Condensed interim consolidated financial statements of

Eastern Platinum Limited

For the Three and Six Months Ended June 30, 2017
(Unaudited)

Eastern Platinum Limited

For the three and six months ended June 30, 2017

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Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Professional Chartered Accountants for a review of interim financial statements by an entity's auditor.

Eastern Platinum Limited

Condensed interim consolidated statements of loss

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

	Note	Three months ended June 30 **2017**	Three months ended June 30 2016	Six months ended June 30 **2017**	Six months ended June 30 2016
Expenses					
General and administrative		**$ 687**	$ 1,010	**$ 1,823**	$ 2,917
Care and maintenance		**1,828**	1,455	**3,554**	3,306
Care and maintenance -depreciation and amortization		**30**	122	**61**	196
Impairment	4	**—**	23,357	**—**	23,357
Operating loss		**(2,545)**	(25,944)	**(5,438)**	(29,776)
Other income (expense)					
Gain on disposal of property, plant and equipment		**—**	227	**—**	418
Interest income		**300**	214	**584**	415
Other income		**628**	391	**1,078**	856
Finance costs	6	**(192)**	(161)	**(386)**	(316)
Foreign exchange (loss) gain		**(334)**	(181)	**(480)**	(2,229)
Loss before income taxes		**(2,143)**	(25,454)	**(4,642)**	(30,632)
Income tax (expense) recovery		**(70)**	(55)	**(93)**	153
Net loss for the period		**(2,213)**	(25,509)	**(4,735)**	(30,479)
Attributable to					
Non-controlling interest	7	**(463)**	(3,302)	**(956)**	(3,661)
Equity shareholders of the Company		**(1,750)**	(22,207)	**(3,779)**	(26,818)
Net loss for the period		**$ (2,213)**	$ (25,509)	**$ (4,735)**	$ (30,479)
Loss per share					
Basic and diluted		**(0.02)**	(0.24)	**(0.04)**	(0.29)
Weighted average number of common shares outstanding in thousands					
Basic and diluted		**92,599**	92,599	**92,599**	92,599

The accompanying notes are an integral part of these condensed interim consolidated financial statements

"George Dorin"

George Dorin, Director

"Mike Cosic"

Mike Cosic, Director

Eastern Platinum Limited

Condensed interim consolidated statements of comprehensive income

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Net loss for the period	**$ (2,213)**	$ (25,509)	**$ (4,735)**	$ (30,479)
Other comprehensive income (loss)				
Items that may subsequently be reclassified to loss or profit				
- Exchange differences on translating foreign operations	**4,105**	794	**7,503**	11,518
- Exchange differences on translating non-controlling interest	**(959)**	(118)	**(1,814)**	(1,648)
Comprehensive income (loss) for the period	**933**	(24,833)	**954**	(20,609)
Attributable to				
Equity shareholders of the Company	**2,355**	(21,413)	**3,724**	(15,300)
Non-controlling interest	**(1,422)**	(3,420)	**(2,770)**	(5,309)
Comprehensive income (loss) for the period	**$ 933**	$ (24,833)	**$ 954**	$ (20,609)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Eastern Platinum Limited

Condensed interim consolidated statements of financial position

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

	Note		As at June 30, 2017		As at December 31, 2016
Assets					
Current assets					
Cash and cash equivalents	8	**$**	**5,571**	$	5,890
Short-term investments	9		**19,473**		20,348
Trade and other receivables	10		**1,018**		834
Inventories			**2,111**		2,033
			28,173		29,105
Non-current assets					
Restricted cash	4(a)		**5,089**		5,086
Property, plant and equipment	4		**105,938**		100,816
Other assets	11		**7,782**		9,779
		$	**146,982**	$	144,786
Liabilities					
Current liabilities					
Trade and other payables	12	**$**	**1,875**	$	1,586
Non-current liabilities					
Provision for environmental rehabilitation	13		**9,056**		8,279
Deferred tax liabilities			**3,081**		2,936
			14,012		12,801
Equity					
Issued capital	5		**1,230,171**		1,230,171
Treasury shares			**(204)**		(204)
Equity-settled employee benefits reserve			**563**		590
Accumulated other comprehensive loss			**(281,477)**		(288,980)
Deficit			**(775,121)**		(771,400)
Total equity attributable to equity shareholders of the Company			**173,932**		170,177
Non-controlling interest	7		**(40,962)**		(38,192)
			132,970		131,985
		$	**146,982**	$	144,786

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Eastern Platinum Limited

Condensed interim consolidated statements of changes in equity

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

	Issued capital	Treasury shares	Equity-settled employee benefits reserve	Accumulated other comprehensive income (loss)	Deficit	Total equity attributable to equity shareholders of the company	Non-controlling interest	Equity
Balance, December 31, 2015	**$ 1,230,171**	**$ (204)**	**$ 5,305**	**$ (308,468)**	**$ (725,674)**	**$ 201,130**	**$ (29,710)**	**$ 171,420**
Net loss	—	—	—	—	(26,818)	(26,818)	(3,661)	(30,479)
Other comprehensive (loss) income	—	—	—	11,518	—	11,518	(1,648)	9,870
Total comprehensive loss	—	—	—	11,518	(26,818)	(15,300)	(5,309)	(20,609)
Balance, June 30, 2016	**$ 1,230,171**	**$ (204)**	**$ 5,305**	**$ (296,950)**	**$ (752,492)**	**$ 185,830**	**$ (35,019)**	**$ 150,811**
Net loss	—	—	—	—	(23,978)	(23,978)	(667)	(24,645)
Other comprehensive income (loss)	—	—	—	7,970	—	7,970	(2,506)	5,464
Total comprehensive income (loss)	—	—	—	7,970	(23,978)	(16,008)	(3,173)	(19,181)
Share-based compensation	—	—	355	—	—	355	—	355
Transfer equity reserve relating to expired options	—	—	(5,070)	—	5,070	—	—	—
Balance, December 31, 2016	**$ 1,230,171**	**$ (204)**	**$ 590**	**$ (288,980)**	**$ (771,400)**	**$ 170,177**	**$ (38,192)**	**$ 131,985**
Net loss	—	—	—	—	(3,779)	(3,779)	(956)	(4,735)
Other comprehensive income (loss)	—	—	—	7,503	—	7,503	(1,814)	5,689
Total comprehensive income (loss)	—	—	—	7,503	(3,779)	3,724	(2,770)	954
Share-based compensation	—	—	31	—	—	31	—	31
Transfer equity reserve relating to expired options	—	—	(58)	—	58	—	—	—
Balance, June 30, 2017	**$ 1,230,171**	**$ (204)**	**$ 563**	**$ (281,477)**	**$ (775,121)**	**$ 173,932**	**$ (40,962)**	**$ 132,970**

