

Condensed consolidated financial statements of
Eastern Platinum Limited

March 31, 2009
(Unaudited)

Eastern Platinum Limited

March 31, 2009

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Eastern Platinum Limited

Condensed consolidated income statements

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

	Note	March 31, 2009 (3 months)	March 31, 2008 (3 months) (Note 15)
Revenue		\$ 24,903	\$ 55,795
Cost of operations			
Production costs		17,885	19,750
Depletion and depreciation		3,517	4,394
		21,402	24,144
Mine operating earnings		3,501	31,651
Expenses			
General and administrative		1,636	4,333
Share-based payment	11	132	1,349
		1,768	5,682
Operating profit		1,733	25,969
Other income (expense)			
Interest income		494	2,807
Finance costs		(452)	(8)
Foreign exchange (loss) gain		(75)	1,057
Profit before income taxes		1,700	29,825
Deferred income tax recovery (expense)		680	(8,247)
Net profit for the period		\$ 2,380	\$ 21,578
Attributable to			
Non-controlling interest	4	\$ (784)	\$ 2,102
Equity shareholders of the Company		\$ 3,164	\$ 19,476
Earnings per share			
Basic		\$ 0.00	\$ 0.03
Diluted		\$ 0.00	\$ 0.03
Weighted average number of common shares outstanding			
Basic		680,526,454	669,872,192
Diluted		683,394,510	718,406,612

Eastern Platinum Limited

Condensed consolidated statements of financial position

as at March 31, 2009 and December 31, 2008

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

	Note	March 31, 2009	December 31, 2008 (Note 15)
Assets			
Current assets			
Cash and cash equivalents		\$ 7,740	\$ 25,806
Short-term investments		14,226	35,257
Trade receivables		23,053	9,431
Inventories	5	3,551	3,881
		48,570	74,375
Property, plant and equipment	6	501,388	508,685
Refining contract	7	11,901	12,493
Other assets	8	1,018	1,017
		\$ 562,877	\$ 596,570
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 14,423	\$ 35,003
Provisions		1,548	1,726
Current portion of finance leases		653	649
Current loans		2,995	2,972
		19,619	40,350
Provision for environmental rehabilitation	9	5,548	5,598
Finance leases		3,249	3,261
Deferred tax liabilities		37,095	38,826
		65,511	88,035
Commitments	10		
Capital and reserves			
Issued capital	11	890,049	890,049
Equity reserve		31,959	31,827
Currency translation adjustment		(182,904)	(169,577)
Deficit		(252,602)	(255,766)
		486,502	496,533
Non-controlling interest	4	10,864	12,002
		497,366	508,535
		\$ 562,877	\$ 596,570

Approved by the Board and authorized for issue on May 11, 2009.

"David Cohen"

David Cohen, Director

"Robert Gayton"

Robert Gayton, Director

Eastern Platinum Limited

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

	Issued Capital Shares	Capital Amount	Equity Reserve	Currency Translation Adjustment	Deficit	Subtotal	Non-controlling Interest	Total Shareholders' Equity
Balance, January 1, 2008								
(Note 15)	669,031,691	\$ 868,045	\$ 27,428	\$ -	\$ (46,385)	\$ 849,088	\$ 23,133	\$ 872,221
Warrants exercised	2,117,400	3,936	-	-	-	3,936	-	3,936
Stock options exercised	160,000	370	(82)	-	-	288	-	288
Share-based payment	-	-	1,349	-	-	1,349	-	1,349
Currency translation adjustment	-	-	-	(96,365)	-	(96,365)	-	(96,365)
Net profit for the period	-	-	-	-	19,476	19,476	-	19,476
Non-controlling interest for the period	-	-	-	-	-	-	(1,165)	(1,165)
Balance, March 31, 2008								
(Note 15)	671,309,091	\$ 872,351	\$ 28,695	\$ (96,365)	\$ (26,909)	\$ 777,772	\$ 21,968	\$ 799,740
Warrants exercised	8,706,677	17,217	-	-	-	17,217	-	17,217
Stock options exercised	510,686	481	(145)	-	-	336	-	336
Share-based payment	-	-	3,277	-	-	3,277	-	3,277
Currency translation adjustment	-	-	-	(73,212)	-	(73,212)	-	(73,212)
Net loss for the period	-	-	-	-	(228,857)	(228,857)	-	(228,857)
Non-controlling interest for the period	-	-	-	-	-	-	(9,966)	(9,966)
Balance, December 31, 2008								
(Note 15)	680,526,454	\$ 890,049	\$ 31,827	\$ (169,577)	\$ (255,766)	\$ 496,533	\$ 12,002	\$ 508,535
Share-based payment	-	-	132	-	-	132	-	132
Currency translation adjustment	-	-	-	(13,327)	-	(13,327)	-	(13,327)
Net profit for the period	-	-	-	-	3,164	3,164	-	3,164
Non-controlling interest for the period	-	-	-	-	-	-	(1,138)	(1,138)
Balance, March 31, 2009	680,526,454	\$ 890,049	\$ 31,959	\$ (182,904)	\$ (252,602)	\$ 486,502	\$ 10,864	\$ 497,366

Eastern Platinum Limited

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

	March 31, 2009 (3 months)	March 31, 2008 (3 months) (Note 15)
Net profit for the period	\$ 2,380	\$ 21,578
Other comprehensive loss - currency translation adjustment	(13,327)	(96,365)
Comprehensive loss	\$ (10,947)	\$ (74,787)
Attributable to		
Non-controlling interest	\$ (784)	\$ 2,102
Equity shareholders of the Company	\$ (10,163)	\$ (76,889)

Eastern Platinum Limited

Condensed consolidated statements of cash flows

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

	Note	March 31, 2009 (3 months)	March 31, 2008 (3 months) (Note 15)
Operating activities			
Net profit for the period		\$ 2,380	\$ 21,578
Adjustments to net profit			
Depletion and depreciation		3,517	4,394
Refining contract amortization	7	254	367
Share-based payment		132	1,349
Interest income		(494)	(2,807)
Interest income received		376	1,443
Finance costs		452	8
Finance costs paid		(11)	118
Foreign exchange loss (gain)		75	(1,057)
Deferred income tax (recovery) expense		(680)	8,247
Income taxes paid		(2,422)	-
		3,579	33,640
Net changes in non-cash working capital items			
Trade receivables		(13,263)	(29,851)
Inventories		219	314
Accounts payable and accrued liabilities		(16,984)	2,362
		(26,449)	6,465
Investing activities			
Maturity of short-term investments		20,095	54,597
Purchase of other assets		(27)	(30)
Property, plant and equipment expenditures		(10,717)	(23,706)
		9,351	30,861
Financing activities			
Common shares issued for cash, net of share issue costs		-	4,224
Advance from (repayment of) current loans		41	(574)
Payment of finance leases		(13)	(412)
		28	3,238
Effect of exchange rate changes on cash and cash equivalents		(996)	(1,183)
(Decrease) increase in cash and cash equivalents		(18,066)	39,381
Cash and cash equivalents, beginning of period		25,806	18,818
Cash and cash equivalents, end of period		\$ 7,740	\$ 58,199
Cash and cash equivalents are comprised of:			
Cash in bank		\$ 6,118	\$ 17,839
Short-term money market instruments		1,622	40,360
		\$ 7,740	\$ 58,199

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

1. Nature of operations

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

2. Basis of preparation

In February 2009, the British Columbia and Ontario Securities Commissions granted the Company exemptive relief to adopt International Financial Reporting Standards ("IFRS") with an adoption date of January 1, 2009 and a transition date of January 1, 2008.

These condensed consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The disclosures concerning the transition from Canadian GAAP to IFRS are included in Note 15.

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, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Notes 3(e), 3(l), 9, and 14.

The standards that will be effective or available for voluntary early adoption in the financial statements for the year ending December 31, 2009 are subject to change and may be affected by additional interpretation(s). Accordingly, the accounting policies will be finalized when the first annual IFRS financial statements are prepared for the year ending December 31, 2009.

3. Summary of significant accounting policies

The condensed 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 (its subsidiaries, including special purpose entities). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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 and balances have been eliminated.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

3. 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.

Special Purpose Entities ("SPE's") as defined by the International Accounting Standards Board ("IASB") in SIC 12 *Consolidation – Special Purpose Entities* are entities which are created to accomplish a narrow and well-defined objective (e.g. to act as a Black Economic Empowerment ("BEE") partner). SPE's are subject to consolidation when there is an indication that the other entity controls the SPE. The Company has determined that its investment in Gubevu Consortium Holdings (Pty) Ltd. ("Gubevu") is a SPE that the Company controls. The accounts of Gubevu are consolidated with those of the Company.

(b) Business combinations

Business combinations that occurred prior to January 1, 2008 were not accounted for in accordance with IFRS 3 *Business Combinations* or IAS 27 *Consolidated and Separate Financial Statements* in accordance with the IFRS 1 *First-time Adoption of International Financial Reporting Standards* exemption discussed in Note 15(a).

