Consolidated financial statements of

Eastern Platinum Limited

December 31, 2011 and 2010

Eastern Platinum Limited

December 31, 2011

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Independent Auditor's Report

To the Shareholders of
Eastern Platinum Limited

We have audited the accompanying consolidated financial statements of Eastern Platinum Limited (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2011 and 2010, and the consolidated statements of income, comprehensive (loss) income, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2011 and 2010, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
March 5, 2012

Eastern Platinum Limited

Consolidated income statements

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

	Note	Year ended December 31, 2011	Year ended December 31, 2010
Revenue		**$ 113,203**	$ 155,000
Cost of operations			
Production costs		**114,614**	109,901
Depletion and depreciation	7	**20,451**	22,507
Impairment	7(e), 16	**46,327**	-
		181,392	132,408
Mine operating (loss) earnings		**(68,189)**	22,592
Expenses			
General and administrative	7(d)	**11,847**	12,117
Share-based payments	8(f)(g)	**8,325**	1,452
		20,172	13,569
Operating (loss) profit		**(88,361)**	9,023
Other income (expense)			
Interest income		**5,529**	1,797
Finance costs	9	**(1,549)**	(1,807)
Foreign exchange loss		**(2,551)**	(160)
(Loss) profit before income taxes		**(86,932)**	8,853
Income tax (expense) recovery	10	**(56)**	924
Net (loss) profit for the year		**$ (86,988)**	$ 9,777
Attributable to			
Non-controlling interest	11	**$ (10,443)**	$ (3,575)
Equity shareholders of the Company		**(76,545)**	13,352
Net (loss) profit for the year		**$ (86,988)**	$ 9,777
(Loss) earnings per share			
Basic	12	**$ (0.08)**	$ 0.02
Diluted	12	**$ (0.08)**	$ 0.02
Weighted average number of common shares outstanding in thousands			
Basic	12	**908,199**	683,177
Diluted	12	**908,199**	694,839

Eastern Platinum Limited

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

	Year ended December 31, 2011	Year ended December 31, 2010
Net (loss) profit for the year	**$ (86,988)**	$ 9,777
Other comprehensive (loss) income		
Exchange differences on translating foreign operations	**(120,935)**	70,355
Exchange differences on translating non-controlling interest	**(268)**	762
Comprehensive (loss) income for the year	**$ (208,191)**	$ 80,894
Attributable to		
Non-controlling interest	**(10,711)**	(2,813)
Equity shareholders of the Company	**(197,480)**	83,707
Comprehensive (loss) income for the year	**$ (208,191)**	$ 80,894

Eastern Platinum Limited

Consolidated statements of financial position as at
December 31, 2011 and 2010
(Expressed in thousands of U.S. dollars)

	Note	**December 31, 2011**	December 31, 2010
Assets			
Current assets			
Cash and cash equivalents	13	**$ 151,838**	$ 107,846
Short-term investments		**98,963**	242,446
Trade and other receivables	14	**23,580**	33,787
Inventories	15	**7,989**	8,832
		282,370	392,911
Non-current assets			
Property, plant and equipment	7	**615,439**	715,976
Refining contract	16	**9,009**	14,265
Other assets	17	**7,995**	3,823
		$ 914,813	**$ 1,126,975**
Liabilities			
Current liabilities			
Trade and other payables	18	**$ 40,459**	$ 27,009
Finance leases	19	**1,675**	3,211
		42,134	30,220
Non-current liabilities			
Provision for environmental rehabilitation	20	**8,390**	8,934
Deferred tax liabilities	10	**33,520**	46,642
		84,044	85,796
Equity			
Issued capital	8	**1,230,358**	1,219,869
Treasury shares	8(g)	**(334)**	-
Equity-settled employee benefits reserve		**41,563**	33,390
Foreign currency translation reserve		**(103,479)**	17,456
Deficit		**(333,856)**	(236,764)
Capital and reserves attributable to equity shareholders of the Company		**834,252**	1,033,951
Non-controlling interest	11	**(3,483)**	7,228
		830,769	1,041,179
		$ 914,813	**$ 1,126,975**

Approved and authorized for issue by the Board on March 5, 2012.

"David Cohen"
David Cohen, Director

"Robert Gayton"
Robert Gayton, Director

Eastern Platinum Limited

Consolidated statements of changes in equity
(Expressed in thousands of U.S. dollars, except number of shares)

	Issued capital	Treasury shares	Equity-settled employee benefits reserve	Foreign currency translation reserve	Deficit	Capital and reserves attributable to equity shareholders of the Company	Non-controlling interest	Equity
Balance December 31, 2009	**$ 890,150**	**$ -**	**$ 32,336**	**$ (52,899)**	**$ (250,116)**	**$ 619,471**	**$ 10,041**	**$ 629,512**
Net profit	-	-	-	-	13,352	13,352	(3,575)	9,777
Currency translation adjustment	-	-	-	70,355	-	70,355	762	71,117
Total comprehensive income	-	-	-	70,355	13,352	83,707	(2,813)	80,894
Public offering	345,391	-	-	-	-	345,391	-	345,391
Share issuance costs	(16,501)	-	-	-	-	(16,501)	-	(16,501)
Stock options exercised	829	-	(398)	-	-	431	-	431
Share-based payments	-	-	1,452	-	-	1,452	-	1,452
Balance, December 31, 2010	**$ 1,219,869**	**$ -**	**$ 33,390**	**$ 17,456**	**$ (236,764)**	**$ 1,033,951**	**$ 7,228**	**$ 1,041,179**
Net loss	-	-	-	-	(76,545)	(76,545)	(10,443)	(86,988)
Currency translation adjustment	-	-	-	(120,935)	-	(120,935)	(268)	(121,203)
Total comprehensive loss	-	-	-	(120,935)	(76,545)	(197,480)	(10,711)	(208,191)
Acquisition of Lion's Head (Note 6)	10,389	-	-	-	(20,547)	(10,158)	-	(10,158)
Stock options exercised	100	-	(100)	-	-	-	-	-
Share-based payments	-	-	8,193	-	-	8,193	-	8,193
Treasury shares	-	(334)	80	-	-	(254)	-	(254)
Balance, December 31, 2011	**$ 1,230,358**	**$ (334)**	**$ 41,563**	**$ (103,479)**	**$ (333,856)**	**$ 834,252**	**$ (3,483)**	**$ 830,769**

Eastern Platinum Limited

Consolidated statements of cash flows

(Expressed in thousands of U.S. dollars)

