Condensed consolidated interim financial statements of

Eastern Platinum Limited

March 31, 2012
(Unaudited)

Eastern Platinum Limited
March 31, 2012

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Eastern Platinum Limited

Condensed consolidated interim income statements

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

	Note	Three months ended March 31, 2012	March 31, 2011
Revenue		**$ 24,386**	$ 35,702
Cost of operations			
Production costs		**26,800**	29,290
Depletion and depreciation	6	**4,323**	5,119
		31,123	34,409
Mine operating (loss) earnings		**(6,737)**	1,293
Expenses			
General and administrative	6(d)	**2,203**	3,095
Share-based payments	7(e)(f)	**2,317**	8,223
		4,520	11,318
Operating loss		**(11,257)**	(10,025)
Other income (expense)			
Interest income		**1,032**	1,509
Finance costs	8	**(294)**	(522)
Foreign exchange gain		**247**	1,564
Loss before income taxes		**(10,272)**	(7,474)
Income tax (expense) recovery		**(2,837)**	122
Net loss for the period		**$ (13,109)**	$ (7,352)
Attributable to			
Non-controlling interest	9	**$ (4,201)**	$ (1,719)
Equity shareholders of the Company		**(8,908)**	(5,633)
Net loss for the period		**$ (13,109)**	$ (7,352)
Loss per share			
Basic	10	**$ (0.01)**	$ (0.01)
Diluted	10	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding in thousands			
Basic	10	**927,499**	908,015
Diluted	10	**927,499**	908,015

Approved and authorized for issue by the Board on May 10, 2012.

"David Cohen"
David Cohen, Director

"Robert Gayton"
Robert Gayton, Director

Eastern Platinum Limited

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

	Three months ended	
	March 31, 2012	March 31, 2011
Net loss for the period	**$ (13,109)**	$ (7,352)
Other comprehensive income		
Exchange differences on translating foreign operations	**33,176**	(1,729)
Exchange differences on translating non-controlling interest	**(285)**	(192)
Comprehensive income (loss) for the period	**$ 19,782**	$ (9,273)
Attributable to		
Non-controlling interest	**(4,486)**	(1,911)
Equity shareholders of the Company	**24,268**	(7,362)
Comprehensive income (loss) for the period	**$ 19,782**	$ (9,273)

Eastern Platinum Limited

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

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

	Note	**March 31, 2012**	December 31, 2011
Assets			
Current assets			
Cash and cash equivalents	11	**$ 78,010**	$ 151,838
Short-term investments		**135,482**	98,963
Trade and other receivables	12	**32,949**	23,580
Inventories	13	**9,081**	7,989
		255,522	282,370
Non-current assets			
Property, plant and equipment	6	**661,159**	615,439
Refining contract	14	**9,152**	9,009
Other assets	15	**8,781**	7,995
		$ 934,614	$ 914,813
Liabilities			
Current liabilities			
Trade and other payables	16	**$ 34,553**	$ 40,459
Finance leases		**-**	1,675
		34,553	42,134
Non-current liabilities			
Provision for environmental rehabilitation	17	**9,047**	8,390
Deferred tax liabilities		**38,154**	33,520
		81,754	84,044
Equity			
Issued capital	7	**1,230,358**	1,230,358
Treasury shares	7(f)	**(334)**	(334)
Equity-settled employee benefits reserve		**43,872**	41,563
Foreign currency translation reserve		**(70,303)**	(103,479)
Deficit		**(342,764)**	(333,856)
Capital and reserves attributable to equity shareholders of the Company		**860,829**	834,252
Non-controlling interest	9	**(7,969)**	(3,483)
		852,860	830,769
		$ 934,614	$ 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	-	-	-	-	(5,633)	(5,633)	(1,719)	(7,352)
Currency translation adjustment	-	-	-	(1,729)	-	(1,729)	(192)	(1,921)
Total comprehensive loss	-	-	-	(1,729)	(5,633)	(7,362)	(1,911)	(9,273)
Stock options exercised	81	-	(81)	-	-	-	-	-
Share-based payments	-	-	8,186	-	-	8,186	-	8,186
Treasury shares	-	(334)	22	-	-	(312)	-	(312)
Balance, March 31, 2011	**$ 1,219,950**	**$ (334)**	**$ 41,517**	**$ 15,727**	**$ (242,397)**	**$ 1,034,463**	**$ 5,317**	**$ 1,039,780**
Net loss	-	-	-	-	(70,912)	(70,912)	(8,724)	(79,636)
Currency translation adjustment	-	-	-	(119,206)	-	(119,206)	(76)	(119,282)
Total comprehensive loss	-	-	-	(119,206)	(70,912)	(190,118)	(8,800)	(198,918)
Acquisition of Lion's Head (Note 5)	10,389	-	-	-	(20,547)	(10,158)	-	(10,158)
Stock options exercised	19	-	(19)	-	-	-	-	-
Share-based payments	-	-	7	-	-	7	-	7
Treasury shares	-	-	58	-	-	58	-	58
Balance, December 31, 2011	**$ 1,230,358**	**$ (334)**	**$ 41,563**	**$ (103,479)**	**$ (333,856)**	**$ 834,252**	**$ (3,483)**	**$ 830,769**
Net loss	-	-	-	-	(8,908)	(8,908)	(4,201)	(13,109)
Currency translation adjustment	-	-	-	33,176	-	33,176	(285)	32,891
Total comprehensive income	-	-	-	33,176	(8,908)	24,268	(4,486)	19,782
Share-based payments	-	-	2,309	-	-	2,309	-	2,309
Balance, March 31, 2012	**$ 1,230,358**	**$ (334)**	**$ 43,872**	**$ (70,303)**	**$ (342,764)**	**$ 860,829**	**$ (7,969)**	**$ 852,860**

