Consolidated financial statements of

Eastern Platinum Limited

December 31, 2014 and 2013

Eastern Platinum Limited
December 31, 2014

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

We have audited the accompanying consolidated financial statements of Eastern Platinum Limited (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated statements of loss, comprehensive loss, changes in equity, and cash flows for the years ended December 31, 2014 and December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years ended December 31, 2014 and December 31, 2013, in accordance with International Financial Reporting Standards.

(Signed) Deloitte LLP

Chartered Accountants
Vancouver, British Columbia
March 11, 2015

Eastern Platinum Limited

Consolidated statements of loss

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

	Note	**Year ended December 31, 2014**	Year ended December 31, 2013
Revenue	23(c)	**$ -**	$ 31,783
Cost of operations			
Production costs		**-**	47,045
Depletion and depreciation	6	**-**	4,840
Impairment	6 & 16	**129,994**	147,787
Gain on disposal of property, plant and equipment		**(702)**	(2,177)
		129,292	197,495
Mine operating loss		**(129,292)**	(165,712)
Expenses			
General and administrative		**2,788**	7,282
Care and maintenance	6(a)(b)(c)	**12,421**	5,323
Care and maintenance depreciation	6 & 16	**2,673**	1,735
Share-based payments	7(e)	**36**	3,206
		17,918	17,546
Operating loss		**(147,210)**	(183,258)
Other income (expense)			
Interest income		**2,091**	2,137
Other income		**2,130**	1,675
Finance costs	8	**(769)**	(1,327)
Foreign exchange (loss) gain		**(16)**	200
Loss before income taxes		**(143,774)**	(180,573)
Income tax recovery (expense)	9	**11,114**	(358)
Net loss for the period		**$ (132,660)**	$ (180,931)
Attributable to			
Non-controlling interest	10	**$ (7,639)**	$ (24,079)
Equity shareholders of the Company		**(125,021)**	(156,852)
Net loss for the period		**$ (132,660)**	$ (180,931)
Loss per share			
Basic	7(b) & 11	**$ (1.35)**	$ (1.69)
Diluted	7(b) & 11	**$ (1.35)**	$ (1.69)
Weighted average number of common shares outstanding in thousands			
Basic	7(b) & 11	**92,700**	92,781
Diluted	7(b) & 11	**92,700**	92,781

Approved and authorized for issue by the Board on March 11, 2015.

"David Cohen"
David Cohen, Director

"Robert Gayton"
Robert Gayton, Director

Eastern Platinum Limited

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

		Year ended December 31, 2014		Year ended December 31, 2013
Net loss for the period	**$**	**(132,660)**	$	(180,931)
Other comprehensive loss				
Items that may subsequently be reclassifid to loss or profit				
Exchange differences on translating foreign operations		**(36,012)**		(106,257)
Exchange differences on translating non-controlling interest		**3,205**		4,469
Comprehensive loss for the period	**$**	**(165,467)**	$	(282,719)
Attributable to				
Non-controlling interest	**$**	**(4,434)**	$	(19,610)
Equity shareholders of the Company		**(161,033)**		(263,109)
Comprehensive loss for the period	**$**	**(165,467)**	$	(282,719)

Eastern Platinum Limited

Consolidated statements of financial position as at December 31, 2014 and December 31, 2013
(Expressed in thousands of U.S. dollars)

	Note	December 31, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents	12	**$ 13,966**	$ 14,489
Short-term investments	13	**61,438**	78,471
Trade and other receivables	14	**3,227**	3,608
Inventories	15	**2,532**	2,777
		81,163	99,345
Non-current assets			
Property, plant and equipment	6	**176,973**	336,628
Refining contract	16	**462**	2,095
Other assets	17	**9,723**	9,180
		$ 268,321	$ 447,248
Liabilities			
Current liabilities			
Trade and other payables	18	**$ 5,078**	$ 6,086
		5,078	6,086
Non-current liabilities			
Provision for environmental rehabilitation	19	**9,816**	9,414
Deferred tax liabilities	9	**4,100**	16,803
		18,994	32,303
Equity			
Issued capital	7	**1,230,171**	1,230,358
Treasury shares	7(d)	**(204)**	(204)
Equity-settled employee benefits reserve		**5,305**	5,334
Foreign currency translation reserve		**(244,432)**	(208,420)
Deficit		**(706,059)**	(581,103)
Capital and reserves attributable to equity shareholders of the Company		**284,781**	445,965
Non-controlling interest	10	**(35,454)**	(31,020)
		249,327	414,945
		$ 268,321	$ 447,248

Eastern Platinum Limited

Consolidated statements of changes in equity

(Expressed in thousands of U.S. dollars)

	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, 2012	**$ 1,230,358**	**$ (204)**	**$ 8,991**	**$ (102,163)**	**$ (431,114)**	**$ 705,868**	**$ (11,410)**	**$ 694,458**
Net loss	-	-	-	-	(156,852)	(156,852)	(24,079)	(180,931)
Currency translation adjustment	-	-	-	(106,257)	-	(106,257)	4,469	(101,788)
Total comprehensive loss	-	-	-	(106,257)	(156,852)	(263,109)	(19,610)	(282,719)
Share-based payments	-	-	3,206	-	-	3,206	-	3,206
Transfer	-	-	(6,863)	-	6,863	-	-	-
Balance, December 31, 2013	**$ 1,230,358**	**$ (204)**	**$ 5,334**	**$ (208,420)**	**$ (581,103)**	**$ 445,965**	**$ (31,020)**	**$ 414,945**
Net loss	-	-	-	-	(125,021)	(125,021)	(7,639)	(132,660)
Currency translation adjustment	-	-	-	(36,012)	-	(36,012)	3,205	(32,807)
Total comprehensive loss	-	-	-	(36,012)	(125,021)	(161,033)	(4,434)	(165,467)
Cancellation of shares (Note 7b)	(187)	-	-	-	-	(187)	-	(187)
Share-based payments	-	-	36	-	-	36	-	36
Transfer	-	-	(65)	-	65	-	-	-
Balance, December 31, 2014	**$ 1,230,171**	**$ (204)**	**$ 5,305**	**$ (244,432)**	**$ (706,059)**	**$ 284,781**	**$ (35,454)**	**$ 249,327**

Eastern Platinum Limited

Consolidated statements of cash flows
(Expressed in thousands of U.S. dollars)

	Note	**Year ended December 31, 2014**	Year ended December 31, 2013
Operating activities			
Loss before income taxes		**$ (143,774)**	$ (180,573)
Adjustments to net loss for non-cash items			
Depletion and depreciation	6 & 16	**2,673**	7,267
Impairment		**129,994**	147,787
Gain on disposal of property, plant and equipment		**(702)**	(2,177)
Share-based payments	7(e)	**36**	3,206
Interest income		**(2,091)**	(2,137)
Finance costs	8	**769**	1,327
Foreign exchange loss (gain)		**16**	(200)
Environmental expense		**800**	(439)
Allowance for bad debts		**181**	-
Net changes in non-cash working capital items			
Trade and other receivables		**155**	10,116
Inventories		**(5)**	1,165
Trade and other payables		**(384)**	(8,760)
Cash used in operations		**(12,332)**	(23,418)
Adjustments to net loss for cash items			
Interest income received		**1,910**	2,099
Finance costs received (paid)		**(16)**	(1,335)
Taxes (paid) received		**(56)**	694
Net operating cash flows		**(10,494)**	(21,960)
Investing activities			
Net sale (purchase) of short-term investments		**10,633**	(22,550)
Increase in other assets		**(1,460)**	(2,019)
Property, plant and equipment expenditures		**(167)**	(9,961)
Disposal of property, plant and equipment		**2,257**	4,268
Net investing cash flows		**11,263**	(30,262)
Financing activities			
Cancellation of shares upon stock consolidation		**(187)**	-
Net financing cash flows		**(187)**	**-**
Effect of exchange rate changes on cash and cash equivalents		**(1,105)**	(3,988)
Decrease in cash and cash equivalents		**(523)**	(56,210)
Cash and cash equivalents, beginning of period		**14,489**	70,699
Cash and cash equivalents, end of period		**$ 13,966**	$ 14,489

1. Nature of operations

Eastern Platinum Limited (the "Company") is a platinum group metal ("PGM") company engaged in the mining, exploration and development of PGM properties located in various provinces in South Africa. During 2014, the Company's projects have been either in care and maintenance or on hold.

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 and the Johannesburg Stock Exchange. The head office, principal address and records office of the Company are located at 837 West Hastings Street, Suite 501, Vancouver, British Columbia, Canada, V6C 3N6. The Company's registered address is 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia, Canada, V6E 4N7.

2. Basis of preparation

(a) *Statement of compliance*

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS").

(b) *Going Concern*

These consolidated financial statements, including comparatives, have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

In late 2012, the Company suspended funding to its Eastern Limb projects and on August 1, 2013, the Company ceased production at its Crocodile River Mine. As at December 31, 2014, the Company does not have any producing operations and does not generate income other than interest and other income which is insufficient to cover the Company's general and administrative, and care and maintenance expenses. As at March 11, 2015, the Company has sufficient funds to satisfy its commitments for more than one year. Additional funding will be required to develop and bring the Eastern Limb projects into commercial production. There can be no assurance that additional funding will be available to the Company when needed or, if available, that this funding will be on acceptable terms.

On November 7, 2014, the Company reached an agreement with Hebei Zhongbo Platinum Co. Limited ("Hebei Zhongbo") whereby Hebei Zhongbo would acquire the Company's entire South African platinum group metal business (including a majority of the interests held by the Company's existing minority partners) and all loan agreements that Eastplats has with its subsidiary companies for gross consideration of $225,000 (Notes 5(a) and 26). Net proceeds of the transaction are expected to be $175,522.

(c) *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.

2. Basis of preparation (continued)

(c) *Judgments and estimates (continued)*

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

3. Application of new and revised International Financial Reporting Standards

Effective January 1, 2014, the Company adopted the following new and revised International Financial Reporting Standards ("IFRSs") that were issued by the International Accounting Standards Board ("IASB").

(a) Amendment to IAS 32 Financial Instruments: Presentation

The amendments to IAS 32 pertained to the application guidance on the offsetting of financial assets and financial liabilities. The application of this IAS did not have any material impact on the amounts reported for the current or prior years but may affect the presentation of future transactions or arrangements.

(b) Amended standard IAS 36 Impairment of Assets

The amendments to IAS 36 outline the additional disclosures that will be required with regards to the recoverable amount of impaired assets. The application of this IAS did not have any material impact on the disclosures for the current or prior years but may affect the disclosures of future transactions or arrangements.

(c) New interpretation IFRIC 21 Levies

This interpretation clarifies the accounting treatment for a liability to pay a levy, where a levy is an outflow of economic benefits imposed by governments on entities in accordance with legislation. The application of this IFRIC did not have any material impact on the amounts reported for the current or prior years but may affect the presentation of future transactions or arrangements.

4. Summary of significant accounting policies

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments. The Company's principal accounting policies are outlined below.

(a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has (i) power over the investee, (ii) exposure, or rights, to variable returns from its involvement with the investee, and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions, balances, revenues and expenses have been eliminated.

4. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition, even if this results in the non-controlling interest having a deficit balance.

Changes in the Company's ownership percentage in subsidiaries that do not result in loss of control are accounted for as equity transactions. The carrying amount of the Company's interest and the non-controlling interests are adjusted to reflect the change in the Company's ownership interest percentage. Any difference between the fair value of the consideration paid or received and the adjustment to the Company's non-controlling interest is recognized directly to equity.

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the acquisition date) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Any costs directly attributable to the business combination are generally recognized in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations,* which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized immediately in profit or loss.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

(c) Joint Arrangements

A joint arrangement is a contractual arrangement where two or more parties undertake an economic activity that is subject to joint control. Joint control exists when the parties involved in the contractual arrangement agree to share control over the economic activity, and the financial and operating decisions are agreed to be made by unanimous consent.

There are two types of joint arrangements: joint operations and joint ventures. A joint operation exists when the parties with joint control have rights to the assets and the obligations for the liabilities. A joint venture exists when the parties with joint control have the rights to the net assets of the arrangement.

4. Summary of significant accounting policies (continued)

(c) Joint Arrangements (continued)

The Company has an interest in a joint operation for the sale of chrome. Income and expenses are recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and their amounts can be reliably measured. The Company recognizes its share of the assets that the Company controls and the liabilities that the Company incurs with regards to the jointly controlled operation in the consolidated statement of financial position. The Company also recognizes its share of the revenues generated from the sale of the outputs of the joint operation and its share of the expenses incurred by the joint operation within the consolidated statement of loss. There were no chrome sales in 2014.

(d) Presentation currency

The Company's presentation currency is the U.S. dollar ("$"). The functional currencies of the Company and its South African subsidiaries are the Canadian Dollar and South African Rand ("ZAR"), respectively. These consolidated financial statements have been translated to the U.S. dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period).

(e) Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The following specific criteria must be met before revenue is recognized:

(i) Sale of goods

Revenue from the sale of platinum group and other metals is recognized when all of the following conditions are satisfied:

- the specific risks and rewards of ownership have been transferred to the purchaser;
- the Company does not retain continuing managerial involvement to the degree usually associated with ownership or effective control over the metals sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

4. Summary of significant accounting policies (continued)

(f) Revenue recognition (continued)

(i) Sale of goods (continued)

The sale of platinum group and other metals is provisionally priced such that the price is not settled until a predetermined future date based on the market price at that time. Revenue on these sales is initially recognized (when the conditions above are met) at the current market price. The difference between the present value and the future value of the current market price is recognized as interest income over the term of settlement. Subsequent to initial recognition but prior to settlement, sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This mark to market adjustment is recorded in revenue. There were no sales of platinum group and other metals in 2014.

(ii) Rental income

Rental income from residential properties is recognized on a straight-line basis over the term of the lease.

(iii) Interest income

Interest income is recognized in profit or loss as it accrues, using the effective interest method.

(g) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest.

When fully vested stock options expire, are forfeited or are cancelled, the expense previously recognized within the equity-settled employee benefits reserve is reallocated to deficit.

(h) Finance costs

Finance costs comprise interest payable on revenue advances, finance leases, provision for environmental rehabilitation and other borrowings. Interest payable on borrowings is calculated using the effective interest method and includes foreign exchange gains and losses on foreign currency borrowings.

(i) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit or loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

4. Summary of significant accounting policies (continued)

(i) Income taxes (continued)

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to unused tax loss carry forwards, unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit
- goodwill
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(j) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(k) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit (loss) such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to translation of the financial statements of foreign operations. The Company's comprehensive income (loss), components of other comprehensive income (loss), and cumulative translation adjustments are presented in the consolidated statements of comprehensive income (loss) and the consolidated statements of changes in equity.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

4. Summary of significant accounting policies (continued)

(m) Short-term investments

Short-term investments are investments which are transitional or current in nature, with an original maturity greater than three months.

(n) Inventories

Inventories, comprising stockpiled ore, concentrate awaiting further processing and sale, and chrome inventory are valued at the lower of cost and net realizable value. Consumables are valued at cost except when inventories are written down to net realizable value, in which case consumables are valued at the lower of cost and net realizable value, with replacement cost used as the best available measure of net realizable value. Cost is determined using the weighted average method and includes direct mining expenditures and an appropriate portion of normal overhead expenditure. In the case of concentrate, direct concentrate costs are also included. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Obsolete, redundant and slow moving stores are identified and written down to net realizable values.

