EASTERN PLATINUM LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2011

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Eastern Platinum Limited ("Eastplats" or the "Company") as at December 31, 2011 and for the three and twelve months then ended in comparison to the same period in 2010.

This MD&A should be read in conjunction with the consolidated financial statements for the year ended December 31, 2011 and supporting notes. These consolidated financial statements have been prepared using accounting policies in compliance with IFRS as issued by the International Accounting Standards Board ("IASB").

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

All monetary amounts are in U.S. dollars unless otherwise specified. The effective date of this MD&A is March 5, 2012. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Contents of the MD&A

1. Overview

2. Summary of results
   - 2.1. Summary of results for the quarter ended December 31, 2011
   - 2.2. Summary of results for the year ended December 31, 2011

3. Results of operations for the three and twelve months ended December 31, 2011
   - 3.1. Mining operations at Crocodile River Mine ("CRM")
   - 3.2. CRM non-IFRS measures
   - 3.3. Development projects
     - 3.3.1. CRM
     - 3.3.2. Eastern Limb projects
   - 3.4. Corporate and other expenses

4. Liquidity and Capital Resources
   - 4.1. Outlook
   - 4.2. Impairment
   - 4.3. Share capital
   - 4.4. Contractual obligations, commitments and contingencies

5. Related party transactions

6. Critical accounting policies and estimates
   - 6.1. Property, plant and equipment
   - 6.2. Revenue recognition
   - 6.3. Share-based payment

6.4. Provision for environmental rehabilitation

7. Adoption of accounting standards and accounting pronouncements under IFRS
   7.1. Application of new and revised IFRSs
   7.2. Accounting standards issued but not yet effective

8. Risk factors
   8.1. Risks associated with the mining industry
   8.2. Risks associated with the current global economic uncertainty
   8.3. Risks associated with foreign currencies
   8.4. Risks associated with metals prices
   8.5. Risks associated with foreign operations
   8.6. Risks associated with granting of exploration, mining and other licenses
   8.7. Risks associated with the development of the Mareesburg Project

9. Financial instruments
   9.1. Management of capital risk
   9.2. Categories of financial instruments
   9.3. Financial risk management

10. Internal control over financial reporting

11. Cautionary statement on forward-looking information

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1. Overview

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

The Company's primary operating asset is an 87.5% direct and indirect interest in Barplats Investments Limited ("Barplats"), whose main assets are the PGM producing Crocodile River Mine ("CRM") located on the Western Limb of the BC and the non-producing Kennedy's Vale Project located on the Eastern Limb of the BC. The Company also has an 87% direct and indirect interest in Mareesburg Platinum Project ("Mareesburg") and a 93.4% direct and indirect interest in Spitzkop PGM Project ("Spitzkop"), both located on the Eastern Limb of the BC.

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2. Summary of results

2.1 Summary of results for the quarter ended December 31, 2011

- Eastplats recorded a loss attributable to equity shareholders of the Company of $64,325,000 ($0.07 loss per share) in the quarter ended December 31, 2011 ("Q4 2011") compared to earnings of $5,041,000 ($0.01 per share) in the quarter ended December 31, 2010 ("Q4 2010").

- During the quarter ended December 31, 2011, the Company determined that the carrying value of CRM exceeded the expected net present value of its future cash flows. This resulted in an impairment charge of $46,327,000, of which $33,281,000 pertained to tangible assets owned,

$11,796,000 pertained to intangible mineral properties being depleted, and $1,250,000 pertained to the refining contract.

- EBITDA decreased to negative $6,455,000 in Q4 2011 compared to $15,226,000 in Q4 2010.

- PGM ounces sold decreased 39% to 19,854 ounces in Q4 2011 compared to 32,752 PGM ounces in Q4 2010.

- The U.S. dollar average delivered price per PGM ounce decreased 12% to $931 in Q4 2011 compared to $1,058 in Q4 2010.

- The Rand average delivered price per PGM ounce increased 3% to R7,541 in Q4 2011 compared to R7,311 in Q4 2010.

- Total Rand operating cash costs decreased 1% to R208 million in Q4 2011 compared to R210 million in Q4 2010.

- Rand operating cash costs net of by-product credits increased 93% to R8,685 per ounce in Q4 2011 compared to R4,509 per ounce in Q4 2010. Rand operating cash costs increased 63% to R10,455 per ounce in Q4 2011 compared to R6,412 per ounce in Q4 2010.

- U.S. dollar operating cash costs net of by-product credits increased 64% to $1,072 per ounce in Q4 2011 compared to $653 per ounce achieved in Q4 2010. U.S. dollar operating cash costs increased 39% to $1,291 per ounce in Q4 2011 compared to $928 per ounce in Q4 2010.

- Head grade increased to 4.1 grams per tonne in Q4 2011 from 4.0 grams per tonne in Q4 2010.

- Average concentrator recovery decreased to 76% in Q4 2011 compared to 78% in Q4 2010.

- Development meters decreased by 16% to 2,929 meters and on-reef development decreased by 17% to 1,591 meters compared to Q4 2010.

- Stoping units decreased 40% to 31,767 square meters in Q4 2011 compared to 53,044 square meters in Q4 2010.

- Run-of-mine ore hoisted decreased by 38% to 200,919 tonnes in Q4 2011 compared to 324,879 tonnes in Q4 2010.

- Run-of-mine ore processed decreased by 41% to 194,532 tonnes in Q4 2011 compared to 327,872 tonnes in Q4 2010.

- The Company's Lost Time Injury Frequency Rate (LTIFR) improved to 2.61 in Q4 2011 compared to 3.88 in Q4 2010. As reported on November 7, 2011, a fatality occurred at CRM that resulted in a Section 54 Stop Work Order being issued by the Department of Mineral Resources ("DMR").

- At December 31, 2011, the Company had a cash position (including cash, cash equivalents and short term investments) of $250,801,000 (December 31, 2010 – $350,292,000).

2.2 Summary of results for the year ended December 31, 2011

- Eastplats recorded a net loss attributable to equity shareholders of the Company of $76,545,000 ($0.08 loss per share) in the year ended December 31, 2011 ("12M 2011") compared to earnings of $13,352,000 ($0.02 per share) in the year ended December 31, 2010 ("12M 2010").

- During the year ended December 31, 2011, the Company determined that the carrying value of CRM exceeded the expected net present value of its future cash flows. This resulted in an impairment charge of $46,327,000, of which $33,281,000 pertained to tangible assets owned, $11,796,000 pertained to intangible mineral properties being depleted, and $1,250,000 pertained to the refining contract.