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree, plus any costs directly attributable to the business combination. 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 business combination 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 business combination, 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.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

3. Summary of significant accounting policies (continued)

(c) *Presentation currency*

The Company's presentation currency is the U.S. dollar ("\$"). The functional currency of Eastern Platinum Limited and its South African subsidiaries is 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*. These guidelines require 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). Subsequent to the adoption of IFRS, all resulting exchange differences are reported as a separate component of shareholders' equity titled "Cumulative Translation Adjustment".

(d) *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 the condensed consolidated income statements.

(e) *Measurement uncertainty*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include accounting for doubtful accounts receivable, inventories, property, plant and equipment, provision for environmental rehabilitations, share-based payment, allocation of the purchase price of acquisitions and income and mining taxes.

Depreciation and depletion of property, plant and equipment assets are dependent upon estimates of useful lives and reserve estimates, both of which are determined with the exercise of judgement. The assessment of any impairment of property, plant and equipment is dependent upon estimates of recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. Provisions for environmental rehabilitations are recognized in the period in which they arise and are stated as the fair value of estimated future costs. These estimates require extensive judgement about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

3. Summary of significant accounting policies (continued)

(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 entity; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

The sale of platinum group 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. 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.

(ii) Rental income

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

(iii) Interest income

Interest income is recognized in the income statement 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, employees and service providers. The board of directors grants such options for periods of up to ten 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 expense is adjusted to reflect the number of share options expected to vest.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

3. Summary of significant accounting policies (continued)

(h) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method and 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 the income statement.

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.

Deferred taxes are recorded using the statement of financial position liability method. Under the statement of financial position liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future 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 future tax assets and liabilities of a change in tax rates is recognized in income 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 future tax asset will be recovered, it provides a valuation allowance against the excess.

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

- the initial recognition of assets or liabilities that do not affect accounting or taxable profit
- goodwill

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) available to common shareholders by the weighted average number of shares outstanding during the reporting year. 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.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

3. Summary of significant accounting policies (continued)

(k) *Comprehensive profit (loss)*

Comprehensive profit (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 would not normally be included in net profit 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 self-sustaining operations. The Company's comprehensive profit (loss), components of other comprehensive income, and cumulative translation adjustments are presented in the Condensed Consolidated Statements of Comprehensive Profit (Loss) and the Condensed Consolidated Statements of Shareholders' Equity.

(l) *Property, plant and equipment*

(i) *Mining assets*

Mining assets are recorded at cost less accumulated depreciation and 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 placed into 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. 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 economically recoverable and proven 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 its intended use.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, 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) *Other assets*

Other 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.

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

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

3. Summary of significant accounting policies (continued)

(i) *Property, plant and equipment (continued)*

(ii) *Other assets (continued)*

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 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. Finance leases are recognized at the lower of the fair value 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 3(s).

(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. All other costs are recognized as an expense as incurred.

(v) *Impairment*

The Company's tangible and intangible assets are reviewed for an indication 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. 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.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

3. Summary of significant accounting policies (continued)

(l) *Property, plant and equipment (continued)*

(v) *Impairment (continued)*

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.

(m) *Refining contract*

The Company sells its concentrate to one customer under the terms of an off-take or refining contract. The refining contract is amortized over the life of the contract, estimated to be twelve years. 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.

(n) *Inventories*

Inventories, comprising stockpiled ore and concentrate awaiting further processing and sale, are valued at the lower of cost and net realizable value. 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) *Short-term investments*

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

(p) *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.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

3. Summary of significant accounting policies (continued)

(q) *Financial assets*

Financial assets are classified into one of four categories:

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

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

(i) *Financial assets at FVTPL*

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.

Financial assets classified as FVTPL 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.

The Company has classified cash and cash equivalents as held for trading.

(ii) *AFS financial assets*

Short-term investments 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 directly in equity in the investments revaluation reserve. To date, these gains and losses have not been significant due to the nature of the underlying investment. As a result, the assets' carrying values approximate their fair values. 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 due to a change in amortized cost of the asset is recognized in profit or loss, while all other changes are recognized in equity.

(iii) *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.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

3. Summary of significant accounting policies (continued)

(q) *Financial assets (continued)*

(iii) *Effective interest method (continued)*

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

(iv) *Held-to-maturity investments*

Investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company has classified its other assets as held to maturity.

(v) *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 year end. Bad debts are written off during the year 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.

(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.

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 receivable 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.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

3. Summary of significant accounting policies (continued)

(q) *Financial assets (continued)*

(vi) *Impairment of financial assets (continued)*

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 all risks and rewards of ownership to another entity.

(r) *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 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 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, 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 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.

(s) *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.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

3. Summary of significant accounting policies (continued)

(s) *Leases (continued)*

(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.

Rentals payable under operating leases 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.

(t) *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.

(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 plans are 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 Fund Act of 1956 governs these funds.

(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.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

3. Summary of significant accounting policies (continued)

(v) *Financial liabilities and equity (continued)*

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (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.

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

(ii) *Derecognition of financial liabilities*

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

4. Non-controlling interest

The non-controlling interests are comprised of the following:

Balance, January 1, 2008	\$	23,133
Non-controlling interests' share of profit in Barplats		2,943
Non-controlling interests' share of interest on advances to Gubevu		(841)
Foreign exchange movement		(3,267)
Balance, March 31, 2008	\$	21,968
Non-controlling interests' share of loss in Barplats		(3,660)
Non-controlling interests' share of interest on advances to Gubevu		(2,177)
Foreign exchange movement		(4,129)
Balance, December 31, 2008	\$	12,002
Non-controlling interests' share of loss in Barplats		(176)
Non-controlling interests' share of interest on advances to Gubevu		(608)
Foreign exchange movement		(354)
Balance, March 31, 2009	\$	10,864

5. Inventories

	March 31, 2009	December 31, 2008
Consumables	\$ 3,312	\$ 3,509
Ore and concentrate	239	372
	\$ 3,551	\$ 3,881

The Company recognized \$219 of consumables inventories as an expense during the three months ended March 31, 2009 (12 months ended December 31, 2008 - \$1,391).

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Notes to the condensed consolidated financial statements

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

6. Property, plant and equipment

	Mining plant and equipment	Crocodile River Mine (a)	Kennedy's Vale Project (b)	Spitzkop PGM Project (c)	Mareesburg Project (c)	Other property plant and equipment	TOTAL
Cost							
Balance as at January 1, 2008	\$ 273,483	\$ 149,618	\$ 386,353	\$ 121,443	\$ 28,075	\$ 118	\$ 959,090
Additions							
Assets acquired	134,320	4,285	-	4,729	472	18	143,824
Assets acquired through business combination	-	12,033	53,754	-	36	-	65,823
Disposals	-	-	-	-	-	(22)	(22)
Foreign exchange movement	(87,635)	(40,794)	(106,645)	(24,459)	(5,284)	(21)	(264,838)
Balance as at December 31, 2008	\$ 320,168	\$ 125,142	\$ 333,462	\$ 101,713	\$ 23,299	\$ 93	\$ 903,877
Additions							
Assets acquired	-	-	-	388	28	-	416
Assets under construction capitalized	10,301	-	-	-	-	-	10,301
Foreign exchange movement	(7,939)	(2,746)	(6,301)	(3,922)	(821)	(2)	(21,731)
Balance as at March 31, 2009	\$ 322,530	\$ 122,396	\$ 327,161	\$ 98,179	\$ 22,506	\$ 91	\$ 892,863
Accumulated depreciation and impairment losses							
Balance as at January 1, 2008	\$ 116,078	\$ 11,932	\$ 15,666	\$ -	\$ -	\$ 24	\$ 143,700
Depreciation for the period	7,842	6,768	-	-	-	52	14,662
Impairment loss	-	-	313,603	-	-	-	313,603
Foreign exchange movement	(31,017)	(3,907)	(41,832)	-	-	(17)	(76,773)
Balance as at December 31, 2008	\$ 92,903	\$ 14,793	\$ 287,437	\$ -	\$ -	\$ 59	\$ 395,192
Depreciation for the period	2,549	967	-	-	-	1	3,517
Foreign exchange movement	(2,327)	191	(5,094)	-	-	(4)	(7,234)
Balance as at March 31, 2009	\$ 93,125	\$ 15,951	\$ 282,343	\$ -	\$ -	\$ 56	\$ 391,475
Carrying amounts							
At January 1, 2008	\$ 157,405	\$ 137,686	\$ 370,687	\$ 121,443	\$ 28,075	\$ 94	\$ 815,390
At December 31, 2008	\$ 227,265	\$ 110,349	\$ 46,025	\$ 101,713	\$ 23,299	\$ 34	\$ 508,685
At March 31, 2009	\$ 229,405	\$ 106,445	\$ 44,818	\$ 98,179	\$ 22,506	\$ 35	\$ 501,388

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

6. Property, plant and equipment (continued)

(a) *Crocodile River Mine ("CRM")*

The Company holds directly and indirectly 87.5% of CRM, which is located on the eastern portion of the western limb of the Bushveld Complex. The Maroelabult and Zandfontein sections are currently in production, while development of the Crocette and Kareespruit sections was temporarily suspended in the fourth quarter of 2008 due to the significant decrease in PGM prices.

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

The Company holds directly and indirectly 87.5% of KV, which is located on the eastern limb of the Bushveld Complex, near Steelpoort in the Province of Mpumalanga. It comprises PGM mineral rights on five farms in the Steelpoort Valley.