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Eastern Platinum Limited

Condensed interim consolidated statements of cash flows

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

	Six months ended June 30	
	2017	2016
Operating activities		
Loss before income taxes	**$ (4,642)**	$ (30,632)
Adjustments to net loss for non-cash items		—
Care and maintenance depreciation and amortization	**61**	196
Stock based compensation	**31**	—
Impairment	**—**	23,357
Gain on disposal of property, plant and equipment	**—**	(418)
Interest income	**(584)**	(415)
Finance costs	**386**	316
Foreign exchange loss	**480**	2,229
Net changes in non-cash working capital items		—
Trade and other receivables	**(222)**	127
Inventories	**18**	76
Trade and other payables	**227**	(642)
Cash used in operations	**(4,245)**	(5,806)
Adjustments to net loss for cash items		
Interest income received	**411**	523
Finance costs paid	**(3)**	(4)
Taxes paid	**(70)**	(1,587)
Net operating cash flows	**(3,907)**	(6,874)
Investing activities		
Purchases of short-term investments	**(21,061)**	(15,353)
Redemptions of short-term investments	**22,533**	45,546
Increase in restricted cash	**—**	(5,000)
Decrease (increase) of other assets	**2,561**	(317)
Property, plant and equipment expenditures	**(422)**	(75)
Disposal of property, plant and equipment	**8**	423
Net investing cash flows	**3,619**	25,224
Effect of exchange rate changes on cash and cash equivalents	**(31)**	195
Increase (decrease) in cash and cash equivalents	**(319)**	18,545
Cash and cash equivalents, beginning of period	**5,890**	8,283
Cash and cash equivalents, end of period	**$ 5,571**	$ 26,828

The accompanying notes are an integral part of these condensed interim consolidated financial statements

1. Nature of operations

Eastern Platinum Limited (the "Company") is a platinum group metal ("PGM") company engaged in the mining, exploration and development of PGM properties located in various provinces in South Africa. Since August 2013, the Company's projects have been either in care and maintenance or on hold.

The Company was incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company's shares are listed on the Toronto Stock Exchange (primary listing) and the Johannesburg Stock Exchange. The head office, principal address and records office of the Company are located at 1080 – 1188 West Georgia Street, Vancouver, British Columbia, Canada.

The Company's presentation currency is U.S. dollars. All monetary amounts presented in these consolidated financial statements are in thousands of U.S. dollars ("$"), Canadian dollars ("Cdn$") or South African Rand ("ZAR"), except for per share amounts or otherwise indicated

These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the board of directors on August 10, 2017.

2. Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The preparation of these unaudited condensed interim consolidated financial statements is based on accounting principles and methods consistent with those used in the preparation of the audited consolidated financial statements as at December 31, 2016. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016. The Company's interim results are not necessarily indicative of its results for a full year.

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

As at June 30, 2017, the Company did not have any producing operations, its key asset, the Crocodile River Mine ("CRM") was in care and maintenance with all other properties and projects on hold. However, during 2017 the Company began work to investigate options for re-mining the tailings storage facility of CRM and appointed SRK Consulting to prepare a feasibility study. Further, SRK Consulting is also engaged on the Mareesburg Project and has begun new drilling and geotechnical work which will become part of a feasibility study. The Company did not generate income other than interest and other income which is insufficient to cover the Company's general and administrative, and care and maintenance expenses. However, management believes that the Company has sufficient cash to meet its expected obligations in the next 12 months, including the advancement of development of the tailings storage facility and completion of the various technical studies. However, additional funding will be required to commence production at CRM, and develop and bring Kennedy's Vale ("KV"), Spitzkop PGM ("Spitzkop") and Mareesburg Project (the "Eastern Limb Projects") into commercial production. Although completion of above referenced technical reports could significantly enhance project viability, there can be no assurance that additional funding will be available to the Company when needed or, if available, that this funding will be on acceptable terms.

Judgments and estimates
The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are

2. Basis of preparation (continued)

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.

Areas of significant judgement and estimates made by management for the three and six months ended June 30, 2017 in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Notes 4(v) and 4(w) of the Company's audited consolidated financial statements for the year ended December 31, 2016.

3. Accounting Standards issued but not yet effective

(i) Amended standard IFRS 7, Financial Instruments: Disclosures
The amendments to IFRS 7 outline the disclosures required when initially applying IFRS 9 Financial Instruments. Effective date of the amendments is January 1, 2018.

(ii) New standard IFRS 9, Financial Instruments
Replacement of IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date of this standard is for annual periods beginning or after January 1, 2018 with early adoption permitted.

(iii) New standard IFRS 15, Revenue from Contracts with Customers
IFRS 15 provides guidance on how and when revenue from contracts with customers is to be recognized, along with new disclosure requirements in order to provide financial statement users with more informative and relevant information. This standard is effective for reporting periods beginning on or after January 1, 2018 with early application permitted.

(iv) New standard IFRS 16, Leases
Effective for annual periods commencing on or after January 1, 2019, this replaces existing lease accounting guidance. All leases will be required to be reported on the statement of financial position unless certain requirements for exclusion are met.

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

(Unaudited –expressed in thousands of U.S. dollars, except for per share amounts)

4. Property, plant and equipment

	Plant and equipment owned $	Mineral properties being depleted $	Mineral properties not being depleted $	(Note 13) Residential properties $	Properties and land $	Total $
Cost						
Balance as at December 31, 2015	**305,498**	**65,625**	**267,171**	**10,061**	**2,980**	**651,335**
Assets acquired	174	—	—	—	—	174
Environmental provision change in estimate	116	—	23	—	—	139
Assets disposed	(925)	—	—	(196)	(40)	(1,161)
Foreign exchange movement	39,122	8,435	34,342	1,279	382	83,560
Balance as at December 31, 2016	**343,985**	**74,060**	**301,536**	**11,144**	**3,322**	**734,047**
Assets acquired	349	—	73	—	—	422
Assets disposed	—	—	—	—	(8)	(8)
Foreign exchange movement	16,240	3,496	14,235	526	157	34,654
Balance as at June 30, 2017	**360,574**	**77,556**	**315,844**	**11,670**	**3,471**	**769,115**
Accumulated depreciation and impairment losses						
Balance as at December 31, 2015	**248,032**	**53,712**	**231,051**	**1,409**	**398**	**534,602**
Depreciation	167	—	—	105	—	272
Depreciation of disposed assets	(923)	—	—	(73)	—	(996)
Impairment loss	18,252	—	10,907	—	—	29,159
Foreign exchange movement	33,358	6,904	29,699	182	51	70,194
Balance as at December 31, 2016	**298,886**	**60,616**	**271,657**	**1,623**	**449**	**633,231**
Depreciation	4	—	—	57	—	61
Foreign exchange movement	14,148	2,815	12,824	77	21	29,885
Balance as at June 30, 2017	**313,038**	**63,431**	**284,481**	**1,757**	**470**	**663,177**
Carrying amounts						
At December 31, 2015	57,466	11,913	36,120	8,652	2,582	116,733
At December 31, 2016	45,099	13,444	29,879	9,521	2,873	100,816
At June 30, 2017	**47,536**	**14,125**	**31,363**	**9,913**	**3,001**	**105,938**