	Note	**Year ended December 31, 2011**	Year ended December 31, 2010
Operating activities			
(Loss) profit before income taxes		**$ (86,932)**	$ 8,853
Adjustments to net (loss) profit for non-cash items			
Impairment	7(e), 16	**46,327**	-
Depletion and depreciation	7	**21,170**	22,507
Refining contract amortization	16	**1,530**	1,513
Environmental expense		**409**	-
Loss on disposal of property, plant and equipment		**67**	-
Share-based payments	8(f)(g)	**8,325**	1,452
Interest income		**(5,529)**	(1,797)
Finance costs	9	**1,549**	1,807
Foreign exchange loss		**2,551**	160
Allowance for bad debts	14(b)	**528**	-
Net changes in non-cash working capital items			
Trade and other receivables		**4,147**	(2,318)
Inventories		**(828)**	(3,040)
Trade and other payables		**3,299**	1,322
Cash (used in) generated from operations		**(3,387)**	30,459
Adjustments to net (loss) profit for cash items			
Interest income received		**4,917**	1,767
Finance costs paid		**(243)**	(252)
Net taxes received		**126**	-
Net operating cash flows		**1,413**	31,974
Investing activities			
Net maturity of short-term investments		**137,999**	(223,118)
Purchase of other assets		**(5,387)**	(1,129)
Property, plant and equipment expenditures		**(87,048)**	(32,991)
Disposal of property, plant and equipment		**232**	-
Acquisition related dividend refund received		**228**	-
Net investing cash flows		**46,024**	(257,238)
Financing activities			
Common shares issued for cash, net of share issue costs - public financing		**-**	328,890
Common shares issued for cash - exercise of stock options		**-**	423
Payment of finance leases		**(1,205)**	(2,161)
Net financing cash flows		**(1,205)**	327,152
Effect of exchange rate changes on cash and cash equivalents		**(2,240)**	(1,291)
Increase in cash and cash equivalents		**43,992**	100,597
Cash and cash equivalents, beginning of year		**107,846**	7,249
Cash and cash equivalents, end of year		**$ 151,838**	$ 107,846

1. Nature of operations

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

Eastern Platinum Limited is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company's shares are listed on the Toronto Stock Exchange, Alternative Investment Market, and the Johannesburg Stock Exchange.

The head office, principal address and records office of the Company are located at 1075 West Georgia Street, Suite 250, Vancouver, British Columbia, Canada, V6E 3C9. The Company's registered address is 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia, Canada, V6E 4N7.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

3. Application of new and revised International Financial Reporting Standards

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.

3. Application of new and revised International Financial Reporting Standards (continued)

(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.

4. Summary of significant accounting policies

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

(a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries, including special purpose entities). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

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

(b) Business combinations

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

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

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

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

4. Summary of significant accounting policies (continued)

(c) Presentation currency

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

(d) Foreign currency translation

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

(e) Revenue recognition

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

(i) Sale of goods

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

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

The sale of platinum group and other metals is provisionally priced such that the price is not settled until a predetermined future date based on the market price at that time. Revenue on these sales is initially recognized (when the conditions above are met) at the current market price. The difference between the present value and the future value of the current market price is recognized as interest income over the term of settlement. Subsequent to initial recognition but prior to settlement, sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This mark to market adjustment is recorded in revenue.

4. Summary of significant accounting policies (continued)

(e) Revenue recognition

(ii) Rental income

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

(iii) Interest income

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

(f) Share-based payments

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

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

(g) Finance costs

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

(h) Income taxes

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

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

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

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

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

4. Summary of significant accounting policies (continued)

(h) Income taxes (continued)

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

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

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

(i) Earnings (loss) per share

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

(j) Comprehensive income (loss)

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

(k) Cash and cash equivalents

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

(l) Short-term investments

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

4. Summary of significant accounting policies (continued)

(m) Inventories

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

(n) Property, plant and equipment

(i) Mining assets

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

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

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

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

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

4. Summary of significant accounting policies (continued)

(n) Property, plant and equipment (continued)

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

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

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

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

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

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

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

(iii) Leased assets

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

(iv) Subsequent Costs

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

(v) Impairment

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

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

4. Summary of significant accounting policies (continued)

(n) Property, plant and equipment (continued)

(v) Impairment (continued)

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

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

(vi) Reversal of impairment

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

(o) Refining contract

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

(p) Financial assets

Financial assets are classified into one of four categories:

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

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

(i) FVTPL financial assets

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

4. Summary of significant accounting policies (continued)

(p) Financial assets (continued)

(i) FVTPL financial assets (continued)

A financial asset is classified as held for trading if:

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

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company does not have any assets classified as FVTPL financial assets.

(ii) HTM investments

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

(iii) AFS financial assets

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

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

(iv) Loans and receivables

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

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

4. Summary of significant accounting policies (continued)

(p) Financial assets (continued)

(v) Effective interest method

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

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

(vi) Impairment of financial assets

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

Objective evidence of impairment could include the following:
- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

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

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

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

(vii) Derecognition of financial assets

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

4. Summary of significant accounting policies (continued)

(q) Leases

(i) The Company as lessor

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

(ii) The Company as lessee

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

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

(r) Provisions

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

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

(s) Environmental rehabilitation

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

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

4. Summary of significant accounting policies (continued)

(s) Environmental rehabilitation (continued)

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

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

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

(t) Employee benefits

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

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

(ii) Leave pay

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

(u) Financial liabilities and equity

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

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

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

(i) Other financial liabilities

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

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

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

4. Summary of significant accounting policies (continued)

(u) Financial liabilities and equity (continued)

(ii) Derecognition of financial liabilities

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

(v) Critical accounting estimates

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

(i) Impairment of property, plant and equipment

Please refer to Note 4(n)(v).

(ii) Rehabilitation provision

The future value of the provision for environmental rehabilitation was determined using an inflation rate of 6.00% (December 31, 2010 – 5.49%) and an estimated life of mine of 20 years for Zandfontein (December 31, 2010 – 20 years), 9 years for Maroelabult (December 31, 2010 – 11 years), 16 years for Crocette (December 31, 2010 – 14 years), 21 years for Kennedy's Vale (December 31, 2010 – 1 year) and 21 years for Spitzkop (December 31, 2010 – 22 years). The provision has been discounted to present value at a discount rate of 8.47% (December 31, 2010 – 8.29%).

(w) Critical accounting judgments

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

(i) Determination of functional currency

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

(ii) Useful life of assets

At December 31, 2011 the remaining life of mine for Zandfontein, Maroelabult, Crocette, Kennedy's Vale and Spitzkop was assessed at 20 years, 9 years, 16 years, 21 years and 21 years, respectively (December 31, 2010 – 20 years, 11 years, 14 years, 1 year and 22 years, respectively) based on proven and probable ore reserves. The change in remaining mine life will be evaluated each year as the reserves move to the proven and probable category.