Eastern Platinum Limited

Condensed consolidated interim statements of cash flows

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

	Note	Three months ended March 31, 2012	March 31, 2011
Operating activities			
Loss before income taxes		**$ (10,272)**	$ (7,474)
Adjustments to net loss for non-cash items			
Depletion and depreciation	6	**4,388**	5,119
Refining contract amortization	14	**357**	395
Share-based payments	7(e)(f)	**2,317**	8,223
Interest income		**(1,032)**	(1,509)
Finance costs	8	**294**	522
Foreign exchange gain		**(247)**	(1,564)
Net changes in non-cash working capital items			
Trade and other receivables		**(5,653)**	(317)
Inventories		**(637)**	(38)
Trade and other payables		**1,545**	2,428
Cash (used in) generated from operations		**(8,940)**	5,785
Adjustments to net loss for cash items			
Interest income received		**819**	650
Finance costs paid		**(38)**	(193)
Net taxes received (paid)		**716**	(283)
Net operating cash flows		**(7,443)**	5,959
Investing activities			
Acquisition of Lion's Head	5	**(10,000)**	-
Net purchase of short-term investments		**(34,467)**	(5,071)
Purchase of other assets		**(334)**	(691)
Property, plant and equipment expenditures		**(22,623)**	(14,323)
Net investing cash flows		**(67,424)**	(20,085)
Financing activities			
Payment of finance leases		**(1,680)**	-
Net financing cash flows		**(1,680)**	-
Effect of exchange rate changes on cash and cash equivalents		**2,719**	2,126
Decrease in cash and cash equivalents		**(73,828)**	(12,000)
Cash and cash equivalents, beginning of period		**151,838**	107,846
Cash and cash equivalents, end of period		**$ 78,010**	$ 95,846

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	18,293	-	-	-	1,594	-	19,887
Transfer	701	(701)	-	-	-	-	-
Foreign exchange movement	27,447	321	7,031	24,113	1,133	357	60,402
Balance as at March 31, 2012	**$ 532,584**	**$ 5,513**	**$ 132,669**	**$ 533,978**	**$ 22,618**	**$ 6,759**	**$ 1,234,121**
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	3,158	147	1,027	-	56	-	4,388
Transfer	456	(456)	-	-	-	-	-
Foreign exchange movement	9,860	304	2,290	17,537	147	43	30,181
Balance as at March 31, 2012	**$ 189,004**	**$ 5,493**	**$ 43,982**	**$ 330,870**	**$ 2,808**	**$ 805**	**$ 572,962**
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 March 31, 2012	**$ 343,580**	**$ 20**	**$ 88,687**	**$ 203,108**	**$ 19,810**	**$ 5,954**	**$ 661,159**

(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	2,235	17,650	-	-	2	19,887
Foreign exchange movement	31,460	25,325	3,041	573	3	60,402
Balance as at March 31, 2012	**$ 595,337**	**$ 491,432**	**$ 118,534**	**$ 28,676**	**$ 142**	**$ 1,234,121**
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	4,339	49	-	-	-	4,388
Foreign exchange movement	12,571	17,610	-	-	-	30,181
Balance as at March 31, 2012	**$ 240,465**	**$ 332,370**	**$ -**	**$ -**	**$ 127**	**$ 572,962**
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 March 31, 2012	**$ 354,872**	**$ 159,062**	**$ 118,534**	**$ 28,676**	**$ 15**	**$ 661,159**

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 and Zandfontein sections are currently in production. Development of the Crocette section was put on hold in December 2011.

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

The Company holds directly and indirectly 87.5% of KV, which is located on the eastern limb of the Bushveld Complex, near Steelpoort in the Province of Mpumalanga. It comprises PGM mineral rights on five farms in the Steelpoort Valley. The development of this project was on hold as at December 31, 2011. However, the design and construction of a concentrator located on the KV property is currently in progress and is expected to be completed in the first quarter of 2013. The concentrator will initially be used to process ore from the Mareesburg Project.

(c) *Spitzkop PGM Project and Mareesburg Project*

The Company holds directly and indirectly a 93.4% interest in the Spitzkop PGM Project and 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 is currently in progress and is expected to be completed in the first quarter of 2013. The Spitzkop PGM Project is planned to be developed after the Mareesburg Project goes into production.

(d) *Depreciation*

Depreciation of $65 (March 31, 2011 – $Nil) is included in general and administrative expenses for the three months ended March 31, 2012. This depreciation pertains to assets which are not currently being used for mining operations.

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

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 $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 were calculated using a weighted average cost of capital of 8.63%, and the following forecasted foreign exchange rates and prices.

(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)

		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

(f) Assets pledged as security

As at March 31, 2012, $354,872 of property, plant and equipment has been pledged as security for the $100 million credit facility (December 31, 2011 – $338,087).

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	**March 31, 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

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

7. Issued capital (continued)

(c) Treasury shares

	March 31, 2012	December 31, 2011
	Number of treasury shares	Number of treasury shares
Balance outstanding, beginning of period	**198,563**	-
Purchase of shares pursuant to Key Skills Retention Plan [Note 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 are reserved for issuance upon the exercise of options, of which 29,026,592 remain available for issuance at March 31, 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.

- 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.

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

7. Issued capital (continued)

(e) Share options (continued)

(i) Movements in share options

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

	March 31, 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	**(1,006,667)**	**1.68**	(7,255,000)	1.71
Options expired	**(19,987,500)**	**1.82**	-	-
Balance outstanding, end of period	**46,126,336**	**1.24**	59,855,503	1.52

The share-based payment expense during the three months ended March 31, 2012 resulting from options granted during the period was $2,304 (March 31, 2011 - $8,186).

(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:

	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**

(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)

	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 year

The following table summarizes information concerning outstanding and exercisable options at March 31, 2012:

Options outstanding	Options exercisable	Exercise price	Remaining Contractual Life (Years)	Expiry date
		Cdn$		
13,765,334	13,765,334	0.32	1.72	December 18, 2013
400,000	400,000	0.52	2.25	June 30, 2014
75,002	75,002	0.76	2.59	November 3, 2014
2,026,000	2,026,000	1.30	2.81	January 18, 2015
9,325,000	9,325,000	1.55	3.99	March 25, 2016
7,265,000	7,265,000	0.60	4.95	March 12, 2017
12,700,000	12,700,000	2.31	5.52	October 5, 2017
400,000	400,000	3.38	5.90	February 20, 2018
170,000	170,000	3.38	5.99	March 27, 2018
46,126,336	46,126,336		3.84	

The weighted average exercise price of options exercisable at March 31, 2012 is Cdn$1.24.