(Unaudited –expressed in thousands of U.S. dollars, except for per share amounts)

4. Property, plant and equipment (continued)

The following is property, plant and equipment categorized by project:

	Crocodile River Mine (a) $	Kenney's Vale and Concentrator (b) $	Spitzkop PGM Project (c) $	Mareesburg Project (c) $	Other property plant and equipment $	Total $
Cost						
Balance as at December 31, 2015	**303,763**	**271,610**	**60,864**	**14,991**	**107**	**651,335**
Assets acquired	137	—	—	—	37	174
Environmental provision change in estimate	(59)	175	23	—	—	139
Assets disposed	(1,159)	—	—	—	(2)	(1,161)
Foreign exchange movement	38,893	34,915	7,823	1,926	3	83,560
Balance as at December 31, 2016	**341,575**	**306,700**	**68,710**	**16,917**	**145**	**734,047**
Assets acquired	341	—	—	73	8	422
Assets disposed	(8)	—	—	—	—	(8)
Foreign exchange movement	16,128	14,478	3,244	799	5	34,654
Balance as at June 30, 2017	**358,036**	**321,178**	**71,954**	**17,789**	**158**	**769,115**
Accumulated depreciation and impairment losses						
Balance as at December 31, 2015	**242,540**	**237,944**	**43,153**	**10,862**	**103**	**534,602**
Depreciation	147	121	—	—	4	272
Depreciation of disposed assets	(996)	—	—	—	—	(996)
Impairment (reversal) loss	(5,556)	23,808	15,451	(4,544)	—	29,159
Foreign exchange movement	32,652	30,595	5,547	1,396	4	70,194
Balance as at December 31, 2016	**268,787**	**292,468**	**64,151**	**7,714**	**111**	**633,231**
Depreciation	27	30	—	—	4	61
Foreign exchange movement	12,682	13,807	3,028	364	4	29,885
Balance as at June 30, 2017	**281,496**	**306,305**	**67,179**	**8,078**	**119**	**663,177**
Carrying amounts						
At December 31, 2015	61,223	33,666	17,711	4,129	4	116,733
At December 31, 2016	72,788	14,232	4,559	9,203	34	100,816
At June 30, 2017	**76,540**	**14,873**	**4,775**	**9,711**	**39**	**105,938**

4. Property, plant and equipment (continued)

(a) Sale of Barplats Mines Limited ("Barplats Mines")

The Company holds directly and indirectly an 87.5% interest in CRM through its South African subsidiary Barplats Mines Limited ("Barplats Mines"), which is located on the eastern portion of the western limb of the Bushveld Complex. On August 1, 2013, CRM was placed on care and maintenance.

On June 28, 2016, the Company entered a share purchase agreement (the "CRM Purchase Agreement") with Hebei Zhongheng Tianda Platinum Co., Limited ("HZT"), a company incorporated in People's Republic of China ("PRC"), whereby HZT was to acquire a 100% equity interest in Barplats Mines and associated intercorporate investments and loans for total consideration of $50,000 (collectively referred as the "CRM Transaction"). Barplats Mines owns a 100% interest of CRM.

In light of the failure to obtain approval of the shareholders of Barplats Investments in February 2017, the conditions precedent to completion under the CRM Purchase Agreement cannot be met and it's the Company's view that the purported agreement is at an end and the Company has no continuing obligations.

Pursuant to the agreement, both HZT and the Company agreed that certain events, including the failure to perform certain obligations under the CRM Purchase Agreement, would trigger the payment of break fees of up to $10,000 in the case of HZT failing to meet its obligations, and $5,000 in the case of the Company failing to meet its obligations. Both HZT and the Company had placed the break fee into an escrow account during the year ended December 31, 2016 according to the CRM Purchase Agreement. As at June 30, 2017, $5,000 of the restricted cash represents the break fee deposit made by the Company (See Note 20 (a)).

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

The Company holds directly and indirectly an 87.5% interest in KV, which is located on the eastern limb of the Bushveld Complex, near Steelpoort in the Province of Mpumalanga. It comprises PGM mineral rights on five farms in the Steelpoort Valley. The design and construction of a concentrator located on the KV property commenced in 2011 and was suspended in mid-2012 due to the then negative outlook in the global economic environment and the operating environment in South Africa. The concentrator project has been on care and maintenance since the fourth quarter of 2012.

(c) Spitzkop PGM Project and Mareesburg Project

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

(d) Impairment of property, plant and equipment

The Company assesses the carrying values of its mineral properties for indication of impairment at each quarter end. During the second quarter of 2017, management determined that the significant uncertainties arising from the newly issued mining charter in June 2017 which introduced certain new rules around ownership, employment and redistribution of revenues, when considered together with the continued decrease of the Company's market capitalization, changes to the commodity price and stringent South Africa Rand represent impairment

(Unaudited – expressed in thousands of U.S. dollars, except for per share amounts)

4. Property, plant and equipment (continued)

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

indicators. For the purpose of the impairment assessment, the Company has considered that CRM, KV, Spitzkop and Mareesburg each as separate CGUs which are consistent with the CGU deification during the 2016 year-end impairment assessment.

As a result, management performed the impairment assessment of CRM and Mareesburg based on fair value less cost to sell ("FVLCTS") (level 3 in the fair value hierarchy). The projected cash flows in the Company's economic models were updated to reflect the current forecasted metal prices and foreign exchange rates based on an average of analysts' consensus issued in June 2017, as presented in the table below. All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended December 31, 2016. As a result of this analysis, the recalculated recoverable amount of CRM approximated to its carrying amount and the recalculated recoverable amount of Mareesburg exceeded its carrying amount. No impairment was required for the CRM and Mareesburg projects.