(c) *Spitzkop PGM Project and Mareesburg Project*

The Company holds directly and indirectly a 93.4% interest in the Spitzkop PGM Project and a 75.5% interest in the Mareesburg Project. The Company currently acts as the operator of both the Mareesburg Platinum Project and Spitzkop PGM Project, both located on the eastern limb of the Bushveld Complex. The development of these projects was temporarily suspended in the fourth quarter of 2008 due to the significant decrease in PGM prices.

7. Refining Contract

During the year ended June 30, 2006, the Company acquired a 69% interest in Barplats and assigned a portion of the excess of the purchase price over the fair value of the identifiable intangible assets acquired 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 which 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 10.25 years.

Cost

Balance as at January 1, 2008	\$	22,741
Foreign exchange movement		(4,784)
Balance as at December 31, 2008	\$	17,957
Foreign exchange movement		(327)
Balance as at March 31, 2009	\$	17,630

Accumulated depreciation

Balance as at January 1, 2008	\$	4,274
Depreciation for the period		1,353
Foreign exchange movement		(163)
Balance as at December 31, 2008	\$	5,464
Depreciation for the period		254
Foreign exchange movement		11
Balance as at March 31, 2009	\$	5,729

Carrying amounts

At January 1, 2008	\$	18,467
At December 31, 2008	\$	12,493
At March 31, 2009	\$	11,901

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

8. Other assets

Other assets consists of a money market fund investment that is classified as held-to-maturity and serves as security for a guarantee issued to the Department of Minerals and Energy of South Africa in respect of the environmental rehabilitation liability (Note 9). Changes to other assets for the three months ended March 31, 2009 are as follows:

Balance, January 1, 2008	\$ 1,247
Additional investment	-
Service fees	(16)
Interest income	122
Foreign exchange movement	(336)
Balance, December 31, 2008	\$ 1,017
Additional investment	-
Service fees	(5)
Interest income	31
Foreign exchange movement	(25)
Balance, March 31, 2009	\$ 1,018

9. Provision for environmental rehabilitation

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

The liability for the environmental rehabilitation provision at March 31, 2009 is approximately ZAR52.9 million (\$5,548). The liability was determined using an inflation rate of 5.78% (December 31, 2008 – 5.78%) and an estimated life of mine of 14 years for Zandfontein and Maroelabult (December 31, 2008 – 14 years), and 1 year for Kennedy's Vale (December 31, 2008 – 1 year). A discount rate of 7.09% was used (December 31, 2008 – 7.09%). A guarantee of \$1,018 (December 31, 2008 - \$1,017) has been issued to the Department of Minerals and Energy (Note 8). 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 ZAR121 million (\$12,651).

Changes to the environmental rehabilitation provision during the three months ended March 31, 2009 are as follows:

Balance, January 1, 2008	\$ 6,224
Revision in estimates	554
Unwinding of interest	491
Foreign exchange movement	(1,671)
Balance, December 31, 2008	\$ 5,598
Unwinding of interest	93
Foreign exchange movement	(143)
Balance, March 31, 2009	\$ 5,548

10. Commitments

The Company has committed to capital expenditures on projects of approximately ZAR122 million (\$12,822) as at March 31, 2009.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

11. 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 options

The Company has an incentive plan (the "2008 Plan"), approved by the Company's shareholders at its annual general meeting held on June 4, 2008, 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 2008 Plan, 75 million common shares are reserved for issuance upon the exercise of options. All outstanding options at June 4, 2008 granted under the Company's previous plan (the "2005 Plan") will continue to exist under the 2008 Plan provided that the fundamental terms governing such options will be deemed to be those under the 2005 Plan. Upon adoption of the 2008 Plan, options to purchase a total of 27,525,000 common shares were available for grant under the 2008 Plan, representing 75,000,000 less the 47,475,000 outstanding options at June 4, 2008 granted under the 2005 Plan.

Under the 2008 Plan, each option granted shall be for a term not exceeding five years from the date of being granted and the vesting period is determined based on the discretion of the Board of Directors. The option exercise price is set at the date of the grant and cannot be less than the closing market price of the Company's common shares on the Toronto Stock Exchange on the day immediately preceding the day of the grant of the option.

The changes in stock options during the three months ended March 31, 2009 and year ended December 31, 2008 were as follows:

	March 31, 2009		December 31, 2008	
	Number of options	Weighted average exercise price Cdn\$	Number of options	Weighted average exercise price Cdn\$
Balance outstanding, beginning of period	64,746,000	1.52	46,360,000	1.93
Options granted	80,000	0.32	19,856,000	0.55
Options exercised	-	-	(845,000)	1.26
Options forfeited	(3,350,000)	1.96	(625,000)	1.76
Balance outstanding, end of period	61,476,000	1.49	64,746,000	1.52

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

11. Issued capital (continued)

(b) Stock options (continued)

The following table summarizes information concerning outstanding and exercisable options at March 31, 2009:

Options outstanding	Options exercisable	Exercise price	Remaining Contractual Life (Years)	Expiry date
		Cdn\$		
187,500	187,500	1.00	0.41	August 26, 2009
6,725,000	6,725,000	1.70	2.15	May 24, 2011
250,000	250,000	1.70	2.66	November 27, 2011
20,237,500	20,237,500	1.82	2.94	March 7, 2012
18,356,000	16,316,000	0.32	4.72	December 18, 2013
80,000	26,667	0.32	4.87	February 11, 2014
14,350,000	13,526,667	2.31	8.52	October 5, 2017
90,000	60,000	2.50	8.71	December 12, 2017
910,000	740,000	3.38	8.90	February 20, 2018
290,000	210,000	3.38	8.99	March 27, 2018
61,476,000	58,279,334		4.80	

(c) Share purchase warrants

The changes in warrants during the three months ended March 31, 2009 and year ended December 31, 2008 were as follows:

	March 31, 2009		December 31, 2008	
	Number of warrants	Weighted average exercise price Cdn\$	Number of warrants	Weighted average exercise price Cdn\$
Balance outstanding, beginning of period	58,485,996	1.80	71,248,050	1.83
Warrants exercised	-	-	(10,824,077)	1.97
Warrants expired	(58,485,996)	1.80	(1,937,977)	2.00
Balance outstanding, end of period	-	-	58,485,996	1.80

(d) Share-based payment

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:

	March 31, 2009 (3 months)	March 31, 2008 (3 months)
Risk-free interest rate	1.69%	3.05%
Expected life	3 years	3 years
Annualized volatility	78%	49%
Dividend rate	0%	0%
Grant date fair value	Cdn\$0.21	Cdn\$1.22

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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12. Related party transactions

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

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

The Company incurred the following expenses in connection with companies owned by key management and directors. These expenses were incurred in the normal course of operations and have been measured at the exchange amount which is determined on a cost recovery basis.

	Note	March 31, 2009 (3 months)	March 31, 2008 (3 months)
Consulting fees	(i)	\$ 31	\$ 17
General and administrative expenses		-	73
Management fees	(ii)	235	358
		\$ 266	\$ 448

- i. The Company paid fees to a private company controlled by a director of the Company for consulting services performed outside of his capacity as a director.
- ii. The Company paid management fees and expenses to private companies controlled by officers and directors of the Company.
- iii. Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at March 31, 2009 included \$Nil (December 31, 2008 - \$35) which were due to private companies controlled by officers of the Company.

Eastern Platinum Limited

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13. Segmented information

- (a) Operating segment - The Company's operations are primarily directed towards the acquisition, exploration and production of platinum group metals in South Africa.
- (b) Geographic segments - The Company's assets, revenues and expenses by geographic areas for the quarters ended March 31, 2009 and March 31, 2008 are as follows:

	March 31, 2009 (3 months)		
	South Africa	Canada	Total
Property, plant and equipment	\$ 501,353	\$ 35	\$ 501,388
Refining contract	11,901	-	11,901
Other assets	1,018	-	1,018
Total assets	544,180	18,697	562,877
Property, plant and equipment expenditures	\$ 10,717	\$ -	\$ 10,717
Revenues	\$ 24,903	\$ -	\$ 24,903
Production costs	(17,885)	-	(17,885)
Depletion and depreciation	(3,517)	-	(3,517)
General and administrative expenses	(758)	(878)	(1,636)
Share-based payment	(132)	-	(132)
Interest income	354	140	494
Finance costs	(452)	-	(452)
Foreign exchange (loss) gain	(94)	19	(75)
Profit (loss) before income taxes	\$ 2,419	\$ (719)	\$ 1,700

	March 31, 2008 (3 months)		
	South Africa	Canada	Total
Property, plant and equipment expenditures	\$ 23,692	\$ 14	\$ 23,706
Revenues	\$ 55,795	\$ -	\$ 55,795
Production costs	(19,750)	-	(19,750)
Depletion and depreciation	(4,394)	-	(4,394)
General and administrative expenses	(2,847)	(1,486)	(4,333)
Share based payment	(687)	(662)	(1,349)
Interest income	938	1,869	2,807
Finance costs	(8)	-	(8)
Foreign exchange gain	1,057	-	1,057
Profit (loss) before income taxes	\$ 30,104	\$ (279)	\$ 29,825

	December 31, 2008		
	South Africa	Canada	Total
Property, plant and equipment	\$ 508,648	\$ 37	\$ 508,685
Refining contract	12,493	-	12,493
Other assets	1,017	-	1,017
Total assets	539,816	56,754	596,570

For the quarters ended March 31, 2009 and March 31, 2008, 100% of the Company's PGM production was sold to one customer.