- EBITDA decreased to negative $1,411,000 in 12M 2011 compared to $45,099,000 in 12M 2010.

- PGM ounces sold decreased 30% to 92,724 ounces in 12M 2011 compared to 131,901 PGM ounces in 12M 2010.

- The U.S. dollar average delivered price per PGM ounce increased 8% to $1,073 in 12M 2011 compared to $995 in 12M 2010.

- The Rand average delivered price per PGM ounce increased 6% to R7,726 in 12M 2011 compared to R7,264 in 12M 2010.

- Total Rand operating cash costs increased 3% to R828 million in 12M 2011 compared to R804 million in 12M 2010.

- Rand operating cash costs net of by-product credits increased 48% to R7,118 per ounce in 12M 2011 compared to R4,800 per ounce in 12M 2010. Rand operating cash costs increased 46% to R8,929 per ounce in 12M 2011 compared to R6,099 per ounce in 12M 2010.

- U.S. dollar operating cash costs net of by-product credits increased 50% to $984 per ounce in 12M 2011 compared to $657 per ounce achieved in 12M 2010. U.S. dollar operating cash costs increased 48% to $1,236 per ounce in 12M 2011 compared to $835 per ounce in 12M 2010.

- Head grade decreased to 4.0 grams per tonne in 12M 2011 from 4.1 grams per tonne in 12M 2010.

- Average concentrator recovery decreased to 77% in 12M 2011 compared to 79% in 12M 2010.

- Development meters increased by 15% to 14,686 meters and on-reef development increased by 16% to 8,363 meters compared to 12M 2010.

- Stoping units decreased 28% to 148,863 square meters in 12M 2011 compared to 206,269 square meters in 12M 2010.

- Run-of-mine ore hoisted decreased by 29% to 917,343 tonnes in 12M 2011 compared to 1,288,416 tonnes in 12M 2010.

- Run-of-mine ore processed decreased by 29% to 903,298 tonnes in 12M 2011 compared to 1,265,973 tonnes in 12M 2010.

- The Company's LTIFR improved to 1.46 in 12M 2011 compared to 3.32 in 12M 2010. As reported on November 7, 2011, a fatality occurred at CRM and resulted in a Section 54 Stop Work Order being issued by the DMR. This came after 3.8 million fatality free shifts at the mine and was a major blow to the Company's efforts toward improvements in mine health and safety during 2011. The DMR's lengthy investigation into the accident resulted in lost production.

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

Table 1

Selected quarterly data	2011				2010			
	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	March 31
Revenues	$ 19,172	$ 31,453	$ 26,876	$ 35,702	$ 45,616	$ 38,073	$ 36,612	$ 34,699
Cost of operations	(76,525)	(34,043)	(36,415)	(34,409)	(36,272)	(32,735)	(32,383)	(31,018)
Mine operating (loss) earnings	(57,353)	(2,590)	(9,539)	1,293	9,344	5,338	4,229	3,681
Expenses (G&A and share-based payment)	(3,308)	(2,568)	(2,978)	(11,318)	(4,382)	(2,202)	(2,050)	(4,935)
Operating (loss) profit	(60,661)	(5,158)	(12,517)	(10,025)	4,962	3,136	2,179	(1,254)
Net (loss) profit attributable to equity shareholders of the Company	$ (64,325)	$ 1,364	$ (7,951)	$ (5,633)	$ 5,041	$ 4,039	$ 3,448	$ 824
(Loss) earnings per share - basic	$ (0.07)	$ 0.00	$ (0.01)	$ (0.01)	$ 0.01	$ 0.01	$ 0.01	$ 0.00
(Loss) earnings per share - diluted	$ (0.07)	$ 0.00	$ (0.01)	$ (0.01)	$ 0.01	$ 0.01	$ 0.00	$ 0.00
Average foreign exchange rates								
South African Rand per US dollar	8.10	7.14	6.79	7.01	6.91	7.31	7.53	7.51
US dollar per Canadian dollar	0.9777	1.0204	1.0335	1.0141	0.9870	0.9621	0.9727	0.9608
Period end foreign exchange rates								
South African Rand per US dollar	8.08	8.09	6.76	6.75	6.59	7.00	7.66	7.33
US dollar per Canadian dollar	0.9833	0.9540	1.0368	1.0314	1.0054	0.9718	0.9393	0.9844

3. Results of Operations for the three and twelve months ended December 31, 2011

The following table sets forth selected consolidated financial information for the three and twelve months ended December 31, 2011 and 2010:

Table 2

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

	Three months ended December 31,		Twelve months ended December 31,		
	2011	2010	**2011**	2010	2009
Revenue	**$ 19,172**	$ 45,616	**$ 113,203**	$ 155,000	$ 111,365
Cost of operations					
Production costs	**25,627**	30,390	**114,614**	109,901	82,839
Depletion and depreciation	**4,571**	5,882	**20,451**	22,507	17,154
Impairment	**46,327**	-	**46,327**	-	-
Mine operating (loss) earnings	**(57,353)**	9,344	**(68,189)**	22,592	11,372
Expenses					
General and administrative	**3,274**	4,698	**11,847**	12,117	10,528
Share-based payments	**34**	(316)	**8,325**	1,452	582
Operating (loss) profit	**(60,661)**	4,962	**(88,361)**	9,023	262
Other income (expense)					
Interest income	**1,231**	545	**5,529**	1,797	1,786
Finance costs	**(352)**	(452)	**(1,549)**	(1,807)	(1,691)
Foreign exchange (loss) gain	**(7,336)**	184	**(2,551)**	(160)	(758)
(Loss) profit before income taxes	**(67,118)**	5,239	**(86,932)**	8,853	(401)
Income tax (expense) recovery	**(1,096)**	(733)	**(56)**	924	1,623
Net (loss) profit for the period	**$ (68,214)**	$ 4,506	**$ (86,988)**	$ 9,777	$ 1,222
Attributable to					
Non-controlling interest	**(3,889)**	(535)	**$ (10,443)**	$ (3,575)	$ (4,428)
Equity shareholders of the Company	**(64,325)**	5,041	**(76,545)**	13,352	5,650
Net (loss) profit for the period	**$ (68,214)**	$ 4,506	**$ (86,988)**	$ 9,777	$ 1,222
(Loss) earnings per share					
Basic	**$ (0.07)**	$ 0.01	**$ (0.08)**	$ 0.02	$ 0.01
Diluted	**$ (0.07)**	$ 0.01	**$ (0.08)**	$ 0.02	$ 0.01
Weighted average number of common share outstanding					
Basic	**908,405**	685,633	**908,199**	683,177	680,577
Diluted	**908,405**	697,916	**908,199**	694,839	687,790