(o) Property, plant and equipment

(i) Mining assets

Assets owned and mineral properties being depleted are recorded at cost less accumulated depreciation and accumulated impairment losses. Mineral properties not being depleted are recorded at cost less accumulated impairment losses. All direct costs related to the acquisition, exploration and development of mineral properties are capitalized until the properties to which they relate are ready for their intended use, sold, abandoned or management has determined there to be impairment. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mineral properties being depleted and amortized using the units-of-production method following commencement of commercial production. Interest on borrowings incurred to finance mining assets is capitalized until the asset is capable of carrying out its intended use.

Mining properties and mining and process facility assets are amortized on a units-of-production basis which is measured by the portion of the mine's proven and probable ore reserves recovered during the period. Capital work-in-progress, which is included in mining assets, is not depreciated until the assets are ready for their intended use.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

(ii) Residential properties and other property, plant and equipment

Residential properties and other property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. These assets are depreciated using the straight-line method based on estimated useful lives, which generally range from 5 to 7 years, with the exception of residential properties and mine houses whose estimated useful lives are 50 years and office buildings whose estimated useful lives are 20 years. Land is not depreciated.

4. Summary of significant accounting policies (continued)

(o) Property, plant and equipment (continued)

(ii) Residential properties and other property, plant and equipment (continued)

Where an item of plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of plant and equipment.

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal overheads.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the weighted average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

The depreciation method, useful life and residual values are assessed annually.

(iii) Leased assets

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized at the lower of the fair value of the leased property and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as discussed in Note 4(r).

(iv) Subsequent Costs

The cost of replacing part of an item within property, plant and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the group and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced is expensed. All other costs are recognized as an expense as incurred.

(v) Impairment

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period.

4. Summary of significant accounting policies (continued)

(o) Property, plant and equipment (continued)

(v) Impairment (continued)

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(vi) Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

(p) Refining contract

The Company sells substantially all its PGM concentrate to one customer under the terms of an off-take or refining contract. The refining contract is amortized over the original life of the contract, estimated to be fifteen years, commencing in mid-2004. An evaluation of the carrying value of the contract is undertaken whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(q) Financial assets

Financial assets are classified into one of four categories:

- fair value through profit or loss ("FVTPL");
- held-to-maturity ("HTM");
- available for sale ("AFS"); and,
- loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) FVTPL financial assets

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Provisionally priced trade receivables are classified as FVTPL and are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

4. Summary of significant accounting policies (continued)

(q) Financial assets (continued)

(ii) HTM investments

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

(iii) AFS financial assets

Short-term investments and other assets held by the Company are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive income and are accumulated in the investments revaluation reserve. To date, these gains and losses have not been significant due to the nature of the underlying investment. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss for the period.

The fair value of AFS monetary assets denominated in a foreign currency is translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences on amortized cost of debt instruments is recognized in profit or loss, while other changes are recognized in equity.

(iv) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(v) Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

(vi) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

4. Summary of significant accounting policies (continued)

(q) Financial assets (continued)

(vi) Impairment of financial assets (continued)

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(vii) Derecognition of financial assets

A financial asset is derecognized when:

- the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

(r) Leases

(i) The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the corresponding lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

(ii) The Company as lessee

Assets held under finance leases are recognized as assets of the Company at the lower of the fair value at the inception of the lease or the present value of the minimum lease payments. The corresponding liability is recognized as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are expensed on a straight-line basis over the term of the relevant lease. Incentives received upon entry into an operating lease are recognized straight-line over the lease term.

4. Summary of significant accounting policies (continued)

(s) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(t) Environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred.

(u) Employee benefits

(i) Employee post-retirement obligations – defined contribution retirement plan

The Company's South African subsidiaries operate a defined contribution retirement plan for its employees. The pension plan is funded by payments from the employees and the subsidiaries and payments are charged to profit and loss for the period as incurred. The assets of the different plans are held by independently managed trust funds. The South African Pension Funds Act of 1956 governs these funds.

4. Summary of significant accounting policies (continued)

(u) Employee benefits (continued)

(ii) Leave pay

Employee entitlements to annual leave are recognized as they are earned by the employees. A provision, stated at current cost, is made for the estimated liability at period end.

(v) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified trade and other payables and short-term financial liabilities as other financial liabilities.

(ii) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire.

(w) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

(i) Impairment of property, plant and equipment

Please refer to Note 4(o) and 6(e).

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

4. Summary of significant accounting policies (continued)

(w) Critical accounting estimates (continued)

(ii) Rehabilitation provision

The future value of the provision for environmental rehabilitation was determined using an inflation rate of 6.16% (December 31, 2013 – 5.93%) and an estimated life of mine of 16 years for Zandfontein (December 31, 2013 – 16 years), 8 years for Maroelabult (December 31, 2013 – 8 years), 10 years for Crocette (December 31, 2013 – 10 years), 23 years for Kennedy's Vale (December 31, 2013 – 23 years) and 23 years for Spitzkop (December 31, 2013 – 23 years). The provision has been discounted to present value at a discount rate of 7.96% (December 31, 2013 – 8.23%).

(x) Critical accounting judgments

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

(i) Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currencies of Eastern Platinum Limited and its South African subsidiaries are the Canadian Dollar and South African Rand ("ZAR"), respectively, as these are the currencies of the primary economic environment in which the companies operate.

(ii) Useful life of assets

At December 31, 2014 the remaining life of mine for Zandfontein, Maroelabult, Crocette, Kennedy's Vale and Spitzkop was assessed at 16 years, 8 years, 10 years, 23 years and 23 years, respectively (December 31, 2013 – 16 years, 8 years, 10 years, 23 years and 23 years, respectively) based on proven and probable ore reserves. The change in remaining mine life will be evaluated each year as the reserves move to the proven and probable category.

(iii) Depreciation rates

The estimated maximum useful lives of property, plant and equipment are:

Mining assets owned	
Underground and other assets	Units of production
Mine houses	50 years
Office buildings	20 years
Plant	Units of production
Computer equipment	3 years
Mining assets leased	5 years
Mineral properties being depleted	Units of production
Residential properties	50 years
Properties and land	50 years

4. Summary of significant accounting policies (continued)

(y) Accounting standards issued but not yet effective

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

- Amended standard *IFRS 2 Share-based Payment*

  The amendment to IFRS 2 re-defines the definition of "vesting condition."

- Amended standard *IFRS 3 Business Combinations*

  The amendment to IFRS 3 provides further clarification on the accounting treatment for contingent consideration, and provides a scope exception for joint ventures.

- Amended standard *IFRS 8 Operating Segments*

  The amendments to IFRS 8 provides further clarification on the disclosure required for the aggregation of segments and the reconciliation of segment assets.

- Amended standard *IFRS 13 Fair Value Measurement*

  The amendment to IFRS 13 provides further details on the scope of the portfolio exception.

- Amended standard *IAS 16 Property, Plant and Equipment*

  The amendment to IAS 16 deals with the proportionate restatement of accumulated depreciation on revaluation.

- Amended standard *IAS 24 Related Party Disclosures*

  The amendment to IAS 24 deals with the disclosure required for management entities.

- Amended standard *IAS 38 Intangible Assets*

  The amendment to IAS 38 deals with the proportionate restatement of accumulated depreciation on revaluation.

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

- Amended standard *IFRS 7 Financial Instruments: Disclosures*

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

(iii) Effective for annual periods beginning on or after January 1, 2016

- Amended standard *IFRS 10 Consolidated Financial Statements*

  The amendments to IFRS 10 deal with the sale or contribution of assets between an investor and its associate or joint venture.

- Amended standards *IFRS 11 Joint Arrangements*

  The amendments to IFRS 11 deal with the accounting for acquisitions of an interest in a joint operation.

4. Summary of significant accounting policies (continued)

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

(iii) Effective for annual periods beginning on or after January 1, 2016 (continued)

- Amended standard *IAS 16 Property, Plant and Equipment*

  The amendments to IAS 16 deal with the clarification of acceptable methods of depreciation and amortization, as well as changes to the scope of IAS 16 to include bearer plants.

- Amended standard *IAS 27 Separate Financial Statements*

  The amendments to IAS 27 reinstate the equity method as a method of accounting for investments in subsidiary, joint ventures and associates in an entity's separate financial statements.

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

  The amendments to IAS 28 deal with the sale or contribution of assets between an investor and its associate or joint venture.

- Amended standard *IAS 38 Intangible Assets*

  The amendments to IAS 38 deal with the clarification of acceptable methods of depreciation and amortization.

(iv) Effective for annual periods beginning on or after January 1, 2017

- *New standard IFRS 15 Revenue from Contracts with Customers*

  IFRS 15 provides guidance on how and when revenue from contracts with customers is to be recognized, along with new disclosure requirements in order to provide financial statement users with more informative and relevant information.

(v) Effective for annual periods beginning on or after January 1, 2018

- 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.

5. Subsidiaries, associates and joint venture

(a) Sale of South African platinum group metal business

On November 7, 2014, the Company entered into an agreement with Hebei Zhongbo Platinum Co. Limited ("Hebei Zhongbo") whereby Hebei Zhongbo will acquire all of the Company's South African platinum group metal business, including the Crocodile River Mine, Kennedy's Vale, Spitzkop and Mareesburg projects and their associated mining and prospecting rights, all of the Company's subsidiaries (Note 5(b)), a majority of the interests held by the Company's existing minority partners and all loan agreements that the Company has with its subsidiaries, for cash consideration of $225,000 and estimated net proceeds of $175,522. Closing of the transaction is subject to certain conditions, including approval by the Company's shareholders and regulatory approvals from South Africa and the People's Republic of China (Note 26). As regulatory approval is a key requirement for the closing of the transaction, the Company has not classified the assets and liabilities associated with the transaction as a disposal group held for sale and has not reported its loss from the platinum group metal business as loss from discontinued operations.

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

5. Subsidiaries, associates and joint venture (continued)

(b) Subsidiaries

Details of the Company's subsidiaries at December 31, 2014 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held **December 31, 2014**	 December 31, 2013
Eastern Platinum Holdings Limited	Holding company	BVI (i)	**100%**	100%
Eastplats Holdings Limited	Holding company	BVI (i)	**100%**	100%
Eastplats Acquisition Co. Ltd.	Holding company	BVI (i)	**100%**	100%
Eastplats International Incorporated	Holding company	Barbados	**100%**	100%
Royal Anthem Investments 134 (Pty) Ltd.	Holding company	South Africa	**100%**	100%
Spitzkop Joint Venture	Mining	South Africa	**93.37%**	93.37%
Barplats Investments Limited	Holding company	South Africa	**87.49%**	87.49%
Barplats Mines Limited	Mining	South Africa	**87.49%**	87.49%
Rhodium Reefs Limited	Mining	South Africa	**87.49%**	87.49%
Spitzkop Platinum (Pty) Ltd.	Mining	South Africa	**86.74%**	86.74%
Mareesburg Joint Venture	Mining	South Africa	**87%**	87%
Lion's Head Platinum (Pty) Ltd.	Holding company	South Africa	**74%**	74%

(i) British Virgin Islands ("BVI")

(c) Associates

Details of the Company's associates at December 31, 2014 are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held **December 31, 2014**	 December 31, 2013
Afrimineral Holdings (Pty) Ltd.	Holding company	South Africa	**49.00%**	49.00%
Gubevu Consortium Investment Holdings (Pty) Ltd.	Holding company	South Africa	**49.99%**	49.99%

(d) Joint arrangement

The Company has a 50% interest in a joint operation for the sale of chrome.

Eastern Platinum Limited
Notes to the consolidated financial statements
(Expressed in thousands of U.S. dollars, except number of shares and per share amounts)

6. Property, plant and equipment

	Plant and equipment owned	Mineral properties being depleted	Mineral properties not being depleted	Residential properties	Properties and land	TOTAL
Cost						
Balance as at December 31, 2012	**$ 552,958**	**$ 119,549**	**$ 487,215**	**$ 20,779**	**$ 6,090**	**$ 1,186,591**
Assets acquired	9,829	-	-	132	-	9,961
Environmental asset capitalized	(646)	-	-	-	-	(646)
Assets disposed	(2,021)	-	-	(1,045)	(146)	(3,212)
Foreign exchange movement	(106,916)	(22,892)	(93,283)	(3,894)	(1,160)	(228,145)
Balance as at December 31, 2013	**$ 453,204**	**$ 96,657**	**$ 393,932**	**$ 15,972**	**$ 4,784**	**$ 964,549**
Assets acquired	167	-	-	-	-	167
Environmental asset capitalized	(226)	-	-	-	-	(226)
Assets disposed	(1,475)	-	-	(898)	(155)	(2,528)
Foreign exchange movement	(40,906)	(8,737)	(35,903)	(1,392)	(423)	(87,361)
Balance as at December 31, 2014	**$ 410,764**	**$ 87,920**	**$ 358,029**	**$ 13,682**	**$ 4,206**	**$ 874,601**
Accumulated depreciation and impairment losses						
Balance as at December 31, 2012	**$ 213,136**	**$ 41,693**	**$ 351,460**	**$ 2,545**	**$ 726**	**$ 609,560**
Depreciation	5,022	904	-	192	-	6,118
Depreciation of disposed assets	(842)	-	-	(279)	-	(1,121)
Impairment loss	109,628	35,132	-	-	-	144,760
Foreign exchange movement	(51,986)	(11,504)	(67,281)	(486)	(139)	(131,396)
Balance as at December 31, 2013	**$ 274,958**	**$ 66,225**	**$ 284,179**	**$ 1,972**	**$ 587**	**$ 627,921**
Depreciation	1,500	-	-	154	-	1,654
Depreciation of disposed assets	(795)	-	-	(178)	-	(973)
Impairment loss	67,940	12,804	48,750	-	-	129,494
Foreign exchange movement	(26,796)	(6,355)	(27,105)	(158)	(54)	(60,468)
Balance as at December 31, 2014	**$ 316,807**	**$ 72,674**	**$ 305,824**	**$ 1,790**	**$ 533**	**$ 697,628**
Carrying amounts						
At December 31, 2012	$ 339,822	$ 77,856	$ 135,755	$ 18,234	$ 5,364	$ 577,031
At December 31, 2013	$ 178,246	$ 30,432	$ 109,753	$ 14,000	$ 4,197	$ 336,628
At December 31, 2014	**$ 93,957**	**$ 15,246**	**$ 52,205**	**$ 11,892**	**$ 3,673**	**$ 176,973**

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

6. Property, plant and equipment (continued)

	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, 2012	**$ 552,255**	**$ 495,513**	**$ 111,441**	**$ 27,240**	**$ 142**	**$ 1,186,591**
Assets acquired	8,424	1,537	-	-	-	9,961
Environmental asset capitalized	(646)	-	-	-	-	(646)
Assets disposed	(1,995)	(1,217)	-	-	-	(3,212)
Transfer	(1,651)	1,651	-	-	-	-
Foreign exchange movement	(106,283)	(95,303)	(21,394)	(5,156)	(9)	(228,145)
Balance as at December 31, 2013	**$ 450,104**	**$ 402,181**	**$ 90,047**	**$ 22,084**	**$ 133**	**$ 964,549**
Assets acquired	155	10	-	-	2	167
Environmental asset capitalized	(226)	-	-	-	-	(226)
Assets disposed	(1,491)	(1,037)	-	-	-	(2,528)
Foreign exchange movement	(40,552)	(36,389)	(8,416)	(1,995)	(9)	(87,361)
Balance as at December 31, 2014	**$ 407,990**	**$ 364,765**	**$ 81,631**	**$ 20,089**	**$ 126**	**$ 874,601**
Accumulated depreciation and impairment losses						
Balance as at December 31, 2012	**$ 225,336**	**$ 345,032**	**$ 31,376**	**$ 7,681**	**$ 135**	**$ 609,560**
Depreciation	5,953	162	-	-	3	6,118
Depreciation of disposed assets	(989)	(132)	-	-	-	(1,121)
Impairment loss	144,760	-	-	-	-	144,760
Transfer	50	(50)	-	-	-	-
Foreign exchange movement	(57,827)	(66,089)	(6,013)	(1,462)	(5)	(131,396)
Balance as at December 31, 2013	**$ 317,283**	**$ 278,923**	**$ 25,363**	**$ 6,219**	**$ 133**	**$ 627,921**
Depreciation	1,173	480	-	-	1	1,654
Depreciation of disposed assets	(918)	(55)	-	-	-	(973)
Impairment loss	58,729	29,675	31,935	9,155	-	129,494
Foreign exchange movement	(30,347)	(26,084)	(3,204)	(823)	(10)	(60,468)
Balance as at December 31, 2014	**$ 345,920**	**$ 282,939**	**$ 54,094**	**$ 14,551**	**$ 124**	**$ 697,628**
Carrying amounts						
At December 31, 2012	$ 326,919	$ 150,481	$ 80,065	$ 19,559	$ 7	$ 577,031
At December 31, 2013	$ 132,821	$ 123,258	$ 64,684	$ 15,865	$ -	$ 336,628
At December 31, 2014	**$ 62,070**	**$ 81,826**	**$ 27,537**	**$ 5,538**	**$ 2**	**$ 176,973**

6. Property, plant and equipment (continued)

(a) Crocodile River Mine ("CRM")

The Company holds directly and indirectly an 87.5% interest in CRM, which is located on the eastern portion of the western limb of the Bushveld Complex. On August 1, 2013, CRM was placed on care and maintenance. Management will continue to monitor the factors contributing to the care and maintenance decision, and production will not resume until conditions improve. There can be no assurance that the conditions will improve or that production will resume in the near future.