		2017	2018	2019	2020	2021	2022	2023+
South African Rand Per U.S Dollar		13.67	13.86	13.17	13.91	14.42	15.02	15.59
Platinum	US$/oz	981	1,063	1,119	1,161	1,183	1,167	1,167
Palladium	US$/oz	775	809	826	840	821	685	685

KV and Spitzkop projects are both at the early stage of operations. As at December 31, 2016, the recoverable amounts of the KV and Spitzkop projects were determined on a FVLCTS basis (level 3 in the fair value hierarchy) with reference to market transactions as well as a purchase offer received. During the three and six months ended June 30, 2017, there were no significant changes on the observable market transactions for the properties that are similar to KV and Spitzkop. Therefore, no impairment charge was recorded for the three and six months ended June 30, 2017.

When management utilizes internal discounted cash flow economic models in determining the recoverable value of the Company's mineral properties, the key assumptions are metal prices, operating and capital costs, foreign exchange rates and discount rates. At June 30, 2017, the Company performed a sensitivity analysis on all these key assumptions that assumed a 10% change to each individual assumption while holding the other assumptions constant. The effect of the change is below. An adverse 10% movement in any of the key assumptions in isolation caused the recoverable amount to be below the CGU carrying value for CRM. An adverse 10% movement in any of the key assumptions in isolation does not cause the recoverable amount to be below the CGU carrying value for Mareesburg.

Key assumptions	Crocodile River Mine
Metal prices	$40,700
Foreign exchange	$41,900
Operating costs	$42,500
Capital costs	$4,500
Discount rate	$10,000

(Unaudited – expressed in thousands of U.S. dollars, except for per share amounts)

5. Issued capital

(a) Authorized

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

(b) Issued and outstanding

As at June 30, 2017, the Company had 92,639,032 common shares issued and 92,599,310 common shares outstanding. There were no changes to the number of common shares issued and outstanding during the three and six months ended June 30, 2017.

(c) Treasury shares

As at June 30, 2017, the Company had 39,722 treasury shares. There were no changes to the number of treasury shares during the three and six months ended June 30, 2017.

(d) Share options

The Company has an incentive plan (the "2016 Plan"), approved by the Company's shareholders at its special meeting held on October 12, 2016, 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. Options granted before the meeting continue to be governed by the old plan but not further options can be issued under this plan.

During the first quarter of 2017, the Company granted 200,000 stock options to the officers of the Company to acquire common shares of the Company at an exercise price of Cdn$0.40 per share expiring in five years from the date of grant. These stock options vest in 90 days from the grant date. There are no new stock options granted during the second quarter of 2017. The fair value of the options granted in the first quarter of 2017 were estimated using the Black-Scholes options pricing model with the following assumptions:

Fair value (Cdn$)	0.21
Weighted average risk-free interest rate	0.50%
Dividend yield	0%
Expected volatility	63.05%
Expected life of options	5

Option pricing models require the input of highly subjective assumptions including the expected volatility. The Company's expected volatility is based on historical volatility of the Company's share price.

A total of $19 and $31 (three and six months ended June 30, 2016 – nil) was recorded as share-based compensation expense relating to general and administrative services for the three and six months ended June 30, 2017, respectively.

(Unaudited – expressed in thousands of U.S. dollars, except for per share amounts)

5. Issued capital (continued)

(d) *Share options (continued)*

The following is a summary of stock option transactions:

	Number of options	Weighted average exercise price Cdn$
Balance, December 31, 2015	3,201,900	2.85
Granted	1,100,000	1.05
Expired/forfeited	(3,157,900)	2.75
Balance, December 31, 2016	1,144,000	1.41
Granted	200,000	0.40
Expired	(127,500)	1.31
Balance, June 30, 2017	**1,216,500**	**1.25**

The following table summarizes information concerning outstanding and exercisable options at June 30, 2017:

Number of options outstanding	Number of options exercisable	Exercise price Cdn$	Remaining contractual life (Years)	Expiry date
9,000	9,000	23.10	0.27	October 5, 2017
207,500	207,500	1.90	0.53	January 8, 2018
400,000	400,000	1.05	4.01	July 4, 2021
300,000	300,000	1.05	4.13	August 14, 2021
100,000	100,000	1.05	4.23	September 20, 2021
200,000	200,000	0.40	4.66	February 24, 2022
1,216,500	1,216,500			

6. Finance costs

	Three months ended June 30		**Six months ended June 30**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Interest on provision for environmental rehabilitation (Note 13)	**192**	160	**383**	312
Other interest	**–**	1	**3**	4
	192	161	**386**	316

(Unaudited – expressed in thousands of U.S. dollars, except for per share amounts)

7. Non-controlling interest

The Company has the following BEE Partners in South Africa for the projects it owns:

BEE holding company, incorporated and operating in South Africa	% owned by BEE Partner	South Africa Project	Effective interest owned by BEE Partner
Gubevu Consortium Investment Holdings (Pty) Ltd.	50.01%	CRM and KV	12.5%
Lion's Head Platinum (Pty) Ltd.	18%	Mareesburg	9%
Afriminerals Holdings (Pty) Ltd.	51%	Spitzkop PGM	6.6%

In addition, 8% of Lion's Head Platinum (Pty) Ltd. is owned by a non-BEE entity with an effective interest of 4% in Mareesburg Project. The effective interest owned by the BEE Partners and non-BEE entities represents the non-controlling interest of the Company. The proportion of equity and total comprehensive loss is allocated to the non-controlling interest. The non-controlling interests are comprised of the following amounts:

	$
Balance, December 31, 2015	(29,710)
Non-controlling interests' share of loss	(4,328)
Foreign exchange movement	(4,154)
Balance, December 31, 2016	**(38,192)**
Non-controlling interests' share of loss	(493)
Foreign exchange movement	(855)
Balance, March 31, 2017	(39,540)
Non-controlling interests' share of loss	(463)
Foreign exchange movement	(959)
Balance, June 30, 2017	**(40,962)**

On June 30, 2016, the former management of the Company entered into a number of share purchase agreements (the "BEE Buyout Agreements") with Ingwenya Incorporated ("Ingwenya") and Serina Service AG ("Serina") (collectively the "Vendors") to acquire all of the Company's black economic empowerment partners' (the "BEE Partners") interests in the Company's South African projects except for the 17.65% equity interest in Afriminerals Holdings (Pty) Ltd. ("Afriminerals") for a total of $13,367. The Vendors represented to the Company that they are or will be the registered and beneficial owners of the respective equity interests in the Company's South African projects as at the closing date defined under the BEE Buyout Agreements. The transactions under the BEE Buyout Agreements consist of the acquisition of:

(a) 44.12% equity interest in Gubevu Consortium Investment Holdings (Pty) Ltd. ("Gubevu") for a total of $8,955 and an 18% equity interest in Lion's Head Platinum (Pty) Ltd. ("Lion's Head") for $1,099 from Ingwenya; and

(b) 8% interest in Lion's Head for $502, a 5.89% equity interest in Gubevu for $1,194 and a 33.35% equity interest in Afriminerals for $1,617 from Serina.