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14. Accounting estimates and judgments

(a) Useful life of assets

The Company engaged an independent third party engineering company in South Africa to assess the life of mine ("LOM") of Barplats Mines Limited ("Barplats") in December 2007.

At December 31, 2008 the remaining LOM for Barplats was assessed at 153 months (December 31, 2007 – 165 months). This estimate is 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.

(b) Impairment of property, plant and equipment

During the year ended December 31, 2008, the significant decline in platinum group metal prices triggered an impairment assessment which resulted in an impairment of \$314 million on Kennedy's Vale. Future cash flows were discounted to present value at the weighted average cost of capital of 9%.

The foreign exchange rate utilized in the model is ZAR9.51 = US\$1.00.

The average forecast prices utilized in the impairment model, in US\$ per ounce, are:

	2009	2010	2011	2012	2013 +
Platinum	950	1,020	1,055	1,155	1,180
Palladium	210	225	305	385	380
Rhodium	1,000	980	2,785	2,895	2,830
Gold	870	815	650	695	680
Iridium	270	295	345	350	340
Ruthenium	190	215	240	250	245
Nickel	13,850	15,875	16,210	16,285	15,915
Copper	5,180	5,550	5,505	4,265	4,170
Chrome	380	382	400	400	400

15. IFRS

IFRS 1 *First-time Adoption of International Financial Reporting Standards* sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustment to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated January 1, 2008:

(a) Business Combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has taken advantage of this election and has applied IFRS 3 to business combinations that occurred on or after January 1, 2008.

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15. IFRS (continued)

(b) *Cumulative translation differences*

IFRS 1 allows a first-time adopter to not comply with the requirements of IAS 21 *The Effects of Changes in Foreign Exchange Rates* for cumulative translation differences that existed at the date of transition to IFRS. The Company has chosen to apply this election and has eliminated the cumulative translation difference and adjusted retained earnings by the same amount at the date of transition to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS will not affect the gain or loss on disposal.

(c) *Share-based payment transactions*

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2008.

(d) *IAS 27 – Consolidated and Separate Financial Statements*

In accordance with IFRS 1, if a company elects to apply IFRS 3 *Business Combinations* retrospectively, IAS 27 *Consolidated and Separate Financial Statements* must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has also elected to apply IAS 27 prospectively.

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated January 1, 2008:

(e) *Assets and liabilities of subsidiaries and associates*

In accordance with IFRS 1, if a parent company adopts IFRS subsequent to its subsidiary or associate adopting IFRS, the assets and the liabilities of the subsidiary or associate are to be included in the consolidated financial statements at the same carrying amounts as in the financial statements of the subsidiary or associate. The Company's principal operating subsidiary, Barplats Investments Limited, adopted IFRS in 2005.

(f) *Estimates*

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2008 are consistent with its Canadian GAAP estimates for the same date.

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and results of operations. In order to allow the users of the financial statements to better understand these changes, the Company's Canadian GAAP statement of operations, statement of comprehensive profit, statement of financial position and statement of cash flows for the quarter ended March 31, 2008 and the year ended December 31, 2008 have been reconciled to IFRS, with the resulting differences explained.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

15. IFRS (continued)

(g) *Revenue and interest income*

The Company settles its metal sales three or five months following the physical delivery of the concentrates.

The present value of sales revenue expected to be received in three or five months is recognized on the date of sale. The difference between the present value and the future value is recognized as interest revenue over the term of settlement. In its Canadian GAAP financial statements for the year ended December 31, 2008, the Company recorded the future value as sales revenue, as opposed to recognizing the difference between the present value and the future value as interest revenue over the term of settlement. The difference in the treatment of revenue results in a timing difference in the recognition of income and is not material to these financial statements.

(h) *Property plant and equipment*

Due to the adjustments to the provision for environmental rehabilitation discussed in Note 15(j), the cost of property plant and equipment is different in accordance with IFRS than in accordance with Canadian GAAP. As a result, even though depreciation is calculated in the same manner, the amount of depreciation differs.

(i) *Share-based payment*

IFRS

- Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches.
- Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

Canadian GAAP

- The fair value of stock-based awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period.
- Forfeitures of awards are recognized as they occur.

(j) *Provision for environmental rehabilitation*

IFRS

- The provision for environmental rehabilitation must be adjusted for changes in the discount rate.

Canadian GAAP

- The provision for environmental rehabilitation is not adjusted for changes in the discount rate.

(k) *Deferred tax asset/liability*

IFRS

- All deferred tax assets and liabilities must be classified as non-current.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

15. IFRS (continued)

(k) *Deferred tax asset/liability (continued)*

Canadian GAAP

- Deferred tax assets and liabilities can be classified as current or non-current as appropriate.

(l) *Accounts payable, accrued liabilities and provisions*

IFRS – a provision is a liability of uncertain timing or amount. Provisions are disclosed separately from liabilities and accrued liabilities and require additional disclosure.

Canadian GAAP – Accounts payable, accrued liabilities and provisions are disclosed on the statement of financial position as a single line item.

(m) *Other comprehensive profit (loss)*

Other comprehensive profit (loss) consists of the change in the cumulative translation adjustment ("CTA"). Due to other IFRS adjustments, the balances that are used to calculate the CTA are different in accordance with IFRS than in accordance with Canadian GAAP. As a result, CTA and other comprehensive profit (loss) are different in accordance with IFRS than in accordance with Canadian GAAP.

(n) *Impairment*

IFRS – If indication of impairment is identified, the asset's carrying value is compared to the asset's discounted cash flows. If the discounted cash flows are less than the carrying value, the asset is impaired by an amount equal to the difference between the discounted cash flows and the carrying value.

Canadian GAAP - If indication of impairment is identified, the asset's carrying value is compared to the asset's undiscounted cash flows. If the undiscounted cash flows are less than the carrying value, the asset is impaired by an amount equal to the difference between the discounted cash flows and the carrying value.

The Company completed an impairment review of its assets at January 1, 2008 and concluded that the assets were not impaired in accordance with IFRS. At December 31, 2008, the carrying value of the Kennedy's Vale mineral property was less than the property's undiscounted cash flows, but greater than the property's discounted cash flows. As a result, the mineral property was concluded to be impaired in accordance with IFRS, but not impaired in accordance with Canadian GAAP. An impairment of \$314 million and an income tax recovery of \$87 million have been recorded relating to the Kennedy's Vale impairment.

(o) *Presentation*

The presentation of the cash flow statement in accordance with IFRS differs from the presentation of the cash flow statement in accordance with Canadian GAAP.

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

15. IFRS (continued)

The January 1, 2008 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	Note	January 1, 2008		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		\$ 18,818	\$ -	\$ 18,818
Short-term investments		171,038	-	171,038
Trade receivables	(e)(g)	33,157	(597)	32,560
Inventories		6,888	-	6,888
		229,901	(597)	229,304
Property, plant and equipment				
Property, plant and equipment	(e)(h)(j)	813,461	1,929	815,390
Refining contract		18,467	-	18,467
Other assets		1,247	-	1,247
		\$ 1,063,076	\$ 1,332	\$ 1,064,408
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	(e)(l)	\$ 22,967	\$ (1,460)	\$ 21,507
Provisions	(e)(l)	-	1,460	1,460
Current portion of long-term liability		3,837	-	3,837
Deferred tax	(k)	6,416	(6,416)	-
		33,220	(6,416)	26,804
Provision for environmental rehabilitation				
Provision for environmental rehabilitation	(e)(j)	2,889	3,335	6,224
Finance leases		9,127	-	9,127
Deferred tax liabilities	(k)	143,616	6,416	150,032
		188,852	3,335	192,187
Capital and reserves				
Issued capital		868,045	-	868,045
Equity reserve		27,428	-	27,428
Currency translation adjustment	(b)	23,481	(23,481)	-
Deficit		(68,132)	21,747	(46,385)
		850,822	(1,734)	849,088
Non-controlling interest		23,402	(269)	23,133
		874,224	(2,003)	872,221
		\$ 1,063,076	\$ 1,332	\$ 1,064,408

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

15. IFRS (continued)

The Canadian GAAP income statement and statement of comprehensive income for the three months ended March 31, 2008 have been reconciled to IFRS as follows:

		3 months ended March 31, 2008		
	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue	(g)	\$ 56,408	\$ (613)	\$ 55,795
Cost of operations				
Production costs		19,750	-	19,750
Depletion and depreciation	(h)	4,362	32	4,394
		24,112	32	24,144
Mine operating earnings		32,296	(645)	31,651
Expenses				
General and administrative		4,333	-	4,333
Share-based payment	(i)	1,227	122	1,349
		5,560	122	5,682
Operating profit		26,736	(767)	25,969
Other income (expense)				
Interest income	(g)	2,455	352	2,807
Finance costs	(j)	(227)	219	(8)
Foreign exchange gain		1,057	-	1,057
Profit before income taxes		30,021	(196)	29,825
Deferred income tax expense	(k)	(8,248)	1	(8,247)
Net profit for the period		\$ 21,773	\$ (195)	\$ 21,578
Attributable to				
Non-controlling interest		\$ 1,811	\$ 291	\$ 2,102
Equity shareholders of the Company		\$ 19,962	\$ (486)	\$ 19,476