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

The Company holds directly and indirectly an 87.5% interest in 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 design and construction of a concentrator located on the KV property commenced in 2011 and was suspended in mid-2012 due to the then negative outlook in the global economic environment and the operating environment in South Africa. The concentrator project has been on full care and maintenance since the fourth quarter of 2012.

(c) Spitzkop PGM Project and Mareesburg Project

The Company holds directly and indirectly a 93.4% interest in the Spitzkop PGM Project and an 87% interest in the Mareesburg Project. The Company currently acts as the operator of both the Mareesburg Platinum Project and the Spitzkop PGM Project, both located on the eastern limb of the Bushveld Complex. The Spitzkop PGM Project was planned to be developed after the Mareesburg Project went into production. The Mareesburg Project, which was being developed in conjunction with the construction of the concentrator located on the KV property, has been on full care and maintenance since the fourth quarter of 2012.

(d) Sale of South African platinum group metals business

On November 7, 2014, the Company reached an agreement with Hebei Zhongbo whereby Hebei Zhongbo will acquire CRM, KV, the Spitzkop PGM and Mareesburg Projects (Notes 5(a) and 26) from the Company as part of a share sale. Closing of the transaction is subject to certain conditions, including approval by the Company's shareholders and the required regulatory approvals from South Africa and the People's Republic of China (Note 26).

(e) Impairment of property, plant and equipment

(i) Year ended December 31, 2014

As at December 31, 2014, the Company assessed the carrying values of its mineral properties for indication of impairment and believed that certain factors, such as the continued stagnation of PGM prices, rising cost pressures, decreasing productivities, the sluggish European and global economy and the operating environment in South Africa contributed to the sustained weakness in the Company's share price and to an indication of impairment. As a result of the proposed sale of the Company's South African platinum group assets to Hebei Zhongbo, which closing is subject to certain conditions, the Company recorded an impairment charge in the quarter ended December 31, 2014, based on the Hebei Zhongbo purchase price less costs to sell, as described below.

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

6. Property, plant and equipment (continued)

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

(i) Year ended December 31, 2014 (continued)

During the quarter ended December 31, 2014, the Company determined that the carrying values of its Western Limb and Eastern Limb projects exceeded the projects' fair value less costs to sell. This resulted in an impairment charge of $59,229 that was allocated pro-rata amongst CRM's tangible assets owned ($45,925), intangible mineral properties being depleted ($12,804) and refining contract ($500). This also resulted in impairment charges of $22,015, $7,660, $31,935 and $9,155 being allocated pro-rata to the KV plant and equipment owned and the KV, Spitzkop and Mareesburg intangible mineral properties not being depleted, respectively.

At December 31, 2014, the fair value less costs to sell were determined based on the agreement reached with Hebei Zhongbo on November 7, 2014 (Notes 5(a) and 26). The following table shows the fair value less costs to sell for each of the CRM, Kennedy's Vale, Spitzkop and Mareesburg projects, as at December 31, 2014.

	CRM	**KV**	**Spitzkop**	**Mareesburg**	**Total**
Fair value per share purchase agreement	85,000	101,000	32,000	7,000	**225,000**
Buy-out of minority interests	(9,723)	(11,553)	(3,660)	(801)	**(25,737)**
Finder's fee	(7,528)	(8,944)	(2,834)	(620)	**(19,926)**
Estimated transaction costs	(1,441)	(1,712)	(543)	(119)	**(3,815)**
Fair value less costs to sell	**66,308**	**78,791**	**24,963**	**5,460**	**175,522**

(ii) Year ended December 31, 2013

As at June 30, 2013, the Company believed that certain factors, such as the sustained weakness in PGM pricing, rising cost pressures, decreasing productivities, the stagnant European and global economy and the operating environment in South Africa contributed to the Company's decision to suspend funding of the CRM development plan as announced on April 19, 2013. These factors also caused a further decrease in the Company's share price. The Company recorded an impairment charge in the quarter ended June 30, 2013 as described below. The Company concluded that, as at December 31, 2013, there was no further impairment or reversal of impairment to be recorded.

During the quarter ended June 30, 2013, the Company determined that the carrying value of its CRM project exceeded the expected net present value of its future cash flows (i.e. the fair value less costs to sell). This resulted in an impairment charge of $147,787 that was allocated pro-rata amongst CRM's tangible assets owned, intangible mineral properties being depleted and refining contract. Impairment charges of $109,628, $35,132 and $3,027 were recorded against CRM's tangible assets owned, intangible mineral properties and refining contract, respectively. The Company concluded that as at June 30, 2013, there was no impairment of assets at the Company's Spitzkop PGM Project, Mareesburg PGM Project, or Kennedy's Vale.

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

6. Property, plant and equipment (continued)

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

(ii) Year ended December 31, 2013 (continued)

At June 30, 2013, the expected net present value of CRM's future cash flows was categorized as Level 3 within the fair value hierarchy and was calculated using a weighted average cost of capital of 8.80%, and the following forecasted foreign exchange rates and prices.

		2013	2014	2015	2016	2017	2018+
South African Rand per U.S. Dollar		9.50	9.71	9.65	9.65	9.65	8.90
Platinum	US$/oz	1,531	1,652	1,693	1,693	1,673	1,734
Palladium	US$/oz	713	778	800	781	753	730
Rhodium	US$/oz	1,763	2,413	2,678	2,692	2,636	3,625
Gold	US$/oz	1,440	1,394	1,345	1,282	1,213	1,186
Iridium	US$/oz	1,019	614	630	626	622	640
Ruthenium	US$/oz	118	211	216	221	216	230
Nickel	US$/tonne	15,562	17,095	18,769	19,001	19,408	19,820
Copper	US$/tonne	7,285	7,119	6,942	6,638	6,573	6,121
Chrome	Rand/tonne	500	500	500	500	500	600

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) Stock consolidation and split

On July 15, 2014, pursuant to a special resolution passed by shareholders on June 12, 2014, the Company consolidated its common shares on a 1,000 old for 1 new basis (the "Consolidation"). Shareholders holding less than one full share post-Consolidation are entitled to a cash payment of Cdn$0.11 per share on a pre-Consolidation basis in lieu of a fractional share, such amount being equal to the average weighted trading price of the pre-Consolidated Shares on the Toronto Stock Exchange for the ten trading days preceding the effective date of the Consolidation, which was July 15, 2014. Following the Consolidation, the Company immediately completed a stock split on the basis of 1 old for 100 new, with fractional shares being rounded to the nearest whole number (the "Stock Split"). The Consolidation and Stock Split achieved a 10 to 1 consolidation (the "Effective Consolidation") and eliminated all of the shareholdings of less than 1,000 pre-Consolidation shares in exchange for the cash payment of Cdn$0.11 (R1.04) per share. Prior to Effective Consolidation, the Company had 928,187,807 common shares issued and outstanding. Subsequent to the Effective Consolidation, the Company had 92,639,032 common shares issued and outstanding. The Effective Consolidation resulted in the cancellation of 179,749 common shares.

All information relating to basic and diluted loss per share (Note 11), issued and outstanding common shares (Note 7(c)), treasury shares (Note 7(d)), and stock options (Note 7(e)) have been adjusted retroactively to reflect the impact of the Effective Consolidation in these consolidated financial statements.

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

7. Issued capital (continued)

(c) Issued and outstanding

Changes to the number of common shares issued and outstanding, with December 31, 2013 retroactively adjusted for the Effective Consolidation (Note 7(b)), are as follows:

	Note	December 31, 2014	December 31, 2013
		Number of shares	Number of shares
Balance outstanding, beginning and end of period		92,818,781	92,818,781
Shares cancelled during the period	7(b)	(179,749)	-
Balance outstanding, end of period		92,639,032	92,818,781

(d) Treasury shares

Changes to the number of treasury shares, with December 31, 2013 retroactively adjusted for the Effective Consolidation (Note 7(b)), are as follows:

	December 31, 2014	December 31, 2013
	Number of treasury shares	Number of treasury shares
Balance outstanding, beginning and end of period	12,056	12,056

(e) Share options

The Company has an incentive plan (the "2014 Plan"), approved by the Company's shareholders at its annual general meeting held on June 12, 2014, 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 2014 Plan, retroactively adjusted for the Effective Consolidation (Note 7(b)):

- 7,515,293 common shares were initially reserved for issuance upon the exercise of options, of which 4,313,393 remain available for issuance at December 31, 2014.

- 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 market price, being the weighted average trading price of the Company's shares on the TSX, for the five trading days preceding the day of the grant of the option.

- The 2014 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)

7. Issued capital (continued)

(e) Share options (continued)

(i) Movements in share options during the year

The changes in share options during the years ended December 31, 2014 and year ended December 31, 2013, retroactively adjusted for the Effective Consolidation (Note 7(b)), were as follows:

	December 31, 2014		December 31, 2013	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		Cdn$		Cdn$
Balance outstanding, beginning of period	**3,237,900**	**2.88**	2,660,567	8.43
Options granted	**-**	**-**	2,897,500	1.90
Options forfeited	**(36,000)**	**5.43**	(1,050,500)	13.86
Options expired	**-**	**-**	(1,269,667)	3.20
Balance outstanding, end of period	**3,201,900**	**2.85**	3,237,900	2.88

Options granted and vested during the year ended December 31, 2014 resulted in share-based payment expense of $36 (year ended December 31, 2013 – $3,206), respectively.

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

There were no share options granted during the year ended December 31, 2014.

The following information was retroactively adjusted for the Effective Consolidation (Note 7(b)).

On January 8, 2013, the Company granted 2,897,500 options of which 2,202,500 vested immediately and 695,000 vested one-third as at January 8, 2013, one-third upon the first anniversary of the grant, and the remaining third upon the second anniversary of the grant. All options have an exercise price of Cdn$1.90 and expire on January 8, 2018.

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

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

7. Issued capital (continued)

(e) *Share options (continued)*

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

	2013	
	January 8	**January 8**
Number of options	**2,202,500**	**695,000**
Exercise price	**Cdn$1.90**	**Cdn$1.90**
Closing market price on day preceding date of grant	**Cdn$1.90**	**Cdn$1.90**
Grant date share price	**Cdn$2.10**	**Cdn$2.10**
Risk-free interest rate	**1.45%**	**1.17%**
Expected life	**5**	**2**
Annualized volatility	**77%**	**61%**
Dividend rate	**0%**	**0%**
Grant date fair value	**Cdn$1.30**	**Cdn$0.80**

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 on the Toronto Stock Exchange.

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

The following table summarizes information concerning outstanding and exercisable options at December 31, 2014, retroactively adjusted for the Effective Consolidation (Note 7(b)):

Options outstanding	Options exercisable	Exercise price	Remaining Contractual Life (Years)	Expiry date
		Cdn$		
664,400	664,400	6.00	2.20	March 12, 2017
15,000	15,000	23.10	2.77	October 5, 2017
2,522,500	2,414,167	1.90	3.03	January 8, 2018
3,201,900	3,093,567		2.86	

The weighted average exercise price of options exercisable at December 31, 2014 is Cdn$2.88.

8. Finance costs

	Year ended, December 31, 2014	Year ended, December 31, 2013
Interest on revenue advances	**$ -**	$ 153
Interest on provision for environmental rehabilitation	**753**	768
Interest on VAT reassessments	**16**	313
Other interest	**-**	93
	$ 769	$ 1,327

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

9. Income tax recovery (expense)

The income tax recognized in profit or loss comprises of:

	December 31, 2014	December 31, 2013
Deferred tax recovery (expense) relating to the origination and reversal of temporary differences	**$ 11,492**	$ (358)
Current tax expense	**(378)**	-
Total income tax	**$ 11,114**	$ (358)

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before tax provision due to the following:

	December 31, 2014	December 31, 2013
Statutory tax rate	**26.00%**	25.75%
Expected tax recovery on loss before income tax	**$ (37,381)**	$ (46,497)
Difference in tax rates between foreign jurisdictions and Canada	**4,879**	(13,001)
Items not deductible for income tax purposes	**(4,078)**	3,742
Tax losses not recognized	**25,466**	56,114
Income tax (recovery) expense	**$ (11,114)**	$ 358

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

	December 31, 2014	December 31, 2013
Non-capital loss carry forwards	**$ 10,435**	$ 8,781
Share issue costs	**-**	1,615
Accumulated cost base difference on assets and other	**86,972**	59,673
Deferred receipts	**-**	(17)
Deferred tax liabilities before valuation allowance	**$ 97,407**	$ 70,052
Less valuation allowance	**(101,507)**	(86,855)
Total deferred tax liabilities	**$ (4,100)**	$ (16,803)

The movement between the opening and closing balances was recognized in profit or loss and in foreign currency translation reserve.

9. Income taxes recovery (expense) (continued)

At December 31, 2014, the Company has non-capital losses of approximately Cdn$46,558 (December 31, 2013 – Cdn$36,841) available to apply against future Canadian income for tax purposes. In South Africa, the Company has unredeemed capital expenditures available for utilization against future taxable income and estimated tax losses of approximately R3.7 billion (December 31, 2013 – R3.8 billion). The South African losses do not expire unless the Company's mining activities cease. The Canadian non-capital losses will expire as follows (in thousands of Canadian dollars):

	Cdn$ (000's)
2015	**$ 2,508**
2026	**3,224**
2027	**9,498**
2028	**4,217**
2029	**859**
2030	**8,665**
2031	**3,148**
2032	**3,078**
2033	**6,492**
2034	**4,869**
	$ 46,558

At December 31, 2014, the Company had capital losses of $Nil available to apply against future capital gains in Canada.