(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.

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

7. Issued capital (continued)

(f) Key skills retention plan (continued)

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 months ended March 31, 2012 resulting from the purchase of shares was $13 (March 31, 2011 - $37) and the share-based payment liability as at March 31, 2012 was $56 (December 31, 2011 - $48).

8. Finance costs

	Three months ended	
	March 31, 2012	March 31, 2011
Interest on revenue advances	**$ 109**	$ 126
Interest on finance leases	**-**	51
Interest on provision for environmental rehabilitation	**185**	174
Interest on tax	**-**	171
	$ 294	$ 522

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	(3,539)
Non-controlling interests' share of interest on advances to Gubevu	(662)
Foreign exchange movement	(285)
Balance, March 31, 2012	**$ (7,969)**

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:

10. Loss per share (continued)

	Three months ended March 31, 2012	March 31, 2011
	(in thousands)	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**927,499**	908,015
Shares deemed to be issued for no consideration in respect of options	**-**	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**927,499**	908,015

The loss used to calculate basic and diluted earnings per share for the three months ended March 31, 2012 was $8,908 (March 31, 2011 – loss of $5,633).

The following potential ordinary shares, outstanding at March 31, 2012, are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	March 31, 2012	March 31, 2011
	(in thousands)	
Options	**46,126**	40,663

11. Cash and cash equivalents

Cash and cash equivalents are comprised of:

	March 31, 2012	December 31, 2011
Cash in bank	**$ 74,213**	$ 110,150
Short-term money market instruments	**3,797**	41,688
	$ 78,010	$ 151,838

12. Trade and other receivables

Trade and other receivables are comprised of the following:

	March 31, 2012	December 31, 2011
Trade receivables	**$ 17,232**	$ 11,550
Current tax receivable	**779**	738
Other receivables	**15,649**	11,820
Allowance for doubtful debts for other receivables	**(711)**	(528)
	$ 32,949	$ 23,580

As at March 31, 2012, $30,111 of trade and other receivables has been pledged as security for the $100 million credit facility (December 31, 2011 – $18,360).

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

13. Inventories

		March 31, 2012		December 31, 2011
Consumables	**$**	**5,657**	$	5,348
Ore and concentrate		**1,146**		634
Chrome inventory		**2,278**		2,007
	$	**9,081**	$	7,989

Production costs for the three months ended March 31, 2012 was $26,800 (March 31, 2011 - $29,290). Production costs represent the cost of inventories sold during the period. For the three months ended March 31, 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 7.25 years as at March 31, 2012.

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		1,085
Balance as at March 31, 2012	**$**	**20,467**
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		357
Foreign exchange movement		585
Balance as at March 31, 2012	**$**	**11,315**
Carrying amounts		
At December 31, 2010	$	14,265
At December 31, 2011	$	9,009
At March 31, 2012	**$**	**9,152**

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.

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

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 three months ended March 31, 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		224
Service fees		(2)
Interest income		112
Foreign exchange movement		452
Balance, March 31, 2012	**$**	**8,781**

16. Trade and other payables

	March 31, 2012	December 31, 2011
Trade payables	**$ 9,850**	$ 8,133
Accrued liabilities	**15,148**	20,464
Other	**9,555**	11,862
	$ 34,553	$ 40,459

Accrued liabilities as at December 31, 2011, includes $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 March 31, 2012 is ZAR 69 million ($9,047) (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 $8,781 (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 ($42,837) (December 31, 2011 – ZAR 328 million, $40,567).

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

17. Provision for environmental rehabilitation (continued)

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)		185
Foreign exchange movement		472
Balance, March 31, 2012	**$**	**9,047**

18. Credit facility

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 US$100 million financing package. The borrowers are Barplats Mines Limited, Rhodium Reefs Limited, and Royal Anthem Investments 134 (Pty) Ltd. The financing package consists of an US$70 million term facility and an US$30 million revolving loan facility. The scheduled tenor is for 5.5 years with an 18 month grace period for principal repayments. The initial interest is US LIBOR plus 3.85% rising to US LIBOR plus 4.15% for the last 2.5 years of the loan. The financing package does not require commodity, currency or interest rate hedging.

The facility is secured by:

- The shares of Barplats Mines Limited ("BML"), Spitzkop Platinum (Pty) Ltd. and Royal Anthem Investments 134 (Pty) Ltd. held by the Company;
- The physical assets, accounts receivable, insurance policies and certain property of BML;
- The Mareesburg and Spitzkop JV agreements; and,
- Certain bank accounts required to be set up for the facilities agreement.

As at March 31, 2012, the Company had not drawn down on the term facility or the revolving loan facility.

19. Commitments

The Company has committed to capital expenditures on projects of approximately ZAR 606 million ($79,168) as at March 31, 2012 (December 31, 2011 – ZAR 144 million, $17,862).

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 months ended March 31, 2012 were $808 (March 31, 2011 - $1,023). The total number of employees in the plan at March 31, 2012 was 1,417 (March 31, 2011 – 1,854).

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:

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

21. Related party transactions (continued)

(b) Trading transactions (continued)

	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 March 31, 2012	March 31, 2011
Consulting fees	(i)	**$ 198**	$ 42
General and administrative expenses		**102**	18
Management fees		**347**	350
		$ 647	$ 410

(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 March 31, 2012 included $27 (December 31, 2011 - $873) which was due to private companies controlled by officers and directors of the Company.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2012 and 2011 were as follows:

	Note	Three months ended March 31, 2012	March 31, 2011
Salaries and directors' fees	(i)	**$ 717**	$ 647
Share-based payments	(ii)	**2,216**	7,996
		$ 2,933	$ 8,643