Condensed consolidated statements of financial position	**December 31, 2011**	December 31, 2010	December 31, 2009
Total assets	**$ 914,813**	$ 1,126,975	$ 706,850
Total long-term liabilities	**$ 41,910**	$ 55,576	$ 53,493

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

The following is a summary of CRM's operations for the eight most recently completed quarters:

Table 3

Crocodile River Mine operations	Three months ended							
	2011				2010			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Key financial statistics								
(dollar amounts stated in U.S. dollars)								
Sales - PGM ounces	19,854	26,955	20,528	25,387	32,752	37,798	30,820	30,531
Average delivered price per ounce (2)	$931	$1,088	$1,113	$1,136	$1,058	$953	$1,015	$959
Average basket price	$1,104	$1,290	$1,319	$1,344	$1,250	$1,128	$1,200	$1,130
Rand average delivered price per ounce	R 7,541	R 7,768	R 7,557	R 7,963	R 7,311	R 6,966	R 7,643	R 7,202
Rand average basket price	R 8,942	R 9,211	R 8,956	R 9,421	R 8,638	R 8,246	R 9,036	R 8,486
Cash costs per ounce of PGM (1)	$1,291	$1,059	$1,515	$1,154	$928	$713	$882	$841
Cash costs per ounce of PGM, net of chrome by-product credits (1)	$1,072	$854	$1,196	$880	$653	$625	$646	$711
Rand cash costs per ounce of PGM (1)	R 10,455	R 7,561	R 10,287	R 8,090	R 6,412	R 5,212	R 6,639	R 6,315
Rand cash costs per ounce of PGM, net of chrome by-product credits (1)	R 8,685	R 6,097	R 8,119	R 6,167	R 4,509	R 4,566	R 4,866	R 5,336
Key production statistics								
Run-of-mine ("ROM") ore tonnes processed	194,532	261,280	201,986	245,500	327,872	357,219	290,028	290,854
Development meters	2,929	3,976	3,562	4,219	3,501	3,299	3,202	2,812
On-reef development meters	1,591	2,248	2,090	2,434	1,925	1,797	1,573	1,931
Stoping units (square meters)	31,767	40,594	31,828	44,674	53,044	50,892	50,573	51,760
Concentrator recovery from ROM ore	76%	78%	76%	79%	78%	81%	80%	78%
Chrome sold (tonnes)	56,890	64,608	60,661	63,578	89,123	50,148	76,677	75,846
Metal in concentrate sold (ounces)								
Platinum (Pt)	9,819	13,656	10,363	12,790	16,526	19,195	15,433	15,405
Palladium (Pd)	4,428	5,844	4,485	5,494	7,055	8,129	6,769	6,562
Rhodium (Rh)	1,696	2,294	1,740	2,162	2,786	3,216	2,661	2,607
Gold (Au)	77	98	74	97	117	131	108	105
Iridium (Ir)	778	967	728	919	1,183	1,323	1,077	1,106
Ruthenium (Ru)	3,056	4,096	3,138	3,925	5,085	5,804	4,772	4,746
Total PGM ounces	19,854	26,955	20,528	25,387	32,752	37,798	30,820	30,531

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

Quarter ended December 31, 2011 compared to the quarter ended December 31, 2010

In Q4 2011, CRM recorded a Lost Time Injury Frequency Rate ("LTIFR") of 2.61 compared to 3.88 in Q4 2010. There were four lost time injuries in Q4 2011 compared to seven lost time injuries in Q4 2010.

The Company generated revenue of $19,172,000 in Q4 2011 of which $14,834,000 is PGM revenue and $4,338,000 is chrome revenue. PGM revenues represent the amounts recorded when PGM concentrates are physically delivered to the buyer, which are provisionally priced on the date of delivery. The Company settles its PGM sales three to five months following the physical delivery of the concentrates and adjustments are made when the prices for the metal sold to the market are established.

The Company recorded an average delivered basket price of $931 per PGM ounce in Q4 2011, compared to $1,058 in Q4 2010 and $1,088 in the third quarter of 2011 ("Q3 2011"). The delivered price per ounce refers to the PGM prices in effect at the time the PGM concentrates are delivered to the smelter. As a

result of fluctuations in PGM prices, the Company recorded negative provisional price adjustments of $2,977,000 in Q4 2011, compared to positive price adjustments of $3,082,000 in Q4 2010.

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 December 31,		Twelve months ended December 31,	
	2011	2010	2011	2010
Revenue before provisional price adjustments	$ 22,149	$ 42,534	$ 117,923	$ 149,606
Provisional price adjusments				
Adjustments to revenue upon settlement of prior periods' sales	(1,719)	1,706	(3,462)	4,018
Mark-to-market adjustment on sales not yet settled at end of period	(1,258)	1,376	(1,258)	1,376
Revenue as reported in the income statement	$ 19,172	$ 45,616	$ 113,203	$ 155,000

PGM ounces sold decreased by 39% in Q4 2011 compared to Q4 2010 due to lower run-of-mine ore tonnes processed (194,532 tonnes in Q4 2011 compared to 327,872 tonnes in Q4 2010), and lower concentrator recovery (76% in Q4 2011 compared to 78% in Q4 2010), which were offset by an increase in grade (4.1 grams per tonne in Q4 2011 compared to 4.0 grams per tonne in Q4 2010).

Fourth quarter mining and production was negatively impacted by strike action by employees of CRM's main mining contractor, JIC Mining Services, in October. Production in Q4 was also negatively impacted as a result of the shut-down of operations following the fatality that occurred in a blasting accident at a new ore pass being developed at CRM's Zandfontein Section by an independent engineering company. The Section 54 Stop Work Order was issued by the Department of Mineral Resources ("DMR"), and the subsequent investigation into the accident resulted in a total shut-down of operations at CRM for 10 days. This tragic accident was a major blow to the Company's efforts toward health and safety which it has made a key priority at all of its operations. Concentrator recovery decreased as a result of the subsequent disruptions to the steady state operation of the processing plant.

Operating cash costs, a non-IFRS measure, are incurred in Rand. Total Rand operating cash costs decreased by 1% compared to Q4 2010, but Rand operating cash costs per ounce increased by 63% from R6,412 per ounce in Q4 2010 to R10,455 per ounce in Q4 2011 primarily due to a 39% decrease in ounces sold.