The Company's operations are conducted in a number of countries with complex tax legislation and regulations pertaining to the Company's activities. Any reassessment of the Company's tax filings by the tax authorities may result in material adjustments to net profit or loss, tax assets, tax liabilities and operating loss carry-forwards. The Company provides for such reassessments when it is probable that a taxation authority will not sustain the Company's filing position and the amount of the tax exposure can be reasonably estimated.

10. Non-controlling interest

The Company has a 49.99% interest in Gubevu Consortium Investment Holdings (Pty) Ltd. ("Gubevu"), a holding company incorporated and operating in South Africa. Gubevu is the Company's black economic empowerment partner (Note 22(a)) and holds a 25.01% interest in Barplats Investments Limited ("Barplats"). The proportion of equity and total comprehensive loss of Barplats is allocated to the non-controlling interest using the indirect method resulting in a 12.5% allocation. The non-controlling interests are comprised of the following amounts:

Balance, December 31, 2012	$ (11,410)
Non-controlling interests' share of loss in Barplats	(24,079)
Foreign exchange movement	4,469
Balance, December 31, 2013	$ (31,020)
Non-controlling interests' share of loss in Barplats	(7,639)
Foreign exchange movement	3,205
Balance, December 31, 2014	**$ (35,454)**

11. Loss per share

The following information was retroactively adjusted for the Effective Consolidation (Note 7(b)).

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

	Year ended December 31, 2014	Year ended December 31, 2013
	(in thousands)	
Weighted average number of ordinary shares used in the calculation of basic loss per share	**92,700**	92,781
Shares deemed to be issued for no consideration in respect of options	**-**	-
Weighted average number of ordinary used in the calculation of diluted loss per share	**92,700**	92,781

The loss used to calculate basic and diluted loss per share for the year ended December 31, 2014 was $125,021 (year ended December 31, 2013 – $156,852), respectively.

The following potential ordinary shares, outstanding at December 31, 2014, are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted loss per share:

	December 31, 2014	December 31, 2013
	(in thousands)	
Options	**3,202**	3,238

12. Cash and cash equivalents

Cash and cash equivalents are comprised of:

	December 31, 2014	December 31, 2013
Cash in bank	**$ 12,332**	$ 13,110
Money market instruments	**1,634**	1,379
	$ 13,966	$ 14,489

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

13. Short-term investments

Changes to short-term investments for the years ended December 31, 2014 and 2013 are as follows:

Balance, December 31, 2012	$	60,226
Additional investments		80,911
Redemptions		(58,050)
Foreign exchange movement		(4,616)
Balance, December 31, 2013	$	78,471
Additional investments		97,454
Redemptions		(108,087)
Foreign exchange movement		(6,400)
Balance, December 31, 2014	**$**	**61,438**

14. Trade and other receivables

Trade and other receivables are comprised of the following:

		December 31, 2014		December 31, 2013
Trade receivables	**$**	**335**	$	371
VAT receivable		**2,079**		2,257
Other receivables		**1,417**		1,457
Allowance for doubtful debts for other receivables		**(604)**		(477)
	$	**3,227**	$	3,608

(a) Aging of past due, but not impaired

The average credit period of PGM sales was 4 months. The Company had the right to request up to a 90% advance on payment, payable 1 month subsequent to sale. The Company has financial risk management policies in place to ensure that all receivables are received within the pre-agreed credit terms.

Included in trade and other receivables are receivables with a carrying value of $Nil (December 31, 2013 - $262) that are past due but have not been provided for.

(b) Movement in the allowance for doubtful debts

		December 31, 2014		December 31, 2013
Opening balance	**$**	**(477)**	$	(588)
Impairment losses recognized on receivables		**(483)**		(2)
Amounts recovered during the year		**302**		-
Foreign exchange translation losses		**54**		113
Closing balance	**$**	**(604)**	$	(477)

(c) Aging of other impaired receivables

		December 31, 2014		December 31, 2013
Less than 1 month	**$**	**2**	$	11
Greater than 1 month, less than 8 months		**25**		173
Greater than 8 months		**577**		293
	$	**604**	$	477

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

14. Trade and other receivables (continued)

(c) Aging of other impaired receivables (continued)

At December 31, 2014, receivables of $604 (December 31, 2013 - $477) were impaired and provided for. These receivables were for rental income, royalties and scrap sales. Impairment was determined based on payment history and how far past due the receivables were.

15. Inventories

At December 31, 2014, inventories consist of consumables of $2,532 ($2,777 at December 31, 2013). Production costs for the year ended December 31, 2014 were $Nil (year ended December 31, 2013 - $47,045). Production costs represent the cost of inventories sold during the period. For the year ended December 31, 2014, production costs included a write-down of consumables to net realizable value of $Nil (year ended December 31, 2013 - $571). For the years ended December 31, 2014 and 2013, production costs did not include any amounts with regards to the reversal of write-downs.

16. 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 4.5 years as at December 31, 2014.

Cost		
Balance as at December 31, 2012	$	18,443
Foreign exchange movement		(3,531)
Balance as at December 31, 2013	$	14,912
Foreign exchange movement		(1,349)
Balance as at December 31, 2014	**$**	**13,563**
Accumulated amortization and impairment		
Balance as at December 31, 2012	$	11,173
Amortization		1,149
Impairment		3,027
Foreign exchange movement		(2,532)
Balance as at December 31, 2013	$	12,817
Amortization		1,019
Impairment		500
Foreign exchange movement		(1,235)
Balance as at December 31, 2014	**$**	**13,101**
Carrying amounts		
At December 31, 2012	$	7,270
At December 31, 2013	$	2,095
At December 31, 2014	**$**	**462**

During the year ended December 31, 2014, 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 $500 (year ended December 31, 2013 - $3,027) being recorded against the refining contract.

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

17. 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 19). Changes to other assets for the years ended December 31, 2014 and 2013 are as follows:

Balance, December 31, 2012	$	9,062
Additional investment		1,531
Service fees		(53)
Interest income		541
Foreign exchange movement		(1,901)
Balance, December 31, 2013	$	9,180
Additional investment		953
Service fees		(146)
Interest income		653
Foreign exchange movement		(917)
Balance, December 31, 2014	**$**	**9,723**

18. Trade and other payables

	December 31, 2014	December 31, 2013
Trade payables	**$ 688**	$ 187
Accrued liabilities	**487**	1,433
Other	**3,903**	4,466
	$ 5,078	$ 6,086

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.

19. 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 December 31, 2014 is ZAR 113 million ($9,816) (December 31, 2013 – ZAR 99 million, ($9,414)). The provision was determined using an inflation rate of 6.16% (December 31, 2013 – 5.93%) and an estimated life of mine of 16 years for Zandfontein (December 31, 2013 – 16 years), 8 years for Maroelabult (December 31, 2013 – 8 years), 10 years for Crocette (December 31, 2013 – 10 years), 23 years for Kennedy's Vale (December 31, 2013 – 23 years) and 23 years for Spitzkop (December 31, 2013 – 23 years). A discount rate of 7.96% was used (December 31, 2013 – 8.23%). A guarantee of $9,723 (December 31, 2013 - $9,180) has been issued to the Department of Mineral Resources (Note 17). 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 467 million ($40,495) (December 31, 2013 – ZAR 424 million, ($40,424)).

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

19. Provision for environmental rehabilitation (continued)

Changes to the environmental rehabilitation provision are as follows:

Balance, December 31, 2012	$	12,066
Revision in estimates		(1,086)
Interest expense (Note 8)		768
Foreign exchange movement		(2,334)
Balance, December 31, 2013	$	9,414
Revision in estimates		564
Interest expense (Note 8)		753
Foreign exchange movement		(915)
Balance, December 31, 2014	**$**	**9,816**

20. Commitments

The Company has committed to capital expenditures in South Africa of approximately ZAR 350,000 ($30) as at December 31, 2014 (December 31, 2013 – ZAR 676,000, ($64)), all of which are expected to be due by December 31, 2015.

21. Retirement benefit plans

The Barplats Provident Fund is an independent, defined contribution plan administered by Liberty Life Limited in South Africa. The costs associated with the defined contribution plan included in net loss for the year ended December 31, 2014 were $306 (year ended December 31, 2013 - $1,532), respectively. The total number of employees in the plan at December 31, 2014 was 122 (December 31, 2013 – 123).

22. Related party transactions

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

(a) Trading transactions

The Company's related parties consist of (a) private companies owned by executive officers and directors and (b) the Company's black economic empowerment partner as follows:

	Nature of transactions
Andrews PGM Consulting ("Andrews")	Consulting and general and administrative
Buccaneer Management Inc.	Management
Gubevu Consortium Investment Holdings (Pty) Ltd. (iv)	Black economic empowerment partner
Jazz Financial Ltd.	Management
Maluti Services Limited	General and administrative
Xiste Consulting Ltd. ("Xiste")	Management and general and administrative
Zinpro Engineering (Pty) Ltd ("Zinpro")	Consulting and mine contractor

Andrews PGM Consulting ceased to be a related party as at April 1, 2014 and Xiste Consulting Ltd. ceased to be a related party as at September 30, 2013.

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.

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

22. Related party transactions (continued)

(a) Trading transactions (continued)

	Note	**Year ended December 31, 2014**	Year ended December 31, 2013
Consulting fees	(i)	**$ 166**	$ 495
General and administrative expenses		**136**	166
Management fees	(ii)	**910**	2,089
Mine contractor fees	(iii)	**47**	4,651
		$ 1,259	$ 7,401

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

(ii) Management fees for the year ended December 31, 2013 included a termination payment to Xiste, a private company controlled by a former officer of the Company.

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

(iv) At December 31, 2014, the Company held a loan receivable from Gubevu Consortium Investment Holdings (Pty) Ltd. ("Gubevu") in the amount of R668 million ($57,838) (December 31, 2013 – R613 million, $58,375). This loan is secured by Gubevu's interest in Barplats, bears interest at the Johannesburg Interbank Agreed Rate ("JIBAR") + 3% and has been provided for in full. The Company did not record any interest income with regards to this loan or receive cash from, or lend any further cash to, Gubevu in the years ended December 31, 2014 and 2013. For further details, please refer to Note 10.

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at December 31, 2014, included $10 (December 31, 2013 - $2) 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 key members of management personnel during the years ended December 31, 2014 and 2013 were as follows:

	Note	**Year ended December 31, 2014**	Year ended December 31, 2013
Remuneration and directors' fees	(i)	**$ 1,271**	$ 2,967
Share-based payments	(ii)	**-**	2,640
		$ 1,271	$ 5,607

(i) Remuneration and directors' fees include consulting, management fees and termination payments disclosed in Note 22(a).

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

(iii) Key management personnel were not paid post-employment benefits or other long-term benefits during the years ended December 31, 2014 and 2013.

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

23. Segmented Information

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

(b) Geographic segments - The Company's revenues and expenses by geographic areas for the years ended December 31, 2014 and 2013, and assets by geographic areas as at December 31, 2014 and 2013, are as follows:

	Year ended December 31, 2014							
	Crocodile River Mine	**Kennedy's Vale**	**Spitzkop**	**Mareesburg**	**Total South Africa**	**Barbados and BVI**	**Canada**	**TOTAL**
Property, plant and equipment expenditures	$ 155	$ 10	$ -	$ -	$ 165	$ -	$ 2	$ 167
Cost of property, plant and equipment disposals	1,491	1,037	-	-	2,528	-	-	2,528
Impairment	(59,229)	(29,675)	(31,935)	(9,155)	(129,994)	-	-	(129,994)
Gain (loss) on disposal of property, plant and equipment	943	(241)	-	-	702	-	-	702
General and administrative expenses	-	-	-	-	-	(67)	(2,721)	(2,788)
Care and maintenance	(10,597)	(1,704)	(96)	(24)	(12,421)	-	-	(12,421)
Care and maintenance depreciation and amortization	(2,192)	(480)	-	-	(2,672)	-	(1)	(2,673)
Share-based payments	(36)	-	-	-	(36)	-	-	(36)
Interest income	639	25	10	2	676	-	1,415	2,091
Other income	1,412	714	4	-	2,130	-	-	2,130
Finance costs	(528)	(213)	(28)	-	(769)	-	-	(769)
Foreign exchange loss	(4)	-	-	-	(4)	(2)	(10)	(16)
Loss before income taxes	(69,592)	(31,574)	(32,045)	(9,177)	(142,388)	(69)	(1,317)	(143,774)
Income tax recovery	-	(378)	8,921	2,337	10,880	234	-	11,114
Net (loss) income	$ (69,592)	$ (31,952)	$ (23,124)	$ (6,840)	$ (131,508)	$ 165	$ (1,317)	$ (132,660)

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

23. Segmented Information (continued)

(b) Geographic segments (continued)

Year ended December 31, 2013

	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Total South Africa	Barbados and BVI	Canada	TOTAL
Property, plant and equipment expenditures	$ 8,424	$ 1,537	$ -	$ -	$ 9,961	$ -	$ -	$ 9,961
Cost of property, plant and equipment disposals	1,995	1,217	-	-	3,212	-	-	3,212
Revenue	$ 31,783	$ -	$ -	$ -	$ 31,783	$ -	$ -	$ 31,783
Production costs	(47,045)	-	-	-	(47,045)	-	-	(47,045)
Depletion and depreciation	(4,840)	-	-	-	(4,840)	-	-	(4,840)
Impairment	(147,787)	-	-	-	(147,787)			(147,787)
Gain on disposal of property, plant and equipment	2,141	36	-	-	2,177	-	-	2,177
General and administrative expenses	(1,566)	(1,176)	-	-	(2,742)	(65)	(4,475)	(7,282)
Care and maintenance	(3,213)	(2,066)	(27)	(17)	(5,323)	-	-	(5,323)
Care and maintenance depreciation and amortization	(1,556)	(176)	-	-	(1,732)	-	(3)	(1,735)
Share-based payment	(538)	-	-	-	(538)	-	(2,668)	(3,206)
Interest income	845	53	10	4	912	-	1,225	2,137
Other income	797	879	-	-	1,676	-	(1)	1,675
Finance costs	(798)	(522)	(7)	-	(1,327)	-	-	(1,327)
Foreign exchange gain (loss)	227	-	-	-	227	(37)	10	200
Loss before income taxes	(171,550)	(2,972)	(24)	(13)	(174,559)	(102)	(5,912)	(180,573)
Income tax recovery (expense)	-	-	15	13	28	(386)	-	(358)
Net loss	$ (171,550)	$ (2,972)	$ (9)	$ -	$ (174,531)	$ (488)	$ (5,912)	$ (180,931)

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

23. Segmented Information (continued)

(b) Geographic segments (continued)

	December 31, 2014							
	Crocodile River Mine	**Kennedy's Vale**	**Spitzkop**	**Mareesburg**	**Total South Africa**	**Barbados and BVI**	**Canada**	**TOTAL**
Assets								
Current assets	$ 5,171	$ 1,373	$ 157	$ 33	$ 6,734	$ 32	$ 74,397	$ 81,163
Property, plant and equipment	62,070	81,826	27,537	5,538	176,971	-	2	176,973
Refining contract	462	-	-	-	462	-	-	462
Other assets	9,723	-	-	-	9,723	-	-	9,723
	$ 77,426	$ 83,199	$ 27,694	$ 5,571	$ 193,890	$ 32	$ 74,399	$ 268,321
Liabilities								
Current liabilities	$ 3,794	$ 620	$ 9	$ 48	$ 4,471	$ 13	$ 594	$ 5,078
Provision for environmental rehabilitation	6,560	2,880	376	-	9,816	-	-	9,816
Deferred tax liabilities	-	-	2,058	-	2,058	2,042	-	4,100
	$ 10,354	$ 3,500	$ 2,443	$ 48	$ 16,345	$ 2,055	$ 594	$ 18,994
Net assets (liabilities)	$ 67,072	$ 79,699	$ 25,251	$ 5,523	$ 177,545	$ (2,023)	$ 73,805	$ 249,327

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

23. Segmented Information (continued)

(b) Geographic segments (continued)

December 31, 2013	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Total South Africa	Barbados and BVI	Canada	TOTAL
Assets								
Current assets	$ 6,533	$ 598	$ 252	$ 67	$ 7,450	$ 4	$ 91,891	$ 99,345
Property, plant and equipment	132,821	123,258	64,684	15,865	336,628	-	-	336,628
Refining contract	2,095	-	-	-	2,095	-	-	2,095
Other assets	9,180	-	-	-	9,180	-	-	9,180
	$ 150,629	$ 123,856	$ 64,936	$ 15,932	$ 355,353	$ 4	$ 91,891	$ 447,248
Liabilities								
Current liabilities	$ 5,150	$ 347	$ 307	$ 52	$ 5,856	$ 14	$ 216	$ 6,086
Provision for environmental rehabilitation	6,393	2,670	351	-	9,414	-	-	9,414
Deferred tax liabilities	-	-	11,818	2,496	14,314	2,489	-	16,803
	$ 11,543	$ 3,017	$ 12,476	$ 2,548	$ 29,584	$ 2,503	$ 216	$ 32,303

(c) Revenue

The Company's primary product is platinum group metals ("PGM") and by-product is chrome. During the year ended December 31, 2013, substantially all of the Company's PGM production was sold to one customer.

