
Interest on finance leases	-	42	-	145
Interest on provision for environmental rehabilitation	174	171	538	525
Interest on tax	-	-	-	171
Credit facility costs (Note 18)	-	-	4,517	-
	$ 281	$ 322	**$** 5,380	$ 1,197

9. Non-controlling interest

The non-controlling interests are comprised of the following:

Balance, December 31, 2010	$ 7,228
Non-controlling interests' share of loss in Barplats	(7,751)
Non-controlling interests' share of interest on advances to Gubevu	(2,692)
Foreign exchange movement	(268)
Balance, December 31, 2011	$ (3,483)
Non-controlling interests' share of loss in Barplats	(8,585)
Non-controlling interests' share of interest on advances to Gubevu	(1,905)
Foreign exchange movement	509
Balance, September 30, 2012	**$** (13,464)

10. Loss 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,	
	2012	2011	**2012**	2011
	(in thousands)		(in thousands)	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	927,499	908,188	927,499	908,129
Shares deemed to be issued for no consideration in respect of options	-	8,518	-	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	927,499	916,706	927,499	908,129

The loss used to calculate basic and diluted earnings per share for the three and nine months ended September 30, 2012 was $5,029 and $99,611 (September 30, 2011 – income of $1,364 and a loss of $12,220), respectively.

The following potential ordinary shares, outstanding at September 30, 2012, 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,	
	2012	2011	**2012**	2011
	(in thousands)		(in thousands)	
Options	**27,964**	46,039	**27,964**	46,039

11. Cash and cash equivalents

Cash and cash equivalents are comprised of:

	September 30, 2012	December 31, 2011
Cash in bank	**$ 64,203**	$ 110,150
Short-term money market instruments	**4,459**	41,688
	$ 68,662	$ 151,838

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

12. Trade and other receivables

Trade and other receivables are comprised of the following:

		September 30, 2012		December 31, 2011
Trade receivables	$	**18,922**	$	11,550
Current tax receivable		**719**		738
VAT receivable		**8,844**		5,027
Other receivables		**2,439**		6,793
Allowance for doubtful debts for other receivables		**(602)**		(528)
	$	**30,322**	$	23,580

13. Inventories

		September 30, 2012		December 31, 2011
Consumables	$	**4,376**	$	5,348
Ore and concentrate		**403**		634
Chrome inventory		**2,083**		2,007
	$	**6,862**	$	7,989

Production costs for the three months and nine months ended September 30, 2012 was $22,734 and $78,420 (September 30, 2011 - $28,541 and $88,987), respectively. Production costs and depletion and depreciation costs represent the cost of inventories sold during the period. For the three and nine months ended September 30, 2012 and 2011 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.

14. Refining Contract

During the year ended June 30, 2006, the Company acquired a 69% interest in Barplats and assigned a portion of the purchase price to the off-take contract governing the sales of Barplats' PGM concentrate production. The initial value of the contract was $17,939. During the year ended June 30, 2007, the Company acquired an additional 5% interest in Barplats resulting in an additional allocation to the contract of $4,802 for a total aggregate value of $22,741. During the year ended December 31, 2008, the Company acquired an additional 2.47% interest in Barplats. The acquisition did not affect the aggregate value of the contract. The value of the contract is amortized over the remaining term of the contract which is 6.75 years as at September 30, 2012.

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

14. Refining Contract (continued)

Cost		
Balance as at December 31, 2010	$	23,767
Foreign exchange movement		(4,385)
Balance as at December 31, 2011	$	19,382
Foreign exchange movement		(496)
Balance as at September 30, 2012	**$**	**18,886**
Accumulated amortization		
Balance as at December 31, 2010	$	9,502
Amortization		1,530
Impairment		1,250
Foreign exchange movement		(1,909)
Balance as at December 31, 2011	$	10,373
Amortization		1,032
Foreign exchange movement		(297)
Balance as at September 30, 2012	**$**	**11,108**
Carrying amounts		
At December 31, 2010	$	14,265
At December 31, 2011	$	9,009
At September 30, 2012	**$**	**7,778**

During the year ended December 31, 2011, the Company determined that the carrying value of CRM exceeded the expected net present value of its future cash flows. This resulted in an impairment charge of $1,250 being recorded against the refining contract.

15. 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 17). Changes to other assets for the nine months ended September 30, 2012 are as follows:

Balance, December 31, 2010	$	3,823
Additional investment		5,387
Service fees		(8)
Interest income		344
Foreign exchange movement		(1,551)
Balance, December 31, 2011	$	7,995
Additional investment		807
Service fees		(19)
Interest income		358
Foreign exchange movement		(236)
Balance, September 30, 2012	**$**	8,905

16. Trade and other payables

		September 30, 2012		December 31, 2011
Trade payables	**$**	**4,276**	$	8,133
Accrued liabilities		**10,520**		20,464
Other		**8,860**		11,862
	$	**23,656**	$	40,459

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

16. Trade and other payables (continued)

Accrued liabilities as at December 31, 2011, included $10 million in respect of the purchase of a further 23% of Lion's Head (Note 5).

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.

17. Provision for environmental rehabilitation

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

The provision for environmental rehabilitation at September 30, 2012 is ZAR 72 million ($8,695) (December 31, 2011 – ZAR 68 million, $8,390). The provision was determined using an inflation rate of 6.00% (December 31, 2011 – 6.00%) and an estimated life of mine of 20 years for Zandfontein (December 31, 2011 – 20 years), 9 years for Maroelabult (December 31, 2011 – 9 years), 16 years for Crocette (December 31, 2011 – 16 years), 21 years for Kennedy's Vale (December 31, 2011 – 21 years) and 21 years for Spitzkop (December 31, 2011 – 21 years). A discount rate of 8.47% was used (December 31, 2011 – 8.47%). A guarantee of $8,905 (December 31, 2011 - $7,995) has been issued to the Department of Mineral Resources (Note 15). 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 328 million ($39,528) (December 31, 2011 – ZAR 328 million, $40,567).

Changes to the environmental rehabilitation provision are as follows:

Balance, December 31, 2010	$	8,934
Revision in estimates		499
Interest expense (Note 8)		676
Foreign exchange movement		(1,719)
Balance, December 31, 2011	$	8,390
Interest expense (Note 8)		538
Foreign exchange movement		(233)
Balance, September 30, 2012	**$**	**8,695**

18. Credit facility

As a result of the Company's decision to suspend funding for the ongoing development of the Mareesburg open pit mine and the construction of the Kennedy's Vale Concentrator Plant, the Company terminated the Facilities Agreement dated December 30, 2011 with UniCredit Bank AG, London Branch and Standard Finance (Isle of Man) Limited (a subsidiary of Standard Bank Group Limited) for the US$100 million financing package in June 2012. All costs associated with the credit facility have been charged to the statement of loss in the nine months ended September 30, 2012 (Note 8).