(Unaudited – expressed in thousands of U.S. dollars, except for per share amounts)

7. Non-controlling interest (continued)

Pursuant to the BEE Buyout Agreements, the former management placed 100% of the consideration (the "Escrow Funds") with an escrow agent and provided certain evidence sufficient to permit the Escrow Funds to be released to the Vendors upon the change of control defined under the BEE Buyout Agreements which occurred upon the election of the new board at the Company's annual general meeting held on July 5, 2016. As at June 30, 2017, the BEE buyout transaction had not been completed and the Company's ability to complete the BEE Buyout Transaction has been impeded by the difficulty to access the underlying documents and agreements, the cooperation of various parties and the review of the implications of the BEE Buyout Agreements under the Company's mining rights and certain provisions under the Minerals & Petroleum Resources Development Act (South Africa). During the second quarter of 2017, the Company concluded a further phase of its extensive investigation into certain actions taken by former management and others allowing a completion and filing of the 2016 annual financial statements. Following detailed reviews and discussion of the results, additional phases of the investigation have begun, including in connection to the BEE Buyout Transaction. The investigation provided the Company with sufficient information regarding the recording and disclosure of the BEE Buyout Transaction. The payments in the amount of $13,367, made from the escrow agent to the Vendors in July 2016 has been recorded with a full allowance equal to the entire value recorded in 2016, due to the above-mentioned uncertainty, (see note 20 (c)).

8. Cash and cash equivalents

Cash and cash equivalents are comprised of:

	June 30, 2017	December 31, 2016
	$	$
Cash in bank	**127**	406
Money market instruments	**5,444**	5,484
	5,571	5,890

9. Short-term investments

Changes to short-term investments for the six months ended June 30, 2017 is as follows:

	$
Balance, December 31, 2015	48,051
Additional investments	51,576
Redemptions	(79,851)
Foreign exchange movement	572
Balance, December 31, 2016	20,348
Additional investments	21,061
Redemptions	(22,533)
Foreign exchange movement	597
Balance, June 30, 2017	**19,473**

(Unaudited – expressed in thousands of U.S. dollars, except for per share amounts)

10. Trade and other receivables

Trade and other receivables are comprised of the following:

	June 30, 2017	December 31, 2016
	$	$
VAT receivable	**486**	569
Other receivables	**606**	428
Allowance for doubtful debts for other receivables	**(74)**	(163)
	1,018	834

11. Other assets

Other assets consist of a money market fund investment that is classified as available-for-sale and serves as partial security for a guarantee issued to the Department of Mineral Resources of South Africa in respect of the environmental rehabilitation liability (Note 13). Changes to other assets for the six months ended June 30, 2017 is as follows:

	$
Balance, December 31, 2015	8,049
Additional investment	170
Service fees	(174)
Interest income	656
Foreign exchange movement	1,078
Balance, December 31, 2016	9,779
Additional investment	20
Fund released	(2,787)
Service fees	(100)
Interest income	428
Foreign exchange movement	442
Balance, June 30, 2017	**7,782**

12. Trade and other payables

	June 30, 2017	December 31, 2016
	$	$
Trade payables	**651**	562
Accrued liabilities	**336**	241
Other	**888**	783
	1,875	1,586

(Unaudited –expressed in thousands of U.S. dollars, except for per share amounts)

13. Provision for environmental rehabilitation

The environmental rehabilitation provision was estimated based on information currently available, including closure plans and applicable regulations. Significant closure activities include land rehabilitation, demolition of buildings and mine facilities and other costs.

The provision for environmental rehabilitation at June 30, 2017 is $9,056 (ZAR118,505) (December 31, 2016 - $8,279 (ZAR113,451)). The provision was determined using the same assumptions as discussed in the Note 18 of the Company's audited consolidated financial statements for the year ended December 31, 2016.

As at June 30, 2017, cash in the amount of $7,782 (December 31, 2016 - $9,779) was pledged as security for the guarantee issued to the Department of Mineral Resources of South Africa in respect to environmental rehabilitation (Note 11). Furthermore, as at June 30, 2017, certain of the Company's residential properties in the amount of $1,620 (ZAR21,200) (December 31, 2016 - $1,547 (ZAR21,200)) (Note 4) was also pledged as security for the guarantee issued to the Department of Mineral Resources for the same reason. These guarantees will be utilized to cover expenses incurred to rehabilitate the mining area upon closure of the mine.

As at June 30, 2017, the undiscounted and inflated value of this liability is approximately $41,702 (ZAR558,771) (December 31, 2016 - $40,774 (ZAR558,771)).

Changes to the environmental rehabilitation provision are as follows:

	$
Balance, December 31, 2015	6,590
Revision in estimates	139
Interest expense	686
Foreign exchange movement	864
Balance, December 31, 2016	8,279
Interest expense (Note 6)	383
Foreign exchange movement	394
Balance, June 30, 2017	**9,056**

14. Commitments

(a) The Company has committed to capital expenditures in South Africa of approximately $241 (ZAR3,162) as at June 30, 2017, all of which are expected to be payable within the next 12 months.

(b) On August 31, 2016, the Company entered into an office lease agreement relating to the Company's administrative office. The lease has a three-year term with an annual lease payment of $20 each for the first and second year and $21 for the third year.

15. Retirement benefit plans

The Barplats Provident Fund is an independent, defined contribution plan administered by Liberty Life Limited in South Africa. The costs associated with the defined contribution plan included in net loss for the three and six months ended June 30, 2017, 2017 was $44 and $88 (three and six months ended June 30, 2016 - $38 and $85), respectively. The total number of employees in the plan at June 30, 2017 was 59 (December 31, 2016 – 59).