By comparison, U.S. dollar operating cash costs per ounce increased by 39% from $928 per ounce in Q4 2010 to $1,291 per ounce in Q4 2011 also primarily due to a 39% decrease in ounces sold. This was offset by a 1% decrease in total Rand operating cash costs combined with a 17% depreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R8.10:$1.00 in Q4 2011 compared to R6.91:$1.00 in Q4 2010.

A reconciliation of production costs, as reported in the income statement, to cash operating costs, is shown in Table 5 under Section 3.2 CRM non-IFRS measures.

Chrome revenues and effect on cash costs per ounce

The Company recorded revenue for 56,890 tonnes of chrome in Q4 2011 (89,123 tonnes in Q4 2010). Net chrome revenue recognized was $76 per tonne ($101 per tonne in Q4 2010) for a total of $4,338,000

($9,021,000 in Q4 2010). The 25% decrease in chrome revenue recognized per tonne compared to Q4 2010 was due to a softer market for chrome in Q4 2011 compared to Q4 2010 combined with the 17% depreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R8.10:$1.00 in Q4 2011 compared to R6.91:$1.00 in Q4 2010.

Q4 2011 chrome revenues of $4,338,000 reduced operating cash costs from $1,291 to $1,072 per ounce net of by-product credits and from R10,455 to R8,685 per ounce net of by-product credits.

Quarter ended December 31, 2011 compared to the quarter ended September 30, 2011

Revenues decreased by 39% compared to Q3 2011 as a result of a 26% decrease in the ounces produced in the quarter, a 14% decrease in the average delivered price per ounce, a 22% ($1,191,000) decrease in chrome revenues and a 68% increase ($1,205,000) increase in negative price adjustments, which were offset by a 54% decrease ($1,036,000) in chrome penalties. The decrease in ounces produced was due to a 26% decrease in run-of-mine ore processed (194,532 tonnes in Q4 2011 compared to 261,280 tonnes in Q3 2011) combined with a decrease in concentrator recovery from 78% in Q3 2011 to 76% in Q4 2011. The decrease in ounces produced and concentrator recovery are the result of strike action by employees of CRM's main mining contractor, JIC Mining Services, in October, and by a Section 54 shut-down of operations following the fatality at CRM in November. Both incidents resulted in stoppages of mining operations and concentrator recovery decreased as a result of the subsequent disruptions to the steady state operation of the processing plant.

Rand operating cash costs increased by 38% from R7,561 per ounce in Q3 2011 to R10,455 per ounce in Q4 2011 primarily as a result of a 26% decrease in ounces produced combined with a 2% increase in total Rand operating cash costs. Operating cash costs stated in U.S. dollars increased by 22% from $1,059 per ounce in Q3 2011 to $1,291 per ounce in Q4 2011 also due to the 26% decrease in ounces produced and a 2% increase in total Rand operating cash costs, which were offset by a 13% depreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R8.10:$1.00 in Q4 2011 compared to R7.14:$1.00 in Q3 2011.

Twelve months ended December 31, 2011 compared to the twelve months ended December 31, 2010

In 12M 2011, the Company sold 92,724 PGM ounces, a decrease of 30% compared to 12M 2010, primarily as a result of a 29% decrease in run-of-mine ore processed in 2011 (1,265,973 tonnes processed in 12M 2010 compared to 903,298 tonnes processed in 12M 2011), combined with a decrease in the recovery rate (79% in 12M 2010 compared to 77% in 12M 2011) and a decrease in head grade (4.1 grams per tonne in 12M 2010 compared to 4.0 grams per tonne in 12M 2011). Mining and production for the year was negatively impacted by labour issues related to the illegal sit-in and unprotected strike and damage to underground infrastructure at CRM in May, followed by strike action by employees of CRM's main mining contractor, JIC Mining Services, in October, and a Section 54 shut-down of operations following the fatality at CRM in November.

The average delivered basket price per ounce increased from $995 in 12M 2010 to $1,073 in 12M 2011.

Operating cash costs increased 48% from $835 per ounce in 12M 2010 to $1,236 per ounce in 12M 2011 primarily due to a 30% decrease in ounces produced combined with a 3% increase in total Rand operating cash costs, which were offset by a 1% appreciation of the South African Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R7.26:$1.00 in 12M 2011 compared to R7.32:$1.00 in 12M 2010.

Total Rand operating cash costs increased 3% between 12M 2010 and 12M 2011 mainly due to a 27% increase in power and electricity costs effective April 1, 2011, an increase in repairs and maintenance due

to damages caused during the interruption in May 2011 that led to a higher number of vehicle repairs in 2011 than in 2010, an increase in support costs as a result of changes to the support pattern, and repair and maintenance costs related to the rock winder, shaft and mills that were not required in 2010. The various interruptions to production described above resulted in decreases to mining supplies used and decreases to overall labour costs, despite the signing of a two-year wage settlement with the National Union of Mineworkers. The overall labour force at CRM decreased by approximately 3% compared to 2010.

3.2 CRM non-IFRS measures

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

Table 5

Crocodile River Mine non-IFRS measures
(Expressed in thousands of U.S. dollars, except ounce and per ounce data)

	Three months ended December 31,		Twelve months ended December 31,	
	2011	2010	2011	2010
Mine operating (loss) earnings	$ (57,353)	$ 9,344	$ (68,189)	$ 22,592
Depletion and depreciation	4,571	5,882	20,451	22,507
Impairment	46,327	-	46,327	-
EBITDA (1)	(6,455)	15,226	(1,411)	45,099
Production costs as reported	25,627	30,390	114,614	109,901
Adjustments for miscellaneous costs (2)	(0)	4	(45)	290
Cash operating costs	25,627	30,394	114,569	110,191
Less by-product credits - chrome revenues and adjustments	(4,338)	(9,021)	(23,384)	(23,599)
Cash operating costs net of by-product credits	21,289	21,373	91,185	86,592
Ounces sold	19,854	32,752	92,724	131,901
Cash cost per ounce sold	$ 1,291	$ 928	$ 1,236	$ 835
Cash cost per ounce sold net of by-product credits	$ 1,072	$ 653	$ 983	$ 656

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

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

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

3.3 Development projects

3.3.1 CRM

During the year ended December 31, 2011, the Company spent $52,384,000 at CRM on underground mine development, underground electrical upgrades, and ongoing underground works at the Zandfontein vertical shaft, including the development of a decline for a conveyor and chairlift system that will move ore and workers to and from the new stopes being developed below 4-level as well as workshops and refuelling systems underground to improve equipment availability.