19. Commitments

The Company has committed to capital expenditures on projects of approximately ZAR 67 million ($8,074) as at September 30, 2012 (December 31, 2011 – ZAR 144 million, $17,862).

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

20. Retirement benefit plans

The Barplats Provident Fund is an independent, defined contribution plan administered by Liberty Life Limited in South Africa. The costs associated with the defined contribution plan included in net loss for the three and nine months ended September 30, 2012 were $733 and $2,351 (September 30, 2011 - $925 and $3,035), respectively. The total number of employees in the plan at September 30, 2012 was 1,148 (September 30, 2011 – 1,444).

21. 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, 2012**	Three months ended September 30, 2011	**Nine months ended September 30, 2012**	Nine months ended September 30, 2011
Consulting fees	(i)	**$ 33**	$ 47	**$ 285**	$ 131
General and administrative expenses		**77**	90	**269**	145
Management fees		**349**	354	**1,040**	1,115
		$ 459	$ 491	**$ 1,594**	$ 1,391

(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, 2012 included $45 (December 31, 2011 - $873) which was due to private companies controlled by officers and directors of the Company.

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

21. 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, 2012 and 2011 were as follows:

	Note	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Salaries and directors' fees	(i)	**$ 469**	$ 676	**$ 1,755**	$ 2,028
Share-based payments	(ii)	**-**	-	**2,216**	7,996
		$ 469	$ 676	**$ 3,971**	$ 10,024

(i) Salaries and directors' fees include consulting and management fees disclosed in Note 21(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, 2012 and 2011.

22. 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, 2012 and 2011 and assets by geographic area as at September 30, 2012 and December 31, 2011 are as follows:

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

22. Segmented Information (continued)

(b) Geographic segments (continued)

	Three months ended September 30, 2012							
	Crocodile River Mine	**Kennedy's Vale**	**Spitzkop**	**Mareesburg**	**Total South Africa**	**Barbados and BVI**	**Canada**	**TOTAL**
Property, plant and equipment expenditures	$ 2,883	$ 20,988	$ -	$ 15	$ 23,886	$ -	$ -	$ 23,886
Revenue	$ 19,861	$ -	$ -	$ -	$ 19,861	$ -	$ -	$ 19,861
Production costs	(22,734)	-	-	-	(22,734)	-	-	(22,734)
Depletion and depreciation	(3,192)	-	-	-	(3,192)	-	-	(3,192)
Impairment	-	-	-	-	-	-	-	-
Gain on disposal of property, plant and equipment	167	-	-	-	167	-	-	167
General and administrative expenses	(863)	(100)	(37)	(4)	(1,004)	(10)	(973)	(1,987)
Share-based payments	31	-	-	-	31	-	-	31
Interest income	321	35	11	1	368	-	423	791
Finance costs	(245)	(29)	(7)	-	(281)	-	-	(281)
Foreign exchange gain (loss)	363	(23)	-	-	340	(14)	(464)	(138)
Loss before income taxes	(6,291)	(117)	(33)	(3)	(6,444)	(24)	(1,014)	(7,482)
Income tax expense	-	-	-	-	-	(98)	-	(98)
Net loss	$ (6,291)	$ (117)	$ (33)	$ (3)	$ (6,444)	$ (122)	$ (1,014)	$ (7,580)

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

22. Segmented Information (continued)

(b) Geographic segments (continued)

Nine months ended September 30, 2012	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Total South Africa	Barbados and BVI	Canada	TOTAL
Property, plant and equipment expenditures	$ 10,180	$ 67,477	$ -	$ 145	$ 77,802	$ -	$ 2	$ 77,804
Revenue	$ 68,534	$ -	$ -	$ -	$ 68,534	$ -	$ -	$ 68,534
Production costs	(78,420)	-	-	-	(78,420)	-	-	(78,420)
Depletion and depreciation	(11,325)	-	-	-	(11,325)	-	-	(11,325)
Impairment	-	(47,445)	(32,802)	(8,031)	(88,278)	-	-	(88,278)
Loss on disposal of property, plant and equipment	(1,402)	-	-	-	(1,402)	-	-	(1,402)
General and administrative expenses	(2,820)	(105)	(76)	(18)	(3,019)	(41)	(3,622)	(6,682)
Share-based payments	(5)	-	-	-	(5)	-	(2,304)	(2,309)
Interest income	974	113	21	1	1,109	-	1,611	2,720
Finance costs	(3,020)	(2,127)	(7)	(226)	(5,380)	-	-	(5,380)
Foreign exchange gain (loss)	9	(36)	-	-	(27)	(20)	111	64
Loss before income taxes	(27,475)	(49,600)	(32,864)	(8,274)	(118,213)	(61)	(4,204)	(122,478)
Income tax (expense) recovery	(4,139)	5,587	8,964	2,277	12,689	(312)	-	12,377
Net loss	$ (31,614)	$ (44,013)	$ (23,900)	$ (5,997)	$ (105,524)	$ (373)	$ (4,204)	$ (110,101)

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

22. Segmented Information (continued)

(b) Geographic segments (continued)

	Three months ended September 30, 2011							
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Total South Africa	Barbados and BVI	Canada	TOTAL
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)	(7)	(1,382)	(38)	(1,126)	(2,546)
Share-based payments	(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)	(7)	(2,887)	(38)	1,929	(996)
Deferred income tax recovery	447	-	-	-	447	-	-	447
Net (loss) profit	$ (2,207)	$ (184)	$ (42)	$ (7)	$ (2,440)	$ (38)	$ 1,929	$ (549)

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

22. Segmented Information (continued)

(b) Geographic segments (continued)

	Nine months ended September 30, 2011							
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	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	(45)	(4,737)	(76)	(3,760)	(8,573)
Share-based payments	(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	(45)	(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	$ (45)	$ (13,081)	$ (76)	$ (5,617)	$ (18,774)

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

22. Segmented Information (continued)

(b) Geographic segments (continued)

	September 30, 2012								
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Assets									
Current assets	$ 29,576	$ 10,609	$ 1,481	$ 196	$ 719	$ 42,581	$ 3	$ 130,194	$ 172,778
Property, plant and equipment	326,228	149,355	81,355	19,900	-	576,838	-	15	576,853
Refining contract	7,778	-	-	-	-	7,778	-	-	7,778
Other assets	8,905	-	-	-	-	8,905	-	-	8,905
	$ 372,487	$ 159,964	$ 82,836	$ 20,096	$ 719	$ 636,102	$ 3	$ 130,209	$ 766,314
Liabilities									
Current liabilities	$ 16,945	$ 5,630	$ 407	$ 45	$ 500	$ 23,527	$ 4	$ 125	$ 23,656
Provision for environmental rehabilitation	6,875	1,470	350	-	-	8,695	-	-	8,695
Deferred tax liabilities	-	-	14,960	3,186	-	18,146	2,185	-	20,331
	$ 23,820	$ 7,100	$ 15,717	$ 3,231	$ 500	$ 50,368	$ 2,189	$ 125	$ 52,682