16. Related party transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Related party transactions have been measured at the exchange amount which is determined on a cost recovery basis. Related party transactions not disclosed elsewhere in these consolidated financial statements are listed below:

(a) Trading transactions

The Company's related parties consist of (a) private companies owned by current and former executive officers and directors; (b) a public company over which a former director has significant influence; and (c) the Company's black economic empowerment partner as follows:

	Nature of services
Buccaneer Management Inc. ("Buccaneer") (i)	Management consulting
Maluti Services Limited ("Maluti") (ii) and (v)	Management consulting
Jazz Financial Ltd. ("Jazz") (iii) and (v)	Management consulting
Zinpro Engineering (Pty) Ltd ("Zinpro") (iv)	Consulting and mine contractor
Sterling West Management Ltd. ("Sterling") (v)	General and administrative
Remington Resources Inc. ("Remington") (ix)	General and administrative
CGH Industries Ltd. ("CGH") (vi)	Management consulting
Oriental Fortune Consulting Services Limited ("Oriental Fortune") (vii)	Management consulting
Gubevu Consortium Investment Holdings (Pty) Ltd. ("Gubevu") (viii)	Black economic empowerment Holding company

(Unaudited – expressed in thousands of U.S. dollars, except for per share amounts)

16. Related party transactions (continued)

(a) *Trading transactions (continued)*

The Company incurred the following fees and expenses in the normal course of operations:

	Three months ended June 30		Six months ended June 30	
	2017	2016	**2017**	2016
	$	$	**$**	$
Consulting fees	**—**	35	**—**	68
General and administrative expenses	**—**	170	**—**	281
Director fees	**55**	19	**91**	54
Management fees	**107**	114	**216**	1,688
Share-based payments	**19**	—	**31**	—
	181	338	**338**	2,091

(i) On January 31, 2016, Ian Rozier ("Mr. Rozier") stepped down as President and Chief Executive Officer ("CEO") of the Company and David Cohen, the then Chairman of the board of directors, assumed the role of President and CEO until July 5, 2016. Mr. Rozier remained as a director of the Company until July 5, 2016. Mr. Rozier was paid a monthly consulting fee of $41 (Cdn$55) in 2015 and until January 2016, and his services were provided pursuant to a management services contract with Buccaneer, a private company controlled by Mr. Rozier. In accordance with the management services contract, Buccaneer was paid a termination fee in an amount of $1,442 (Cdn$1,980) on January 31, 2016.

(ii) Maluti is controlled by David Cohen ("Mr. Cohen"), the Company's former CEO and director who resigned on July 5, 2016. Mr. Cohen was paid a monthly consulting fee of $15 (Cdn$20) for the period from February 2016 to July 2016 and his services were provided through Maluti.

(iii) Jazz is controlled by Horng Dih Lee ("Mr. Lee"), the Company's former chief financial officer ("CFO") who resigned on July 5, 2016. Mr. Lee was paid a monthly consulting fee of $21 (Cdn$29) in 2015 and until July 2016, and his services were provided pursuant to a management services contract with Jazz.

(iv) Zinpro is controlled by Willie Byleveld ("Mr. Byleveld"), the Company's former director of the South Africa subsidiaries who resigned on July 5, 2016. Mr. Byleveld was paid a monthly consulting fee of $6 (ZAR90) and director fee of $4 in 2015 and until June 2016, and his services were provided through Zinpro.

(v) At the Company's annual general meeting held on July 5, 2016, the shareholders elected a new board of directors and the Company underwent a change in management. Sterling, Maluti and Jazz (collectively, the "Former Management") terminated their services with the Company. Sterling is significantly influenced by the Company's Former Management.

16. Related party transactions (continued)

(a) *Trading transactions (continued)*

(vi) CGH is controlled by the CEO of the Company. The Company entered into a consulting agreement with CGH on July 27, 2016, pursuant to which the Company has agreed to pay $19 (Cdn$25) per month to CGH for the management consulting services rendered. The consulting agreement has an initial term of one year and is renewable annually.

(vii) Oriental Fortune is controlled by the Company's chief operating officer ("COO"). The Company entered into a consulting agreement with Oriental Fortune on July 5, 2016, pursuant to which the Company has agreed to pay $17 (Cdn$23) per month to Oriental Fortune for the management consulting services rendered. The consulting agreement has an initial term of one year and is renewable annually.

(viii) At June 30, 2017, the Company held a loan receivable from Gubevu in the amount of $64,013 (ZAR863,009) (December 31, 2016 – $58,318 (ZAR798,875)). This loan is secured by Gubevu's interest in Barplats Investments Limited, bears interest at the Johannesburg Interbank Agreed Rate ("JIBAR") + 3% and has been provided for in full. The Company did not record any interest income with regards to this loan or receive cash from, or lend any further cash to, Gubevu in the six months ended June 30, 2017.

(ix) Accounts receivable as at June 30, 2017 included $39 (December 31, 2016 - $39) due from Remington representing the reimbursement receivable for certain general and administrative expenses incurred by the Company on behalf of Remington. Mr. Rozier and Mr. Cohen are the principal shareholders of Remington.

(b) Compensation of key management personnel

During the three and six months ended June 30, 2017, the Company's key management includes the CEO, CFO, COO and vice president of South African Operations (three and six months ended June 30, 2016 - key management included the then CEO, CFO and vice president of Western Limb Operations). Included in Note 16(a) table above is the Related Party portion of, the total remuneration to the key management for the three and six months ended June 30, 2017 which was $210 and $416 (three and six months ended June 30, 2016 - $149 and $1,756), respectively, with the breakdown below:

(i) Management and consulting fees (excluding termination payments) of $191 and $385 (three and six months ended June 30, 2016 - $149 and $314), respectively;
(ii) Termination payments of nil (three and six months ended June 30, 2016 - $nil and $1,442); and
(iii) Share-based compensation of $19 and $31 (three and six months ended June 30, 2016 – nil and nil), respectively.

Key management personnel were not paid post-employment benefits or other long-term benefits during the three and six months ended June 30, 2017 and 2016.

(Unaudited –expressed in thousands of U.S. dollars, except for per share amounts)

17. Segmented Information

(a) Operating segments - The Company's operations are primarily directed towards the acquisition, exploration and development of platinum group metals in South Africa. The Company has five reportable segments – Crocodile River Mine, Kennedy's Vale, Spitzkop, Mareesburg and corporate. Barbados, BVI and Canada collectively are corporate segment.