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

4. Summary of significant accounting policies (continued)

(w) Critical accounting judgments (continued)

(iii) Depreciation rates

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

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

(x) Accounting standards issued but not yet effective

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

- 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.

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

- New standard *IFRS 10 Consolidated Financial Statements*

  IFRS 10 outlines *the principles for the presentation and preparatio*n of consolidat*ed financial statements.*

- *New standard IFRS 11 Joint Arrangements*

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

- New standard *IFRS 12 Disclosure of Interests in Other Entities*

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

- New standard *IFRS 13 Fair Value Measurement*

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

4. Summary of significant accounting policies (continued)

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

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

- 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.

- Amended standard *IAS 19 Employee Benefits*

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

- Amended standard *IAS 27 Separate Financial Statements*

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

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

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

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

- New standard IFRS 9 *Financial Instruments*

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

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

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

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

5. Subsidiaries and associates

(a) Subsidiaries

Details of the Company's subsidiaries at December 31, 2011 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held December 31, 2011	December 31, 2010
Eastern Platinum Holdings Limited	Holding company	BVI (i)	**100%**	100%
Eastplats Holdings Limited	Holding company	BVI (i)	**100%**	100%
Eastplats Acquisition Co. Ltd.	Holding company	BVI (i)	**100%**	100%
Eastplats International Incorporated	Holding company	Barbados	**100%**	100%
Royal Anthem Investments 134 (Pty) Ltd.	Holding company	South Africa	**100%**	100%
Spitzkop Joint Venture	Mining	South Africa	**93.37%**	93.37%
Barplats Investments Limited	Mining	South Africa	**87.49%**	87.49%
Spitzkop Platinum (Pty) Ltd.	Mining	South Africa	**86.74%**	86.74%
Mareesburg Joint Venture	Mining	South Africa	**87%**	75.5%
Lion's Head Platinum (Pty) Ltd.	Holding company	South Africa	**74%**	51%
Gubevu Consortium Investment Holdings (Pty) Ltd. (ii)	Holding company	South Africa	**49.99%**	49.99%

(i) British Virgin Islands ("BVI")

(ii) The Company has determined that its investment in Gubevu Consortium Investment Holdings (Pty) Ltd. is a Special Purpose Entity.

(b) Associates

Details of the Company's associates at December 31, 2011 are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held December 31, 2011	December 31, 2010
Afrimineral Holdings (Pty) Ltd.	Holding company	South Africa	**49%**	49%

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

6. Purchase of Lion's Head Platinum (Pty) Ltd.

On December 14, 2011 the Company acquired a further 23% of Lion's Head Platinum (Pty) Ltd. ("Lion's Head") to increase its direct and indirect interest to 74%. The acquisition was by way of a purchase of 23 shares in Lion's Head for consideration of $10 million and 20,000,000 common shares in Eastern Platinum Limited. The cash of $10 million was paid in January 2012 (Note 18).

This transaction increased the Company's direct and indirect ownership in the Mareesburg Joint Venture from 75.5% to 87%. As the acquisition did not lead to the Company acquiring control nor losing control of the Mareesburg JV, the increase in ownership was accounted for as an equity transaction.

Purchase price		
Acquisition of 23% of Lion's Head		
Cash ($10 million)	$	10,000
Shares (20,000,000 common shares of Eastern Platinum Limited)		10,389
Acquisition costs		158
	$	**20,547**

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

7. Property, plant and equipment

	Tangible assets owned	Tangible assets leased being depleted	Intangible mineral properties being depleted	Intangible mineral properties not being depleted	Residential properties	Properties and land	TOTAL
Cost							
Balance as at December 31, 2009	**$ 426,223**	**$ 6,132**	**$ 136,100**	**$ 546,122**	**$ 10,071**	**$ 6,978**	**$ 1,131,626**
Assets acquired	32,444	-	-	261	286	-	32,991
Foreign exchange movement	56,520	768	17,040	58,901	1,275	874	135,378
Balance as at December 31, 2010	**$ 515,187**	**$ 6,900**	**$ 153,140**	**$ 605,284**	**$ 11,632**	**$ 7,852**	**$ 1,299,995**
Assets acquired	85,857	265	-	34	892	-	87,048
Assets disposed	(2,221)	-	-	-	-	-	(2,221)
Transfer	(10,876)	-	862	(862)	10,876	-	-
Foreign exchange movement	(101,804)	(1,272)	(28,364)	(94,591)	(3,509)	(1,450)	(230,990)
Balance as at December 31, 2011	**$ 486,143**	**$ 5,893**	**$ 125,638**	**$ 509,865**	**$ 19,891**	**$ 6,402**	**$ 1,153,832**
Accumulated depreciation and impairment losses							
Balance as at December 31, 2009	**$ 126,944**	**$ 3,691**	**$ 20,765**	**$ 342,322**	**$ 2,296**	**$ 830**	**$ 496,848**
Depreciation	15,452	1,244	5,676	-	135	-	22,507
Foreign exchange movement	17,574	598	3,224	42,862	302	104	64,664
Balance as at December 31, 2010	**$ 159,970**	**$ 5,533**	**$ 29,665**	**$ 385,184**	**$ 2,733**	**$ 934**	**$ 584,019**
Depreciation	15,282	1,114	4,339	-	435	-	21,170
Depreciation of disposed assets	(1,989)	-	-	-	-	-	(1,989)
Impairment loss	33,281	-	11,796	-	-	-	45,077
Transfer	-	-	862	(862)	-	-	-
Foreign exchange movement	(31,014)	(1,149)	(5,997)	(70,989)	(563)	(172)	(109,884)
Balance as at December 31, 2011	**$ 175,530**	**$ 5,498**	**$ 40,665**	**$ 313,333**	**$ 2,605**	**$ 762**	**$ 538,393**
Carrying amounts							
At December 31, 2009	$ 299,279	$ 2,441	$ 115,335	$ 203,800	$ 7,775	$ 6,148	$ 634,778
At December 31, 2010	$ 355,217	$ 1,367	$ 123,475	$ 220,100	$ 8,899	$ 6,918	$ 715,976
At December 31, 2011	**$ 310,613**	**$ 395**	**$ 84,973**	**$ 196,532**	**$ 17,286**	**$ 5,640**	**$ 615,439**