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

22. Segmented Information (continued)

(b) Geographic segments (continued)

	December 31, 2011								
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Assets									
Current assets	$ 24,460	$ 9,478	$ 1,535	$ 68	$ 738	$ 36,279	$ 6	$ 246,085	$ 282,370
Property, plant and equipment	338,087	133,746	115,493	28,103	-	615,429	-	10	615,439
Refining contract	9,009	-	-	-	-	9,009	-	-	9,009
Other assets	7,995	-	-	-	-	7,995	-	-	7,995
	$ 379,551	$ 143,224	$ 117,028	$ 28,171	$ 738	$ 668,712	$ 6	$ 246,095	$ 914,813
Liabilities									
Current liabilities	$ 21,365	$ 6,985	$ 420	$ 26	$ 514	$ 29,310	$ 31	$ 12,793	$ 42,134
Provision for environmental rehabilitation	6,633	1,419	338	-	-	8,390	-	-	8,390
Deferred tax liabilities	(3,902)	5,746	24,313	5,549	-	31,706	1,808	6	33,520
	$ 24,096	$ 14,150	$ 25,071	$ 5,575	$ 514	$ 69,406	$ 1,839	$ 12,799	$ 84,044

(c) Revenue

The Company's primary product is platinum group metals and by-product is chrome. For the three and nine months ended September 30, 2012 and 2011, substantially all of the Company's PGM production was sold to one customer.

	Three months ended September 30,		**Nine months ended September 30,**	
	2012	2011	**2012**	2011
Platinum group metals	**$ 18,232**	$ 25,924	**$ 59,479**	$ 74,985
Chrome	**1,629**	5,529	**9,055**	19,046
	$ 19,861	$ 31,453	**$ 68,534**	$ 94,031

23. Contingency

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

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

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

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

24. 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, 2012 to November 13, 2012.

EASTERN PLATINUM LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012

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, 2012 and for the three and nine months then ended in comparison to the same period in 2011.

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, 2012 and supporting notes. These condensed consolidated interim financial statements have been prepared using accounting policies consistent with IFRS and in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34").

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

All monetary amounts are in U.S. dollars unless otherwise specified. The effective date of this MD&A is November 13, 2012. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Contents of the MD&A

7. Internal control over financial reporting

8. Cautionary statement on forward-looking information

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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 an 87% direct and indirect interest in Mareesburg Platinum Project ("Mareesburg") and a 93.4% direct and indirect interest in Spitzkop PGM Project ("Spitzkop"), both located on the Eastern Limb of the BC.

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2. Summary of results

2.1 Summary of results for the three months ended September 30, 2012

- Eastplats recorded a loss attributable to equity shareholders of the Company of $5,029,000 ($0.01 loss per share) in the quarter ended September 30, 2012 ("Q3 2012") compared to earnings of $1,364,000 ($0.00 per share) in the quarter ended September 30, 2011 ("Q3 2011").

- Adjusted EBITDA was negative $2,873,000 in Q3 2012 compared to $2,912,000 in Q3 2011.

- PGM ounces sold decreased 21% to 21,273 ounces in Q3 2012 compared to 26,955 PGM ounces in Q3 2011.

- The U.S. dollar average delivered price per PGM ounce decreased 18% to $896 in Q3 2012 compared to $1,088 in Q3 2011.

- The Rand average delivered price per PGM ounce decreased 5% to R7,401 in Q3 2012 compared to R7,768 in Q3 2011.

- Total Rand operating cash costs decreased 8% to R188 million in Q3 2012 compared to R204 million in Q3 2011.

- Rand operating cash costs net of by-product credits increased 34% to R8,197 per ounce in Q3 2012 compared to R6,097 per ounce in Q3 2011. Rand operating cash costs increased 17% to R8,830 per ounce in Q3 2012 compared to R7,561 per ounce in Q3 2011.

- U.S. dollar operating cash costs net of by-product credits increased 16% to $992 per ounce in Q3 2012 compared to $854 per ounce achieved in Q3 2011. U.S. dollar operating cash costs increased 1% to $1,069 per ounce in Q3 2012 compared to $1,059 per ounce in Q3 2011.

- Head grade in Q3 2012 was 4.08 grams per tonne, consistent with the head grade in Q3 2011.

- Average concentrator recovery decreased to 76% in Q3 2012 compared to 78% in Q3 2011.

- Development meters decreased by 48% to 2,066 meters and on-reef development decreased by 57% to 966 meters compared to Q3 2011.

- Stoping units decreased 29% to 28,943 square meters in Q3 2012 compared to 40,594 square meters in Q3 2011.

- Run-of-mine ore hoisted decreased 22% to 206,176 tonnes in Q3 2012 compared to 265,889 tonnes in Q3 2011.

- Run-of-mine ore processed decreased by 22% to 203,279 tonnes in Q3 2012 compared to 261,280 tonnes in Q3 2011.

- The Company's Lost Time Injury Frequency Rate (LTIFR) was 0.63 in Q3 2012 compared to 1.66 in Q3 2011.

- At September 30, 2012, the Company had a cash position (including cash, cash equivalents and short term investments) of $135,594,000 (December 31, 2011 – $250,801,000).

2.2 Summary of results for the nine months ended September 30, 2012

- Eastplats recorded a loss attributable to equity shareholders of the Company of $99,611,000 ($0.11 loss per share) in the nine months ended September 30, 2012 ("9M 2012") compared to a loss of $12,220,000 ($0.01 loss per share) in the nine months ended September 30, 2011 ("9M 2011").

- The Company recorded an impairment charge of $88,278,000 on its Eastern Limb properties in Q2 2012.

- Adjusted EBITDA decreased to negative $9,886,000 in 9M 2012 compared to $5,044,000 in 9M 2011. The impairment charge was not included in the calculation of adjusted EBITDA.

- PGM ounces sold decreased 1% to 72,159 ounces in 9M 2012 compared to 72,870 PGM ounces in 9M 2011.

- The U.S. dollar average delivered price per PGM ounce decreased 17% to $923 in 9M 2012 compared to $1,112 in 9M 2011.

- The Rand average delivered price per PGM ounce decreased 5% to R7,410 in 9M 2012 compared to R7,777 in 9M 2011.

- Total Rand operating cash costs increased 2% to R630 million in 9M 2012 compared to R620 million in 9M 2011.

- Rand operating cash costs net of by-product credits increased 15% to R7,723 per ounce in 9M 2012 compared to R6,691 per ounce in 9M 2011. Rand operating cash costs increased 3% to R8,732 per ounce in 9M 2012 compared to R8,513 per ounce in 9M 2011.

- U.S. dollar operating cash costs net of by-product credits remained constant at $961 per ounce in 9M 2012 compared to $959 per ounce achieved in 9M 2011. U.S. dollar operating cash costs decreased 11% to $1,087 per ounce in 9M 2012 compared to $1,221 per ounce in 9M 2011.