(b) Geographic segments - The Company's revenues and expenses by geographic areas for the three and six months ended June 30, 2017 and 2016, and assets by geographic areas as at June 30, 2017 and December 31, 2016, are as follows:

	Three months ended June 30, 2017						
	Crocodile River Mine $	Kennedy's Vale $	Spitzkop $	Mareesburg $	Total South Africa $	Canada, Barbados and BVI $	TOTAL $
Property, plant and equipment expenditures	214	—	—	73	287	7	**294**
Cost of property, plant and equipment disposals	(8)	—	—	—	(8)	—	**(8)**
Impairment	—	—	—	—	—	—	—
Gain on disposal of property, plant and equipment	—	—	—	—	—	—	—
General and administrative expenses	(45)	—	—	—	(45)	(642)	(687)
Care and maintenance	(1,592)	(215)	(20)	(1)	(1,828)	—	(1,828)
Care and maintenance depreciation and amortization	(28)	—	—	—	(28)	(2)	(30)
Interest income	217	2	—	—	219	82	301
Other income	453	174	—	—	627	—	627
Finance costs	(130)	(55)	(7)	—	(192)	—	(192)
Foreign exchange loss	—	—	—	—	—	(334)	(334)
Loss before income taxes	**(1,125)**	**(94)**	**(27)**	**(1)**	**(1,247)**	**(896)**	**(2,143)**
Income tax (expense) recovery	(1)	(54)	—	—	(55)	(15)	(70)
Net loss	**(1,126)**	**(148)**	**(27)**	**(1)**	**(1,302)**	**(911)**	**(2,213)**

(Unaudited –expressed in thousands of U.S. dollars, except for per share amounts)

17. Segmented Information (continued)

(b) Geographic segments (continued)

	Six months ended June 30, 2017						
	Crocodile River Mine $	Kennedy's Vale $	Spitzkop $	Mareesburg $	Total South Africa $	Canada, Barbados and BVI $	Total $
Property, plant and equipment expenditures	341	—	—	73	414	8	**422**
Cost of property, plant and equipment disposals	(8)	—	—	—	(8)	—	**(8)**
General and administrative expenses	(384)	—	—	—	(384)	(1,439)	(1,823)
Care and maintenance	(3,179)	(334)	(39)	(2)	(3,554)	—	(3,554)
Care and maintenance depreciation and amortization	(57)	—	—	—	(57)	(4)	(61)
Interest income	440	5	—	—	445	140	585
Other income	745	332	—	—	1,077	—	1,077
Finance costs	(261)	(111)	(14)	—	(386)	—	(386)
Foreign exchange gain (loss)	4	—	—	—	4	(484)	(480)
Loss before income taxes	**(2,692)**	**(108)**	**(53)**	**(2)**	**(2,855)**	**(1,787)**	**(4,642)**
Income tax expense	(10)	(54)	—	—	(64)	(29)	(93)
Net loss	**(2,702)**	**(162)**	**(53)**	**(2)**	**(2,919)**	**(1,816)**	**(4,735)**

(Unaudited – expressed in thousands of U.S. dollars, except for per share amounts)

17. Segmented Information (continued)

(b) Geographic segments (continued)

	Three months ended June 30, 2016						
	Crocodile River Mine	**Kennedy's Vale**	**Spitzkop**	**Mareesburg**	**Total South Africa**	**Canada, Barbados and BVI**	**TOTAL**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Property, plant and equipment expenditures	27	—	—	—	27	—	**27**
Cost of property, plant and equipment disposals	109	—	—	—	109	—	**109**
Impairment	(23,357)	—	—	—	(23,357)	—	**(23,357)**
Gain on disposal of property, plant and equipment	227	—	—	—	227	—	**227**
General and administrative expenses	—	—	—	—	—	(1,010)	**(1,010)**
Care and maintenance	(1,296)	(150)	(9)	—	(1,455)	—	**(1,455)**
Care and maintenance depreciation and amortization	(94)	(28)	—	—	(122)	—	**(122)**
Interest income	111	1	—	—	112	102	**214**
Other income	260	131	—	—	391	—	**391**
Finance costs	(111)	(44)	(6)	—	(161)	—	**(161)**
Foreign exchange loss	(1)	—	—	—	(1)	(180)	**(181)**
Loss before income taxes	**(24,261)**	**(90)**	**(15)**	**—**	**(24,366)**	**(1,088)**	**(25,454)**
Income tax (expense) recovery	(38)	—	7	—	(31)	(24)	**(55)**
Net loss	**(24,299)**	**(90)**	**(8)**	**—**	**(24,397)**	**(1,112)**	**(25,509)**

(Unaudited – expressed in thousands of U.S. dollars, except for per share amounts)

17. Segmented Information (continued)

(b) Geographic segments (continued)

	Six months ended June 30, 2016						
	Crocodile River Mine $	Kennedy's Vale $	Spitzkop $	Mareesburg $	Total South Africa $	Canada, Barbados and BVI $	TOTAL $
Property, plant and equipment expenditures	75	—	—	—	75	—	**75**
Cost of property, plant and equipment disposals	1,047	—	—	—	1,047	2	**1,049**
Impairment	(23,357)	—	—	—	(23,357)	—	**(23,357)**
Gain on disposal of property, plant and equipment	418	—	—	—	418	—	**418**
General and administrative expenses	—	—	—	—	—	(2,917)	**(2,917)**
Care and maintenance	(2,948)	(337)	(20)	(1)	(3,306)	—	**(3,306)**
Care and maintenance depreciation and amortization	(124)	(72)	—	—	(196)	—	**(196)**
Interest income	219	4	—	—	223	192	**415**
Other income	589	267	—	—	856	—	**856**
Finance costs	(219)	(86)	(11)	—	(316)	—	**(316)**
Foreign exchange loss	(5)	—	—	—	(5)	(2,224)	**(2,229)**
Loss before income taxes	**(25,427)**	**(224)**	**(31)**	**(1)**	**(25,683)**	**(4,949)**	**(30,632)**
Income tax recovery (expense)	189	—	(2)	—	187	(34)	**153**
Net loss	**(25,238)**	**(224)**	**(33)**	**(1)**	**(25,496)**	**(4,983)**	**(30,479)**

(Unaudited – expressed in thousands of U.S. dollars, except for per share amounts)

17. Segmented Information (continued)

(b) Geographic segments (continued)

	June 30, 2017						
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Total South Africa	Canada, Barbados and BVI	Total
	$	$	$	$	$	$	$
Assets							
Current assets	5,501	226	2	2	5,731	22,442	28,173
Property, plant and equipment	76,540	14,873	4,775	9,711	105,899	39	105,938
Restricted cash	—	—	—	—	—	5,089	5,089
Other assets	7,782	—	—	—	7,782	—	7,782
	89,823	**15,099**	**4,777**	**9,713**	**119,412**	**27,570**	**146,982**
Liabilities							
Current liabilities	1,305	198	—	54	1,557	318	1,875
Provision for environmental rehabilitation	6,089	2,624	343	—	9,056	—	9,056
Deferred tax liabilities	—	—	—	1,129	1,129	1,952	3,081
	7,394	**2,822**	**343**	**1,183**	**11,742**	**2,270**	**14,012**
Net assets	**82,429**	**12,277**	**4,434**	**8,530**	**107,670**	**25,300**	**132,970**

(Unaudited – expressed in thousands of U.S. dollars, except for per share amounts)

17. Segmented Information (continued)

(b) Geographic segments (continued)