		3 months ended March 31, 2008		
	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Net profit for the period		\$ 21,773	\$ (195)	\$ 21,578
Other comprehensive (loss) - currency translation adjustment	(m)	(96,506)	141	(96,365)
Comprehensive loss		\$ (74,733)	\$ (54)	\$ (74,787)
Attributable to				
Non-controlling interest		\$ 1,811	\$ 291	\$ 2,102
Equity shareholders of the Company		\$ (76,544)	\$ (345)	\$ (76,889)

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

15. IFRS (continued)

The Canadian GAAP income statement and statement of comprehensive income for the twelve months ended December 31, 2008 have been reconciled to IFRS as follows:

	Note	12 months ended December 31, 2008		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue	(g)	\$ 116,198	\$ (1,517)	\$ 114,681
Cost of operations				
Production costs		79,961	-	79,961
Depletion and depreciation	(h)	14,599	63	14,662
		94,560	63	94,623
Mine operating earnings		21,638	(1,580)	20,058
Expenses				
Impairment	(n)	-	313,603	313,603
General and administrative	(e)	19,411	30	19,441
Share-based payment	(i)	4,290	335	4,625
		23,701	313,968	337,669
Operating loss		(2,063)	(315,548)	(317,611)
Other income (expense)				
Interest income	(g)	7,081	1,863	8,944
Finance costs	(j)	(3,551)	(174)	(3,725)
Foreign exchange gain		(2,155)	-	(2,155)
Loss before income taxes		(688)	(313,859)	(314,547)
Deferred income tax recovery	(k)	13,623	87,808	101,431
Net profit (loss) for the period		\$ 12,935	\$ (226,051)	\$ (213,116)
Attributable to				
Non-controlling interest		\$ (3,429)	\$ (306)	\$ (3,735)
Equity shareholders of the Company		\$ 16,364	\$ (225,745)	\$ (209,381)

	Note	12 months ended December 31, 2008		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Net profit (loss) for the period		\$ 12,935	\$ (226,051)	\$ (213,116)
Other comprehensive loss - currency translation adjustment	(m)	(197,052)	27,475	(169,577)
Comprehensive loss		\$ (184,117)	\$ (198,576)	\$ (382,693)
Attributable to				
Non-controlling interest		\$ (3,429)	\$ (306)	\$ (3,735)
Equity shareholders of the Company		\$ (180,688)	\$ (198,270)	\$ (378,958)

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

15. IFRS (continued)

The Canadian GAAP statement of financial position at March 31, 2008 has been reconciled to IFRS as follows:

	Note	March 31, 2008		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		\$ 58,199	\$ -	\$ 58,199
Short-term investments		111,744	-	111,744
Trade receivables	(g)	56,869	(521)	56,348
Inventories		5,539	-	5,539
		232,351	(521)	231,830
Property, plant and equipment	(h)(j)	723,117	1,628	724,745
Refining contract		15,289	-	15,289
Other assets		1,082	-	1,082
		\$ 971,839	\$ 1,107	\$ 972,946
Liabilities				
Accounts payable and accrued liabilities				
	(l)	\$ 21,952	\$ (1,236)	\$ 20,716
Provisions	(l)	-	1,236	1,236
Current portion of long-term liability		4,040	-	4,040
Deferred tax liability	(k)	11,950	(11,950)	-
		37,942	(11,950)	25,992
Provision for environmental rehabilitation	(j)	2,525	2,866	5,391
Capital leases and other long-term liabilities		7,211	-	7,211
Deferred tax liability	(k)	122,662	11,950	134,612
		170,340	2,866	173,206
Capital and reserves				
Issued capital		872,351	-	872,351
Equity reserve	(i)	28,574	121	28,695
Currency translation adjustment	(m)	(73,025)	(23,340)	(96,365)
Deficit		(48,170)	21,261	(26,909)
		779,730	(1,958)	777,772
Non-controlling interest		21,769	199	21,968
		801,499	(1,759)	799,740
		\$ 971,839	\$ 1,107	\$ 972,946

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

15. IFRS (continued)

The Canadian GAAP statement of financial position at December 31, 2008 has been reconciled to IFRS as follows:

	Note	December 31, 2008		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		\$ 25,806	\$ -	\$ 25,806
Short-term investments		35,257	-	35,257
Trade receivables	(g)	9,556	(125)	9,431
Inventories		3,881	-	3,881
Deferred tax asset	(k)	1,178	(1,178)	-
		75,678	(1,303)	74,375
Property, plant and equipment	(h)(j)(n)	783,039	(274,354)	508,685
Refining contract		12,493	-	12,493
Other assets		1,017	-	1,017
		\$ 872,227	\$ (275,657)	\$ 596,570
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	(l)	\$ 36,729	\$ (1,726)	\$ 35,003
Provisions	(l)	-	1,726	1,726
Current portion capital leases		649	-	649
Current loans		2,972	-	2,972
		40,350	-	40,350
Non-current liabilities				
Provision for environmental rehabilitation	(j)	2,846	2,752	5,598
Capital leases		3,261	-	3,261
Deferred tax liabilities	(k)	117,234	(78,408)	38,826
		163,691	(75,656)	88,035
Capital and reserves				
Issued capital		890,049	-	890,049
Equity reserve	(i)	31,491	336	31,827
Currency translation adjustment	(m)	(173,571)	3,994	(169,577)
Deficit		(51,768)	(203,998)	(255,766)
		696,201	(199,668)	496,533
Non-controlling interest		12,335	(333)	12,002
		708,536	(200,001)	508,535
		\$ 872,227	\$ (275,657)	\$ 596,570

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

15. IFRS (continued)

The reconciliation of the statement of cash flows for the three months ended March 31, 2008:

	Note	March 31, 2008 (3 months)		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Operating activities				
Net profit for the period		\$ 21,773	\$ (195)	\$ 21,578
Adjustments to net profit				
Depreciation	(h)	4,442	(48)	4,394
Refining contract amortization	(o)	-	367	367
Share-based payment	(i)	1,227	122	1,349
Interest income	(o)	-	(2,807)	(2,807)
Interest income received	(o)	-	1,443	1,443
Finance costs	(o)	-	8	8
Finance costs paid	(o)	-	118	118
Foreign exchange gain		(1,057)	-	(1,057)
Deferred income tax expense	(k)	8,248	(1)	8,247
		34,633	(993)	33,640
Net changes in non-cash working capital items				
Trade receivables	(g)	(30,801)	950	(29,851)
Inventories		314	-	314
Accounts payable and accrued liabilities		2,362	-	2,362
		6,508	(43)	6,465
Investing activities				
Maturity of short-term investments	(o)	54,567	30	54,597
Purchase of other assets	(o)	-	(30)	(30)
Property, plant and equipment expenditures		(23,706)	-	(23,706)
		30,861	-	30,861
Financing activities				
Common shares issued for cash, net of share issue costs		4,224	-	4,224
Repayment of short-term debt	(o)	380	(954)	(574)
Other long-term liabilities	(o)	(300)	(112)	(412)
		4,304	(1,066)	3,238
Effect of exchange rate changes on cash and cash equivalents		(2,292)	1,109	(1,183)
Increase in cash and cash equivalents		39,381	-	39,381
Cash and cash equivalents, beginning of period		18,818	-	18,818
Cash and cash equivalents, end of period		\$ 58,199	\$ -	\$ 58,199

Eastern Platinum Limited

Notes to the condensed consolidated financial statements

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

15. IFRS (continued)

The reconciliation of the statement of cash flows for the twelve months ended December 31, 2008:

	Note	December 31, 2008 (12 months)		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Operating activities				
Net profit (loss) for the period		\$ 12,935	\$ (226,051)	\$ (213,116)
Adjustments to net profit (loss)				
Depreciation	(h)	14,877	(215)	14,662
Refining contract amortization		1,353	-	1,353
Impairment	(n)	-	313,603	313,603
Share-based payment	(i)	4,290	335	4,625
Interest income	(o)	-	(8,944)	(8,944)
Interest income received	(o)	-	10,028	10,028
Finance costs	(o)	2,845	880	3,725
Finance costs paid	(o)	-	(375)	(375)
Foreign exchange loss	(o)	5,731	(3,576)	2,155
Realized foreign exchange gain	(o)	-	(1,157)	(1,157)
Deferred income tax recovery	(k)	(13,623)	(87,808)	(101,431)
		28,408	(3,280)	25,128
Net changes in non-cash working capital items				
Trade receivables	(g)	10,765	3,266	14,031
Inventories		1,391	-	1,391
Accounts payable and accrued liabilities		12,962	-	12,962
		53,526	(14)	53,512
Investing activities				
Acquisitions, net of cash acquired		(39,589)	-	(39,589)
Maturity of short-term investments	(o)	119,318	42	119,360
Purchase of other assets	(o)	-	(42)	(42)
Property, plant and equipment expenditures		(143,373)	-	(143,373)
		(63,644)	-	(63,644)
Financing activities				
Common shares issued for cash, net of share issue costs		22,004	-	22,004
Repayment of short-term debt	(o)	(892)	892	-
Other long-term liabilities	(o)	(3,411)	(898)	(4,309)
		17,701	(6)	17,695
Effect of exchange rate changes on cash and cash equivalents		(595)	20	(575)
Increase in cash and cash equivalents		6,988	-	6,988
Cash and cash equivalents, beginning of period		18,818	-	18,818
Cash and cash equivalents, end of period		\$ 25,806	\$ -	\$ 25,806

EASTERN PLATINUM LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS
AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2009

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Eastern Platinum Limited ("Eastplats" or the "Company") as at March 31, 2009 and for the three months then ended in comparison to the same period in 2008.