- Head grade increased to 4.04 grams per tonne in 9M 2012 from 3.98 grams per tonne in 9M 2011.

- Average concentrator recovery decreased to 77% in 9M 2012 compared to 78% in 9M 2011.

- Development meters decreased by 31% to 8,105 meters and on-reef development decreased by 36% to 4,323 meters compared to 9M 2011.

- Stoping units decreased 6% to 109,759 square meters in 9M 2012 compared to 117,096 square meters in 9M 2011.

- Run-of-mine ore hoisted decreased 1% to 710,964 tonnes in 9M 2012 compared to 716,424 tonnes in 9M 2011.

- Run-of-mine ore processed decreased by 2% to 691,516 tonnes in 9M 2012 compared to 708,766 tonnes in 9M 2011.

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	**2012**			**2011**				**2010**
	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31
Revenues	$19,861	$ 24,287	$ 24,386	$ 19,172	$ 31,453	$ 26,876	$ 35,702	$ 45,616
Cost of operations	(25,759)	(122,543)	(31,123)	(76,525)	(34,043)	(36,415)	(34,409)	(36,272)
Mine operating (loss) earnings	(5,898)	(98,256)	(6,737)	(57,353)	(2,590)	(9,539)	1,293	9,344
Expenses (G&A and share-based payment)	(1,956)	(2,515)	(4,520)	(3,308)	(2,568)	(2,978)	(11,318)	(4,382)
Operating (loss) profit	(7,854)	(100,771)	(11,257)	(60,661)	(5,158)	(12,517)	(10,025)	4,962
Net (loss) profit attributable to equity shareholders of the Company	$(5,029)	$(85,674)	$ (8,908)	$(64,325)	$ 1,364	$ (7,951)	$ (5,633)	$ 5,041
(Loss) earnings per share – basic	$(0.01)	$ (0.09)	$ (0.01)	$ (0.07)	$ 0.00	$ (0.01)	$ (0.01)	$ 0.01
(Loss) earnings per share – diluted	$(0.01)	$ (0.09)	$ (0.01)	$ (0.07)	$ 0.00	$ (0.01)	$ (0.01)	$ 0.01
Average foreign exchange rates								
South African Rand per U.S. dollar	8.26	8.12	7.75	8.10	7.14	6.79	7.01	6.91
U.S. dollar per Canadian dollar	1.0054	0.9902	0.9990	0.9777	1.0204	1.0335	1.0141	0.9870
Period end foreign exchange rates								
South African Rand per U.S. dollar	8.29	8.17	7.65	8.08	8.09	6.76	6.75	6.59
U.S. dollar per Canadian dollar	1.0171	0.9822	1.0025	0.9833	0.9540	1.0368	1.0314	1.0054

3. Results of operations for the three and nine months ended September 30, 2012

The following table sets forth selected consolidated financial information for the three and nine months ended September 30, 2012 and 2011:

Table 2

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	**2012**	2011
Revenue	**$ 19,861**	$ 31,453	**$ 68,534**	$ 94,031
Cost of operations				
Production costs	**22,734**	28,541	**78,420**	88,987
Depletion and depreciation	**3,192**	5,502	**11,325**	15,880
Impairment	**-**	-	**88,278**	-
(Gain) loss on disposal of property, plant and equipment	**(167)**	-	**1,402**	-
Mine operating loss	**(5,898)**	(2,590)	**(110,891)**	(10,836)
Expenses				
General and administrative	**1,987**	2,546	**6,682**	8,573
Share-based payments	**(31)**	22	**2,309**	8,291
Operating loss	**(7,854)**	(5,158)	**(119,882)**	(27,700)
Other income (expense)				
Interest income	**791**	1,376	**2,720**	4,298
Finance costs	**(281)**	(322)	**(5,380)**	(1,197)
Foreign exchange (loss) gain	**(138)**	3,108	**64**	4,785
Loss before income taxes	**(7,482)**	(996)	**(122,478)**	(19,814)
Income tax (expense) recovery	**(98)**	447	**12,337**	1,040
Net loss for the period	**$ (7,580)**	$ (549)	**$ (110,101)**	$ (18,774)
Attributable to				
Non-controlling interest	**$ (2,551)**	$ (1,913)	**$ (10,490)**	$ (6,554)
Equity shareholders of the Company	**(5,029)**	1,364	**(99,611)**	(12,220)
Net loss for the period	**$ (7,580)**	$ (549)	**$ (110,101)**	$ (18,774)
Loss per share				
Basic	**$ (0.01)**	$ 0.00	**$ (0.11)**	$ (0.01)
Diluted	**$ (0.01)**	$ 0.00	**$ (0.11)**	$ (0.01)
Weighted average number of common shares outstanding				
Basic	**927,499**	908,188	**927,499**	908,129
Diluted	**927,499**	916,706	**927,499**	908,129

Condensed consolidated statements of financial position

	Sept 30, 2012	Dec 31, 2011
Total assets	**$ 766,314**	$ 914,813
Total long-term liabilities	**$ 29,026**	$ 41,910

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							
	2012			2011				2010
	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31
Key financial statistics								
(dollar amounts stated in U.S. dollars)								
Sales – PGM ounces	21,273	26,412	24,474	19,854	26,955	20,528	25,387	32,752
Average delivered price per ounce (2)	$896	$902	$969	$931	$1,088	$1,113	$1,136	$1,058
Average basket price	$1,062	$1,071	$1,149	$1,104	$1,290	$1,319	$1,344	$1,250
Rand average delivered price per ounce	R7,401	R 7,324	R 7,510	R 7,541	R 7,768	R 7,557	R 7,963	R 7,311
Rand average basket price	R8,772	R 8,697	R 8,905	R 8,942	R 9,211	R 8,956	R 9,421	R 8,638
Cash costs per ounce of PGM (1)	$1,069	$1,094	$1,095	$1,291	$1,059	$1,515	$1,154	$928
Cash costs per ounce of PGM, net of chrome by-product credits (1)	$992	$910	$990	$1,072	$854	$1,196	$880	$653
Rand cash costs per ounce of PGM (1)	R8,830	R 8,881	R 8,486	R 10,455	R 7,561	R 10,287	R 8,090	R 6,412
Rand cash costs per PGM, net of chrome by-product credits (1)	R8,197	R 7,390	R 7,670	R 8,685	R6,097	R 8,119	R 6,167	R 4,509
Key production statistics								
Run-of-mine ("ROM") ore tonnes processed	203,279	252,883	235,354	194,532	261,280	201,986	245,500	327,872
Development meters	2,066	2,922	3,117	2,929	3,976	3,562	4,219	3,501
On-reef development meters	966	1,653	1,704	1,591	2,248	2,090	2,434	1,925
Stoping units (square meters)	28,943	40,959	39,857	31,767	40,594	31,828	44,674	53,044
Concentrator recovery from ROM ore	76%	79%	77%	76%	78%	76%	79%	78%
Chrome sold (tonnes)	41,903	71,833	61,025	56,890	64,608	60,661	63,578	89,123
Metal in concentrate sold (ounces)								
Platinum (Pt)	10,715	13,240	12,263	9,819	13,656	10,363	12,790	16,526
Palladium (Pd)	4,672	5,847	5,508	4,428	5,844	4,485	5,494	7,055
Rhodium (Rh)	1,825	2,274	2,056	1,696	2,294	1,740	2,162	2,786
Gold (Au)	77	97	83	77	98	74	97	117
Iridium (Ir)	764	985	866	778	967	728	919	1,183
Ruthenium (Ru)	3,220	3,969	3,698	3,056	4,096	3,138	3,925	5,085
Total PGM ounces	21,273	26,412	24,474	19,854	26,955	20,528	25,387	32,752