	Year ended December 31, 2014	Year ended December 31, 2013
Platinum group metals	**$ -**	$ 21,733
Chrome	**-**	10,050
	$ -	$ 31,783

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

24. Financial instruments

(a) Management of capital risk

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued capital, equity-settled employee benefits reserve, deficit and currency translation adjustment. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company is not subject to externally imposed capital requirements.

(b) Categories of financial instruments

	December 31, 2014	December 31, 2013
Financial assets		
Cash and cash equivalents	**$ 13,966**	$ 14,489
FVTPL financial assets		
Trade receivables	**335**	371
Loans and receivables		
Other receivables	**2,892**	3,237
Available for sale financial assets		
Short-term investments	**61,438**	78,471
Other assets	**9,723**	9,180
	$ 88,354	$ 105,748
Financial liabilities		
Other financial liabilities		
Trade and other payables	**$ 5,078**	$ 6,086
	$ 5,078	$ 6,086

(c) Fair value of financial instruments

(i) Fair value estimation of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair values of cash and cash equivalents, short-term investments, other assets and trade and other payables approximate their carrying values due to the short-term to maturities of these financial instruments.

Trade receivables are settled three to five months following the physical delivery of the PGM's and are adjusted to prices of the metals at the end of the settlement period. At each period end, the Company's trade receivables are marked to market based on the PGM forward prices quoted in the active market. The provisional price adjustments recorded during the years ended December 31, 2014 and 2013 are shown in the table below.

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

24. Financial instruments (continued)

(c) Fair value of financial instruments (continued)

(i) Fair value estimation of financial instruments (continued)

	Year ended December 31, 2014	Year ended December 31, 2013
Revenue before provisional price adjustments	**$ -**	$ 31,443
Provisional price adjustments		
Adjustments to revenue upon settlement of prior periods' sales	**-**	341
Mark-to-market adjustment on sales not yet settled at end of period	**-**	(1)
Revenue	**$ -**	$ 31,783

At December 31, 2014, there were no financial assets or liabilities recognized at fair value on a non-recurring basis.

(ii) Fair value measurements recognized in the statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into a hierarchy based on the degree to which the fair value is observable. Level 1 fair value measurements are derived from unadjusted, quoted prices in active markets for identical assets or liabilities. Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly. Level 3 fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The Company's trade receivables, short-term investments, and other assets are measured subsequent to initial recognition at fair value and are Level 2 financial instruments at December 31, 2014 and 2013. At each period end, the Company's trade receivables are marked to market based on the PGM forward prices quoted in the active market. There were no transfers between levels during the years ended December 31, 2014 and 2013.

(d) Reclassification of financial assets

There was no reclassification of financial assets during the years ended December 31, 2014 and 2013.

(e) Financial risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Company's exposure to these risks and its methods of managing the risks remain consistent.

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

24. Financial instruments (continued)

(e) Financial risk management (continued)

(i) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company's revenues are based on US dollar PGM prices, but the Company receives revenues in South African Rand and incurs operating costs in South African Rand. A significant change in the currency exchange rates between the South African Rand relative to the US dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations.

The carrying amount of the Company's subsidiary's foreign-currency denominated monetary assets at December 31, 2014 and 2013, are as follows:

	December 31, 2014	December 31, 2013
Financial assets		
Loans and receivables	**331**	371

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

	Year ended Dec. 31, 2014	
	10% weakening of ZAR in relation to USD FX rate	10% strengthening of ZAR in relation to USD FX rate
Increase (decrease) in net earnings	33	(33)

The carrying amount of the Company's head office foreign-currency denominated monetary assets at December 31, 2014 and 2013 is as follows:

	December 31, 2014	December 31, 2013
Financial assets		
Cash and cash equivalents	**198**	268

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

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

24. Financial instruments (continued)

(e) Financial risk management (continued)

(i) Currency risk (continued)

	Year ended Dec. 31, 2014	
	10% weakening of GBP in relation to Cdn FX rate	10% strengthening of GBP in relation to Cdn FX rate
(Decrease) increase in net earnings	(20)	20

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its short-term investments. The risk that the Company will realize a loss as a result of a decline in the fair value of short-term investments is limited because these investments, although available for sale, are generally not sold before maturity. The Company monitors its exposure to interest rates and has not entered into any derivative financial instruments to manage this risk.

The sensitivity of the Company's net earnings due to changes in interest rates is summarized in the table below. The (decrease) increase in net earnings is due to the effect of the interest rates on the Company's interest income.

	Year ended Dec. 31, 2014	
	10% decrease in interest rates throughout the year	10% increase in interest rates throughout the year
(Decrease) increase in net loss	(209)	209

(iii) Price risk

The Company is exposed to price risk with respect to fluctuations in the prices of platinum group metals and chrome. These fluctuations directly affect revenues and trade receivables. As at December 31, 2014, the Company's financial assets subject to metal price risk consist of trade receivables of $Nil (December 31, 2013 - $371). Historically, the Company has not entered into any derivative financial instruments to manage exposures to price fluctuations. No such derivative financial instruments existed at December 31, 2014 and 2013.

As there were no revenues from PGM and chrome sales during the year ended December 31, 2014, the Company's net earnings is not sensitive to changes in PGM and chrome prices.

(iv) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables. The carrying value of the financial assets represents the maximum credit exposure.

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

24. Financial instruments (continued)

(e) Financial risk management (continued)

(iv) Credit risk (continued)

Prior to the suspension of production at CRM, the Company sold substantially all of its PGM concentrate production to one customer under an off-take contract. At December 31, 2014, the Company had receivable balances associated with this customer of $Nil (December 31, 2013 - $371). When the Company resumes production, the loss of this customer or unexpected termination of the off-take contract could have a material adverse effect on the Company's results of operations, financial condition and cash flows. The Company has not experienced any bad debts with this customer since it initially entered into the off-take contract.

The Company minimizes credit risk by reviewing the credit risk of the counterparty to the arrangement and has made any necessary provisions related to credit risk at December 31, 2014.

(v) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansionary plans. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments. The Company staggers the maturity dates of its investments over different time periods and dates to minimize exposure to interest rate changes. This strategy remains unchanged from 2013.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's significant commitments and corresponding maturities.

	December 31, 2014	
	Total	**<1 year**
Trade and other payables	**$ 5,078**	**$ 5,078**
Commitments	**30**	**30**
	$ 5,108	**$ 5,108**

	December 31, 2013	
	Total	<1 year
Trade and other payables	$ 6,086	$ 6,086
Commitments	64	64
	$ 6,150	$ 6,150

25. 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 then directors and officers. The Notice of Application seeks permission of the Court to grant leave or permission to commence a lawsuit under the Securities Act of Ontario and other provinces in respect to certain alleged breaches of disclosure obligations. In July 2011, the Company and its officers and directors were served with court documents. On June 18, 2012, the Company was served with the Plaintiff's Application Record and Amended Notice of Application. The Amended Notice of Application was no longer being brought on behalf of a class, and instead, was being brought by Brian Bradley in his individual capacity. The affidavits filed in support of the application state that should the applicant be successful in obtaining leave to file the statement of claim, the plaintiff would move for the certification of the action as a class proceeding. The Company filed materials in response to the Application Record and Amended Notice of Application in March 2013. A hearing of the application has not been scheduled. 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.

26. Events after the reporting period

On January 6, 2015, the Company reached an agreement with its minority interest partners to acquire a majority of their ownership interests in the Company's South African platinum group assets (the "Buy-Out"). The Buy-Out is required as part of the agreement reached with Hebei Zhongbo (Note 5(a)) on November 7, 2014 (the "Hebei Zhongbo Acquisition") and the consideration for the Buy-Out is $25,737.

On February 5, 2015, the Company received shareholder approval for the Hebei Zhongbo Acquisition. Hebei Zhongbo also informed the Company that it had received all necessary regulatory approvals from the People's Republic of China in connection with this transaction. Closing of the transaction remains subject to certain other conditions, including the necessary regulatory approvals from South Africa.

The Company has been advised by the Toronto Stock Exchange ("TSX") that, on closing of the transaction, the Company will have up to 120 days to meet the original listing requirements of the TSX in order to maintain its current listing. Failing this, the Company's shares will be subject to delisting from the TSX. In such an event, the Company intends to make application to list on the TSX Venture Exchange so as to maintain a Canadian listing for its shares. The Company's shares will continue to be listed on the Johannesburg Stock Exchange on closing of the transaction.

EASTERN PLATINUM LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2014

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Eastern Platinum Limited ("Eastplats" or the "Company") as at December 31, 2014 and for the three months and year then ended in comparison to the same period in 2013.

This MD&A should be read in conjunction with the consolidated financial statements for the year ended December 31, 2014 and supporting notes. These consolidated financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB").

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

All monetary amounts are in U.S. dollars unless otherwise specified. The effective date of this MD&A is March 11, 2015. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Contents of the MD&A

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1. Overview

Eastplats is engaged in the mining and development of platinum group metals ("PGM") deposits 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 production.
The Company's primary assets are:

(a) an 87.5% direct and indirect interest in Barplats Investments Limited ("Barplats"), whose main assets are the Crocodile River Mine ("CRM") located on the Western Limb of the BC and the Kennedy's Vale Project located on the Eastern Limb of the BC;

(b) an 87% direct and indirect interest in Mareesburg Platinum Project (the "Mareesburg Project"), located on the Eastern Limb of the BC; and

(c) a 93.4% direct and indirect interest in Spitzkop PGM Project ("Spitzkop"), also located on the Eastern Limb of the BC.

Due to the uncertain outlook in the global economic environment, particularly in Europe, stagnant PGM pricing and the operating environment in South Africa, the development of the Mareesburg Project was suspended in mid-2012 and CRM was placed on care and maintenance commencing August 1, 2013.

On November 7, 2014, the Company entered into an agreement to sell all of its South African platinum group business, and all of its subsidiaries and loan agreements that it has with its subsidiaries for cash consideration of $225,000,000 and estimated net proceeds of $175,522,000. Closing of the transaction is subject to certain conditions and is not expected to occur until the second quarter of 2015.

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2. Summary of results

In this MD&A, all information relating to basic and diluted loss per share, issued and outstanding common shares, treasury shares, and stock options have been adjusted retroactively to reflect the impact of the net 10 to 1 share consolidation which was approved by the Company's shareholders on June 12, 2014 and which took effect on July 15, 2014. Details of the share consolidation are provided in Section 4.3 of this MD&A and in Note 7(b) of the consolidated financial statements.

2.1 *Summary of results for the three months ended December 31, 2014*

- On November 7, 2014, the Company entered into an agreement to sell all of its platinum group metals business for gross proceeds of $225,000,000.

- At December 31, 2014, the Company had a cash position (including cash, cash equivalents and short term investments) of $75,404,000 (December 31, 2013 – $92,960,000).

- Eastplats recorded a loss attributable to equity shareholders of the Company of $118,680,000 ($1.28 per share) in the three months ended December 31, 2014 ("Q4 2014") compared to a loss of $1,559,000 ($0.02 per share) in the three months ended December 31, 2013 ("Q4 2013").

- Eastplats recorded a total impairment charge of $129,994,000 in Q4 2014, allocated to CRM ($59,229,000), Kennedy's Vale plant ($22,015,000), Kennedy's Vale property ($7,660,000), Spitzkop ($31,935,000) and the Mareesburg project ($9,155,000).

- General and administrative costs decreased 25% from $861,000 in Q4 2013 to $644,000 in Q4 2014.

- Eastplats incurred care and maintenance costs of $3,450,000 at CRM and at its Eastern Limb project in Q4 2014 compared to $2,807,000 in Q4 2013.

2.2 *Summary of results for the year ended December 31, 2014*

- Eastplats recorded a loss attributable to equity shareholders of the Company of $125,021,000 ($1.35 per share) for the year ended December 31, 2014 ("2014") compared to a loss of $156,852,000 ($1.69 per share) for the year ended December 31, 2013 ("2013").

- General and administrative costs decreased 62% from $7,282,000 in 2013 compared to $2,788,000 in 2014.

- Eastplats incurred care and maintenance costs of $12,421,000 at CRM and at its Eastern Limb projects in 2014.