	December 31, 2016						
	Crocodile River Mine	**Kennedy's Vale**	**Spitzkop**	**Mareesburg**	**Total South Africa**	**Canada, Barbados and BVI**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Assets							
Current assets	2,791	180	5	1	2,977	26,128	29,105
Property, plant and equipment	72,788	14,232	4,559	9,203	100,782	34	100,816
Restricted cash	—	—	—	—	—	5,086	5,086
Other assets	9,779	—	—	—	9,779	—	9,779
	85,358	**14,412**	**4,564**	**9,204**	**113,538**	**31,248**	**144,786**
Liabilities							
Current liabilities	973	187	5	33	1,198	388	1,586
Provision for environmental						—	
rehabilitation	5,568	2,398	313	—	8,279	—	8,279
Deferred tax liabilities	—	—	—	1,079	1,079	1,857	2,936
	6,541	**2,585**	**318**	**1,112**	**10,556**	**2,245**	**12,801**
Net assets	**78,817**	**11,827**	**4,246**	**8,092**	**102,982**	**29,003**	**131,985**

(c) Revenue

No revenues were recorded in the three and six months ended June 30, 2017 and 2016.

(Unaudited –expressed in thousands of U.S. dollars, except for per share amounts)

18. Financial instruments

(a) *Management of capital risk*

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

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

The Company is not subject to externally imposed capital requirements.

(b) *Categories of financial instruments*

	June 30, 2017	December 31, 2016
	$	$
Financial assets		
Loans and receivables		
Cash and cash equivalents	**5,571**	5,890
Restricted cash	**5,089**	5,086
Trade and other receivables (excluding VAT receivable and prepayments)	**532**	265
Available for sale financial assets		
Short-term investments	**19,473**	20,348
Other assets	**7,782**	9,779
	38,447	41,368
Financial liabilities		
Other financial liabilities		
Trade and other payables	**1,875**	1,586

(c) *Fair value of financial instruments*

(i) *Fair value estimation of financial instruments*

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

(Unaudited – expressed in thousands of U.S. dollars, except for per share amounts)

18. Financial instruments (continued)

(c) Fair value of financial instruments (continued)

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

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

At June 30, 2017, there were no liabilities recognized at fair value on a non-recurring basis.

19. Headline and diluted headline loss per share

The Company's shares are also listed on the Johannesburg Stock Exchange which requires the Company to present headline and diluted headline loss per share. Headline loss per share is calculated by dividing headline loss attributable to equity shareholders of the Company by weighted average number of the common shares issued and outstanding during the period. Diluted headline loss per share is determined by adjusting the headline loss attributable to equity shareholders of the Company and the weighted average number of common shares issued and outstanding during the three and six months ended June 30, 2017 and 2016. For the three and six months ended June 30, 2017 and 2016, the Company's diluted headline loss per share is identical to the headline loss per share as inclusion of stock options would be anti-dilutive.

The following table summarized the adjustments to loss attributable to equity shareholders of the Company for the purpose of calculating headline loss attributable to the equity shareholders of the Company, and the headline loss and diluted headline loss per share.

	Three months ended June 30		**Six months ended June 30**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Loss attributable to shareholders of the Company	**(1,750)**	(22,207)	**(3,779)**	(26,818)
Adjusted for:				
Gain on disposal of property, plant and equipment	**–**	(199)	**–**	(366)
Impairment of mineral properties	**–**	20,435	**–**	20,435
Headline loss attributable to shareholders of the Company	**(1,750)**	(1,971)	**(3,779)**	(6,749)
Headline loss and diluted headline loss per share	**(0.02)**	(0.02)	**(0.04)**	(0.07)

20. Contingencies

(a) On December 9, 2016, the Company announced that HZT had filed a notice of civil claim in the British Columbia Supreme Court against the Company and several of its subsidiaries with respect to an alleged repudiation and breach of the purported CRM Purchase Agreement. That action seeks, among other relief, specific performance of the CRM Purchase Agreement or damages in lieu thereof and costs. On March 20, 2017, the Company amended its response to the HZT civil claim asserting that in light of the failure to obtain approval of the shareholders of Barplats Investments, the conditions precedent to completion under the CRM Purchase Agreement cannot be met and as a result the purported agreement is at an end and the Company has no continuing obligations thereunder and the claim be dismissed with costs against HZT. The Company views the $5,000 break-fee deposited into escrow as refundable as the conditions precedents of the CRM Purchase Agreement cannot be met, but the Company is unable to have the funds released without the consent of HZT or court direction.

(b) On March 14, 2017, the Company was served with a claim by Alpha Global Capital Inc. ("Alpha Global") an entity registered in British Virgin Islands. On May 12, 2017, the Company served its response to the claim filed by Alpha Global, in the High Court of South Africa. In its claim, Alpha Global is seeking relief under a provision of South African company legislation contemplating that a South African court may make an order to wind up an "external company" registered in South Africa on the basis that it is just and equitable to do so or that it is unable to pay its debts. Alpha Global has asserted that it is entitled to bring its action on the basis that an alleged default occurred under a promissory note originally issued in 2007 and that it is now entitled to approximately ZAR30,797 ($2,353) plus default interest (the "Promissory Note").

In its response, the Company has denied Alpha Global's allegations, in particular as to the Company's solvency or the state of its business. The Company also refuted that Alpha Global has legal standing to bring its action under the above provision since, even based on the facts as asserted by Alpha Global, the claim under the Promissory Note has prescribed (or not been made within the limitation period) and no amount is currently owing to it. The Company has also asserted that if there is any dispute as to Alpha Global's status as a creditor of the Company to whom money is owed, that this is a matter for the Courts of the British Virgin Island to decide, being the law under which the parties agreed the Promissory Note was to be governed and interpreted. The Company has asked in its legal papers for Alpha Global's claim to be dismissed with costs however the Company notes that a court could determine that it may have potential future obligations related to this matter.

(c) The Company notes that the BEE Buyout Transactions have not formally been completed. However, so long as ownership of the CRM is maintained, then completion of the BEE Buyout Transaction could give rise to non-compliance with the mining rights and certain provisions of the *Mineral & Petroleum Resources Development Act* (South Africa) (the "MPRDA") in respect of black economic empowerment requirements, unless other steps are taken to rectify the potential non-compliance. Further, in June 2017 a New Mining Charter was issued in South Africa including new ownership and other new BEE requirements. However, there has already been legal challenges filed, which results in significant uncertainty regarding mining rights. In particular, under the MPRDA, the Department of Mineral Resources of the Republic of South Africa ("DMR") may order the Company to rectify any such non-compliance, and failure to do so could lead to the Minister cancelling or modifying the mining rights under the MPRDA. The Company has met with the DMR and is working proactively to address these issues.

20. Contingencies (continued)

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