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

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

Mine development at the shallow Crocette ore body recommenced on April 4, 2010 due to the higher trend in PGM prices at that time. However, with the volatility in the global markets, the Company re-evaluated and re-prioritized its development projects at the end of 2011 and elected to put the development of Crocette on hold. All development activities at Crocette ceased in early 2012. The Company expects that development work at Crocette can be re-started quickly if there is a significant increase in the ZAR basket price of PGMs.

3.3.2 Eastern Limb projects

Development of Mareesburg/Kennedy's Vale open-pit and concentrator project, which was reinitiated in Q4 2010, continued to advance in 2011. During the year ended December 31, 2011, expenditures of $34,632,000 at this project consisted of site capture, installation of temporary works, mass earthworks and concrete work with initial areas of focus being the ore silos, grinding and flotation foundations for the 90,000 tonne-per-month (tpm) concentrator. Construction for the concentrator is on schedule, and long lead items such as mills and mining equipment have been purchased and delivered. Engineering and construction planning for the open-pit mine at Mareesburg is well advanced and tenders for contract mining will be released in early 2012.

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

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

The Company has already secured 3MVA of power for the construction phase for the concentrator at the Kennedy's Vale site. With respect to permanent operating power for the concentrator and for the Spitzkop mine which is planned to be developed after the Mareesburg open-pit mine comes on stream, the Company has applied for 40 MVA of installed capacity, of which 20MVA would be required for the

initial 90,000 tpm plant. The Company has paid the necessary fees to initiate the acquisition of power and Eskom has commenced the engineering work.

3.4 Corporate and other expenses

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

G&A decreased by 30% from $4,698,000 in Q4 2010 to $3,274,000 in Q4 2011 due to a $739,000 decrease in G&A at the Company's head office combined with a $751,000 decrease in G&A at the Company's South African subsidiaries. The decrease in head office G&A was mainly due to a $586,000 decrease in bonuses granted to executive officers and directors of the Company compared to Q4 2010. The decrease in G&A at the Company's South African subsidiaries was due to employees commencing work on the Mareesburg and Kennedy's Vale concentrator development projects in the year ended December 31, 2011. This resulted in the employees' salary expenses being capitalized to the projects. In 2010, these same expenses were charged to the income statement as these projects were on care and maintenance. The decrease in G&A was also due to the depreciation of the Rand relative to the U.S. dollar. The average U.S. dollar-Rand exchange rate was R8.10:$1.00 in Q4 2011 compared to R6.91:$1.00 in Q4 2010.

G&A increased 29% from $2,546,000 in Q3 2011 to $3,274,000 in Q4 2011 due to the $959,000 increase in G&A at the Company's head office which was offset by a $279,000 decrease in G&A at the Company's South African subsidiaries. The $959,000 increase at head office was mainly due to the grant of $884,000 in bonuses to executive officers and directors of the Company.

G&A decreased 2% from $12,117,000 in 12M 2010 to $11,847,000 in 12M 2011 primarily due to the decrease in bonuses granted to executive directors and officers of the Company in 2011 and a $302,000 refund on insurance premiums on a cancellation of a long-term policy of one of the Company's South African subsidiaries.

Interest income recorded during the three and twelve months ended December 31, 2011 was $1,231,000 and $5,529,000 compared with $545,000 and $1,797,000 during the same periods in 2010. The increase in interest income was mainly due to an increase in cash balances at head office as a result of the Company's December 30, 2010 equity financing. Further details on the equity financing have been included within Section 4.

During the three and twelve months ended December 31, 2011, the Company recorded a net income tax expense of $1,096,000 and $56,000, respectively. The Company's net income tax expense for the three months ended December 31, 2011 consists of current tax expense of $4,580,000 and a deferred income tax recovery of $3,484,000. The Company's net income tax expense for the twelve months ended December 31, 2011 consists of current tax expense of $4,957,000 and a deferred income tax recovery of $4,901,000.

The current tax expense was comprised of tax on income earned for non-mining activities and tax on non-deductible interest as a result of the South African Revenue Service's ("SARS") ruling that one of the Company's South African subsidiaries is thinly capitalized.

The deferred income tax recovery was based on changes in the Company's net assets. The consolidated statement of financial position reflects total deferred tax liabilities of $33,520,000 which arose primarily

as a result of the step-up to fair value of the net assets acquired on the Barplats and Gubevu business acquisitions during the years ended June 30, 2006, June 30, 2007, and December 31, 2008.

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4. Liquidity and Capital Resources

At December 31, 2011, the Company had working capital of $240,236,000 (December 31, 2010 – $362,691,000) and cash and cash equivalents and short-term investments of $250,801,000 (December 31, 2010 – $350,292,000) in highly liquid, fully guaranteed, bank sponsored instruments.

The Company's healthy working capital and cash position was achieved through the completion of an equity financing on December 30, 2010. The Company raised Cdn$348 million through a public offering which consisted of 224,250,000 common shares, of which 195,361,476 common shares were issued at a price of Cdn$1.55 and 28,888,524 common shares were issued at a price of £0.9568. Working capital, cash and cash equivalents and short-term investments decreased during 2011 as the Company did not generate positive cash flows from CRM operations but spent approximately $52 million in development costs at CRM, approximately $35 million in the construction of the Kennedy's Vale concentrator, and approximately $12 million in G&A. The Company's working capital and cash position were also affected by fluctuations in the exchange rates between the Rand and the U.S. dollar.

The Company had no long-term debt outstanding at December 31, 2011, other than a provision for environmental rehabilitation relating to CRM, Kennedy's Vale and Spitzkop.

In December 2011, the Company signed a definitive agreement with UniCredit Bank AG, London Branch and Standard Finance (Isle of Man) Limited (a subsidiary of The Standard Bank of South Africa Limited) for a U.S.$100 million financing package. The borrowers are Barplats Mines Limited, Rhodium Reefs Limited, and Royal Anthem Investments 134 (Pty) Ltd., three of the Company's South African subsidiaries. The financing package consists of a U.S.$70 million term facility and a U.S.$30 million revolving loan facility. The scheduled tenor is for 5.5 years with an 18-month grace period for principal repayments. The initial interest is U.S. LIBOR plus 3.85% rising to U.S. LIBOR plus 4.15% for the last 2.5 years of the loan. The financing package does not require commodity, currency or interest rate hedging.

The facility is secured by:

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

As at December 31, 2011, the Company had not drawn down on the term facility or the revolving loan facility.