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

7. Property, plant and equipment

	Crocodile River Mine (a)	Kennedy's Vale Project and Concentrator (b)	Spitzkop PGM Project (c)	Mareesburg Project (c)	Other property plant and equipment	TOTAL
Cost						
Balance as at December 31, 2009	**$ 585,376**	**$ 400,017**	**$ 118,994**	**$ 27,111**	**$ 128**	**$ 1,131,626**
Assets acquired	32,728	-	47	214	2	32,991
Foreign exchange movement	76,470	50,082	7,316	1,503	7	135,378
Balance as at December 31, 2010	**$ 694,574**	**$ 450,099**	**$ 126,357**	**$ 28,828**	**$ 137**	**$ 1,299,995**
Assets acquired	52,384	34,618	30	14	2	87,048
Assets disposed	(2,221)	-	-	-	-	(2,221)
Transfer	(55,783)	55,783	-	-	-	-
Foreign exchange movement	(127,312)	(92,043)	(10,894)	(739)	(2)	(230,990)
Balance as at December 31, 2011	**$ 561,642**	**$ 448,457**	**$ 115,493**	**$ 28,103**	**$ 137**	**$ 1,153,832**
Accumulated depreciation and impairment losses						
Balance as at December 31, 2009	**$ 154,417**	**$ 342,322**	**$ -**	**$ -**	**$ 109**	**$ 496,848**
Depreciation	22,500	-	-	-	7	22,507
Foreign exchange movement	21,796	42,861	-	1	6	64,664
Balance as at December 31, 2010	**$ 198,713**	**$ 385,183**	**$ -**	**$ 1**	**$ 122**	**$ 584,019**
Depreciation	20,444	719	-	-	7	21,170
Depreciation of disposed assets	(1,989)	-	-	-	-	(1,989)
Impairment loss	45,077	-	-	-	-	45,077
Foreign exchange movement	(38,690)	(71,191)	-	(1)	(2)	(109,884)
Balance as at December 31, 2011	**$ 223,555**	**$ 314,711**	**$ -**	**$ -**	**$ 127**	**$ 538,393**
Carrying amounts						
At December 31, 2009	$ 430,959	$ 57,695	$ 118,994	$ 27,111	$ 19	$ 634,778
At December 31, 2010	$ 495,861	$ 64,916	$ 126,357	$ 28,827	$ 15	$ 715,976
At December 31, 2011	**$ 338,087**	**$ 133,746**	**$ 115,493**	**$ 28,103**	**$ 10**	**$ 615,439**

7. Property, plant and equipment (continued)

(a) Crocodile River Mine ("CRM")

The Company holds directly and indirectly 87.5% of CRM, which is located on the eastern portion of the western limb of the Bushveld Complex. The Maroelabult and Zandfontein sections are currently in production. Development of the Crocette section was put on hold in December 2011.

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

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

(c) Spitzkop PGM Project and Mareesburg Project

The Company holds directly and indirectly a 93.4% interest in the Spitzkop PGM Project and an 87% interest in the Mareesburg Project. The Company currently acts as the operator of both the Mareesburg Platinum Project and Spitzkop PGM Project, both located on the eastern limb of the Bushveld Complex. Construction of the Mareesburg Project is currently in progress and is expected to be completed in the first quarter of 2013. The Spitzkop PGM Project is planned to be developed after the Mareesburg Project goes into production.

(d) Depreciation

Depreciation of $719 (December 31, 2010 – $Nil) is included in general and administrative expenses for the twelve months ended December 31, 2011. This depreciation pertains to assets which are not currently being used for mining operations.

(e) Impairment of property, plant and equipment

During the year ended December 31, 2011, the Company determined that the carrying value of CRM exceeded the expected net present value of its future cash flows. This resulted in an impairment charge of $45,077 at CRM, of which $33,281 pertained to tangible assets owned and $11,796 pertained to intangible mineral properties being depleted.

The expected net present value of CRM's future cash flows were calculated using a weighted average cost of capital of 8.63%, and the following forecasted foreign exchange rates and prices.

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

7. Property, plant and equipment (continued)

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

		2012	2013	2014	2015	2016	2017+
South African Rand per U.S. Dollar		7.35	7.20	8.20	8.59	9.03	10.59
Platinum	US$/oz	1,750	1,753	1,741	1,752	1,735	1,665
Palladium	US$/oz	750	784	821	859	825	702
Rhodium	US$/oz	1,525	1,763	2,413	2,678	2,692	3,625
Gold	US$/oz	1,580	1,430	1,319	1,221	1,113	1,005
Iridium	US$/oz	1,040	1,019	643	648	644	620
Ruthenium	US$/oz	120	118	230	225	230	220
Nickel	US$/tonne	24,150	22,865	21,598	20,886	20,231	18,210
Copper	US$/tonne	9,855	9,001	7,828	7,319	6,916	5,565
Chrome	Rand/tonne	600	600	600	600	600	600

(f) Assets pledged as security

As at December 31, 2011, $338,087 of property, plant and equipment has been pledged as security for the $100 million credit facility (December 31, 2010 – Nil).

8. Issued capital

(a) Authorized

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

(b) Issued and outstanding

Changes to the number of shares issued and outstanding are as follows:

		December 31, 2011	December 31, 2010
	Note	**Number of shares**	Number of shares
Balance outstanding, beginning of period		**907,589,567**	680,893,325
Lion's Head acquisition	8(d)	**20,000,000**	-
Public offering	8(e)	**-**	224,250,000
Shares issued upon option exercise	8(f)	**598,273**	2,446,242
Balance outstanding, end of period		**928,187,840**	907,589,567

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

8. Issued capital (continued)

(c) Treasury shares

	December 31, 2011	December 31, 2010
	Number of treasury shares	Number of treasury shares
Balance outstanding, beginning of period	**-**	-
Purchase of shares pursuant to Key Skills Retention Plan [Note 8(g)]	**198,563**	-
Balance outstanding, end of period	**198,563**	-

(d) December 14, 2011 Lion's Head acquisition

On December 14, 2011, the Company acquired a further 23% of Lion's Head for consideration of $10 million and 20,000,000 common shares in Eastern Platinum Limited (Note 6).

(e) December 30, 2010 Public Offering

On December 30, 2010, the Company completed a public offering (the "Public Offering"). The Public Offering consisted of 224,250,000 common shares, of which 195,361,476 common shares were sold at a price of Cdn$1.55 and 28,888,524 common shares were sold at a price of £0.9568. Share issue costs of Cdn$16,501 were incurred.

(f) Share options

The Company has an incentive plan (the "2011 Plan"), approved by the Company's shareholders at its annual general meeting held on June 9, 2011, under which options to purchase common shares may be granted to its directors, officers, employees and others at the discretion of the Board of Directors. Under the terms of the 2011 Plan:

- 79 million common shares are reserved for issuance upon the exercise of options, of which 19,144,497 remain available for issuance at December 31, 2011.