In February 2009, the applicable provincial securities commissions granted the Company exemptive relief to adopt International Financial Reporting Standards ("IFRS") with an adoption date of January 1, 2009 and a transition date of January 1, 2008.

This MD&A should be read in conjunction with the condensed consolidated financial statements for the three months ended March 31, 2009 and supporting notes. These condensed financial statements have been prepared using accounting policies consistent with IFRS and in accordance with International Accounting Standard 34 ("IAS 34") – Interim Financial Reporting. A reconciliation of the previously disclosed comparative periods' financial statements prepared in accordance with Canadian generally accepted accounting principles to IFRS is set out in Note 15 to these condensed financial statements.

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

All monetary amounts are in U.S. dollars unless otherwise specified. The effective date of this MD&A is May 13, 2009. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Contents of the MD&A

1. Overview
2. Highlights for the quarter ended March 31, 2009
3. Results of operations for the quarter ended March 31, 2009
 - 3.1. Mining operations at the Crocodile River Mine ("CRM")
 - 3.2. CRM non-IFRS measures
 - 3.3. Development projects
 - 3.3.1. CRM
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 - 6.1 Significant differences between IFRS and Canadian GAAP in the Company's financial statements
 7. Internal control over financial reporting
 8. Cautionary statement on forward-looking information
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1. Overview

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

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

2. Highlights for the quarter ended March 31, 2009 (“Q1 2009”)

- Eastplats recorded a net profit attributable to equity shareholders of the Company of \$3,164,000 (\$0.00 per share) compared to \$19,476,000 (\$0.03 per share) in the first quarter of 2008 (“Q1 2008”).
 - Production at the Crocodile River Mine (“CRM”) increased by 18% to 32,969 PGM ounces, from 27,825 PGM ounces in Q1 2008.
 - The average delivered basket price per PGM ounce was \$590, a decrease of 64% compared to \$1,621 in Q1 2008, but an increase of 7% compared to \$550 in the fourth quarter of 2008.
 - EBITDA was \$7,018,000 compared to \$36,045,000 in Q1 2008 and negative \$18,180,000 in the fourth quarter of 2008.
 - Operating cash costs were \$536 per ounce, an improvement of 23% over the \$698 per ounce in Q1 2008, and an improvement of 15% over the \$628 per ounce in the fourth quarter of 2008.
 - Operating cash costs net of by-product credits was \$388 per ounce.
 - Average recovery rates for the quarter improved to 80%, compared to 78% in Q1 2008.
 - Run-of-mine ore processed increased by 24% to 318,394 tonnes in Q1 2009 from 257,748 tonnes in Q1 2008.
 - At March 31, 2009, the Company had a cash position (including cash, cash equivalents and short term investments) of \$21,966,000 (December 31, 2008 – \$61,063,000).
-

3. Results of Operations for the quarter ended March 31, 2009

The following table sets forth selected consolidated financial information for the three months ended March 31, 2009 and 2008:

Table 1

Condensed consolidated income statements		
(Expressed in thousands of U.S. dollars, except per share amounts)		
	Three months ended March 31,	
	2009	2008
Revenue	\$ 24,903	\$ 55,795
Cost of operations		
Production costs	17,885	19,750
Depletion and depreciation	3,517	4,394
Mine operating earnings	3,501	31,651
Expenses		
General and administrative	1,636	4,333
Share-based payment	132	1,349
Operating profit	1,733	25,969
Other income (expense)		
Interest income	494	2,807
Finance costs	(452)	(8)
Foreign exchange (loss) gain	(75)	1,057
Profit before income taxes	1,700	29,825
Deferred income tax recovery (expense)	680	(8,247)
Net profit for the period	\$ 2,380	\$ 21,578
Attributable to		
Non-controlling interest	\$ (784)	\$ 2,102
Equity shareholders of the Company	\$ 3,164	\$ 19,476
Earnings per share		
Basic	\$ 0.00	\$ 0.03
Diluted	\$ 0.00	\$ 0.03
Weighted average number of common share outstanding		
Basic	680,526,454	669,872,192
Diluted	683,394,510	718,406,612
Condensed consolidated statements of financial position	March 31,	December 31,
	2009	2008
Total assets	\$ 562,877	\$ 596,570
Total long-term liabilities	\$ 45,892	\$ 47,685

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). The quarters of 2007 have been presented in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). All financial data previously reported in Canadian dollars have been converted to U.S. dollars.

Table 2

Selected quarterly data (under IFRS unless otherwise noted)	2009	2008				2007			
	March 31	Dec 31	Sept 30	June 30	March 31	Dec 31	Sept 30	June 30	
		----- Under Canadian GAAP -----							
Revenues	\$ 24,903	\$ 355	\$ 9,214	\$ 49,317	\$ 55,795	\$ 34,126	\$ 31,452	\$ 22,324	
Cost of operations	(21,402)	(19,580)	(25,360)	(25,539)	(24,144)	(26,095)	(24,388)	(17,528)	
Mine operating earnings (loss)	3,501	(19,225)	(16,146)	23,778	31,651	8,031	7,064	4,796	
Expenses (G&A and share-based payment)	(1,768)	(6,602)	(5,787)	(5,995)	(5,682)	(18,022)	(3,534)	(6,691)	
Impairment of property, plant and equipment	-	(313,603)	-	-	-	-	-	-	
Operating profit (loss)	1,733	(339,430)	(21,933)	17,783	25,969	(9,991)	3,530	(1,895)	
Net profit (loss) attributable to equity shareholders of the Company	\$ 3,164	\$ (231,582)	\$ (9,490)	\$ 12,215	\$ 19,476	\$ (10,814)	\$ (1,390)	\$ (4,693)	
Earnings (loss) per share - basic	\$ 0.00	\$ (0.34)	\$ (0.01)	\$ 0.02	\$ 0.03	\$ (0.02)	\$ -	\$ (0.01)	
Earnings (loss) per share - diluted	\$ 0.00	\$ (0.34)	\$ (0.01)	\$ 0.02	\$ 0.03	\$ (0.02)	\$ -	\$ (0.01)	
Average foreign exchange rates									
South African Rand to US dollar	0.1006	0.1008	0.1285	0.1287	0.1328	0.1478	0.1409	0.1410	
Canadian dollar to US dollar	0.8038	0.8252	0.9603	0.9901	0.9955	1.0189	0.9572	0.9102	
Period end foreign exchange rates									
South African Rand to US dollar	0.1048	0.1076	0.1197	0.1280	0.1229	0.1453	0.1454	0.1416	
Canadian dollar to US dollar	0.7928	0.8210	0.9397	0.9807	0.9742	1.0088	1.0052	0.9386	

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

The following is a summary of CRM's operations for each of the quarters of 2009 and 2008:

Table 3

Crocodile River Mine operations	Three months ended				
	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008
Key financial statistics					
(dollar amounts stated in U.S. dollars)					
Sales - PGM ounces	32,969	29,015	30,758	30,311	27,825
Average delivered price per ounce (2)	\$590	\$550	\$1,193	\$1,657	\$1,621
Average basket price	\$676	\$655	\$1,438	\$1,969	\$1,927
Cash costs per ounce of PGM (1)	\$536	\$628	\$672	\$696	\$698
Cash costs per ounce of PGM, net of chrome by-product credits (1)	\$388	\$578	\$521	\$696	\$698
Key production statistics					
Total tonnes processed	318,394	298,514	317,602	337,471	349,497
Run-of-mine ("ROM") rock tonnes processed	318,394	298,514	305,490	313,767	257,748
Tailings tonnes processed	-	-	12,112	23,704	88,948
Third party ore processed	-	-	-	-	2,801
Development meters	4,573	4,604	5,599	5,575	4,409
On-reef development meters	2,745	2,922	3,556	3,230	2,343
Concentrator recovery from ROM ore	80%	76%	78%	73%	78%
Chrome produced	77,554	69,937	64,744	37,515	22,489
Metal in concentrate sold (ounces)					
Platinum (Pt)	16,499	14,466	15,393	15,333	13,684
Palladium (Pd)	7,399	6,690	6,973	6,777	6,201
Rhodium (Rh)	2,812	2,451	2,581	2,543	2,335
Gold (Au)	135	121	123	132	121
Iridium (Ir)	1,144	979	1,083	994	1,078
Ruthenium (Ru)	4,980	4,308	4,605	4,532	4,405
Total PGM ounces	32,969	29,015	30,758	30,311	27,825

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

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

Quarter ended March 31, 2009 compared to the quarter ended March 31, 2008 ("Q1 2008")

The Company recorded revenue of \$24,903,000 in Q1 2009. This amount represents revenues recorded when PGM concentrates are physically delivered to the buyer, less adjustments made when final prices for these concentrates are settled. The Company settles its PGM sales three to five months following the physical delivery of the concentrates which are provisionally priced on the date of delivery. PGM prices declined sharply from August through December 2008 resulting in significant negative adjustments to the provisional prices for the second half of 2008 when these provisional prices were marked to market at December 31, 2008.