(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 months ended March 31, 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 months ended March 31, 2012 and 2011 and assets by geographic area as at March 31, 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 March 31, 2012								
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Property, plant and equipment expenditures	$ 2,235	$ 17,650	$ -	$ -	$ -	$ 19,885	$ -	$ 2	$ 19,887
Revenue	$ 24,386	$ -	$ -	$ -	$ -	$ 24,386	$ -	$ -	$ 24,386
Production costs	(26,800)	-	-	-	-	(26,800)	-	-	(26,800)
Depletion and depreciation	(4,323)	-	-	-	-	(4,323)	-	-	(4,323)
General and administrative expenses	(754)	48	(32)	(5)	-	(743)	(1)	(1,459)	(2,203)
Share-based payments	(13)	-	-	-	-	(13)	-	(2,304)	(2,317)
Interest income	328	34	5	-	-	367	-	665	1,032
Finance costs	(263)	(31)	-	-	-	(294)	-	-	(294)
Foreign exchange (loss) gain	(283)	(20)	-	-	-	(303)	7	543	247
(Loss) profit before income taxes	(7,722)	31	(27)	(5)	-	(7,723)	6	(2,555)	(10,272)
Income tax recovery (expense)	(4,139)	153	954	278	-	(2,754)	(83)	-	(2,837)
Net (loss) profit	$ (11,861)	$ 184	$ 927	$ 273	$ -	$ (10,477)	$ (77)	$ (2,555)	$ (13,109)

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

22. Segmented Information (continued)

(b) Geographic segments (continued)

Three months ended March 31, 2011

	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Property, plant and equipment expenditures	$ 14,306	$ -	$ -	$ 15	$ -	$ 14,321	$ -	$ 2	$ 14,323
Revenue	$ 35,702	$ -	$ -	$ -	$ -	$ 35,702	$ -	$ -	$ 35,702
Production costs	(29,290)	-	-	-	-	(29,290)	-	-	(29,290)
Depletion and depreciation	(5,119)	-	-	-	-	(5,119)	-	-	(5,119)
General and administrative expenses	(1,472)	(257)	(69)	(29)	(1)	(1,828)	(5)	(1,262)	(3,095)
Share-based payment	(247)	-	-	-	-	(247)	-	(7,976)	(8,223)
Interest income	395	-	-	-	-	395	-	1,114	1,509
Finance costs	(322)	(200)	-	-	-	(522)	-	-	(522)
Foreign exchange gain	491	-	-	-	-	491	-	1,073	1,564
Profit (loss) before income taxes	138	(457)	(69)	(29)	(1)	(418)	(5)	(7,051)	(7,474)
Deferred income tax recovery	122	-	-	-	-	122	-	-	122
Net profit (loss)	$ 260	$ (457)	$ (69)	$ (29)	$ (1)	$ (296)	$ (5)	$ (7,051)	$ (7,352)

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

22. Segmented Information (continued)

(b) Geographic segments (continued)

	March 31, 2012								
	Crocodile River Mine	**Kennedy's Vale**	**Spitzkop**	**Mareesburg**	**Other**	**Total South Africa**	**Barbados and BVI**	**Canada**	**TOTAL**
Assets									
Current assets	$ 34,588	$ 11,854	$ 1,630	$ 387	$ 780	$ 49,239	$ 26	$ 206,257	$ 255,522
Property, plant and equipment	354,872	159,062	118,534	28,676	-	661,144	-	15	661,159
Refining contract	9,152	-	-	-	-	9,152	-	-	9,152
Other assets	8,781	-	-	-	-	8,781	-	-	8,781
	$ 407,393	$ 170,916	$ 120,164	$ 29,063	$ 780	$ 728,316	$ 26	$ 206,272	$ 934,614
Liabilities									
Current liabilities	$ 21,245	$ 10,522	$ 445	$ 51	$ 544	$ 32,807	$ 13	$ 1,733	$ 34,553
Provision for environmental rehabilitation	7,153	1,530	364	-	-	9,047	-	-	9,047
Deferred tax liabilities	-	5,913	24,717	5,578	-	36,208	1,946	-	38,154
	$ 28,398	$ 17,965	$ 25,526	$ 5,629	$ 544	$ 78,062	$ 1,959	$ 1,733	$ 81,754

(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 months ended March 31, 2012 and 2011, substantially all of the Company's PGM production was sold to one customer.

	Three months ended	
	March 31, 2012	March 31, 2011
Platinum group metals	**$ 21,808**	$ 28,739
Chrome	**2,578**	6,963
	$ 24,386	$ 35,702

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. 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 April 1, 2012 to May 10, 2012.

EASTERN PLATINUM LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 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 March 31, 2012 and for the three 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 months ended March 31, 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 EBITDA and cash costs per ounce which are explained in Section 3.2 of this MD&A.

All monetary amounts are in U.S. dollars unless otherwise specified. The effective date of this MD&A is May 10, 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

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") currently under construction and a 93.4% direct and indirect interest in Spitzkop PGM Project ("Spitzkop"), both located on the Eastern Limb of the BC.

2. Summary of results

2.1 Summary of results for the quarter ended March 31, 2012

- Eastplats recorded a loss attributable to equity shareholders of the Company of $8,908,000 ($0.01 loss per share) in the quarter ended March 31, 2012 ("Q1 2012") compared to a loss of $5,633,000 ($0.01 loss per share) in the quarter ended March 31, 2011 ("Q1 2011").

- EBITDA decreased to negative $2,414,000 in Q1 2012 compared to $6,412,000 in Q1 2011.

- PGM ounces sold decreased 4% to 24,474 ounces in Q1 2012 compared to 25,387 PGM ounces in Q1 2011.

- The U.S. dollar average delivered price per PGM ounce decreased 15% to $969 in Q1 2012 compared to $1,136 in Q1 2011.

- The Rand average delivered price per PGM ounce decreased 6% to R7,510 in Q1 2012 compared to R7,963 in Q1 2011.

- Total Rand operating cash costs increased 1% to R208 million in Q1 2012 compared to R205 million in Q1 2011.

- Rand operating cash costs net of by-product credits increased 24% to R7,670 per ounce in Q1 2012 compared to R6,167 per ounce in Q1 2011. Rand operating cash costs increased 5% to R8,486 per ounce in Q1 2012 compared to R8,090 per ounce in Q1 2011.