- All outstanding options at June 9, 2011 granted under the Company's previous plan (the "2008 Plan") will continue to exist under the 2011 plan provided that the fundamental terms governing such options will be deemed to be those under the 2008 Plan.

- Each option granted shall be for a term not exceeding five years from the date of being granted and the vesting period is determined based on the discretion of the Board of Directors. Vesting is dependent on continued employment with the Company.

- The option exercise price is set at the date of the grant and cannot be less than the closing market price of the Company's common shares on the Toronto Stock Exchange on the day immediately preceding the day of the grant of the option.

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

8. Issued capital (continued)

(f) Share options (continued)

- The 2011 Plan includes share appreciation rights providing for an optionee to elect to exercise options and to receive an amount in common shares equal to the difference between fair market value at the time of exercise and the exercise price for the options exercised.

(i) Movements in share options during the year

The changes in share options during the years ended December 31, 2011 and 2010 were as follows:

	December 31, 2011		December 31, 2010	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		Cdn$		Cdn$
Balance outstanding, beginning of year	**57,976,836**	**1.52**	59,575,834	1.48
Options granted	**9,875,000**	**1.55**	2,231,000	1.30
Options exercised	**(741,333)**	**0.32**	(2,794,995)	0.33
Options forfeited	**(7,255,000)**	**1.71**	(1,035,003)	1.82
Balance outstanding, end of year	**59,855,503**	**1.52**	57,976,836	1.52

598,273 shares were issued upon the exercise of 741,333 share options during the year ended December 31, 2011. All 741,333 options exercised were non-cash exercises in accordance with the 2011 Plan's share appreciation rights. The weighted average closing share price at the date of exercise was Cdn$1.66.

Options granted and exercised during the year ended December 31, 2011 resulted in share-based payment expense of $8,193 (December 31, 2010 - $1,452).

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

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

	2011
	March 25
Exercise price	**Cdn$1.55**
Closing market price on day preceding date of grant	**Cdn$1.38**
Grant date share price	**Cdn$1.39**
Risk-free interest rate	**2.69%**
Expected life	**5**
Annualized volatility	**73%**
Dividend rate	**0%**
Grant date fair value	**Cdn$0.82**

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

8. Issued capital (continued)

(f) Share options (continued)

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

Exercise price for the March 25, 2011 option issuance is equivalent to the December 30, 2010 public offering price.

	2010
	January 18
Exercise price	Cdn$1.30
Closing market price on day preceding date of grant	Cdn$1.30
Grant date share price	Cdn$1.42
Risk-free interest rate	1.73%
Expected life	3 years
Annualized volatility	83%
Dividend rate	0%
Grant date fair value	Cdn$0.80

Exercise price for the January 18, 2010 option issuance is equivalent to the closing market price on the day preceding the date the options were granted, as defined by the 2008 Plan.

Grant date share price is the closing market price on the day the options were granted.

(iii) Share options outstanding at the end of the year

The following table summarizes information concerning outstanding and exercisable options at December 31, 2011:

Options outstanding	Options exercisable	Exercise price	Remaining Contractual Life (Years)	Expiry date
		Cdn$		
19,987,500	19,987,500	1.82	0.19	March 7, 2012
13,772,001	13,772,001	0.32	1.97	December 18, 2013
400,000	400,000	0.52	2.50	June 30, 2014
75,002	75,002	0.76	2.84	November 3, 2014
2,226,000	2,226,000	1.30	3.06	January 18, 2015
9,875,000	9,875,000	1.55	4.24	March 25, 2016
12,950,000	12,950,000	2.31	5.77	October 5, 2017
400,000	400,000	3.38	6.15	February 20, 2018
170,000	170,000	3.38	6.24	March 27, 2018
59,855,503	59,855,503		2.66	

The weighted average exercise price of options exercisable at December 31, 2011 is Cdn$1.52.

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

8. Issued capital (continued)

(g) Key skills retention plan

In 2010, the Company's South African subsidiary, Barplats Investments Limited ("BIL"), implemented a key skills retention plan for its senior employees in South Africa. The purpose of the plan is to retain key employees, attract new employees as the need arises and remain competitive with other South African mining companies.

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 $132 in the year ended December 31, 2011, and a share-based payment liability of $48 at December 31, 2011. These shares have been recorded as "treasury shares" in the statement of financial position.

9. Finance costs

	December 31, 2011	December 31, 2010
Interest on revenue advances	**$ 476**	$ 614
Interest on finance leases	**178**	277
Interest on provision for environmental rehabilitation	**676**	694
Interest on tax	**215**	209
Other interest	**4**	13
	$ 1,549	$ 1,807

10. Income taxes

The income tax recognized in profit or loss comprises of:

	December 31, 2011	December 31, 2010
Deferred tax recovery relating to the origination and reversal of temporary differences	**$ 4,901**	$ 924
Current tax	**(4,957)**	-
Total income tax	**$ (56)**	$ 924

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

10. Income taxes (continued)

	December 31, 2011	December 31, 2010
Statutory tax rate	**26.50%**	28.50%
Expected tax expense (recovery) on (profit) loss before income tax	**$ (23,036)**	$ 2,523
Difference in tax rates between foreign jurisdictions and Canada	**(11,210)**	(9,365)
Items not deductible for income tax purposes	**9,537**	534
Secondary tax on companies	**4,546**	-
Tax losses not recognized	**20,219**	4,572
Change in tax estimates	**-**	812
Income tax expense (recovery)	**$ 56**	$ (924)

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

	December 31, 2011	December 31, 2010
Non-capital loss carry forwards	**$ 19,879**	$ 12,031
Share issue costs	**2,436**	3,582
Accumulated cost base difference on assets and other	**(32,534)**	(43,517)
Deferred receipts	**(555)**	(6,102)
Deferred tax liabilities before valuation allowance	**$ (10,774)**	$ (34,006)
Less valuation allowance	**(22,746)**	(12,636)
Total deferred tax liabilities	**$ (33,520)**	$ (46,642)

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

At December 31, 2011, the Company has non-capital losses of approximately Cdn$29,471 (December 31, 2010 – Cdn$20,679) available to apply against future Canadian income for tax purposes. In South Africa, the Company has unredeemed capital expenditures available for utilization against future taxable income and estimated tax losses of approximately R3.5 billion (December 31, 2010 – R3.3 billion). The South African losses do not expire unless the Company's mining activities cease. The Canadian non-capital losses will expire as follows (in thousands of Canadian dollars):

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

10. Income taxes (continued)

	Cdn$ (000's)
2015	$ **2,780**
2026	**3,224**
2027	**9,498**
2028	**4,217**
2029	**75**
2030	**8,665**
2031	**1,012**
	$ **29,471**

At December 31, 2011, the Company had capital losses of Cdn$1,569 available to apply against future capital gains in Canada.