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

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

Quarter ended September 30, 2012 compared to the quarter ended September 30, 2011

In Q3 2012, CRM recorded a Lost Time Injury Frequency Rate ("LTIFR") of 0.63 compared to 1.66 in Q3 2011. There was one lost time injury in Q3 2012 compared to three lost time injuries in Q3 2011.

The Company generated revenues of $19,861,000 in Q3 2012 of which $18,232,000 was PGM revenue and $1,629,000 was chrome revenue. PGM revenues represent the amounts recorded when PGM concentrates are physically delivered to the buyer, which are provisionally priced on the date of delivery. The Company settles its PGM sales three to five months following the physical delivery of the concentrates and adjustments are made when the prices for the metal sold to the market are established.

The Company recorded an average delivered basket price of $896 per PGM ounce in Q3 2012, compared to $1,088 in Q3 2011 and $902 in the second quarter of 2012 ("Q2 2012"). The delivered price per ounce refers to the PGM prices in effect at the time the PGM concentrates are delivered to the smelter. As a result of fluctuations in PGM prices, the Company recorded positive provisional price adjustments of $859,000 in Q3 2012, compared to negative price adjustments of $1,772,000 in Q3 2011.

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		Nine months ended	
	2012	2011	2012	2011
Revenue before provisional price adjustments	$ 19,002	$ 33,225	$ 68,244	$ 95,774
Provisional price adjustments				
Adjustments to revenue upon settlement of prior periods' sales	(192)	(291)	(761)	(262)
Mark-to-market adjustment on sales not yet settled at end of period	1,051	(1,481)	1,051	(1,481)
Revenue as reported in the income statement	$ 19,861	$ 31,453	$ 68,534	$ 94,031

PGM ounces sold decreased by 21% in Q3 2012 compared to Q3 2011 due to lower run-of-mine ore tonnes processed (203,279 tonnes in Q3 2012 compared to 261,280 tonnes in Q3 2011) and lower concentrator recovery (76% in Q3 2012 compared to 78% in Q3 2011). The decrease in mining activity is a result of the Company's effort to reduce costs and improve efficiencies through the implementation of a comprehensive mine development plan at CRM's Zandfontein section, as discussed in the Company's June 12, 2012 press release.

Operating cash costs, a non-IFRS measure, are incurred in Rand. Total Rand operating cash costs decreased by 8% compared to Q3 2011, but Rand operating cash costs per ounce increased by 17% from R7,561 per ounce in Q3 2011 to R8,830 per ounce in Q3 2012 primarily due to a 21% decrease in ounces sold. The 8% decrease in total Rand operating cash costs was mainly due to cost cutting and restructuring, all part of the implementation of a comprehensive mine development plan at Zandfontein. However, these costs include one-time costs associated with reassignment of labour.

By comparison, U.S. dollar operating cash costs per ounce increased by 1% from $1,059 per ounce in Q3 2011 to $1,069 per ounce in Q3 2012 primarily due to a 21% decrease in ounces sold, which was offset by a 16% depreciation of the South African Rand relative to the U.S. dollar combined with an 8% decrease in total Rand operating cash costs. The average U.S. dollar-Rand exchange rate was R8.26:$1.00 in Q3 2012 compared to R7.14:$1.00 in Q3 2011.

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 41,903 tonnes of chrome in Q3 2012 (64,608 tonnes in Q3 2011). Net chrome revenue recognized was $39 per tonne ($86 per tonne in Q3 2011) for a total of $1,629,000 in Q3 2012 ($5,529,000 in Q3 2011). The 55% decrease in chrome revenue recognized per tonne compared to Q3 2011 was due to a softer market for chrome in Q3 2012 compared to Q3 2011 combined with the 16% depreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R8.26:$1.00 in Q3 2012 compared to R7.14:$1.00 in Q3 2011.

Q3 2012 chrome revenues of $1,629,000 reduced operating cash costs from $1,069 per ounce to $992 per ounce net of by-product credits and from R8,830 to R8,197 per ounce net of by-product credits.

Quarter ended September 30, 2012 compared to the quarter ended June 30, 2012

Revenues decreased by 18% in Q3 2012 compared to Q2 2012 as a result of a 19% decrease in the number of ounces produced combined with a $3,219,000 decrease in chrome revenues and a 1% decrease in the average delivered price per ounce, which were offset by a positive change in price adjustments of $2,471,000, a $891,000 decrease in ounce penalties and a $596,000 decrease in chrome penalties. The decrease in ounces produced was due to a 20% decrease in run-of-mine ore processed (203,279 in Q3 2012 compared to 252,883 tonnes in Q2 2012) combined with a decrease in concentrator recovery from 79% in Q2 2012 to 76% in Q3 2012, which were offset by an increase in grade from 3.99 grams per tonne in Q2 2012 to 4.08 grams per tonne in Q3 2012.

Rand operating cash costs decreased by 1% from R8,881 per ounce in Q2 2012 to R8,830 per ounce in Q3 2012 as a result of a 19% decrease in total Rand operating cash costs, which was partially offset by the 19% decrease in the number of ounces produced. Operating cash costs stated in U.S. dollars decreased by 2% from $1,094 per ounce in Q2 2012 to $1,069 per ounce in Q3 2012 due to the 19% decrease in total Rand operating cash costs combined with the 2% depreciation of the South African Rand relative to the U.S. dollar, which were offset by the 19% decrease in the number of ounces produced. The average U.S. dollar-Rand exchange rate was R8.26:$1.00 in Q3 2012 compared to R8.12:$1.00 in Q2 2012.

Total Rand operating cash costs decreased 19% between Q2 2012 and Q3 2012 mainly due to a decrease in production-related costs, primarily contract mining, steel ball and support costs. In Q3 2012, the Company commenced the implementation of a comprehensive mine development plan at CRM's Zandfontein section in an effort to reduce costs and improve efficiencies, as discussed in the Company's June 12, 2012 press release.

Nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

In 9M 2012, the Company sold 72,159 PGM ounces, a decrease of 1% compared to 9M 2011, primarily as a result of a 2% decrease in run-of-mine ore processed (708,766 tonnes in 9M 2011 compared to 691,516 tonnes in 9M 2012), combined with a decrease in concentrator recovery from 78% in 9M 2011 to

77% in 9M 2012, which were partially offset by an increase in head grade (3.98 grams per tonne in 9M 2011 compared to 4.04 grams per tonne in 9M 2012). Production and mining in 9M 2011 was affected by an illegal underground sit-in followed by an unprotected strike and damage to underground infrastructure at CRM in May 2011. Production and mining in Q3 2012 was affected by the temporary suspension of stoping activities at Zandfontein and the implementation of a comprehensive mine development plan in an effort to reduce costs and improve efficiencies.

The average delivered basket price per ounce decreased from $1,112 in 9M 2011 to $923 in 9M 2012.

Operating cash costs decreased 11% from $1,221 per ounce in 9M 2011 to $1,087 per ounce in 9M 2012 due to a 15% depreciation of the Rand, which were offset by a 1% decrease in the number of ounces sold combined with a 2% increase in total Rand operating cash costs. The average U.S. dollar-Rand exchange rate was R8.04:$1.00 in 9M 2012 compared to R6.98:$1.00 in 9M 2011.

3.2 CRM non-IFRS measures

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

Table 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, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Mine operating loss	$ (5,898)	$ (2,590)	$ (110,891)	$ (10,836)
Depletion and depreciation	3,192	5,502	11,325	15,880
Impairment	-	-	88,278	-
(Gain) loss on disposal of property, plant and equipment	(167)	-	1,402	-
Adjusted EBITDA (1)	**(2,873)**	**2,912**	**(9,886)**	**5,044**
Production costs as reported	22,734	28,541	78,420	88,987
Adjustments for miscellaneous costs (2)	7	4	6	(45)
Cash operating costs	22,741	28,545	78,426	88,942
Less by-product credits – chrome revenues	(1,629)	(5,529)	(9,055)	(19,046)
Cash operating costs net of by-product credits	21,112	23,016	69,371	69,896
Ounces sold	21,273	26,955	72,159	72,870
Cash cost per ounce sold	**$ 1,069**	**$ 1,059**	**$ 1,087**	**$ 1,221**
Cash cost per ounce sold net of by-product credits	**$ 992**	**$ 854**	**$ 961**	**$ 959**

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

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

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

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

3.3 Development projects

3.3.1 CRM

During the nine months ended September 30, 2012, the Company spent $10,180,000 at CRM on underground mine development, the installation of a fire suppression system on the underground conveyor belt systems, and the upgrading of the surface tailings lines and permanent de-watering systems. Development focused mainly on excavations associated with a decline for a conveyor and chairlift system that will move ore and workers to and from the new stopes being developed below 4-level.

As a result of declining PGM prices and continued operational issues and cost pressures facing the industry, the Company temporarily suspended stoping at Zandfontein in Q3 2012 and embarked on a 12 to 18 month development program, as described in the Company's press release dated June 12, 2012. At the Maroelabult Section, the Company has replaced the contract miner and is in the process of transitioning to owner-operated mining operations, along with the development of major conveyor development ends. Decline development and conveyor installations are proceeding and the mine life of this section of CRM has been extended by two years to 2018. All development activities at the Crocette section ceased in early 2012.

3.3.2 Eastern Limb projects

During the nine months ended September 30, 2012, Eastern Limb expenditures of $67,477,000 were mainly incurred for the construction of the Kennedy's Vale concentrator and consisted of finishing mass earthworks, pouring concrete in the grinding and flotation areas, slip forming the fine ore silo, erecting structural steel and main incoming power transformer installation for the 90,000 tonne-per-month (tpm) concentrator and support facilities. Due to the continuing negative outlook in the global economic environment and the operating environment in South Africa, the Company decided to temporarily suspend funding for the construction of the concentrator and the development of the Mareesburg open pit mine. Construction work has wound down efficiently following a coordinated plan with particular attention paid to site security and to ensuring the site can withstand the upcoming rainy season. The project is an estimated 46% complete and is on full care and maintenance starting the fourth quarter of 2012. It is expected that when economic conditions improve, the project will be able to restart relatively quickly.

3.4 Corporate and other expenses

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

Quarter ended September 30, 2012 compared to the quarter ended September 30, 2011

G&A decreased by 22% from $2,546,000 in Q3 2011 to $1,987,000 in Q3 2012 mainly due to a $362,000 decrease in G&A at the Company's South African subsidiaries, combined with a $153,000 decrease in G&A at the Company's head office. The decrease in G&A at the Company's South African subsidiaries was due to the depreciation of the Rand relative to the U.S. dollar, a $113,000 decrease in legal fees, a $127,000 decrease in bad debt expense, and a $103,000 increase in other income, which were partially offset by an $171,000 increase in labour allowances as a result of the Company's Q3 2012 restructuring. The average U.S. dollar-Rand exchange rate was R8.26:$1.00 in Q3 2012 compared to R7.14:$1.00 in Q3 2011. The decrease in G&A at the Company's head office, caused by a $79,000 decrease in directors' fees and a $67,000 decrease in travel expenses, is part of the Company's plan to reduce overhead and administrative expenses.

Quarter ended September 30, 2012 compared to the quarter ended June 30, 2012

G&A decreased 20% from $2,492,000 in Q2 2012 to $1,987,000 in Q3 2012 mainly due to a $292,000 decrease in G&A at the Company's South African subsidiaries, combined with a $217,000 decrease in G&A at the Company's head office. The $292,000 decrease at the Company's South African subsidiaries was mainly due to a $170,000 decrease in legal fees rendered in connection with the Company's Q3 2012 restructuring, combined with a $123,000 increase in other income. The decrease in G&A at the Company's head office was due to a $79,000 decrease in directors' fees, combined with a $109,000 decrease in travel expenses.

Nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

G&A decreased 22% from $8,573,000 in 9M 2011 to $6,682,000 in 9M 2012 mainly due to a $1,912,000 decrease in G&A at the Company's South African subsidiaries. The decrease in G&A at the Company's South African subsidiaries was mainly due to a $458,000 decrease in depreciation expense pertaining to assets purchased for the Mareesburg Project, a $514,000 increase in other income, a $251,000 decrease in outsourced services, a $290,000 decrease in legal fees and the depreciation of the Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R8.04:$1.00 in 9M 2012 compared to R6.98:$1.00 in 9M 2011.

Interest income

Interest income recorded during the three and nine months ended September 30, 2012 was $791,000 and $2,720,000, respectively, compared with $1,376,000 and $4,298,000, respectively, during the same periods in 2011. The decrease in interest income was mainly due to a decrease in cash balances at head office as a result of the cash expenditures on the Company's development of the Mareesburg/Kennedy's Vale open-pit and concentrator project.