Since December 31, 2008, PGM prices have stabilized and risen by approximately 15%. The Company recorded an average delivered basket price of \$590 per PGM ounce in Q1 2009, compared to \$550 in Q4 2008 and \$1,621 in Q1 2008. The delivered price per ounce refers to the PGM prices in effect at the time the PGM concentrates are delivered. As a result of the rise in prices, the Company recorded a positive provisional price adjustment of \$2,058,000 for the quarter.

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

Table 4

Crocodile River Mine			
Effect of provisional price adjustments on revenues			
(stated in thousands of U.S. dollars)			
	Three months ended		Three months ended
	March 31, 2009		March 31, 2008
Revenue before provisional price adjustments	\$	22,845	\$ 46,506
Provisional price adjustments			
Adjustments to revenue upon settlement of prior periods' sales		433	2,646
Mark-to-market adjustment on sales not yet settled at end of period		1,625	6,643
Revenue as reported in the income statement	\$	24,903	\$ 55,795

PGM ounces sold were up by 18% in Q1 2009 compared to Q1 2008 as a result of a 24% increase in ore tonnes mined (318,394 tonnes in Q1 2009 compared to 257,748 tonnes in Q1 2008) and increased recovery rates (80% in Q1 2009 compared to 78% in Q1 2008). Grades have remained constant at 4.0 g/tonne since the beginning of 2008. Total tonnage processed decreased by 9% compared to Q1 2008 because there were 88,948 tonnes of tailings processed in Q1 2008 and none in 2009. Planning is in progress to recommence the treatment of tailings from the existing dam.

Total development for the quarter was 4,573 metres, comparable to the 4,409 metres achieved in Q1 2008, and on-reef development increased by 17% to 2,745 metres from 2,343 metres in Q1 2008. The Company has experienced a continued improvement in mining operations as a result of increasing the level of on-reef development which has allowed for an improvement in mining flexibility and has facilitated the planned production build-up at the mine. On-reef development is expensed for accounting purposes.

Recovery rates increased from 78% in Q1 2008 to 80% in Q1 2009 as the concentrator achieved steady state operating conditions subsequent to the upgrades made during Q2 2008.

Operating cash costs, a non-IFRS measure, decreased 23% to \$536 per ounce in Q1 2009 compared to \$698 per ounce in Q1 2008. Total cash operating costs in Rand were up by 18% compared to Q1 2008. The increase in Rand operating cash costs was due to a general 10% rate of inflation on labour and consumables, particularly steel, fuel-related expenditures and mine supplies, and increased costs associated with higher mining volumes and production throughout 2008. This was largely offset by a 30% rise in the value of the U.S. dollar relative to the Rand between Q1 2008 and Q1 2009. A reconciliation of production costs, as reported in the income statement, to cash operating costs, is shown under Section 3.2 below under CRM non-IFRS measures.

The chrome recovery circuit at CRM was fully integrated at the end of the second quarter of 2008. As a result, penalties for excess chrome present in PGM concentrates have been significantly reduced and commercial quantities of chrome were produced and sold as a by-product of PGM production. In July 2008, the Company commenced reporting cash costs net of chrome by-product credits, also a non-IFRS measure. A total of 77,554 tonnes of chrome was produced in Q1 2009 and a total of 84,207 tonnes were sold for proceeds of \$4,895,000. Operating cash costs net of by-product credits dropped to \$388 per ounce. Chrome penalties in the PGM concentrate also dropped significantly, from \$2,602,000 in Q1 2008 to \$314,000 in Q1 2009.

In Q1 2009, CRM suffered five lost time injuries (same as in Q1 2008) resulting in a Lost Time Injury Frequency Rate (“LTIFR”) of 1.83 (2.57 in Q1 2008). The Company’s twelve month rolling LTIFR of 2.52 to March 31, 2009 compares favorably with other platinum producers in South Africa.

3.2 CRM non-IFRS measures

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

Table 5

	Three months ended	
	March 31, 2009	March 31, 2008
Crocodile River Mine non-IFRS measures		
(Expressed in thousands of U.S. dollars, except ounce and per ounce data)		
Mine operating earnings	\$ 3,501	\$ 31,651
Depletion and depreciation	3,517	4,394
EBITDA (1)	7,018	36,045
Production costs as reported	17,885	19,750
Adjustments for miscellaneous costs (2)	(214)	(323)
Cash operating costs	17,671	19,427
Less by-product credits - chrome revenues and adjustments	(4,895)	-
Cash operating costs net of by-product credits	12,776	19,427
Ounces sold	32,969	27,825
Cash cost per ounce sold	\$ 536	\$ 698
Cash cost per ounce sold net of by-product credits	\$ 388	\$ 698

- (1) EBITDA includes provisional price adjustments, chrome revenues, chrome penalties, and foreign exchange adjustments to sales.
- (2) Miscellaneous costs include costs such as housing, technical services and planning.

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

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

3.3 Development projects

3.3.1 CRM

In Q1 2009, the Company spent approximately \$10.3 million at CRM, primarily on surface works at the vertical shaft at Zandfontein, including conveyor belts for the transport of ore hoisted up the vertical shaft and construction of change houses and other associated infrastructure. The shaft hoisting capacity will be 120,000 tonnes of ore per month plus associated waste, and the shaft, along with the decline development, will allow access into the deeper parts of the ore body.

Due to the recent significant downturn in the platinum group metals prices and the global economy, the development of the Crocette and Kareespruit sections at CRM was put on care and maintenance while the Company focused on increasing production from existing mining areas.

3.3.2 Spitzkop/Kennedy’s Vale

The Company spent \$0.4 million on the Spitzkop/Kennedy’s Vale project during Q1 2009, primarily for payment of previously committed equipment purchases.

Spitzkop is planned as a decline mining operation that will access high-grade PGM resources in the UG2 reef at shallow depth without the requirement for high capital cost shaft infrastructure. Spitzkop is situated up dip of, and adjacent to, the Kennedy’s Vale project. Kennedy’s Vale and the deeper sections of both properties could utilize the existing twin vertical shafts. This infrastructure would provide a significant reduction in capital costs for the development of the deeper sections of both properties.

During 2008, work on the basic engineering for trial mining was completed and long lead items such as mills and mining equipment were purchased or ordered. The box-cuts for both the Merensky Reef and UG2 declines were completed. Due to the current market environment, development of the declines was suspended at a depth of about 180 metres. Equipment purchased will be stored and continuation of the declines will be suspended until PGM prices improve.

A draft report on accessing the vertical shafts at Kennedy’s Vale to conduct trial mining has been received and is being reviewed.

3.3.3 Mareesburg

A new order mining right application was submitted in December 2007 which supports the Company’s intention to commence mining when PGM prices improve. An updated feasibility study for the Mareesburg open pit is expected to be completed in 2009.

3.4 Corporate and other expenses

General and administrative expenses (“G&A”) are costs associated with the Company’s corporate head office in Vancouver and the Johannesburg administrative office. Such costs include legal and accounting, regulatory, executive management fees, investor relations, travel and consulting fees. Given the current downturn in the economy and the curtailment and postponement of some of the Company’s projects, the trend was for G&A expenses to decrease beginning in Q4 2008 and continuing into 2009, as the Company implemented cash preservation measures in late 2008. G&A decreased by 62% to \$1,636,000 in Q1 2009 from \$4,333,000 in Q1 2008. The decrease in G&A was due to termination of two senior executive officers at the end of Q1 2008, a reduction in certain senior level staff in Johannesburg in late 2008, and a general reduction in corporate travel and investor relations activities. In addition, \$976,000 of the decrease was due to a drop in both the Canadian dollar and the Rand relative to the US dollar, as G&A costs were paid in Canadian dollars and in Rand.

During Q1 2009, the Company’s board of directors approved the grant of 80,000 stock options to employees of the Company. Share-based payment expense for the quarter was \$132,000. In Q1 2008, 1,500,000 stock options were granted and the share-based payment expense was \$1,349,000.

Interest income recorded during the quarter ended March 31, 2009 was \$494,000 compared with \$2,807,000 in the same period in 2008. The decrease in interest income was due to lower average cash balances and lower interest rates in 2009 compared to the same period in 2008.