4.1 Outlook

The PGM industry has experienced significant global economic uncertainty and market volatility since 2008. From the beginning of 2009 through September 2011, PGM prices in U.S. dollar terms have generally trended upward. However, prices were significantly negated by the strength of the Rand against the U.S. dollar. As a result, the U.S. dollar realized basket prices that the Company received have improved since the December 2008 lows, but these prices, in Rand terms, were still significantly below those recorded in June 2008 when basket prices were at their peak. PGM prices have re-entered a period

of volatility since September 2011, and the Company anticipates that PGM prices will remain volatile and the Rand will remain strong against the U.S. dollar in the short term, which impacts the income and cash flows generated by the Company as it has U.S. dollar-based revenues and a Rand-based operating cost structure. As a result, the Company continues to seek ways to improve its operating efficiency and thereby minimize its operating costs, without compromising safety, health and environmental standards.
The recovery of PGM prices in 2009 and 2010 allowed the Company to resume mine development at the Crocette section at CRM in April 2010 and commence the development of its Eastern Limb projects in early 2011, including the development of an open-pit mine at Mareesburg and the construction of a 90,000 tpm concentrator located on the Kennedy's Vale site. However, in light of the recent volatility of the eurozone financial markets and PGM prices, the Company has had to re-evaluate and re-prioritize its development projects given its existing financial, human and technical resources. As a result, the development of Crocette was put on hold in early 2012.

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

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

4.2 Impairment

At December 31, 2011, the Company assessed the carrying values of its mineral properties for indication of impairment. The Company believes that certain factors, such as a significant drop in production at CRM in 2011 compared to 2010, the unstable labour conditions in the South African PGM industry, and the volatility in the eurozone financial markets which has affected the PGM prices, have contributed to the decrease in the Company's share price. In August 2011, the Company's market capitalization fell below its book value and has remained below its book value since then. Based on current and expected PGM prices, exchange rates and cost structures, management's best estimates of the future production profile of CRM and its Eastern Limb projects, and a weighted average cost of capital of between 8.50% and 9.00%, management has determined that the value of CRM has been impaired by $46,327,000, of which $33,281,000 pertained to tangible assets owned, $11,796,000 pertained to intangible mineral properties being depleted, and $1,250,000 pertained to the refining contract. The Company also concluded that the Company's Eastern Limb projects have not been impaired. The impairment charges on CRM and the refining contract have been recorded in Q4 2011. Any changes to future market conditions and commodity prices may result in impairment, a further impairment or a reversal of impairment of any of the Company's mineral properties.

4.3 Share Capital

During the three months ended December 31, 2011, the Company did not grant any stock options. Total share-based payment expense with regards to stock options for the quarter was $1,000, which takes into account the vesting of options and the reversal of share-based payment expense previously recognized for unvested options that were forfeited in the period. During Q4 2011, no options were exercised and 460,000 options were forfeited at a weighted average exercise price of Cdn$2.01.

During the year ended December 31, 2011, the Company granted 9,875,000 stock options at an exercise price of Cdn$1.55. Total share-based payment expense with regards to stock options for the year was $8,193,000, which takes into account the vesting of options and the reversal of share-based payment expense previously recognized for unvested options that were forfeited in the period. In 2011, 7,255,000 options were forfeited at a weighted averaged exercise price of Cdn$1.71 and 741,333 options were exercised at a weighted average exercise price of Cdn$0.32.

In 2010, the Company's South African subsidiary, Barplats Investments Limited, implemented a key skills retention plan for its senior employees in South Africa. The purpose of the plan is to retain key employees, attract new employees as the need arises and remain competitive with other South African mining companies. The plan operates through a trust ("the Trust") which purchases shares of the Company on behalf of the employees. These shares then vest to the employees over time. In February 2011, the Trust purchased 198,563 shares pursuant to the plan which resulted in a share-based payment expense of $33,000 and $132,000 in the three and twelve months ended December 31, 2011, respectively, and a share-based payment liability of $48,000.

As at March 5, 2012, the Company had:

- 928,187,840 common shares outstanding; and
- 59,855,503 stock options outstanding, which are exercisable at prices ranging from Cdn$0.32 to Cdn$3.38 and which expire between 2012 and 2018.

4.4 Contractual Obligations, Commitments and Contingencies

The Company's major contractual obligations and commitments at December 31, 2011 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	$ 40,567	$ -	$ -	$ 40,567
Capital expenditure and purchase commitments contracted at December 31, 2011 but not recognized on the consolidated statement of financial position	17,862	17,862	-	-
Finance lease obligations	1,675	1,675	-	-
	$ 60,104	$ 19,537	$ -	$ 40,567

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

5. Related Party Transactions

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

Table 7

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

	Three months ended December 31,		Twelve months ended December 31,	
	2011	2010	**2011**	2010
Trading transactions				
Management and consulting fees	**$ 1,278**	$ 1,539	**$ 2,524**	$ 2,557
Reimbursements of expenses	**92**	102	**237**	193
Total trading transactions	**$ 1,370**	$ 1,641	**$ 2,761**	$ 2,750
Compensation of key management personnel				
Salaries and directors' fees	**$ 1,519**	$ 2,059	**$ 3,547**	$ 3,758
Share-based payments	**-**	-	**7,996**	1,627
Total compensation of key management personnel	**$ 1,519**	$ 2,059	**$ 11,543**	$ 5,385

Management and consulting fees decreased during the three months and twelve months ended December 31, 2011 compared to the same periods in 2010 mainly due to a $586,000 decrease in bonuses paid to executive officers and directors of the Company in 2011, offset by increases in annual fees granted to certain officers and directors combined with an appreciation of the Canadian dollar relative to the U.S. dollar. The average U.S. dollar-Canadian dollar exchange rate was U.S.$1.0114:Cdn$1.00 in 2011 compared to U.S.$0.9707:Cdn$1.00 in 2010.

Salaries and directors' fees decreased during the three and twelve months ended December 31, 2011 compared to the same periods in 2010 as a result of decreases in bonuses paid to executive officers and directors of the Company in 2011, offset by increases in annual fees granted to certain officers and directors combined with an appreciation of the Canadian dollar relative to the U.S. dollar. Share-based payments increased from $1,627,000 in 2010 to $7,996,000 in 2011 mainly due to the issuance of more stock options in Q1 2011 compared to Q1 2010.

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

6. Critical Accounting Policies and Estimates

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities, revenues and expenses. These estimates are based upon historical experience and on various other assumptions that management believes to be reasonable under the circumstances, and require judgement on matters which are inherently uncertain. A summary of the Company's significant accounting policies is set forth in Note 4 of the consolidated financial statements for the year ended December 31, 2011.