- U.S. dollar operating cash costs net of by-product credits increased 13% to $990 per ounce in Q1 2012 compared to $880 per ounce achieved in Q1 2011. U.S. dollar operating cash costs decreased 5% to $1,095 per ounce in Q1 2012 compared to $1,154 per ounce in Q1 2011.

- Head grade increased to 4.07 grams per tonne in Q1 2012 from 3.93 grams per tonne in Q1 2011.

- Average concentrator recovery decreased to 77% in Q1 2012 compared to 79% in Q1 2011.

- Development meters decreased by 26% to 3,117 meters and on-reef development decreased by 30% to 1,704 meters compared to Q1 2011.

- Stoping units decreased 11% to 39,857 square meters in Q1 2012 compared to 44,674 square meters in Q1 2011.

- Run-of-mine ore hoisted remained consistent at 247,538 tonnes in Q1 2012 compared to 247,369 tonnes in Q1 2011.

- Run-of-mine ore processed decreased by 4% to 235,354 tonnes in Q1 2012 compared to 245,500 tonnes in Q1 2011.

- The Company's Lost Time Injury Frequency Rate (LTIFR) was 5.46 in Q1 2012 compared to 1.54 in Q1 2011.

- At March 31, 2012, the Company had a cash position (including cash, cash equivalents and short term investments) of $213,492,000 (December 31, 2011 – $250,801,000).

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

Table 1

Selected quarterly data	2012	2011				2010		
	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30
Revenues	$ 24,386	$ 19,172	$ 31,453	$ 26,876	$ 35,702	$ 45,616	$ 38,073	$ 36,612
Cost of operations	(31,123)	(76,525)	(34,043)	(36,415)	(34,409)	(36,272)	(32,735)	(32,383)
Mine operating (loss) earnings	(6,737)	(57,353)	(2,590)	(9,539)	1,293	9,344	5,338	4,229
Expenses (G&A and share-based payment)	(4,520)	(3,308)	(2,568)	(2,978)	(11,318)	(4,382)	(2,202)	(2,050)
Operating (loss) profit	(11,257)	(60,661)	(5,158)	(12,517)	(10,025)	4,962	3,136	2,179
Net (loss) profit attributable to equity shareholders of the Company	$ (8,908)	$ (64,325)	$ 1,364	$ (7,951)	$ (5,633)	$ 5,041	$ 4,039	$ 3,448
(Loss) earnings per share - basic	$ (0.01)	$ (0.07)	$ 0.00	$ (0.01)	$ (0.01)	$ 0.01	$ 0.01	$ 0.01
(Loss) earnings per share - diluted	$ (0.01)	$ (0.07)	$ 0.00	$ (0.01)	$ (0.01)	$ 0.01	$ 0.01	$ 0.00
Average foreign exchange rates								
South African Rand per US dollar	7.75	8.10	7.14	6.79	7.01	6.91	7.31	7.53
US dollar per Canadian dollar	0.9990	0.9777	1.0204	1.0335	1.0141	0.9870	0.9621	0.9727
Period end foreign exchange rates								
South African Rand per US dollar	7.65	8.08	8.09	6.76	6.75	6.59	7.00	7.66
US dollar per Canadian dollar	1.0025	0.9833	0.9540	1.0368	1.0314	1.0054	0.9718	0.9393

3. Results of Operations for the three months ended March 31, 2012

The following table sets forth selected consolidated financial information for the three months ended March 31, 2012 and 2011:

Table 2

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

	Three months ended March 31, 2012	Three months ended March 31, 2011
Revenue	**$ 24,386**	$ 35,702
Cost of operations		
Production costs	**26,800**	29,290
Depletion and depreciation	**4,323**	5,119
Mine operating (loss) earnings	**(6,737)**	1,293
Expenses		
General and administrative	**2,203**	3,095
Share-based payments	**2,317**	8,223
Operating loss	**(11,257)**	(10,025)
Other income (expense)		
Interest income	**1,032**	1,509
Finance costs	**(294)**	(522)
Foreign exchange gain	**247**	1,564
Loss before income taxes	**(10,272)**	(7,474)
Income tax (expense) recovery	**(2,837)**	122
Net loss for the period	**$ (13,109)**	$ (7,352)
Attributable to		
Non-controlling interest	**(4,201)**	(1,719)
Equity shareholders of the Company	**(8,908)**	(5,633)
Net loss for the period	**$ (13,109)**	$ (7,352)
Loss per share		
Basic	**$ (0.01)**	$ (0.01)
Diluted	**$ (0.01)**	$ (0.01)
Weighted average number of common share outstanding		
Basic	**927,499**	908,015
Diluted	**927,499**	908,015

Condensed consolidated statements of financial position	**March 31, 2012**	December 31, 2011
Total assets	**$ 934,614**	$ 914,813
Total long-term liabilities	**$ 47,201**	$ 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		
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30
Key financial statistics								
(dollar amounts stated in U.S. dollars)								
Sales - PGM ounces	24,474	19,854	26,955	20,528	25,387	32,752	37,798	30,820
Average delivered price per ounce (2)	$969	$931	$1,088	$1,113	$1,136	$1,058	$953	$1,015
Average basket price	$1,149	$1,104	$1,290	$1,319	$1,344	$1,250	$1,128	$1,200
Rand average delivered price per ounce	R 7,510	R 7,541	R 7,768	R 7,557	R 7,963	R 7,311	R 6,966	R 7,643
Rand average basket price	R 8,905	R 8,942	R 9,211	R 8,956	R 9,421	R 8,638	R 8,246	R 9,036
Cash costs per ounce of PGM (1)	$1,095	$1,291	$1,059	$1,515	$1,154	$928	$713	$882
Cash costs per ounce of PGM, net of chrome by-product credits (1)	$990	$1,072	$854	$1,196	$880	$653	$625	$646
Rand cash costs per ounce of PGM (1)	R 8,486	R 10,455	R 7,561	R 10,287	R 8,090	R 6,412	R 5,212	R 6,639
Rand cash costs per ounce of PGM, net of chrome by-product credits (1)	R 7,670	R 8,685	R 6,097	R 8,119	R 6,167	R 4,509	R 4,566	R 4,866
Key production statistics								
Run-of-mine ("ROM") ore tonnes processed	235,354	194,532	261,280	201,986	245,500	327,872	357,219	290,028
Development meters	3,117	2,929	3,976	3,562	4,219	3,501	3,299	3,202
On-reef development meters	1,704	1,591	2,248	2,090	2,434	1,925	1,797	1,573
Stoping units (square meters)	39,857	31,767	40,594	31,828	44,674	53,044	50,892	50,573
Concentrator recovery from ROM ore	77%	76%	78%	76%	79%	78%	81%	80%
Chrome sold (tonnes)	61,025	56,890	64,608	60,661	63,578	89,123	50,148	76,677
Metal in concentrate sold (ounces)								
Platinum (Pt)	12,263	9,819	13,656	10,363	12,790	16,526	19,195	15,433
Palladium (Pd)	5,508	4,428	5,844	4,485	5,494	7,055	8,129	6,769
Rhodium (Rh)	2,056	1,696	2,294	1,740	2,162	2,786	3,216	2,661
Gold (Au)	83	77	98	74	97	117	131	108
Iridium (Ir)	866	778	967	728	919	1,183	1,323	1,077
Ruthenium (Ru)	3,698	3,056	4,096	3,138	3,925	5,085	5,804	4,772
Total PGM ounces	24,474	19,854	26,955	20,528	25,387	32,752	37,798	30,820