Income tax

During the three and nine months ended September 30, 2012, the Company recorded a net income tax expense of $98,000 and recovery of $12,377,000, respectively. The Company's income tax expense for the three months ended September 30, 2012 consists of a deferred income tax expense of $98,000. The

Company's net income tax recovery for the nine months ended September 30, 2012 consists of current tax expense of $208,000 and a net deferred income tax recovery of $12,585,000. The current tax expense was comprised of tax on income earned for non-mining activities, which consists primarily of the rental of CRM's residential properties. 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 $20,331,000 which arose primarily as a result of the step-up to fair value of the net assets acquired on the Spitzkop and Mareesburg business acquisitions in prior years.

4. Liquidity and capital resources

At September 30, 2012, the Company had working capital of $149,122,000 (December 31, 2011 – $240,236,000) and cash and cash equivalents and short-term investments of $135,594,000 (December 31, 2011 – $250,801,000) in highly liquid, fully guaranteed, bank sponsored instruments.

Working capital, cash and cash equivalents and short-term investments decreased during the nine months ended September 30, 2012 as the Company incurred negative operating cash flows of approximately $27 million at CRM, and spent approximately $10 million in development costs at CRM, approximately $67 million in the development of the Mareesburg/Kennedy's Vale open pit and concentrator, and approximately $7 million in G&A. The Company's working capital and cash position were also affected by fluctuations in the exchange rates between the Rand and the U.S. dollar.

The Company had no long-term debt outstanding at September 30, 2012, other than a provision for environmental rehabilitation relating to CRM, Kennedy's Vale and Spitzkop.

In December 2011, the Company signed a definitive agreement with UniCredit Bank AG, London Branch and Standard Finance (Isle of Man) Limited (a subsidiary of The Standard Bank of South Africa Limited) for a U.S.$100 million financing package. As a result of the Company's decision to suspend funding for the ongoing development of the Mareesburg open pit mine and the construction of the Kennedy's Vale concentrator, the Company terminated the definitive agreement for the U.S.$100 million financing package in June 2012.

4.1 Outlook

The prices of PGMs have declined significantly in the last 18 months as a result of the ongoing weakness and volatility in the global financial markets, particularly in Europe which consumes approximately 50% of South Africa's platinum production. The Company is of the view that a near term recovery in PGM prices to sustainably higher levels is unlikely. In addition, the South African PGM industry is dealing with a number of other adverse economic factors, including unplanned and unlawful labour actions, unrelenting operating cost inflation, unfavourable currency exchange rates, weak chrome prices, and heightened concerns with respect to reliable power delivery.

In order to preserve its cash resources in the current operating environment, the Company performed a thorough analysis in June 2012 of the cash requirements for the operations at Crocodile River Mine ("CRM") and for the development and construction of its Mareesburg open pit mine and Kennedy's Vale concentrator project (the "Project") and concluded that the financial risk of continuing to mine at current rates and continuing to develop the Project was not merited. As a result, the Company decided to implement and has embarked on a comprehensive mine development plan at CRM to reduce costs and improve efficiencies, and has suspended the funding to the Project so as to maintain the value in the resources planned to be mined. Overhead and administrative costs have also been targeted for reduction and non-critical expenditures will be deferred to beyond 2013.

The Company's plans were implemented in accordance with the South African Labour Relations Act. The Company underwent and completed the required facilitated consultation process with affected employees and their representatives to review the need for restructuring and the implications to staffing.

Should there be a sustainable strengthening of PGM prices and marked improvement in operating conditions in South Africa, CRM can react quickly and ramp up production at its Zandfontein section at any time, and development of the Project can be restarted, subject to adequate funding being available.

As a result of the Company's decision to suspend funding for the Project, the Company terminated the Facilities Agreement dated December 30, 2011 with UniCredit Bank AG, London Branch and Standard Finance (Isle of Man) Limited (a subsidiary of Standard Bank Group Limited) for the U.S.$100 million financing package that was to be used to part fund the development costs of the Project. The Company and the banks have agreed to investigate the restructuring of the financing package when the Project is restarted. There is no assurance that a restructuring of the financing package will be available to the Company or, if available, that this funding will be on acceptable terms.

The Company does not believe that it will have sufficient funds in the form of cash and short-term investments to complete the development and construction of the Mareesburg open-pit and Kennedy's Vale concentrator when the Project is restarted.

To bring the Project into production, and to bring the rest of the Eastern Limb projects (including Spitzkop and Kennedy's Vale) into production, additional funding will be required and may include a restructuring of the financing package as described above, joint venture or other third party participation in one or more of these projects, or the public or private sales of equity or debt securities of the Company. 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, 2012 and December 31, 2011, the Company assessed the carrying values of its mineral properties for indication of impairment. The Company believes that certain factors, such as the suspension of funding for the Mareesburg open pit mine and KV concentrator project, a significant drop in production at CRM in 2011 and 2012 compared to 2010, the continued operational issues facing the South African PGM industry, and the volatility in the global financial markets, which has negatively affected PGM prices, have contributed to the decrease in the Company's share price. Since August 2011, the Company's market capitalization has been below its book value. The Company recorded an impairment charge in the quarter ended June 30, 2012 as described below. The Company concluded that, as at September 30, 2012, there was no further impairment to be recorded.

During the quarter ended June 30, 2012, the Company determined that the carrying value of its Eastern Limb projects exceeded the expected net present value of its future cash flows. This resulted in a Q2 2012 impairment charge of $88,278,000 that has been allocated pro-rata amongst the Kennedy's Vale, Spitzkop and Mareesburg PGM Projects. An impairment charge of $47,445,000 was recorded at KV, of which $32,557,000 pertained to mining assets owned and $14,888,000 pertained to intangible mineral properties not being depleted. Impairment charges of $32,802,000 and $8,031,000 were recorded to the mineral properties not being depleted at the Spitzkop PGM Project and the Mareesburg Project, respectively. The Company concluded that as at June 30, 2012, there was no impairment of assets at CRM.

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

4.3 Share capital

During the three months ended September 30, 2012, the Company did not grant any stock options. There was no share-based payment expense recorded with regards to stock options granted and vested during the quarter. During Q3 2012, no options were exercised, 18,072,669 options were forfeited at a weighted average exercise price of Cdn$1.85, and no options expired.

During the nine months ended September 30, 2012, the Company granted 7,265,000 stock options at an exercise price of Cdn$0.60 and total share-based payment expense with regards to stock options was $2,304,000, which also takes into account the vesting of options. During the nine months ended September 30, 2012, no options were exercised, 19,169,336 options were forfeited at a weighted average exercise price of Cdn$1.85 and 19,987,500 options expired at a weighted average exercise price of Cdn$1.82.