The Company's operations are conducted in a number of countries with complex tax legislation and regulations pertaining to the Company's activities. Any reassessment of the Company's tax filings by the tax authorities may result in material adjustments to net profit or loss, tax assets and operating loss carry-forwards. The Company provides for such reassessments when it is probable that a taxation authority will not sustain the Company's filing position and the amount of the tax exposure can be reasonably estimated. As at December 31, 2011, no provisions have been made in the financial statements for any estimated tax liability.

11. Non-controlling interest

The non-controlling interests are comprised of the following:

Balance, December 31, 2009	$ 10,041
Non-controlling interests' share of loss in Barplats	(866)
Non-controlling interests' share of interest on advances to Gubevu	(2,709)
Foreign exchange movement	762
Balance, December 31, 2010	$ 7,228
Non-controlling interests' share of loss in Barplats	(7,751)
Non-controlling interests' share of interest on advances to Gubevu	(2,692)
Foreign exchange movement	(268)
Balance, December 31, 2011	**$ (3,483)**

12. Earnings per share

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

	December 31, 2011	December 31, 2010
	(in thousands)	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**908,199**	683,177
Shares deemed to be issued for no consideration in respect of options	**-**	11,662
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**908,199**	694,839

The loss used to calculate basic and diluted earnings per share for the year ended December 31, 2011 was $76,545 (December 31, 2010 – earnings of $13,352).

The following potential ordinary shares, outstanding at December 31, 2011, are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	December 31, 2011	December 31, 2010
	(in thousands)	
Options	**45,609**	40,663

13. Cash and cash equivalents

Cash and cash equivalents are comprised of:

	December 31, 2011	December 31, 2010
Cash in bank	**$ 110,150**	$ 102,654
Short-term money market instruments	**41,688**	5,192
	$ 151,838	$ 107,846

14. Trade and other receivables

Trade and other receivables are comprised of the following:

	December 31, 2011	December 31, 2010
Trade receivables	**$ 11,550**	$ 30,142
Current tax receivable	**738**	1,283
Other receivables	**11,820**	2,556
Allowance for doubtful debts for other receivables	**(528)**	(194)
	$ 23,580	$ 33,787

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

14. Trade and other receivables (continued)

As at December 31, 2011, $18,360 of trade and other receivables has been pledged as security for the $100 million credit facility (December 31, 2010 – Nil).

(a) Aging of past due, but not impaired

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

Included in trade and other receivables are receivables with a carrying value of $124 (December 31, 2010 - $152) that are past due but have not been provided for. For the years ended December 31, 2011 and 2010, substantially all of the Company's PGM production was sold to one customer and there was no significant change in the credit quality of this customer over that time. The past due amounts are considered recoverable.

	December 31, 2011	December 31, 2010
Less than 5 months	**$ -**	$ -
5 months and greater	**124**	152
	$ 124	$ 152

(b) Movement in the allowance for doubtful debts

	December 31, 2011	December 31, 2010
Opening balance	**$ 194**	$ 74
Impairment losses recognized on receivables	**413**	116
Amounts written off during the year as uncollectible	**-**	(16)
Foreign exchange translation gains and losses	**(79)**	20
Closing balance	**$ 528**	$ 194

(c) Aging of impaired receivables

	December 31, 2011	December 31, 2010
Less than 4 months	**32**	46
Greater than 4 months	**496**	148
	$ 528	$ 194

At December 31, 2011, other receivables of $528 (December 31, 2010 - $194) were impaired and provided for. These receivables were for rental income, royalties and scrap sales. Impairment was determined based on payment history and how far past due the receivables were.

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

15. Inventories

	December 31, 2011	December 31, 2010
Consumables	**$ 5,348**	$ 6,607
Ore and concentrate	**634**	477
Chrome inventory	**2,007**	1,748
	$ 7,989	$ 8,832

Production costs for the year ended December 31, 2011 was $114,614 (December 31, 2010 - $109,901). Production costs represent the cost of inventories sold during the period. For the years ended December 31, 2011 and 2010 production costs did not include any amounts with regards to the write-down of inventory to net realizable value or with regards to the reversal of write-downs.

16. Refining Contract

During the year ended June 30, 2006, the Company acquired a 69% interest in Barplats and assigned a portion of the purchase price to the off-take contract governing the sales of Barplats' PGM concentrate production. The initial value of the contract was $17,939. During the year ended June 30, 2007, the Company acquired an additional 5% interest in Barplats resulting in an additional allocation to the contract of $4,802 for a total aggregate value of $22,741. During the year ended December 31, 2008, the Company acquired an additional 2.47% interest in Barplats. The acquisition did not affect the aggregate value of the contract. The value of the contract is amortized over the remaining term of the contract which is 7.5 years as at December 31, 2011.

Cost	
Balance as at December 31, 2009	$ 21,122
Foreign exchange movement	2,645
Balance as at December 31, 2010	$ 23,767
Foreign exchange movement	(4,385)
Balance as at December 31, 2011	**$ 19,382**
Accumulated amortization	
Balance as at December 31, 2009	$ 6,953
Amortization	1,513
Foreign exchange movement	1,036
Balance as at December 31, 2010	$ 9,502
Amortization	1,530
Impairment	1,250
Foreign exchange movement	(1,909)
Balance as at December 31, 2011	**$ 10,373**
Carrying amounts	
At December 31, 2009	$ 14,169
At December 31, 2010	$ 14,265
At December 31, 2011	**$ 9,009**

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

16. Refining Contract (continued)

During the year ended December 31, 2011, the Company determined that the carrying value of CRM exceeded the expected net present value of its future cash flows. This resulted in an impairment charge of $1,250 being recorded against the refining contract.

The expected net present value of CRM's future cash flows were calculated using a weighted average cost of capital of 8.63%, and the following forecasted foreign exchange rates and prices.