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

<u>Quarter ended March 31, 2012 compared to the quarter ended March 31, 2011</u>

In Q1 2012, CRM recorded a Lost Time Injury Frequency Rate ("LTIFR") of 5.46 compared to 1.54 in Q1 2011. There were nine lost time injuries in Q1 2012 compared to three lost time injuries in Q1 2011. The Company is continually working on improving safety awareness at its operations.

The Company generated revenue of $24,386,000 in Q1 2012 of which $21,808,000 was PGM revenue and $2,578,000 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 $969 per PGM ounce in Q1 2012, compared to $1,136 in Q1 2011 and $931 in the fourth quarter of 2011 ("Q4 2011"). The delivered price per ounce refers to the PGM prices in effect at the time the PGM concentrates are delivered to the smelter. As a result of fluctuations in PGM prices, the Company recorded positive provisional price adjustments of $1,043,000 in Q1 2012, compared to positive price adjustments of $1,273,000 in Q1 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 March 31, 2012	Three months ended March 31, 2011
Revenue before provisional price adjustments	$ 23,343	$ 34,429
Provisional price adjusments		
Adjustments to revenue upon settlement of prior periods' sales	611	1,697
Mark-to-market adjustment on sales not yet settled at end of period	432	(424)
Revenue as reported in the income statement	$ 24,386	$ 35,702

PGM ounces sold decreased by 4% in Q1 2012 compared to Q1 2011 due to lower run-of-mine ore tonnes processed (235,354 tonnes in Q1 2012 compared to 245,500 tonnes in Q1 2011), and lower concentrator recovery (77% in Q1 2012 compared to 79% in Q1 2011), which were offset by an increase in grade (4.07 grams per tonne in Q1 2012 compared to 3.93 grams per tonne in Q1 2011).

Although PGM ounces produced in Q1 2012 were near the same levels as Q1 2011, the strike by employees of JIC Mining Services reported on October 26, 2011 had a lingering effect on Q1 2012 production. Also, an illegal strike at one of the neighbouring producers resulted in the dismissal of about 17,000 of their workers in February 2012, and many of the JIC employees at the Maroelabult section, particularly machine operators, resigned to fill the vacancies created. Additionally, intimidation in the townships between Rustenburg and Brits resulted in high absenteeism on the part of JIC employees during the strike action. Although more normal circumstances have been restored, production at the Maroelabult section remains below the Company’s budgeted levels. The Company and JIC are taking measures to rectify this and further improvements are expected in the second quarter of 2012.

Operating cash costs, a non-IFRS measure, are incurred in Rand. Total Rand operating cash costs increased by 1% compared to Q1 2011, but Rand operating cash costs per ounce increased by 5% from R8,090 per ounce in Q1 2011 to R8,486 per ounce in Q1 2012 primarily due to a 4% decrease in ounces sold.

By comparison, U.S. dollar operating cash costs per ounce decreased by 5% from $1,154 per ounce in Q1 2011 to $1,095 per ounce in Q1 2012 primarily due to a 11% depreciation of the South African Rand relative to the U.S. dollar. This was offset by a 4% decrease in ounces sold, combined with a 1% increase in total Rand operating cash costs. The average U.S. dollar-Rand exchange rate was R7.75:$1.00 in Q1 2012 compared to R7.01:$1.00 in Q1 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 61,025 tonnes of chrome in Q1 2012 (63,578 tonnes in Q1 2011). Net chrome revenue recognized was $42 per tonne ($110 per tonne in Q1 2011) for a total of $2,578,000 ($6,963,000 in Q1 2011). The 62% decrease in chrome revenue recognized per tonne compared to Q1 2011 was due to a softer market for chrome in Q1 2012 compared to Q1 2011 combined with the 11% depreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R7.75:$1.00 in Q1 2012 compared to R7.01:$1.00 in Q1 2011.

Q1 2012 chrome revenues of $2,578,000 reduced operating cash costs from $1,095 per ounce to $990 per ounce net of by-product credits and from R8,486 to R7,670 per ounce net of by-product credits.

Quarter ended March 31, 2012 compared to the quarter ended December 31, 2011

Revenues increased by 27% compared to Q4 2011 as a result of a 23% increase in the ounces produced in the quarter, a 4% increase in the average delivered price per ounce, and a change in price adjustments from negative $2,977,000 in Q4 2011 to positive $1,043,000 in Q1 2012, which were offset by a $1,760,000 decrease in chrome revenues and an $1,658,000 increase in concentrate penalties. The concentrate penalties were caused by higher chrome content and lower PGM grade content in the concentrate delivered to the smelter during the quarter. The increase in ounces produced was due to a 21% increase in run-of-mine ore processed (235,354 tonnes in Q1 2012 compared to 194,532 tonnes in Q4 2011) combined with an increase in concentrator recovery from 76% in Q4 2011 to 77% in Q1 2012. The improved mining and production in Q1 2012 was the result of operations recovering from the strike action by employees of CRM's main mining contractor, JIC Mining Services, in October 2011, and by a Section 54 shut-down of operation following the fatality at CRM in November 2011.