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

6.1 Property, plant and equipment

Property, plant and equipment are the most significant assets of the Company and represent capitalized expenditures related to the development of mining properties and related plant and equipment and the value assigned to exploration potential on acquisition. Property, plant and equipment are recorded at cost less accumulated depreciation and depletion. Maintenance, repairs and renewals are charged to

operations. Capitalized costs are depreciated and depleted using either the unit-of-production method over the estimated economic life of the mine which they relate to, or using the straight-line method over their estimated useful lives.

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

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

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

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

At December 31, 2011, the Company assessed the carrying values of its mineral properties and concluded that CRM required an impairment of $46,327,000, of which $33,281,000 pertained to tangible assets owned, $11,796,000 pertained to intangible mineral properties being depleted, and $1,250,000 pertained to the refining contract. The Company's Eastern Limb properties did not require impairment or reversal of impairment. Any changes to future market conditions and commodity prices may result in impairment, a further impairment or a reversal of impairment of any of the Company's mineral properties.

6.2 Revenue recognition

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

As a result of fluctuations in PGM prices, the Company recorded negative provisional price adjustments

of $2,977,000 and $4,720,000 in the three and twelve months ended December 31, 2011, respectively, compared to positive price adjustments of $3,082,000 and $5,394,000 in the three and twelve months ended December 31, 2010, respectively.

6.3 Share-based payment

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

During the year ended December 31, 2011, the Company's weighted average assumptions for the calculation included a risk-free interest rate of 2.69%, expected life of the options of 5 years, no dividends, and an annualized volatility of the Company's shares of 73%. The resulting weighted average option valuation was Cdn$0.82 per share. Share-based payment expense of $8,325,000 was recognized during the year ended December 31, 2011 (December 31, 2010 - $1,452,000), of which $8,193,000 was due to the Company's share option plan and $132,000 was due to the Company's key skills retention plan.

6.4 Provision for environmental rehabilitation

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

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

At December 31, 2011, the expected present value of future rehabilitation costs at CRM and Spitzkop was $8,390,000 using a discount rate of 8.47%. The undiscounted value was approximately $40,567,000.
The Company has not recorded any future rehabilitation costs for its Mareesburg project as these costs are currently determined to be immaterial.

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7. Adoption of Accounting Standards and Accounting Pronouncements under IFRS

7.1 Application of new and revised IFRSs

Effective January 1, 2011, the Company adopted new and revised International Financial Reporting Standards ("IFRSs") that were issued by the International Accounting Standards Board ("IASB"). The

application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

(a) Amendment to IAS 32 Financial Instruments: Presentation

Rights, options or warrants to acquire a fixed number of the Company's equity instruments for a fixed amount of any currency will be allowed to be classified as equity instruments so long as the Company offers the rights, options or warrants pro rata to all of the Company's existing owners of the same class of the Company's non-derivative equity instruments.

(b) Amendments to IFRS 3 Business Combinations

Clarification that the contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 that is outstanding at the adoption date continues to be accounted for in accordance with IFRS 3.

Limiting the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation.

Expansion of the guidance with regards to the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards.

(c) Amendments to IAS 27 Consolidated and Separate Financial Statements

Clarification that the amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates*, and IAS 31 *Interests in Joint Ventures* resulting from IAS 27 should be applied prospectively, except for amendments resulting from renumbering.

(d) Amendments to IFRS 7 Financial Instruments: Disclosures

Amendment to disclosure requirements, specifically, ensuring qualitative disclosures are made in close proximity to quantitative disclosures in order to better enable financial statement users to evaluate an entity's exposure to risks arising from financial instruments.

(e) Amendments to IAS 1 Presentation of Financial Statements

Clarification that the breakdown of changes in equity resulting from transactions recognized in other comprehensive income is required to be presented in the statement of changes in equity or in the notes to the financial statements.

(f) Amendments to IAS 24 Related Party Disclosures

Amendment of the definition for related parties.

(g) Amendments to IAS 34 Interim Financial Reporting

Addition of further examples of events or transactions that require disclosure and removal of references to materiality when discussing other minimum disclosures.

7.2 Accounting standards issued but not yet effective

(a) Effective for annual periods beginning on or after July 1, 2011

(i) Amendments to IFRS 7 Financial Instruments: Disclosures

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

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

(i) New standard IFRS 10 Consolidated Financial Statements

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

(ii) New standard IFRS 11 Joint Arrangements

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

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

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

(iv) New standard IFRS 13 Fair Value Measurement

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

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

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

(iv) Amended standard IAS 19 Employee Benefits

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

(vi) Amended standard IAS 27 Separate Financial Statements

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

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

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

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

(i) New standard IFRS 9 Financial Instruments

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

The Company has not early adopted these new and amended standards and is currently assessing the impact that these standards will have on the consolidated financial statements. IFRS 10, IFRS 11, IAS 27 and IAS 28 cannot be early adopted on a stand-alone basis and may only be early adopted as a group along with IFRS 12. Early adoption must be disclosed.

IFRS 12 disclosure is encouraged prior to adoption of the standard. This early disclosure does not require the entity to apply IFRS 10, IFRS 11, IAS 27 or IAS 28. IFRS 13 may be early adopted on a stand-alone basis so long as this fact is disclosed and the standard is applied prospectively as at the beginning of the annual reporting period in which the standard is initially applied.

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8. Risk Factors

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

8.1 Risks associated with the mining industry

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

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

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

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

8.2 Risks associated with the current global economic uncertainty

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

8.3 Risks associated with foreign currencies

The Company currently uses the South African Rand and the Canadian dollar as its functional currencies, and the U.S. dollar as its reporting currency. Operations at the Company's CRM are predominately conducted in Rand, with costs paid in Rand and revenues received in Rand, even though PGM prices are based in U.S. dollars. The Company does not hedge or sell forward any of its PGM production and is therefore exposed to exchange rate fluctuations. A deterioration of the U.S. dollar against the Rand could increase the cost of PGM production and exploration and development costs and therefore may have a material adverse effect on the earnings of CRM. During 2010, the average U.S. dollar to Rand exchange rate weakened by 13% compared to 2009, causing the 2010 U.S. dollar operating costs per ounce to increase in the absence of other cost factors. The average U.S. dollar to Rand exchange rate in 2011 was not significantly different than that of 2010, but there were wide fluctuations in the exchange rates during those two years.

Fluctuations in the exchange rate between the Canadian dollar and the Rand may also have a significant impact on the Company's results of operations and financial condition. The Company's assets and liabilities will be subject to the same exchange rate fluctuations that could also have a significant effect on the results of the Company.