During the three months ended March 31, 2009 the Company recorded an income tax recovery of \$680,000, despite recording consolidated net profit. The recoveries were based on net losses generated at CRM during the period as well as to an expected reduction of future tax rates in South Africa, from 29% to 28%. The consolidated statement of financial position reflects total deferred tax liabilities of \$37,095,000 which arose primarily as a result of the step-up to fair value of the net assets acquired on the Barplats and Gubevu business acquisitions during the years ended June 30, 2006, June 30, 2007, and December 31, 2008.

4. Liquidity and Capital Resources

At March 31, 2009, the Company had working capital of \$28,951,000 (December 31, 2008 – \$35,328,000) and cash and cash equivalents and short-term investments of \$21,966,000 (December 31, 2008 – \$61,063,000) in highly liquid, fully guaranteed, bank sponsored instruments.

The Company had no long-term debt at March 31, 2009, other than a provision for environmental rehabilitation relating primarily to its Crocodile River Mine, and capital lease obligations relating to mining vehicles with lease terms of five years with options to purchase for a nominal amount at the conclusion of the lease. See Contractual Obligations under Section 4.3 below.

4.1 Outlook

The unprecedented sharp decline in the prices of platinum group metals (PGMs) during the last five months of 2008 had a negative impact on the Company’s profitability and on the future of the Company’s development projects, most of which were put on care and maintenance until a sustained recovery of PGM prices takes place. PGM prices have recovered since the beginning of 2009, but the realized basket prices that the Company is receiving is still more than 50% below those recorded in July 2008. With the current global economic uncertainty, the Company anticipates that PGM prices will remain depressed and the Rand-U.S. dollar exchange rate will remain volatile in the near term. Based on current PGM prices, the current value of the U.S. dollar, and planned production levels at CRM, the Company expects to

resume generating positive cash flows by the middle of 2009, albeit at significantly lower levels than earlier in 2008.

In light of the current market environment, the Company's near-term goal is to continue to preserve its cash balances to the greatest extent possible, by minimizing operating costs and by curtailing capital expenditures. In that regard, in December 2008, the Company reviewed its operations at CRM with a view to optimizing efficiencies and reducing costs wherever possible without compromising safety, health or environmental standards. The Company also reassessed the project economics and the previously planned capital budget for the Crocette section at CRM and for the Spitzkop and Mareesburg projects on the Eastern Limb, with a view to determining an appropriate development schedule given the Company's current cash balances, its ability to generate sufficient cash flows, and its ability to obtain additional funding in the current market environment. Additional funding may be required and may include external debt financing, joint venture or other third party participation in one or more of the projects, or the public or private sales of equity or debt securities of the Company.

If current market conditions persist for an extended time and PGM prices remain at present levels or lower, then the cash flows from CRM and current cash balances will be insufficient to advance any or all of the Company's development projects to commercial production. This, along with the current tight credit markets that may result in higher financing costs, could negatively affect the Company's ability to obtain equity financing, external debt financing or third party participation. There can be no assurance that additional funding will be available to the Company or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to further delay or reduce the scope of any or all of its development projects.

The Company has assessed the carrying values of its mineral properties as a result of the market downturn. In the last few months, declining PGM prices and negative market sentiment have led to the Company's market capitalization dropping below its book value as at December 31, 2008 and as at March 31, 2009. Based on current and expected PGM prices and cost structures, management has determined that the values of the Company's mineral properties have not been impaired, with the exception of the Kennedy's Vale Project, which was impaired by \$313,603,000 as determined under IFRS. This impairment has been recorded in the year ended December 31, 2008. Should current market conditions and commodity prices worsen for a prolonged period of time, an impairment of the Company's other mineral properties may be required.

4.2 Share Capital

During the three months ended March 31, 2009, the Company granted 80,000 stock options with an exercise price of Cdn\$0.32 and expiry date of February 11, 2014, giving rise to share-based payment expense of \$6,000 for the quarter. The total share-based payment expense for the period was \$132,000, which takes into account the vesting of options. In Q1 2009, 3,350,000 options were forfeited at a weighted average exercise price of Cdn\$1.96.

On March 28, 2009, the Company's warrants that traded on the Toronto Stock Exchange under the symbol "ELR.WT.A" expired. A total of 58,485,996 warrants expired unexercised.

As at May 13, 2009, the Company had:

- 680,526,421 common shares outstanding; and
- 61,176,000 stock options outstanding, which are exercisable at prices ranging from Cdn\$0.32 to Cdn\$3.38 most of which expire between 2011 and 2018.

4.3 Contractual Obligations and Commitments

The Company's major contractual obligations and commitments at March 31, 2009 were as follows:

Table 6

(in thousands of U.S. dollars)				
	Total	Less than 1 year	1-5 years	More than 5 years
Provision for environmental rehabilitation	\$ 12,651	\$ --	\$ --	\$ 12,651
Capital expenditure contracted at March 31, 2009 but not recognized on the statement of financial position	12,822	12,822	--	--
Capital lease obligations	4,464	1,020	3,444	--
Obligations related to Gubevu acquisition	2,905	2,905	--	--
	<u>\$ 32,842</u>	<u>\$16,747</u>	<u>\$ 3,444</u>	<u>\$ 12,651</u>

Pursuant to the Company's acquisition of a 42.39% interest in Gubevu Consortium Holdings (Pty) Ltd. ("Gubevu") during the year ended June 30, 2007, the Company entered into an agreement to pay an unrelated third party certain amounts that existed in the underlying Gubevu agreements as an obligation of Gubevu. As at June 30, 2007, the total payable was R55.4 million of which half was paid in June 2008. The remaining amount, which is due in June 2009, has been recorded at a discounted value of \$2,870,000 (27.7 million Rand) and has been included in current loans in the financial statements.

5. Related Party Transactions

A number of the Company's executive officers are engaged under contract with those officers' personal services companies. During the three months ended March 31, 2009 the Company paid \$266,000 for management and consulting fees and \$nil for reimbursements of expenses to private companies controlled by officers and directors of the Company, compared to \$358,000 and \$90,000 respectively during the same period in 2008. Management fees, which are paid in Canadian dollars, were lower during Q1 2009 compared to Q1 2008 due to the resignation of a senior officer in Q1 2008 and due to a weaker Canadian dollar in Q1 2009.

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

6. Adoption of Accounting Standards and Pronouncements under IFRS

In 2008, the Company's management assessed the impact of an early adoption to IFRS and concluded that early adoption would be beneficial to shareholders. An application for early adoption was submitted to the British Columbia and Ontario Securities Commissions (the "Commissions") in November 2008.

In February 2009, the Commissions granted the Company exemptive relief to adopt International Financial Reporting Standards ("IFRS") with an adoption date of January 1, 2009 and a transition date of January 1, 2008. The Company's first financial statements prepared under IFRS are the interim financial statements for the three months ended March 31, 2009, which includes full disclosure of its new IFRS policies in Note 3 to these financial statements. These financial statements also include reconciliations of the previously disclosed comparative periods financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP") to IFRS is set out in Note 15.

6.1 Significant differences between IFRS and Canadian GAAP in the Company's financial statements

During the year ended December 31, 2008, the Company recorded an impairment of its Kennedy's Vale ("KV") Project of \$313,603,000 under IFRS, as the discounted cash flows of the KV Project were below its carrying value. The amount of the impairment was the difference between the discounted cash flows and the carrying value. Deferred tax liabilities associated with the KV Project were also written off as a result. The effect of the impairment was a decrease in property, plant and equipment of \$274,354,000, from \$783,039,000 under Canadian GAAP, to \$508,685,000 under IFRS. An impairment was not required under Canadian GAAP, as the undiscounted cash flows of the KV Project were higher than its carrying value. Since the valuation of the KV Project was based on a production start date of 2020, discounted and undiscounted cash flows varied significantly, creating a difference in the impairment determination under IFRS and under Canadian GAAP.

Tests for impairment are based on certain assumptions on metal prices, production rates, project start-up dates, operating costs, capital costs, and discount rates. Should any of these assumptions change and cause an adverse effect on the valuation of a project, additional impairment charges may be required.

At January 1, 2008, the Company elected to eliminate its currency translation adjustment balance in the statement of financial position, as allowed for first-time IFRS adopters. The effect of this elimination was a decrease in the deficit of \$21,747,000, from \$68,132,000 under Canadian GAAP to \$46,385,000 under IFRS.

7. Internal Control over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, together with the Company's management, are responsible for the information disclosed in this MD&A and in the Company's other external disclosure documents. For the three months ended March 31, 2009 and March 31, 2008, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("DCP") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been disclosed in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements.

The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that the design and operation of the Company's DCP were effective as of March 31, 2009 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"). During 2008, the Company engaged an international accounting firm to act as the Company's internal auditors for its South African operations. Under the supervision, and with the participation, of the CEO and the CFO, management conducted an evaluation of the effectiveness of the Company's ICFR based on the framework in the *Internal Control – Integrated Framework* developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, the CEO and the CFO concluded that the design and operation of the Company's ICFR were effective as at March 31, 2009.

The scope of the Company's design of DCP and ICFR excluded Gubevu Consortium Holdings (Pty) Ltd., a subsidiary which is accounted for as a special purpose entity under IFRS (previously a variable interest entity under Canadian generally accepted accounting principles).

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 quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

8. Cautionary Statement on Forward-Looking Information

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

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

May 13, 2009

Ian Rozier