Rand operating cash costs decreased by 19% from R10,455 per ounce in Q4 2011 to R8,486 per ounce in Q1 2012 as a result of a 23% increase in ounces produced. Operating cash costs stated in U.S. dollars decreased by 15% from $1,291 per ounce in Q4 2011 to $1,095 per ounce in Q1 2012 due to the 23% increase in ounces produced, which was offset by a 4% appreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R7.75:$1.00 in Q1 2012 compared to R8.10:$1.00 in Q4 2011.

3.2 CRM non-IFRS measures

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

Table 5

Crocodile River Mine non-IFRS measures (Expressed in thousands of U.S. dollars, except ounce and per ounce data)	Three months ended March 31, 2012	2011
Mine operating (loss) earnings	$ (6,737)	$ 1,293
Depletion and depreciation	4,323	5,119
EBITDA (1)	(2,414)	6,412
Production costs as reported	26,800	29,290
Adjustments for miscellaneous costs (2)	(1)	7
Cash operating costs	26,799	29,297
Less by-product credits - chrome revenues and adjustments	(2,578)	(6,963)
Cash operating costs net of by-product credits	24,221	22,334
Ounces sold	24,474	25,387
Cash cost per ounce sold	$ 1,095	$ 1,154
Cash cost per ounce sold net of by-product credits	$ 990	$ 880

(1) EBITDA includes provisional price adjustments, chrome revenues and chrome penalties.

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

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

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

3.3 Development projects

3.3.1 CRM

During the first quarter ended March 31, 2012, the Company spent $2,235,000 at CRM on underground mine development, underground electrical upgrades, and ongoing underground works at the Zandfontein vertical shaft, including the development of a decline for a conveyor and chairlift system that will move ore and workers to and from the new stopes being developed below 4-level as well as workshops and refuelling systems underground to improve equipment availability.

Mine development projects are on track at the Zandfontein section with the ongoing development of the conveyor decline required to mine between 5 and 9-Levels making steady progress, and with the installation of the new infrastructure for underground ore and waste handling systems on 3 and 4-Level.

At the Maroelabult Section, decline development and conveyor installations are proceeding and the mine life of this section of CRM has been extended by two years to 2016.

All development activities at the Crocette section ceased in early 2012. The Company expects that development work at Crocette can be re-started quickly if there is a significant increase in the ZAR basket price of PGMs.

3.3.2 Eastern Limb projects

During the quarter ended March 31, 2012, Eastern Limb expenditures of $17,650,000 were mainly incurred at the Kennedy's Vale concentrator project and consisted of finishing mass earthworks, pouring concrete in the grinding and flotation areas, slip forming the fine ore silo and main incoming power transformer installation for the 90,000 tonne-per-month (tpm) concentrator. Construction for the concentrator is on schedule, and long lead items such as mills and mining equipment have been purchased and delivered. Engineering and construction planning for the open-pit mine at Mareesburg is well advanced. Tenders for contract mining were released in February 2012 with awarding scheduled for May 2012.

Under the current development plan, a 90,000 tpm concentrator is being construction on the Kennedy's Vale site and the planned rapid production build-up of ore from the Mareesburg open pit will allow the concentrator to ramp up quickly to full capacity immediately upon commissioning. The concentrator has been designed for expansion to 180,000 tpm to handle future ore from the Company's other Eastern Limb properties.

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

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

3.4 Corporate and other expenses

General and administrative expenses ("G&A") are costs associated with the Company's 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.

G&A decreased by 29% from $3,095,000 in Q1 2011 to $2,203,000 in Q1 2012 mainly due to a $1,048,000 decrease in G&A at the Company's South African subsidiaries, which was partially offset by a $197,000 increase in G&A at the Company's head office. The decrease in G&A at the Company's South African subsidiaries was mainly due to a $250,000 decrease in legal fees, a $196,000 decrease in outsourced services and a $420,000 increase in other income in Q1 2012 when compared to Q1 2011. The decrease in G&A was also due to the depreciation of the Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R7.75:$1.00 in Q1 2012 compared to R7.01:$1.00 in Q1 2011.

G&A decreased 33% from $3,274,000 in Q4 2011 to $2,203,000 in Q1 2012 mainly due to a $626,000 decrease in G&A at the Company's head office combined with a $364,000 decrease in G&A at the Company's South African subsidiaries. The $626,000 decrease at head office was mainly due to the grant of $884,000 in bonuses to executive officers and directors of the Company in Q4 2011. The $364,000 decrease at the Company's South African subsidiaries was mainly due to a $157,000 decrease in legal fees and external audit fees being $211,000 lower in Q1 2012 as the year-end audit fee was accrued in Q4 2011 and a $162,000 increase in other income, which were offset by a $300,000 increase in environmental expense.

Interest income recorded during the three months ended March 31, 2012 was $1,032,000 compared with $1,509,000 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 Company's development of the Mareesburg/Kennedy's Vale open-pit and concentrator project.

During the three months ended March 31, 2012, the Company recorded a net income tax expense of $2,837,000. The Company's net income tax expense for the three months ended March 31, 2012 consists of current tax expense of $71,000 and a deferred income tax expense of $2,766,000. 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 $38,154,000 which arose primarily as a result of the step-up to fair value of the net assets acquired on the Barplats and Gubevu business acquisitions during the years ended June 30, 2006, June 30, 2007, and December 31, 2008.

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4. Liquidity and Capital Resources

At March 31, 2012, the Company had working capital of $220,969,000 (December 31, 2011 – $240,236,000) and cash and cash equivalents and short-term investments of $213,492,000 (December 31, 2010 – $250,801,000) in highly liquid, fully guaranteed, bank sponsored instruments.