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	2014				2013			
	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31
Revenues	$ -	$ -	$ -	$ -	$ 539	$ 1,341	$ 16,561	$ 13,342
Cost of operations	(129,294)	(348)	207	143	394	(2,759)	(175,119)	(20,011)
Mine operating (loss) earnings	(129,294)	(348)	207	143	933	(1,418)	(158,558)	(6,669)
Expenses (G&A, C&M and other)	(5,025)	(4,425)	(4,228)	(4,240)	(4,579)	(5,548)	(2,183)	(5,237)
Operating loss	(134,319)	(4,773)	(4,021)	(4,097)	(3,646)	(6,966)	(160,741)	(11,906)
Net loss attributable to equity shareholders of the Company	$ (118,680)	$ (2,456)	$ (1,889)	$ (1,996)	$ (1,559)	$ (4,617)	$ (139,710)	$ (10,966)
Loss per share - basic and diluted	$ (1.28)	$ (0.03)	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.05)	$ (1.51)	$ (0.12)
Average foreign exchange rates								
South African Rand per US dollar	11.21	10.77	10.54	10.86	10.15	9.99	9.47	8.95
US dollar per Canadian dollar	0.8803	0.9182	0.9173	0.9059	0.9527	0.9631	0.9770	0.9916
Period end foreign exchange rates								
South African Rand per US dollar	11.54	11.30	10.62	10.53	10.50	10.06	9.88	9.18
US dollar per Canadian dollar	0.8620	0.8929	0.9372	0.9046	0.9402	0.9706	0.9508	0.9843

3. Results of operations for the three months and year ended December 31, 2014

The following table sets forth selected consolidated financial information for the three months and years ended December 31, 2014 and 2013:

Table 2

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

	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Revenue	**$ -**	$ 539	**$ -**	$ 31,783
Cost of operations				
Production costs	-	94	-	47,045
Depletion and depreciation	-	-	-	4,840
Impairment	**129,994**	-	**129,994**	147,787
Gain on disposal of property, plant and equipment	**(700)**	(488)	**(702)**	(2,177)
Mine operating (loss) earnings	**(129,294)**	933	**(129,292)**	(165,712)
Expenses				
General and administrative	**644**	861	**2,788**	7,282
Care and maintenance	**3,450**	2,807	**12,421**	5,323
Care and maintenance depreciation and amortization	**922**	879	**2,673**	1,735
Share-based payments	**9**	32	**36**	3,206
Operating loss	**(134,319)**	(3,646)	**(147,210)**	(183,258)
Other income (expense)				
Interest income	**519**	555	**2,091**	2,137
Other income	**559**	527	**2,130**	1,675
Finance costs	**(197)**	(181)	**(769)**	(1,327)
Foreign exchange gain (loss)	**3**	7	**(16)**	200
Loss before income taxes	**(133,435)**	(2,738)	**(143,774)**	(180,573)
Income tax recovery (expense)	**11,441**	(67)	**11,114**	(358)
Net loss for the period	**$ (121,994)**	$ (2,805)	**$ (132,660)**	$ (180,931)
Attributable to				
Non-controlling interest	**(3,314)**	(1,246)	**(7,639)**	(24,079)
Equity shareholders of the Company	**(118,680)**	(1,559)	**(125,021)**	(156,852)
Net loss for the period	**$ (121,994)**	$ (2,805)	**$ (132,660)**	$ (180,931)
Loss per share				
Basic and diluted	**$ (1.28)**	$ (0.02)	**$ (1.35)**	$ (1.69)
Weighted average number of common shares outstanding				
Basic and diluted	**92,601**	92,781	**92,700**	92,781

Consolidated statements of financial position	**December 31, 2014**	December 31, 2013
Total assets	**$ 268,321**	$ 447,248
Total long-term liabilities	**$ 13,916**	$ 26,217

3.1 Sale of platinum group metals business to Hebei Zhongbo

On November 7, 2014, the Company entered into an agreement with Hebei Zhongbo Platinum Co. Limited ("Hebei Zhongbo") whereby Hebei Zhongbo would acquire all of the Company's South African platinum group metal business, including the Crocodile River Mine, Kennedy's Vale, Spitzkop and Mareesburg projects and their associated mining and prospecting rights, all of the Company's subsidiaries, a majority of the interests held by the Company's existing minority partners and all loan agreements that the Company has with its subsidiaries, for cash consideration of $225,000,000 and estimated net proceeds of $175,522,000 (the "Acquisition"). Closing of the transaction is subject to certain conditions, including approval by the Company's shareholders and regulatory approvals from South Africa and the People's Republic of China.

On January 6, 2015, the Company reached an agreement with its minority interest partners to acquire a majority of their ownership interests in the Company's South African platinum group assets (the "Buy-Out"). The Buy-Out is required as part of the agreement reached with Hebei Zhongbo on November 7, 2014 and consideration for the Buy-Out is $25,737,000.

On February 5, 2015, the Company received shareholder approval for the Acquisition. Hebei Zhongbo also informed the Company that it had received all necessary regulatory approvals from the People's Republic of China in connection with this transaction. Closing of the transaction remains subject to certain other conditions, including the necessary regulatory approvals from South Africa.

The estimated net proceeds of the Acquisition to the Company, net of the Buy-Out, finder's fee and estimated transaction costs are as follows:

Gross proceeds from Hebei Zhongbo	$ 225,000,000
Less: Buy-Out	(25,737,000)
Net proceeds	199,263,000
Less: Finder's fee (Note 1)	(19,926,300)
Less: Alpha Global payment (Note 2)	(2,614,705)
Less: Estimated transaction costs (Note 3)	(1,200,000)
Net proceeds of the Acquisition	$ 175,521,995

Notes:

(1) On May 12, 2014, the Company and P.R. Finance Inc. entered into a Finder's Fee Agreement with respect to a potential transaction with the Hebei group of companies (the "Hebei Group"). The Finder's Fee Agreement provides for a finder's fee equal to 10% of the proceeds to the Company of any transaction involving the sale of the Company's South African assets to the Hebei Group, to companies related to the Hebei Group, or to other parties identified and subsequently introduced to the Company by P.R. Finance. In connection with this agreement, Hebei Zhongbo is a company in the Hebei Group. The finder's fee would be payable only upon the successful closing of such a sale.

(2) Pursuant to an agreement dated April 25, 2007 (the "Alpha Global Agreement") between Eastplats International Inc., a wholly-owned subsidiary of the Company, and Alpha Global Capital Inc. ("Alpha Global") an arm's-length third party, Alpha Global is entitled to receive ZAR30,797,464 (US$2,614,705 translated at an exchange rate of US$1.00:ZAR11.78) upon the closing of a Fundamental Transaction, defined in the Alpha Global Agreement (in the context of this Transaction) as the sale of "40% or more of the assets (as determined on a fair market value basis) of the combined or separate assets of the Company, Eastplats International Inc., their subsidiaries and/or affiliate entities (including Gubevu)".

(3) Estimated transaction costs are comprised mainly of legal fees, financial advisory fees, and costs for the special meeting of shareholders. As at December, 31, 2014, the Company has incurred $309,000 in transaction costs which are considered as prepaid expenses and have been included in trade and other receivables in the statement of financial position.

Upon closing of the Acquisition, the Company will reclassify foreign exchange losses accumulated in the foreign currency translation reserve and losses allocated to non-controlling shareholders ($244,432,000 and $35,454,000 respectively as at December 31, 2014) to the consolidated statement of loss.

As a result of the Acquisition, the Company has been advised by the Toronto Stock Exchange ("TSX") that, on closing of the transaction, the Company will have up to 120 days to meet the original listing requirements of the TSX in order to maintain its current listing. Failing this, the Company's shares will be subject to delisting from the TSX. In such an event, the Company intends to make application to list on the TSX Venture Exchange so as to maintain a Canadian listing for its shares. The Company's shares will continue to be listed on the Johannesburg Stock Exchange on closing of the transaction.

3.2 Crocodile River Mine ("CRM")

In April 2013, the Company suspended funding for CRM due to the uncertain global economic outlook, stagnant PGM prices and the challenging operating environment in South Africa. CRM issued notices to employees in terms of Section 189 of the Labour Relations Act 66 of 1995 with respect to a care and maintenance and restructuring proposal for CRM. The consultation process with the unions and other representatives ended upon the expiry of the 60-day period on June 21, 2013 and production at CRM ceased on August 1, 2013. Production will not resume until it is clear that the factors leading to the care and maintenance decision have changed. The Company is continuing to meet all its commitments with respect to its environmental management programs and the relevant aspects of its Social and Labour Plan.

As a result of the suspension of production on August 1, 2013, the Company believes that it is not meaningful to compare the financial results of the year ended December 31, 2014 against the operations of the year ended December 31, 2013, especially with regards to production, in this MD&A. However, certain historical production figures have been provided below. The following is a summary of CRM's operations for the eight most recently completed quarters:

Table 3

Crocodile River Mine operations	2014	Total	2013			
Key financial statistics	All quarters	2013	Dec 31	Sept 30	June 30	March 31
(dollar amounts stated in U.S. dollars)						
Sales - PGM ounces	-	27,352	-	654	15,474	11,224
Average delivered price per ounce (2)	-	$918	-	$857	$890	$960
Average basket price	-	$1,087	-	$1,014	$1,054	$1,136
Rand average delivered price per ounce	-	R 8,500	-	R 8,561	R 8,428	R 8,595
Rand average basket price	-	R 10,063	-	R 10,130	R 9,981	R 10,171
Cash costs per ounce of PGM (1)	-	$1,489	-	$5,587	$1,380	$1,400
Cash costs per ounce of PGM, net of chrome by-product credits (1)	-	$1,349	-	$5,101	$1,226	$1,301
Rand cash costs per ounce of PGM (1)	-	R 13,872	-	R 55,814	R 13,069	R 12,535
Rand cash costs per ounce of PGM, net of chrome by-product credits (1)	-	R 12,565	-	R 50,957	R 11,611	R 11,644
Key production statistics						
LTIFR	-	2.66	-	0.00	3.44	2.91
Run-of-mine ("ROM") ore tonnes processed	-	267,368	-	15,667	149,720	101,981
ROM ore tonnes hoisted	-	258,537	-	3,095	152,903	102,539
Development meters	-	3,261	-	26	1,992	1,243
On-reef development meters	-	1,591	-	-	1,107	484
Stoping units (square meters)	-	36,432	-	-	20,421	16,011
Concentrator recovery from ROM ore	-	69%	-	34%	76%	74%
Chrome sold (tonnes)	-	81,698	3,733	6,086	45,293	26,586
Metal in concentrate sold (ounces)						
Platinum (Pt)	-	13,862	-	331	7,818	5,713
Palladium (Pd)	-	5,874	-	141	3,385	2,348
Rhodium (Rh)	-	2,335	-	56	1,336	943
Gold (Au)	-	114	-	3	63	48
Iridium (Ir)	-	980	-	23	548	409
Ruthenium (Ru)	-	4,187	-	100	2,324	1,763
Total PGM ounces	-	27,352	-	654	15,474	11,224

(1) These are non-IFRS measures as described in Section 3.2 of the Company's MD&A for the year ended December 31, 2013.
(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.

In 2014, the Company sold certain of its property, plant and equipment assets at CRM and the Eastern Limb for total gross proceeds of $2,257,000 and an overall net gain of $702,000. These assets were not required during the care and maintenance phase.

During the three months and year ended December 31, 2014, the Company increased its environmental guarantee issued to the Department of Mineral Resources of South Africa by $193,000 and $953,000, respectively. The guarantee consists of money market funds investments and is issued in respect of the environmental rehabilitation liability at CRM and at the Eastern Limb.

3.3 Corporate and other expenses

As the Company's operations moved to care and maintenance in the third quarter of 2013, the Company believes that for better disclosure, corporate and other expenses should be separated into general and administrative expenses, care and maintenance expenses, care and maintenance depreciation, and other income. Prior to the third quarter of 2013, these items were included within production costs or within general and administrative costs.

General and administrative

General and administrative expenses ("G&A") are costs associated with the Company's Vancouver corporate head office and South African administrative office. Corporate office costs include legal and accounting, regulatory, executive management fees, investor relations, travel and consulting fees. Care and maintenance costs for the CRM and Eastern Limb projects were previously included in G&A but have now been shown separately in the consolidated statements of loss.

G&A decreased 25% from $861,000 in Q4 2013 to $644,000 in Q4 2014 due to the continuing effect of cost cutting measures undertaken by the Company during the second half of 2014 following the suspension of the Company's mining operations. The primary expenses that were reduced included travel, office expenses, and consulting fees as much of the Company's activities were cut back.

For the full year, G&A decreased 62% from $7,282,000 in 2013 to $2,788,000 in 2014 mainly due to cost cutting measures initiated in the second half of 2014 as discussed above, as well as reductions to directors' fees effective October 1, 2013. In addition, G&A costs in South Africa decreased in 2014 as a result of the winding down and closure in July 2013 of the Company's South African administrative office. G&A costs in 2013 also included one-time items such as an $832,000 termination payment paid to the Company's Vice President of Project Development and payments made in connection with a VAT audit and reassessment in South Africa.

Care and maintenance and care and maintenance depreciation

Care and maintenance costs are incurred when the Company suspends production for a project and reduces its expenditures to the minimum required to maintain the assets in good condition. Such costs consist of maintenance, pumping to prevent flooding of the workings, underground inspections to ensure that the integrity of critical excavations is preserved, general and administrative expenses and other costs necessary to safeguard the assets of the project. The Company's Mareesburg and Kennedy's Vale concentrator project was placed on care and maintenance in Q4 2012 and CRM was placed on care and maintenance in Q3 2013. As a result, care and maintenance costs increased from $5,323,000 in 2013 to $12,421,000 in 2014. Prior to Q4 2013, care and maintenance costs were incurred only at the Company's Spitzkop and Kennedy's Vale properties. Quarterly costs have generally remained consistent since Q4 2013, the first full quarter of care and maintenance.

Care and maintenance costs increased from $2,807,000 in Q4 2013 to $3,450,000 in Q4 2014 as a result of the write-off of certain aged accounts receivable balances which had been outstanding for over 24 months.

Care and maintenance depreciation consists of the depreciation expense related to assets belonging to a project that is currently on care and maintenance. Care and maintenance depreciation increased from $1,735,000 in 2013 to $2,673,000 in 2014. These increases are due to the Company's Mareesburg and Kennedy's Vale concentrator project being placed on care and maintenance in Q4 2012, and CRM being placed on care and maintenance in Q3 2013, thereby incurring a full year of depreciation in 2014. Care and maintenance was consistent on a quarterly basis, from $879,000 in Q4 2013 to $922,000 in Q4 2014.

Interest income

Interest income recorded during Q4 2014 was $519,000 compared to $555,000 in Q4 2013. For the year ended December 31, 2014, interest income was $2,091,000 compared to $2,137,000 during the same period in 2013. Interest income remained constant over the comparable periods as a decrease in the Company's cash balances (as a result of negative cash flows from CRM operations in 2013 and as a result of cash expenditures for the transition to care and maintenance) was offset by slightly higher interest rates achieved in 2014 and by the conversion of the Company's non-interest bearing holdings of GBP 27 million to Cdn.$41 million during the third quarter of 2013.

Other income

Other income consists of rental income from company-owned residential properties on the Eastern Limb and at CRM as well as other types of income not directly related to operations. The Company recorded other income of $559,000 in Q4 2014 compared to $527,000 in Q4 2013, and other income of $2,130,000 in 2014 compared to $1,675,000 in 2013. Rental income increased in 2014 due to an increase in the number of residential properties available for rental following the suspension of the Company's mining operations in the third quarter of 2013.

Finance costs

Finance costs include interest charged on the receipt of PGM sales revenues prior to their three to five month settlement date, interest accretion on the provision for environmental rehabilitation, and miscellaneous interest charges. The Company recorded finance costs of $197,000 in Q4 2014 compared with $181,000 in Q4 2013 and finance costs of $769,000 in 2014 compared with $1,327,000 in 2013. The decrease in 2014 was mainly because there were no PGM sales, and hence no finance costs related to sales, since July 31, 2013 and also because finance costs in 2013 included interest of $313,000 arising from a VAT reassessment in 2013.

Income tax

During the years ended December 31, 2014 and 2013, the Company recorded a net income recovery of $11,114,000 and a net income tax expense of $358,000, respectively. Both the recovery and expense relate to the origination and reversal of temporary differences which arose due to changes in the Company's net assets. The consolidated statement of financial position reflects total deferred tax liabilities of $4,100,000 which arose primarily as a result of the step-up to fair value of the net assets acquired on the Spitzkop and Mareesburg business acquisitions in prior years.

4. Liquidity and capital resources

At December 31, 2014, the Company had working capital of $76,085,000 (December 31, 2013 – $93,259,000) and cash and cash equivalents and short-term investments of $75,404,000 (December 31, 2013 – $92,960,000) in highly liquid, fully guaranteed, bank sponsored instruments.

Working capital, cash and cash equivalents and short-term investments decreased during the year ended December 31, 2014 as the Company incurred approximately $2.8 million in G&A and spent approximately $12.4 million in the care and maintenance of CRM and the Eastern limb projects, offset by interest and other income of $4.2 million. The Company's working capital and cash position were also affected by fluctuations in the exchange rates particularly between the Canadian dollar and the U.S. dollar. Exchange rate fluctuations accounted for approximately $6.6 million in the decrease in working capital, cash and cash equivalents and short-term investments (most of which were held in Canadian dollars), as the Canadian dollar weakened by 8.3% during the year ended December 31, 2014 compared to the U.S dollar, from Cdn.$1.00:US$0.9402 at December 31, 2013 to Cdn.$1.00:US$0.8620 at December 31, 2014. The South African Rand also weakened by 9.1% compared to the U.S. dollar since December 31, 2013.