In 2010, the Company's South African subsidiary, Barplats Investments Limited, implemented a key skills retention plan for its senior employees in South Africa. The purpose of the plan is to retain key employees, attract new employees as the need arises and remain competitive with other South African mining companies. The plan operates through a trust which purchases shares of the Company on behalf of the employees. These shares then vest to the employees over time. In February 2011, the trust purchased 198,563 shares pursuant to the plan. The corresponding share-based payment expense was negative $31,000 and positive $5,000 for the three and nine months ended September 30, 2012, and there was a share-based payment liability of $48,000 as at September 30, 2012. The Trust has not purchased any shares since February 2011.

As at November 13, 2012, the Company had:

- 928,187,840 common shares outstanding; and
- 27,963,667 stock options outstanding, which are exercisable at prices ranging from Cdn$0.32 to Cdn$3.38 and which expire between 2013 and 2018.

4.4 Contractual obligations, commitments and contingencies

The Company's major contractual obligations and commitments at September 30, 2012 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	$ 8,695	$ -	$ -	$ 8,695
Capital expenditure and purchase commitments contracted at Sept. 30, 2012 but not recognized on the consolidated statement of financial position	8,074	8,074	-	-
	$ 16,769	$ 8,074	$ -	$ 8,695

In June 2011, the Company became aware that the law firm of Siskinds LLP of London, Ontario, had filed a "Notice of Application" under the Class Action Proceedings Act, 1992, in the Ontario Superior Court of Justice against the Company and three of its directors and officers. The Notice of Application seeks permission of the Court to grant leave or permission to commence a lawsuit under the Securities

Act of Ontario and other provinces in respect to certain alleged breaches of disclosure obligations. In July 2011, the Company and its officers and directors were served with court documents.

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

The Company is also subject to claims and legal proceedings arising in the ordinary course of business activities, each of which is subject to various uncertainties and it is possible that some of these matters may be resolved unfavourably to the Company. For matters that are probable and can be reasonably estimated, the Company establishes provisions in its financial statements. When evaluating legal proceedings that are pending against the Company, the Company and its legal counsel assess the perceived merits of the legal proceedings along with the perceived merits of the amount of relief sought. It is management's opinion that there are currently no other claims expected to have a material effect on the results of operations or financial condition of the Company.

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,	
	2012	2011	**2012**	2011
Trading transactions				
Management and consulting fees	$ **382**	$ 401	**$ 1,325**	$ 1,246
Reimbursement of expenses	**77**	90	**269**	145
Total trading transactions	$ **459**	$ 491	**$ 1,594**	$ 1,391
Compensation of key management personnel				
Salaries and directors' fees	$ **469**	$ 676	**$ 1,755**	$ 2,028
Share-based payments	**-**	-	**2,216**	7,996
Total compensation of key management personnel	$ **469**	$ 676	**$ 3,971**	$ 10,024

Management and consulting fees increased during the nine months ended September 30, 2012 compared to the same period in 2011 mainly due to the issuance of a $150,000 bonus to a consulting director in Q1 2012, which was partially offset by the depreciation of the Canadian dollar compared to the U.S. dollar. The average U.S. dollar-Canadian dollar exchange rate was Cdn$1.0018:U.S.$1.00 in 9M 2012 compared to Cdn$0.9778:U.S.$1.00 in 9M 2011.

Salaries and directors' fees decreased during the three and nine months ended September 30, 2012 compared to the same periods in 2011 as a result of a 50% reduction in directors' fees in Q3 2012,

combined with a decrease in compensation paid to the Company's South African Managing Director who resigned in December 2011. The reduction in directors' fees was also part of the Company's cost cutting measures in Q3 2012.
Share-based payments decreased from $7,996,000 in 9M 2011 to $2,216,000 in 9M 2012 due to the issuance of less stock options in 2012 compared to 2011, combined with a decrease in the grant date fair value of the share options granted in 2012 compared to 2011.

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

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6. Adoption of accounting standards and accounting pronouncements under IFRS

6.1 Application of new and revised IFRSs

Effective January 1, 2012, the Company adopted a revised International Financial Reporting Standard ("IFRS") that was issued by the International Accounting Standards Board ("IASB"). The application of this revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

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

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

6.2 Accounting standards issued but not yet effective

(a) *Effective for annual periods beginning on or after July 1, 2012*

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

The amendment to IAS 1 revises the presentation of other comprehensive income.

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

(i) *Amended standard IFRS 7 Financial Instruments: Disclosures*

The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities.

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

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

(iii) *New standard IFRS 11 Joint Arrangements*

IFRS 11 defines the two types of joint arrangements (joint operations and joint ventures) and outlines how to determine the type of joint arrangement entered into and the principles for accounting for each type of joint arrangement.

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

IFRS 12 outlines the disclosures required in order to provide users of financial statements with the information necessary to evaluate an entity's interest in other entities, the corresponding risks related to those interests and the effects of those interests on the entity's financial position, financial performance and cash flows.

(v) New standard IFRS 13 Fair Value Measurement

IFRS 13 defines fair value, summarizes the methods of determining fair value and outlines the required fair value disclosures. IFRS 13 is utilized when another IFRS standard requires or allows fair value measurements or disclosures about fair value measurements.

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

IFRIC Interpretation 20 summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine.

(vii) Amended standard IAS 19 Employee Benefits

IAS 19 outlines the accounting treatment and required disclosures for employee benefits. The amendments applicable to the Company consist of modification of the accounting treatment for termination benefits and the clarification of miscellaneous issues including the classification of employee benefits.

(viii) Amended standard IAS 27 Separate Financial Statements

IAS 27 outlines the accounting principles to be applied with regards to investments in subsidiaries, joint ventures and associates when an entity elects or is required by local regulations to present separate, non-consolidated, financial statements. The previous standard was titled *IAS 27 Consolidated and Separate Financial Statements*.

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

IAS 28 outlines the accounting treatment and corresponding application of the equity method of accounting in investments in associates and joint ventures. The previous standard was titled *IAS 28 Investments in Associates*.

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

(i) Amended standard IAS 32 Financial Instruments: Presentation

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

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

(i) Amended standard IFRS 7 Financial Instruments: Disclosures

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

(ii) New standard IFRS 9 Financial Instruments

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

The Company has not early adopted these new and amended standards and is currently assessing the impact that these standards will have on the consolidated financial statements. 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, 2012 and 2011, 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, 2012 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, 2012.

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, 2012 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. These forward-looking statements pertain to assumptions regarding the price of PGMs, fluctuations in currency markets (specifically the Rand and the U.S. dollar), the future funding of the Company's projects, the future development of the Company's projects, the Company's plans for its properties, the anticipated timing for the awarding of tenders, and the accounting policies issued but not yet effective for the Company. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, the risk of fluctuations in the assumed exchange rates of currencies that directly impact the Company, such as Canadian dollar, South African Rand and U.S. dollar, the risk of fluctuations in the assumed prices of PGM and other commodities, the risk of changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, South Africa, or Barbados or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and assumed quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements.

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

November 13, 2012

Ian Rozier