Working capital, cash and cash equivalents and short-term investments decreased during Q1 2012 as the Company incurred negative operating cash flows of approximately $7 million at CRM, and spent approximately $10 million in order to acquire a further 23% of Lion's Head Platinum (Pty) Ltd., approximately $2 million in development costs at CRM, approximately $18 million in the development of the Mareesburg/Kennedy's Vale open pit and concentrator, and approximately $2 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 March 31, 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. The borrowers are Barplats Mines Limited, Rhodium Reefs Limited, and Royal Anthem Investments 134 (Pty) Ltd., three of the Company's South African subsidiaries. The financing package consists of a U.S.$70 million term facility and a U.S.$30 million revolving loan facility. The scheduled tenor is for 5.5 years with an 18-month grace period for principal repayments. The initial interest is U.S. LIBOR plus 3.85% rising to U.S. LIBOR plus 4.15% for the last 2.5 years of the loan. The financing package does not require commodity, currency or interest rate hedging.

The facility is secured by:

- The shares of Barplats Mines Limited ("BML"), Spitzkop Platinum (Pty) Ltd. and Royal Anthem Investments 134 (Pty) Ltd. held by the Company;
- The physical assets, accounts receivable, insurance policies and certain properties of BML;
- The Mareesburg and Spitzkop JV agreements; and,
- Certain bank accounts required to be set up for the facilities agreement.

As at March 31, 2012, the Company had not drawn down on the term facility or the revolving loan facility.

4.1 Outlook

The PGM industry has experienced the impacts of significant global economic uncertainty and market volatility since 2008. From the beginning of 2009 through September 2011, PGM prices in U.S. dollar terms generally trended upward. However, these price increases were significantly negated by the strength of the Rand against the U.S. dollar. As a result, the U.S. dollar realized basket prices that the Company received have improved since the December 2008 lows. However, in Rand terms, PGM prices are still significantly below those recorded in June 2008 when basket prices were at their peak. Since September 2011, PGM prices have re-entered a period of volatility and the Company anticipates that PGM prices will remain volatile and the Rand will remain strong against the U.S. dollar in the short term. This impacts the income and cash flows generated by the Company as it has U.S. dollar-based revenues and a Rand-based operating cost structure. As a result, the Company continues to seek ways to improve its operating efficiency and thereby minimize its operating costs, without compromising safety, health and environmental standards.

The recovery of PGM prices in 2009 and 2010 allowed the Company to resume mine development at the Crocette section at CRM in April 2010 and commence the development of its Eastern Limb projects in early 2011, including the planning of an open-pit mine at Mareesburg and the construction of a 90,000 tpm concentrator located on the Kennedy's Vale site. However, in light of the recent volatility of the eurozone financial markets and PGM prices, the Company re-evaluated and re-prioritized its development projects given its existing financial, human and technical resources. As a result, the development of Crocette was put on hold in early 2012.

The Company believes that it will have sufficient funds in the form of cash, short-term investments and undrawn credit facilities available to complete the development of the Mareesburg open-pit and Kennedy's Vale concentrator projects, and for general corporate purposes.

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

4.2 Impairment

At March 31, 2012, the Company assessed the carrying values of its mineral properties as the Company's market capitalization was below its book value as at March 31, 2012. Based on current and expected PGM prices and cost structures, management has concluded that the values of the Company's mineral properties have not been impaired at this time. However, should current market conditions and commodity prices deteriorate or improve in the future, an impairment or reversal of impairment of the Company's mineral properties may be required.

4.3 Share Capital

During the three months ended March 31, 2012, the Company granted 7,265,000 stock options at an exercise price of Cdn$0.60. Total share-based payment expense with regards to stock options for the quarter was $2,304,000, which takes into account the vesting of options. During Q1 2012, no options were exercised, 1,006,667 options were forfeited at a weighted average exercise price of Cdn$1.68 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 ("the Trust") which purchases shares of the Company on behalf of the employees. These shares then vest to the employees over time. In February 2011, the Trust purchased 198,563 shares pursuant to the plan. The corresponding share-based payment expense was $13,000 for the three months ended March 31, 2012, and there was a share-based payment liability of $56,000 as at March 31, 2012.

As at May 10, 2012, the Company had:

- 928,187,840 common shares outstanding; and
- 46,036,336 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 March 31, 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	$ 42,837	$ -	$ -	$ 42,837
Capital expenditure and purchase commitments contracted at March 31, 2012 but not recognized on the consolidated statement of financial position	79,168	79,168	-	-
	$ 122,005	$ 79,168	$ -	$ 42,837

In June 2011, the Company became aware that the law firm of Siskinds LLP of London, Ontario, had filed a "Notice of Application" under the Class Action Proceedings Act, 1992, in the Ontario Superior Court of Justice against the Company and three of its directors and officers. The Notice of Application seeks permission of the Court to grant leave or permission to commence a lawsuit under the Securities Act of Ontario and other provinces in respect to certain alleged breaches of disclosure obligations. In July, 2011, the Company and its officers and directors were served with court documents. The Company believes the proposed action has no merit and intends to continue to vigorously defend the action.

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 March 31,			
		2012		2011
Trading transactions				
Management and consulting fees	**$**	**545**	$	392
Reimbursements of expenses		**102**		18
Total trading transactions	**$**	**647**	$	410
Compensation of key management personnel				
Salaries and directors' fees	**$**	**717**	$	647
Share-based payments		**2,216**		7,996
Total compensation of key management personnel	**$**	**2,933**	$	8,643

Management and consulting fees increased during the three months ended March 31, 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.

Salaries and directors' fees increased during the three months ended March 31, 2012 compared to the same period in 2011 as a result of increases in annual fees granted to certain officers and directors. Share-based payments decreased from $7,996,000 in Q1 2011 to $2,216,000 in Q1 2012 due to the issuance of less stock options in Q1 2012 compared to Q1 2011, combined with a decrease in the grant date fair value of the share options granted in Q1 2012 compared to Q1 2011.

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

6. Adoption of Accounting Standards and Accounting Pronouncements under IFRS

6.1 Application of new and revised IFRSs

Effective January 1, 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 March 31, 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 March 31, 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 March 31, 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 March 31, 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. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, South African Rand and U.S. dollar, fluctuations in the prices of PGM and other commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, South Africa, or Barbados or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company’s actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements.

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

May 10, 2012

Ian Rozier