The Company had no long-term debt outstanding at December 31, 2014, other than a provision for environmental rehabilitation relating to CRM, Kennedy's Vale and Spitzkop.

4.1 Outlook

As previously mentioned, on November 7, 2014, the Company entered into an agreement with Hebei Zhongbo whereby Hebei Zhongbo would acquire all of the Company's South African platinum group metal business, including the Crocodile River Mine, Kennedy's Vale, Spitzkop and Mareesburg projects and their associated mining and prospecting rights, all of the Company's subsidiaries, a majority of the interests held by the Company's existing minority partners and all loan agreements that the Company has with its subsidiaries, for cash consideration of $225,000,000 and estimated net proceeds of $175,522,000.

The Acquisition, if successfully completed, will result in the Company having cash and cash equivalents of approximately $250 million with no debt and no other significant assets. At this time, the Company does not intend to declare or pay out any dividends following the closing of this Acquisition. Instead, it intends to use its enhanced cash resources to seek other advanced development or producing assets or companies and believes that it would be well positioned to take advantage of opportunities in the current weak market.

Although the Company's shareholders approved the Acquisition on February 5, 2015 and Hebei Zhongbo has received all necessary regulatory approvals from the People's Republic of China in connection with this Acquisition, there is no assurance that the Acquisition will be completed as anticipated, as closing of the transaction remains conditional upon the receipt of certain additional regulatory approvals from South Africa to be obtained by both parties.

If the Acquisition does not close, the Company would be forced to reassess the viability of its South African mine and development projects in light of the current PGM market.

The Company currently believes that, given the stagnation of the European car market, which consumes approximately 50% of South Africa's platinum production, together with a continuing resistance to any significant meaningful production cuts from the larger PGM producers, the industry would have to contend with a continuation of stagnant PGM prices that are lower than previously projected in the short and medium term. At the same time, the South African PGM industry continues to experience a number of adverse economic factors, particularly ongoing labour unrest, operating cost inflation, and concerns with respect to reliable power delivery. Ongoing cost pressure and decreasing productivity in South Africa will continue to significantly reduce free cash flow for the industry.

The Company will continue to reassess the viability of funding CRM and to reinitiate development and production once conditions improve sufficiently to support such a decision. Should there be a sustained strengthening of PGM prices and marked improvement in the operating environment in South Africa, the

Company believes it currently has sufficient cash resources that it can react quickly and ramp up activities at CRM.

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

Additional funding will be required to bring the Project into production, and to bring the rest of the Eastern Limb projects (including Spitzkop and Kennedy's Vale) into production, and such funding may include a restructuring of the financing package as described above, joint venture or other third party participation in one or more of these projects, or the public or private sales of equity or debt securities of the Company. Any additional financing may be dilutive to shareholders, and debt financing, if available, may involve restrictions on financing, investing and operating activities. There can be no assurance that additional funding will be available to the Company when needed or, if available, that this funding will be on acceptable terms. If adequate funds are not available, including funds generated from any producing operations, the Company may be required to delay or reduce the scope of these development projects or mining operations.

4.2 Impairment

The Company assesses the carrying values of its mineral properties for indication of impairment at the end of each quarter. As a result of these assessments, the Company recorded impairment charges during the quarters ended December 31, 2014 and June 30, 2013.

During the quarter ended December 31, 2014, the Company determined that the carrying values of CRM and its Eastern Limb projects exceeded the projects' fair value less costs to sell which was calculated based on the sale of assets agreement reached with Hebei Zhongbo (see section 3.1 above). This resulted in an impairment charge of $59,229,000 that was allocated pro-rata amongst CRM's tangible assets owned ($45,925,000), intangible mineral properties being depleted ($12,804,000) and refining contract ($500,000). This also resulted in impairment charges of $22,015,000, $7,660,000, $31,935,000 and $9,155,000 being allocated pro-rata to the Kennedy's Vale plant and equipment owned and the Kennedy's Vale, Spitzkop and Mareesburg intangible mineral properties not being depleted, respectively.

In 2013, certain factors such as stagnant PGM prices, rising cost pressures, decreasing productivities, the sluggish European and global economy and the challenging operating environment in South Africa contributed to the Company's decision to suspend funding of CRM's operations and development plan. These factors also caused a continued decrease in the Company's share price. As a result, the Company recorded an impairment charge in the quarter ended June 30, 2013 as it was determined that the carrying value of its CRM project exceeded the expected net present value of its future cash flows (i.e. the fair value less costs to sell) at June 30, 2013. This resulted in an impairment charge of $147,787,000 that was allocated pro-rata amongst CRM's tangible assets owned, intangible mineral properties being depleted and refining contract. Impairment charges of $109,628,000, $35,132,000 and $3,027,000 were recorded against CRM's tangible assets owned, intangible mineral properties and refining contract, respectively.

The Company concluded that there was no impairment of assets at its Spitzkop Project, Mareesburg Project, or Kennedy's Vale at June 30, 2013.

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

4.3 Share capital

On July 15, 2014, pursuant to a special resolution passed by shareholders on June 12, 2014, the Company consolidated its common shares on a 1,000 old for 1 new basis (the "Consolidation"). Shareholders holding less than one full share post-Consolidation are entitled to a cash payment of Cdn.$0.11 per share of their holdings on a pre-Consolidation basis in lieu of a fractional share, such amount being equal to the average weighted trading price of the pre-Consolidated Shares on the Toronto Stock Exchange for the ten trading days preceding the effective date of the Consolidation, which was July 15, 2014. Following the Consolidation, the Company immediately completed a stock split on the basis of 1 old for 100 new, with fractional shares being rounded to the nearest whole number (the "Stock Split"). The Consolidation and Stock Split achieved a 10 to 1 consolidation (the "Effective Consolidation") and eliminated all of the shareholdings of less than 1,000 pre-Consolidation shares in exchange for the cash payment of Cdn.$0.11 (R1.04) per share. Prior to Effective Consolidation, the Company had 928,187,807 common shares issued and outstanding. As a result of the Effective Consolidation, the Company cancelled 179,749 common shares and now has 92,639,032 common shares issued and outstanding.

All information relating to basic and diluted loss per share, issued and outstanding common shares, treasury shares, and stock options have been adjusted retroactively to reflect the impact of the Effective Consolidation in this MD&A.

During the three months and year ended December 31, 2014, the Company did not grant any stock options and there were also no option exercises and forfeitures. During the year ended December 31, 2014, 36,000 options expired at a weighted average exercise price of $5.43 per share. Share-based payment expense recorded with regards to stock options vested amounted to $9,000 for the three months ended December 31, 2014 and $36,000 for the year ended December 31, 2014.

As at March 11, 2015, the Company had:

- 92,639,032 common shares outstanding;
- 12,056 treasury shares outstanding; and
- 3,201,900 stock options outstanding, which are exercisable at prices ranging from Cdn$1.90 to Cdn$23.10 per share and which expire between 2017 and 2018.

4.4 Contractual obligations, commitments and contingencies

The Company's major contractual obligations and commitments at December 31, 2014 were as follows:

Table 4

(in thousands of U.S. dollars)	Total	Less than 1 year	More than 5 years
Provision for environmental rehabilitation	$ 9,816	$ -	$ 9,816
Capital expenditure and purchase commitments contracted at December 31, 2014 but not recognized on the consolidated statement of financial position	30	30	-
	$ 9,846	$ 30	$ 9,816

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

On June 18, 2012, the Company was served with the Plaintiff’s Application Record and Amended Notice of Application. The Amended Notice of Application is no longer being brought on behalf of a class, and instead, is being brought by Brian Bradley in his individual capacity. The affidavits filed in support of the application state that should the applicant be successful in obtaining leave to file the statement of claim, the plaintiff would move for the certification of the action as a class proceeding. The Company filed materials in response to the Application Record and Amended Notice of Application in March 2013. The hearing of the application has not been scheduled. The Company believes the proposed action has no merit and intends to continue to vigorously defend the action.

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

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

5. Related party transactions

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

Table 5

(Expressed in thousands of U.S. dollars)	Three months ended December 31,		Year ended December 31,	
	2014	2013	**2014**	2013
Trading transactions				
Management and consulting fees	**$ 254**	$ 296	**$ 1,076**	$ 2,584
General and administrative expenses	**44**	24	**136**	166
Mine contractor fees	**(1)**	64	**47**	4,651
Total trading transactions	**$ 297**	$ 384	**$ 1,259**	$ 7,401
Compensation of key management personnel				
Remuneration and directors' fees	**$ 302**	$ 469	**$ 1,271**	$ 2,967
Share-based payments	**-**	-	**-**	2,640
Total compensation of key management personnel	**$ 302**	$ 469	**$ 1,271**	$ 5,607

Management and consulting fees decreased from $296,000 in Q4 2013 to $254,000 in Q4 2014 and from $2,584,000 in 2013 to $1,076,000 in 2014. The decrease was a result of a reduction in the use of consultants after CRM was put in care and maintenance on August 1, 2013 and after the Eastern Limb projects were suspended in late 2012. The 2013 amounts also included an $832,000 termination payment paid to the Company's Vice President of Project Development in 2013. In addition, directors' fees were reduced by 33.3% commencing in Q4 2013.

In the three months and year ended December 31, 2013, $64,000 and $4,651,000, respectively, was paid to a mine contractor company which undertook specific design, procurement and construction projects at CRM. The use of the mine contractor company was significantly diminished since August 1, 2013 when the operations at CRM were suspended. The Company's South African executive officer is a principal of the mine contractor company.

Share-based payments decreased from $2,640,000 in 2013 to $Nil in 2014 as no stock options have been granted to key management personnel since January 8, 2013.

At December 31, 2014, the Company held a loan receivable from Gubevu Consortium Investment Holdings (Pty) Ltd. ("Gubevu") in the amount of R668 million ($57,838,000) (December 31, 2013 – R613 million, $58,375,000), which has been fully provided for in the consolidated financial statements. The Company did not record any interest income with regards to this loan or receive cash from, or lend any further cash to, Gubevu in the years ended December 31, 2013 and 2014.

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

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6. Critical accounting policies and estimates

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities, revenues and expenses. These estimates are based upon historical experience and on various other assumptions that management believes to be reasonable under the circumstances, and require judgement on matters which are inherently uncertain. A summary of the Company's significant accounting policies is set forth in Note 4 of the consolidated financial statements for the year ended December 31, 2014.

Management reviews its estimates and assumptions on an ongoing basis using the most current information available and considers the following to be key accounting policies and estimates:

6.1 Property, plant and equipment

Property, plant and equipment are the most significant assets of the Company and represent capitalized expenditures related to the development of mining properties and related plant and equipment and the value assigned to exploration potential on acquisition. Property, plant and equipment are recorded at cost less accumulated depreciation and depletion. Maintenance, repairs and renewals are charged to operations. Capitalized costs are depreciated and depleted using either the unit-of-production method over the estimated economic life of the mine which they relate to, or using the straight-line method over their estimated useful lives.

All direct costs related to the acquisition, exploration and development of mineral properties are capitalized until the properties to which they relate are placed into commercial production, sold, abandoned or management has determined there to be impairment. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the units-of-production method following commencement of production.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

The Company reviews and evaluates its mining interests for impairment or reversal of impairment every quarter or when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. In accordance with IFRS, these evaluations consist of comparing each asset's carrying value with the estimated discounted future net cash flows. Impairment is considered to exist if the total estimated future discounted cash flows are less than the carrying amount of the assets. The resulting impairment loss is measured and recorded based on the difference between future discounted cash flows and book value. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs. Other estimates incorporated in the impairment evaluations include processing and mining costs, mining tonnage, ore grades and recoveries, which are all subject to uncertainty.

In accordance with IFRS if, subsequent to impairment, an asset's discounted future net cash flows exceeds its book value, the impairment previously recognized can be reversed. However, the asset's book value cannot exceed what its amortized book value would have been had the impairment not been recognized.

During the quarter ended December 31, 2014, the Company determined that the carrying values of CRM and its Eastern Limb projects exceeded the projects' fair value less costs to sell which was calculated based on the sale of assets agreement reached with Hebei Zhongbo (see section 3.1 above). This resulted in an impairment charge of $59,229,000 that was allocated pro-rata amongst CRM's tangible assets owned ($45,925,000), intangible mineral properties being depleted ($12,804,000) and refining contract ($500,000). This also resulted in impairment charges of $22,015,000, $7,660,000, $31,935,000 and $9,155,000 being allocated pro-rata to the Kennedy's Vale plant and equipment owned and the Kennedy's Vale, Spitzkop and Mareesburg intangible mineral properties not being depleted, respectively.

6.2 Share-based payment

Share-based payment expense is calculated using the Black-Scholes option pricing model and is recognized over the period that the employees earn the options, with a corresponding credit to equity-settled employee benefits reserve. If and when the stock options are ultimately exercised, the applicable amounts of equity-settled employee benefits reserve are transferred to share capital. In the event that unvested stock options are forfeited, any share-based payment expense previously recognized with regards to these options is reversed in the period of forfeiture.

The Company did not grant any stock options during the year ended December 31, 2014 and its most recent option grant was on January 8, 2013. For the 2013 option grant, the Company's weighted average assumptions for the calculation included a risk-free interest rate ranging from 1.17 to 1.45%, expected life of the options of 2 years for options granted to South Africans and 5 years for options granted to persons outside South Africa, no dividends, and an annualized volatility of the Company's shares ranging from 61% to 77%. After adjusting for the net 10:1 share consolidation effective July 15, 2014, the resulting weighted average option valuation was Cdn$0.80 for options granted to South Africans and Cdn.$1.30 per share for options granted to persons outside South Africa. Share-based payment expense of $36,000 and $3,206,000 was recognized in 2014 and 2013, respectively.

6.3 Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, the fair value of the liability for an asset retirement obligation is recognized in the period incurred. If the cost estimates arise from the decommissioning of plant and other site preparation work, the net present value is added to the carrying amount of the associated asset and amortized over the asset's useful life. If the cost estimates arise from restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production, the net present value is charged to profit and loss for the period. The liability is accreted over time through periodic charges to operations and it is reduced by actual costs of reclamation.

The Company's estimates of reclamation costs are based on the Company's interpretation of current regulatory requirements and these estimates could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. A change in estimated discount rates is reviewed annually or as new information becomes available. Expenditures relating to ongoing environmental programs are charged against operations as incurred or capitalized and amortized depending on their relationship to future earnings.

At December 31, 2014, the expected present value of future rehabilitation costs at CRM and Spitzkop was $9,816,000 using a discount rate of 7.96%. The undiscounted value was approximately $40,495,000. The Company has not recorded any future rehabilitation costs for its Mareesburg project as these costs are currently determined to be immaterial.

6.4 Revenue recognition

Revenue, based upon prevailing metal prices, is recorded in the financial statements when title to the PGMs and chrome transfers to the customer. For PGMs, the difference between the present value and the future value of the current market price is recognized as interest income over the term of settlement. The estimated revenue is recorded based on metal prices and exchange rates on the date of shipment and is adjusted at each balance sheet date to the metal prices on those dates. The actual amounts will be reflected in revenue upon final settlement, which are three and five months after the date of shipment. These adjustments reflect changes in metal prices and changes in qualities arising from final assay calculations.