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

8.4 Risks associated with metal prices

Metal prices, particularly platinum prices, have a direct impact on the Company's earnings and the commercial viability of the Company's other mineral properties. Platinum is both a precious metal and an industrial metal. The most important industrial consumption of platinum is in automobile catalytic

converters. Demand recovered in 2010 as a result of the recovery of the auto sector and acquisition by physically-backed exchange traded funds (ETFs), but has recently become unstable again due to the current volatility of the eurozone financial markets. Supplies have been negatively affected by the depletion of existing resources and the lack of new mining projects, and by intermittent production stoppages experienced by many of the South African PGM miners as a result of various factors such as labour unrest and mine safety issues. Some of the other key factors that may influence platinum prices are policies in the most important producing countries, namely South Africa and the Russian Federation, the amount of stockpiled platinum, economic conditions in the main consuming countries, international economic and political trends, fluctuations in the U.S. dollar and other currencies, interest rates, and inflation. A decline in the market price of PGMs mined by the Company may render ore reserves containing relatively low grades of mineralization uneconomic and may in certain circumstances lead to a restatement of reserves.

Prices for platinum and most of the other PGMs reached all-time highs in the first half of 2008, and as a result, the Company achieved record margins for its PGM sales during the first two quarters of that year. While PGM prices have generally increased steadily since the beginning of 2009, the weakening of the U.S. dollar over the same period has had an offsetting effect against the increasing PGM prices as the Company receives its revenues in Rand and incurs its operating expenses in Rand. There is no assurance that PGM prices will return to the 2008 highs in the future.

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

8.5 Risks associated with foreign operations

The Company's investments in South Africa carry certain risks associated with different political and economic environments. Since 1994, South Africa has undergone major changes to effect majority rule and mineral title. Accordingly, all laws may be considered relatively new, resulting in risks such as possible misinterpretation of new laws, unilateral modification of mining or exploration rights, operating restrictions, increased taxes, environmental regulation, mine safety and other risks arising out of a new sovereignty over mining, any or all of which could have an adverse impact upon the Company. The Company's operations may also be affected in varying degrees by political and economic instability, terrorism, crime, extreme fluctuations in currency exchange rates, and inflation.

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

8.6 Risks associated with granting of exploration, mining and other licenses

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

The Company's exploration and mining activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be granted for a defined period of time, or may not be granted, or may be withdrawn or made subject to limitations. There can be no assurance

that such authorizations will be renewed following expiry or granted (as the case may be) or as to the terms of such grants or renewals. There is also no assurance that the issue of a reconnaissance, prospecting or exploration licence will ensure the subsequent issue of a mining licence. All ‘Old Order’ mineral rights in South Africa are subject to conversion into ‘New Order’ mineral rights. New Order Mining Rights for the Spitzkop and Mareesburg Projects were issued by the Department of Mineral Resources (“DMR”) in October 2009 and September 2010, respectively.

CRM currently holds a total of 7 New Order Prospecting Rights and 5 New Order Mining Rights. The Kennedy’s Vale Project and CRM now hold a combined total of 10 New Order Prospecting Rights.

8.7 Risks associated with the development of the Mareesburg Project

The Company’s decision to carry out the development of the Mareesburg Project was based on internal scoping studies and cash flow models. The Company did not commission an independent economic analysis in respect of its decision to proceed with this development. If the Company’s internal scoping studies or cash flow models prove to be inaccurate or incomplete, the expected returns from the Mareesburg Project could be lower or even negative, and the Company’s financial condition and results of operations could be materially adversely affected. There can be no assurance that the Company’s projects will be fully developed in accordance with the Company’s current plans or completed on time or on budget.

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9. Financial instruments

9.1 Management of capital risk

The Company’s objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. The Company is not subject to externally imposed capital requirements.

9.2 Categories of financial instruments

Table 8

(Expressed in thousands of U.S. dollars)	December 31,	
	2011	2010
Financial assets		
Cash and cash equivalents	**$ 151,838**	$ 107,846
Loans and receivables (1)	**23,580**	33,787
Available for sale financial assets (2)	**106,958**	246,269
	$ 282,376	$ 387,902
Financial liabilities		
Other financial liabilities (3)	**40,459**	27,009
	$ 40,459	$ 27,009

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

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

9.3 Financial risk management

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

(a) Currency risk

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

(b) Interest rate risk

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

(c) Price risk

The Company is exposed to price risk with respect to fluctuations in the prices of platinum group metals. These fluctuations directly affect revenues and trade receivables. As at December 31, 2011, the Company's financial assets subject to metal price risk consist of trade receivables of $11,550,000 (December 31, 2010 - $30,142,000). Historically, the Company has not entered into any derivative financial instruments to manage exposures to price fluctuations. No such derivative financial instruments existed at December 31, 2011 and 2010.

(d) Credit risk

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

The Company currently sells substantially all of its PGM concentrate production to one customer under an off-take contract. At December 31, 2011, the Company had receivable balances associated with this one customer of $11,550,000 (December 31, 2010 - $30,142,000). The loss of this customer or unexpected termination of the off-take contract could have a material adverse effect on the Company's results of operations, financial condition and cash flows. The Company has not experienced any bad debts with this customer.

The Company minimizes credit risk by reviewing the credit risk of the counterparty to the arrangement and has made any necessary provisions related to credit risk at December 31, 2011.

(e) Liquidity risk

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

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments. The Company staggers the maturity dates of its investments over different time periods and dates to minimize exposure to interest rate changes. This strategy remains unchanged from 2010.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. Table 6 summarizes the Company's significant commitments and corresponding maturities.

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10. Internal Control over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, together with the Company's management, are responsible for the information disclosed in this MD&A and in the Company's other external disclosure documents. For the years ended December 31, 2011 and 2010, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("DCP") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been disclosed in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements.

The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that the design and operation of the Company's DCP were effective as of December 31, 2011 and that the Company has the appropriate DCP to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable.

The CEO and the CFO are also responsible for the design of the internal controls over financial reporting ("ICFR") within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). Since 2009, the Company has used the services of an international accounting firm to act as the Company's internal auditors for its South African operations. Under the supervision, and with the participation, of the CEO and the CFO, management conducted an evaluation of the effectiveness of the Company's ICFR based on the framework in the *Internal Control – Integrated Framework* developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, the CEO and the CFO concluded that the design and operation of the Company's ICFR were effective as at December 31, 2011.

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

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

There have been no changes in the Company's ICFR during the year ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

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11. Cautionary Statement on Forward-Looking Information

This MD&A, which contains certain forward-looking statements, is intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. 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.

March 5, 2012

Ian Rozier