		2012	2013	2014	2015	2016	2017+
South African Rand per US dollar		7.35	7.20	8.20	8.59	9.03	10.59
Platinum	US$/oz	1,750	1,753	1,741	1,752	1,735	1,665
Palladium	US$/oz	750	784	821	859	825	702
Rhodium	US$/oz	1,525	1,763	2,413	2,678	2,692	3,625
Gold	US$/oz	1,580	1,430	1,319	1,221	1,113	1,005
Iridium	US$/oz	1,040	1,019	643	648	644	620
Ruthenium	US$/oz	120	118	230	225	230	220
Nickel	US$/tonne	24,150	22,865	21,598	20,886	20,231	18,210
Copper	US$/tonne	9,855	9,001	7,828	7,319	6,916	5,565
Chrome	Rand/tonne	600	600	600	600	600	600

17. Other assets

Other assets consists of a money market fund investment that is classified as available-for-sale and serves as security for a guarantee issued to the Department of Mineral Resources of South Africa in respect of the environmental rehabilitation liability (Note 20). Changes to other assets for the year ended December 31, 2011 are as follows:

Balance, December 31, 2009	$	2,282
Additional investment	$	955
Service fees		(8)
Interest income		185
Foreign exchange movement		409
Balance, December 31, 2010	$	3,823
Additional investment		5,387
Service fees		(8)
Interest income		344
Foreign exchange movement		(1,551)
Balance, December 31, 2011	**$**	**7,995**

18. Trade and other payables

		December 31, 2011		December 31, 2010
Trade payables	**$**	**8,133**	$	10,604
Accrued liabilities		**20,464**		10,240
Other		**11,862**		6,165
	$	**40,459**	$	27,009

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

18. Trade and other payables (continued)

Accrued liabilities includes $10 million in respect of the purchase of a further 23% of Lion's Head (Note 6). The average credit period of purchases is 1 month. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. Finance leases

Finance leases relate to mining vehicles that had lease terms of 5 years payable half yearly in advance. The leases expired in December 2011 and the final installment was made in January 2012. The Company chose not to purchase the vehicles at the conclusion of the lease agreements. The Company's obligations under finance leases were secured by the lessor's title to the leased assets. Interest was calculated at the South African prime rate plus 1%. The fair value of the finance lease liabilities approximated carrying value.

(a) Minimum lease payments

	December 31, 2011	December 31, 2010
No later than 1 year	**$ 1,675**	$ 3,405
	1,675	3,405
Less: future finance charges	**-**	(194)
Present value of minimum lease payments	**$ 1,675**	$ 3,211

(b) Present value of minimum lease payments

	December 31, 2011	December 31, 2010
No later than 1 year	**$ 1,675**	$ 3,211

20. Provision for environmental rehabilitation

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

The provision for environmental rehabilitation at December 31, 2011 is ZAR 68 million ($8,390) (December 31, 2010 – ZAR 58.9 million, $8,934). The provision was determined using an inflation rate of 6.00% (December 31, 2010 – 5.49%) and an estimated life of mine of 20 years for Zandfontein (December 31, 2010 – 20 years), 9 years for Maroelabult (December 31, 2010 – 11 years), 16 years for Crocette (December 31, 2010 – 14 years), 21 years for Kennedy's Vale (December 31, 2010 – 1 year) and 21 years for Spitzkop (December 31, 2010 – 22 years). A discount rate of 8.47% was used (December 31, 2010 – 8.29%). A guarantee of $7,995 (December 31, 2010 - $3,823) has been issued to the Department of Mineral Resources (Note 17). The guarantee will be utilized to cover expenses incurred to rehabilitate the mining area upon closure of the mine. The undiscounted value of this liability is approximately ZAR 328 million ($40,567) (December 31, 2010 – ZAR 215.4 million, $32,694).

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

20. Provision for environmental rehabilitation (continued)

Changes to the environmental rehabilitation provision are as follows:

Balance, December 31, 2009	$	8,152
Revision in estimates		(961)
Interest expense (Note 21)		694
Foreign exchange movement		1,049
Balance, December 31, 2010	$	8,934
Revision in estimates		499
Interest expense (Note 21)		676
Foreign exchange movement		(1,719)
Balance, December 31, 2011	**$**	**8,390**

During the year ended December 31, 2011, $409 of the revision in estimate was expensed (December 31, 2010 – nil). The remaining $90 (December 31, 2010 – negative $961) was capitalized to fixed assets.

21. Credit facility

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

The facility is secured by:

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

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

22. Commitments

The Company has committed to capital expenditures on projects of approximately ZAR 144 million ($17,862) as at December 31, 2011 (December 31, 2010 – ZAR 86 million, $13,056).

23. 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 profit (loss) for the year ended December 31, 2011 were $3,788 (December 31, 2010 - $3,894). The total number of employees in the plan at December 31, 2011 was 1,421 (December 31, 2010 – 1,762).

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

24. Related party transactions

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

(a) Trading transactions

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

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

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

	Note	**December 31, 2011**	December 31, 2010
Consulting fees	(i)	**$ 186**	$ 304
General and administrative expenses		**237**	193
Management fees		**2,338**	2,253
		$ 2,761	$ 2,750

(i) The Company paid fees to a private company controlled by a director of the Company for consulting services performed outside of his capacity as a director.

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at December 31, 2011 included $873 (December 31, 2010 - $1,089) which was due to private companies controlled by officers and directors of the Company.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the years ended December 31, 2011 and 2010 were as follows:

	Note	**December 31, 2011**	December 31, 2010
Salaries and directors' fees	(i)	**$ 3,547**	$ 3,758
Share-based payments	(ii)	**7,996**	1,627
		$ 11,543	$ 5,385

24. Related party transactions (continued)

(b) Compensation of key management personnel (continued)

(i) Salaries and directors' fees include consulting and management fees disclosed in Note 24(a).

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

(iii) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended December 31, 2011 and 2010.

25. Segmented information

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

(b) Geographic segments - The Company's assets by geographic areas as at December 31, 2011 and revenues and expenses by geographic areas for the years ended December 31, 2011 and 2010 are as follows:

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

25. Segmented Information (continued)

(b) Geographic segments (continued)

	December 31, 2011								
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Current assets	$ 24,460	$ 9,478	$ 1,535	$ 68	$ 738	$ 36,279	$ 6	$ 246,085	$ 282,370
Property, plant and equipment	338,087	133,746	115,493	28,103	-	615,429	-	10	615,439
Refining contract	9,009	-	-	-	-	9,009	-	-	9,009
Other assets	7,995	-	-	-	-	7,995	-	-	7,995
	$ 379,551	$ 143,224	$ 117,028	$ 28,171	$ 738	$ 668,712	$ 6	$ 246,095	$ 914,813
Property, plant and equipment expenditures	$ 52,384	$ 34,618	$ 30	$ 14	$ -	$ 87,046	$ -	$ 2	$ 87,048
Property, plant and equipment disposals	2,221	-	-	-	-	2,221	-	-	2,221
Revenue	$ 113,203	$ -	$ -	$ -	$ -	$ 113,203	$ -	$ -	$ 113,203
Production costs	(114,614)	-	-	-	-	(114,614)	-	-	(114,614)
Depletion and depreciation	(20,444)	-	-	-	-	(20,444)	-	(7)	(20,451)
Impairment	(46,327)	-	-	-	-	(46,327)	-	-	(46,327)
General and administrative expenses	(4,276)	(1,442)	31	(145)	(8)	(5,840)	(162)	(5,845)	(11,847)
Share-based payment	(254)	-	-	-	-	(254)	-	(8,071)	(8,325)
Interest income	1,416	63	16	-	-	1,495	-	4,034	5,529
Finance costs	(1,016)	(331)	(14)	-	(188)	(1,549)	-	-	(1,549)
Foreign exchange gain (loss)	825	(66)	-	-	-	759	-	(3,310)	(2,551)
(Loss) profit before income taxes	(71,487)	(1,776)	33	(145)	(196)	(73,571)	(162)	(13,199)	(86,932)
Income tax recovery (expense)	53	(109)	-	-	-	(56)	-	-	(56)
Net (loss) profit	$ (71,434)	$ (1,885)	$ 33	$ (145)	$ (196)	$ (73,627)	$ (162)	$ (13,199)	$ (86,988)