The Company did not generate any revenues from the sale of PGMs or chrome during the year ended December 31, 2014.

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7. Adoption of accounting standards and accounting pronouncements under IFRS

7.1 Application of new and revised IFRSs

Effective January 1, 2014, the Company adopted the following new and revised International Financial Reporting Standards ("IFRSs") that were issued by the International Accounting Standards Board ("IASB"). The application of these IASs and IFRICs did not have any material impact on the disclosures or amounts reported for the current or prior years but may affect the disclosures or presentation of future transactions or arrangements.

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

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

(b) *Amended standard IAS 36 Impairment of Assets*

The amendments to IAS 36 outline the additional disclosures that will be required with regards to the recoverable amount of impaired assets.

(c) *New interpretation IFRIC 21 Levies*

This interpretation clarifies the accounting treatment for a liability to pay a levy, where a levy is an outflow of economic benefits imposed by governments on entities in accordance with legislation.

7.2 Accounting standards issued but not yet effective

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

(i) Amended standard *IFRS 2 Share-based Payment*

The amendment to IFRS 2 re-defines the definition of "vesting condition."

(ii) Amended standard *IFRS 3 Business Combinations*

The amendment to IFRS 3 provides further clarification on the accounting treatment for contingent consideration, and provides a scope exception for joint ventures.

(iii) Amended standard *IFRS 8 Operating Segments*

The amendments to IFRS 8 provide further clarification on the disclosure required for the aggregation of segments and the reconciliation of segment assets.

(iv) Amended standard *IFRS 13 Fair Value Measurement*

The amendment to IFRS 13 provides further details on the scope of the portfolio exception.

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

The amendment to IAS 16 deals with the proportionate restatement of accumulated depreciation on revaluation.

(vi) Amended standard *IAS 24 Related Party Disclosures*

The amendment to IAS 24 deals with the disclosure required for management entities.

(vii) Amended standard *IAS 38 Intangible Assets*

The amendment to IAS 38 deals with the proportionate restatement of accumulated depreciation on revaluation.

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

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

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

(c) *Effective for annual periods beginning on or after January 1, 2016*

(i) Amended standard *IFRS 10 Consolidated Financial Statements*

The amendments to IFRS 10 deal with the sale or contribution of assets between an investor and its associate or joint venture.

(ii) Amended standards *IFRS 11 Joint Arrangements*

The amendments to IFRS 11 deal with the accounting for acquisitions of an interest in a joint operation.

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

The amendments to IAS 16 deal with the clarification of acceptable methods of depreciation and amortization, as well as changes to the scope of IAS 16 to include bearer plants.

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

The amendments to IAS 27 reinstate the equity method as a method of accounting for investments in subsidiary, joint ventures and associates in an entity's separate financial statements.

(v) Amended standard *IAS 28 Investments in Associate and Joint Ventures*

The amendments to IAS 28 deal with the sale or contribution of assets between an investor and its associate or joint venture.

(vi) Amended standard *IAS 38 Intangible Assets*

The amendments to IAS 38 deal with the clarification of acceptable methods of depreciation and amortization.

(d) *Effective for annual periods beginning on or after January 1, 2017*

(i) *New standard IFRS 15 Revenue from Contracts with Customers*

IFRS 15 provides guidance on how and when revenue from contracts with customers is to be recognized, along with new disclosure requirements in order to provide financial statement users with more informative and relevant information.

(e) *Effective for annual periods beginning on or after January 1, 2018*

(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.

8. Risk factors

The business of exploring for minerals and the mining and processing of those minerals involve a high degree of risk. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. These risks include risks associated with the mining industry, the financial markets, metals prices and foreign operations.

8.1 Risks associated with the sale of assets to Hebei Zhongbo

As previously discussed in Section 3.1 of this MD&A, on November 7, 2014, the Company entered into an agreement with Hebei Zhongbo whereby Hebei Zhongbo would acquire all of the Company's South African platinum group metal business, including CRM, Kennedy's Vale, Spitzkop and Mareesburg and their associated mining and prospecting rights, all of the Company's subsidiaries, a majority of the interests held by the Company's existing minority partners and all loan agreements that the Company has with its subsidiaries, for cash consideration of $225,000,000 and estimated net proceeds of $175,522,000.

Although the Company's shareholders approved the Acquisition on February 5, 2015 and Hebei Zhongbo has received all necessary regulatory approvals from the People's Republic of China in connection with this Acquisition, there is no assurance that the Acquisition will be completed as anticipated, as closing of the transaction remains conditional upon the receipt of certain additional regulatory approvals from South Africa to be obtained by both parties.

If the Acquisition does not close, the Company would be forced to reassess the viability of recommencing operations at CRM and reinitiating its development projects in light of the current PGM market.

8.2 Risks associated with the mining industry

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a mineral deposit include its size, grade and proximity to infrastructure. In addition, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations could have a profound impact on the economic viability of a mineral deposit.

The mining operations and the exploration and development programmes of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including, but not limited to, geological, geotechnical and seismic factors, fires, power outages, labour disruptions, flooding, explosions, cave-ins, land-slides, availability of suitable or adequate machinery and labour, industrial and mechanical accidents, environmental hazards (including discharge of metals, pollutants or hazardous chemicals), and political and social instability. In the past five years, the Company has experienced several power shortages and labour disruptions.

It is not always possible to obtain insurance against all risks described above and the Company may decide not to insure against certain risks as a result of high premiums or for other commercial reasons. The Company does not maintain insurance against political or environmental risks, but may be required to do so in the future. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

The Company is not able to determine the impact of potential changes in environmental laws and regulations on its financial position due to the uncertainty surrounding the form such changes may take. As mining regulators continue to update and clarify their requirements for closure plans and environmental protection laws and administrative policies are changed, additional reclamation obligations and further security for mine reclamation costs may be required. It is not known whether such changes would have a material effect on the operations of the Company.

8.3 Risks associated with the current global economic uncertainty

PGM and metals prices in general and shares of mining companies have been particularly volatile in the past few years as a result of the global economic uncertainty, declining confidence in financial markets, failures of financial institutions and concerns over the availability of credit. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms that are favourable to the Company. If market volatility and uncertainty continue or worsen, the Company's decision to resume mining operations and project development would be delayed and the value of the Company's common shares could be adversely affected, making accessibility to public financing even more difficult.

8.4 Risks associated with foreign currencies

The Company currently uses the South African Rand and the Canadian dollar as its functional currencies, and the U.S. dollar as its reporting currency. The Company holds the majority of its cash balances in Canadian dollars as funds from an equity financing in late 2010 was raised predominantly in Canadian dollars. The Company's CRM and its Eastern Limb projects are currently in care and maintenance and such costs are paid in Rand. As a result, fluctuations in the exchange rate between the Canadian dollar and the Rand would have a significant impact on the Company's cash flow. The Canadian dollar strengthened against the Rand by 16% in 2013 (Cdn.$1.00 = R8.53 at December 31, 2012 and Cdn.$1.00 = R9.87 at December 31, 2013) but has remained relatively constant against the Rand in 2014 (Cdn.$1.00 = R9.95 at December 31, 2014). A weakening of the Canadian dollar against the Rand would increase the cost of care and maintenance.

As the Company's reporting currency is the U.S. dollar, fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar and the Rand would also have a significant impact on the Company's reported financial position and cash flows. The U.S. dollar strengthened against the Canadian dollar by 7% in 2013 and by 9% in 2014 (U.S.$1.00 = Cdn.$0.9949, Cdn.$1.0636 and Cdn.$1.1601 at December 31, 2012, 2013 and 2014 respectively). The strengthening of the U.S. dollar has had a negative impact on the Company's financial position in 2014.

Prior to the suspension of the Company's South African mining and development activities in 2012 and 2013, operations at CRM were predominantly conducted in Rand, with costs paid in Rand and revenues received in Rand, even though PGM prices were based in U.S. dollars. Development costs at the Company's Eastern Limb projects were also predominantly in Rand. The Company does not hedge or sell forward any of its PGM production and would therefore be exposed to exchange rate fluctuations should CRM production and the Eastern Limb development resume. As the Company also does not purchase any forward currency exchange contracts, a deterioration of the U.S. and Canadian dollar against the Rand could increase the cost of PGM production and the cost of the Eastern Limb development and therefore may have a material adverse effect on the earnings of CRM when operations resume, and on the overall costs of bringing the Eastern Limb into production.

The Company cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on its business, operating results or financial condition.

8.5 Risks associated with metal prices

Metal prices, particularly platinum prices, have a direct impact on the Company's decision to resume operations at CRM and to reinitiate development at the Eastern Limb, and on the Company's earnings should production at CRM resume. Platinum is both a precious metal and an industrial metal. The most important industrial consumption of platinum is in automobile catalytic converters. Since late 2011, demand and consumption has been negatively impacted by the volatility of the Eurozone financial markets, by the global economy in general, and more recently by the strength in the U.S. dollar and the weakening of gold prices. Supplies have been negatively affected by the depletion of existing resources and the lack of new mining projects, and by intermittent production stoppages experienced by many of the South African PGM miners as a result of various factors such as labour unrest and mine safety issues. This has resulted in a significant increase in the recycling of scrap. Some of the other key factors that may influence platinum prices are policies in the most important producing countries, namely South Africa and Russia, the amount of stockpiled platinum, economic conditions in the main consuming countries, international economic and political trends, fluctuations in the U.S. dollar and other currencies, interest rates, and inflation. A decline in the market price of PGMs mined by the Company may render ore reserves containing relatively low grades of mineralization uneconomic and may in certain circumstances lead to a restatement of reserves.

Since late 2011, PGM prices have generally remained weak and have been hit by periods of high volatility due to unplanned and unlawful labour actions experienced by the South African PGM industry. Platinum prices have stagnated in the range of $1,400 to $1,500 per ounce for the last 3 years, and dropped to below $1,200 per ounce in late 2014 and early 2015. There is no assurance that PGM prices will return to the 2008 highs (when platinum reached $2,200 per ounce) in the future, or to levels which would result in a positive decision to restart mining at CRM in the near future.

The marketability of metals is also affected by numerous other factors beyond the control of the Company, including but not limited to government regulations relating to price, royalties, allowable production and importing and exporting of minerals, the effect of which cannot accurately be predicted.

8.6 Risks associated with foreign operations

The Company's investments in South Africa carry certain risks associated with different political and economic environments. Since 1994, South Africa has undergone major changes to effect majority rule. Accordingly, all laws, including mining and tax laws that directly affect the Company, may be considered relatively new, resulting in risks such as possible misinterpretation of new laws, unilateral modification of mining or exploration rights, operating restrictions, increased taxes, environmental regulation, mine safety and other risks arising out of a new sovereignty over mining, any or all of which could have an adverse impact upon the Company. The Company's operations have been, and will continue to be affected in varying degrees by political and economic instability, unplanned and unlawful labour actions, unrelenting operating cost inflation, terrorism, crime, extreme fluctuations in currency exchange rates and concerns with respect to reliable power delivery.

The Government of South Africa has promulgated the Mineral and Petroleum Resources Royalty Act, 2008. As a result, this act has allowed for a revenue-based royalty on South African mining companies since March 1, 2010. The royalty rate for unrefined minerals is based on a formula that references EBIT margins and is estimated to be approximately 1% of gross mining revenues.

8.7 Risks associated with the granting of exploration, mining and other licenses

The government of South Africa exercises control over such matters as exploration and mining licensing, permitting, exporting and taxation, which may adversely impact on the Company's ability to carry out exploration, development and mining activities. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The Company's exploration and mining activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be granted for a defined period of time, or may not be granted, or may be withdrawn or made subject to limitations. There can be no assurance that such authorizations will be renewed following expiry or granted (as the case may be) or as to the terms of such grants or renewals. There is also no assurance that the issue of a reconnaissance, prospecting or exploration licence will ensure the subsequent issue of a mining licence.

Barplats Mines Limited, the Company's South African subsidiary that holds CRM, currently holds a total of 12 prospecting rights and 5 mining rights. The Kennedy's Vale Project currently holds a total of 2 prospecting rights and one pending mining right. The Spitzkop Project and the Mareesburg Project each hold one mining right.

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9. Financial instruments

9.1 Management of capital risk

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued capital, equity-settled employee benefits reserve, deficit and currency translation adjustment. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company is not subject to externally imposed capital requirements.

9.2 Categories of financial instruments

Table 6

(expressed in thousands of U.S. dollars)	December 31,			
	2014		2013	
Financial assets				
Cash and cash equivalents	**$**	**13,966**	$	14,489
FVTPL financial assets (1)		**335**		371
Loans and receivables (2)		**2,892**		3,237
Available for sale financial assets (3)		**71,161**		87,651
	$	**88,354**	$	105,748
Financial liabilities				
Other financial liabilities (4)	**$**	**5,078**	$	6,086
	$	**5,078**	$	6,086

(1) FVTPL financial assets consist of trade receivables.
(2) Loans and receivables consist of other receivables.
(3) Available for sale financial assets consist of short-term investments and other assets.
(4) Other financial liabilities consist of trade and other payables.

The fair values of cash and cash equivalents, short-term investments, other assets and trade and other payables approximate their carrying values due to the short-term to maturities of these financial instruments.

9.3 Financial risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Company's exposure to these risks and its methods of managing the risks remain consistent.

(a) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company's revenues are based on U.S. dollar PGM prices, but the Company receives revenues in South African Rand and incurs operating costs in South African Rand. A significant change in the currency exchange rates between the South African Rand relative to the U.S. dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its short-term investments. The risk that the Company will realize a loss as a result of a decline in the fair value of short-term investments is limited because these investments, although available for sale, are generally not sold before maturity. The Company monitors its exposure to interest rates and has not entered into any derivative financial instruments to manage this risk.

(c) Price risk

The Company is exposed to price risk with respect to fluctuations in the prices of platinum group metals. These fluctuations directly affect revenues and trade receivables. As at December 31, 2014, the Company's financial assets subject to metal price risk consist of trade receivables of $Nil (December 31, 2013 - $371,000). Historically, the Company has not entered into any derivative financial instruments to manage exposures to price fluctuations. No such derivative financial instruments existed at December 31, 2014 and 2013.

(d) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables. The carrying value of the financial assets represents the maximum credit exposure.

Prior to the suspension of production at CRM, the Company sold substantially all of its PGM concentrate production to one customer under an off-take contract. When the Company resumes production, the loss of this customer or unexpected termination of the off-take contract could have a material adverse effect on the Company's results of operations, financial condition and cash flows. However, the Company has not experienced any bad debts with this customer since it initially entered into the off-take contract.

The Company minimizes credit risk by reviewing the credit risk of the counterparty to the arrangement and has made any necessary provisions related to credit risk at December 31, 2014.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansionary plans. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments. The Company staggers the maturity dates of its investments over different time periods and dates to minimize exposure to interest rate changes. This strategy remains unchanged from 2013.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. Table 4 summarizes the Company's significant commitments and corresponding maturities.

10. Internal control over financial reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, together with the Company's management, are responsible for the information disclosed in this MD&A and in the Company's other external disclosure documents. For the years ended December 31, 2014 and 2013, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("DCP") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been disclosed in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements.

The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that the design and operation of the Company's DCP were effective as of December 31, 2014 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 2013 framework developed by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on that evaluation, the CEO and the CFO concluded that the design and operation of the Company's ICFR were effective as at December 31, 2014.

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

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

There have been no changes in the Company's ICFR during the year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

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11. Cautionary statement on forward-looking information

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

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

March 11, 2015

Ian Rozier