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

25. Segmented Information (continued)

(b) Geographic segments (continued)

December 31, 2010	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Other	Total South Africa	Barbados and BVI	Canada	TOTAL
Current assets	$ 45,787	$ 445	$ 1,669	$ 61	$ 997	$ 48,959	$ -	$ 343,952	$ 392,911
Property, plant and equipment	495,861	64,916	126,357	28,827	-	715,961	-	15	715,976
Refining contract	14,265	-	-	-	-	14,265	-	-	14,265
Other assets	3,823	-	-	-	-	3,823	-	-	3,823
	$ 559,736	$ 65,361	$ 128,026	$ 28,888	$ 997	$ 783,008	$ -	$ 343,967	$ 1,126,975
Property, plant and equipment expenditures	$ 32,728	$ -	$ 47	$ 214	$ -	$ 32,989	$ -	$ 2	$ 32,991
Revenue	$ 155,000	$ -	$ -	$ -	$ -	$ 155,000	$ -	$ -	$ 155,000
Production costs	(109,901)	-	-	-	-	(109,901)	-	-	(109,901)
Depletion and depreciation	(22,499)	-	-	-	-	(22,499)	-	(8)	(22,507)
General and administrative expenses	(4,591)	(1,396)	(118)	(114)	(16)	(6,235)	(60)	(5,822)	(12,117)
Share-based payment	(79)	-	-	-	-	(79)	-	(1,373)	(1,452)
Interest income	1,635	-	-	8	-	1,643	-	154	1,797
Finance costs	(1,027)	(752)	(28)	-	-	(1,807)	-	-	(1,807)
Foreign exchange (loss) gain	(827)	-	-	-	-	(827)	-	667	(160)
Profit (loss) before income taxes	17,711	(2,148)	(146)	(106)	(16)	15,295	(60)	(6,382)	8,853
Deferred income tax recovery (expense)	2,240	-	-	-	-	2,240	(1,316)	-	924
Net profit (loss)	$ 19,951	$ (2,148)	$ (146)	$ (106)	$ (16)	$ 17,535	$ (1,376)	$ (6,382)	$ 9,777

For the years ended December 31, 2011 and 2010, substantially all of the Company's PGM production was sold to one customer.

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

26. Financial instruments

(a) *Management of capital risk*

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

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

The Company is not subject to externally imposed capital requirements.

(b) *Categories of financial instruments*

	December 31, 2011	December 31, 2010
Financial assets		
Cash and cash equivalents	**$ 151,838**	$ 107,846
Loans and receivables		
Trade receivables	**23,580**	33,787
Available for sale financial assets		
Short-term investments	**98,963**	242,446
Other assets	**7,995**	3,823
	$ 282,376	$ 387,902
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	**$ 40,459**	$ 27,009
	$ 40,459	$ 27,009

(c) *Fair value of financial instruments*

(i) *Fair value estimation of financial instruments*

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

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

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

26. 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.

The Company's short-term investments and other assets are measured subsequent to initial recognition at fair value and are Level 2 financial instruments at December 31, 2011. There were no transfers between levels during the year ended December 31, 2011.

(d) Reclassification of financial assets

There was no reclassification of financial assets during the years ended December 31, 2011 and 2010.

(e) Financial risk management

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

(i) Currency risk

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

The carrying amount of the Company's subsidiary's foreign-currency denominated monetary assets at December 31, 2011, is as follows:

	December 31, 2011	December 31, 2010
Financial assets		
Loans and receivables	**19,712**	30,142

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

26. Financial instruments (continued)

(e) Financial risk management (continued)

(i) Currency risk (continued)

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

	Year ended Dec. 31, 2011	
	10% weakening of ZAR in relation to USD FX rate	10% strengthening of ZAR in relation to USD FX rate
Increase (decrease) in net earnings	(1,971)	1,971

The carrying amount of the Company's head office foreign-currency denominated monetary assets at December 31, 2011 is as follows:

	December 31, 2011	December 31, 2010
Financial assets		
Cash and cash equivalents	**42,387**	43,110

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

	Year ended Dec. 31, 2011	
	10% weakening of GBP in relation to USD FX rate	10% strengthening of GBP in relation to USD FX rate
Increase (decrease) in net earnings	(4,239)	4,239

26. Financial instruments (continued)

(e) *Financial risk management (continued)*

(ii) *Interest rate risk*

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

The Company has not included a sensitivity analysis of interest rate risk at year-end as it does not reflect the exposure experienced during the twelve months ended December 31, 2011. The Company's financial assets fluctuated throughout the year and presenting such an analysis would be misleading.

(iii) *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 (December 31, 2010 - $30,142). 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.

The Company has not included a sensitivity analysis of price risk at year-end as it does not reflect the exposure experienced during the twelve months ended December 31, 2011. Presenting such an analysis would be misleading.

(iv) *Credit risk*

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

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 (December 31, 2010 - $30,142). 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.

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

26. Financial instruments (continued)

(e) Financial risk management (continued)

(v) Liquidity risk

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

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

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

	December 31, 2011	
	Total	**<1 year**
Trade and other payables	**$ 40,459**	**$ 40,459**
Finance leases	**1,675**	**1,675**
Commitments	**17,862**	**17,862**
	$ 59,996	**$ 59,996**

	December 31, 2010	
	Total	<1 year
Trade and other payables	$ 27,009	$ 27,009
Finance leases	3,405	3,405
Commitments	13,056	13,056
	$ 43,470	$ 43,470

27. Contingency

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

28. Events after the reporting period

There were no events that required adjustment to, or disclosure in, the financial statements after the reporting period from January 1, 2012 to March 5, 2012.