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

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

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

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

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

Contents of the MD&A

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1. Overview

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

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

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

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

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

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

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2. Summary of results

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 1

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

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

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

Table 2

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

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

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

3.1 Sale of platinum group metals business to Hebei Zhongbo

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

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

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

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

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

Notes:

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

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

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

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

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

3.2 Crocodile River Mine ("CRM")

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

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

Table 3

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

(1) *These are non-IFRS measures as described in Section 3.2 of the Company's MD&A for the year ended December 31, 2013.*
(2) *Average delivered price is the average basket price at the time of delivery of PGM concentrates, net of associated smelting, refining and marketing costs, under the Company's primary off-take agreement.*

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

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

3.3 Corporate and other expenses

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

General and administrative

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

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

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

Care and maintenance and care and maintenance depreciation

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

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

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

Interest income

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

Other income

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

Finance costs

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

Income tax

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

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4. Liquidity and capital resources

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

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

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

4.1 Outlook

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

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

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

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

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

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

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

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

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

4.2 Impairment

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

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

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

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

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

4.3 Share capital

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

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

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

As at March 11, 2015, the Company had:

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

4.4 Contractual obligations, commitments and contingencies

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

Table 4

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

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

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

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

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

5. Related party transactions

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

Table 5

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

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

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

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

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

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

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6. Critical accounting policies and estimates

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

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

6.1 Property, plant and equipment

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

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

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

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

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

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

6.2 Share-based payment

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

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

6.3 Provision for environmental rehabilitation

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

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

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

6.4 Revenue recognition

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

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

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7. Adoption of accounting standards and accounting pronouncements under IFRS

7.1 Application of new and revised IFRSs

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

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

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

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

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

(c) *New interpretation IFRIC 21 Levies*

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

7.2 Accounting standards issued but not yet effective

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

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

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

(ii) Amended standard *IFRS 3 Business Combinations*

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

(iii) Amended standard *IFRS 8 Operating Segments*

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

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

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

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

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

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

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

(vii) Amended standard *IAS 38 Intangible Assets*

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

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

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

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

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

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

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

(ii) Amended standards *IFRS 11 Joint Arrangements*

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

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

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

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

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

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

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

(vi) Amended standard *IAS 38 Intangible Assets*

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

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

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

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

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

(ii) New standard *IFRS 9 Financial Instruments*

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

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

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8. Risk factors

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

8.1 Risks associated with the sale of assets to Hebei Zhongbo

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

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

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

8.2 Risks associated with the mining industry

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

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

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

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

8.3 Risks associated with the current global economic uncertainty

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

8.4 Risks associated with foreign currencies

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

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

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

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

8.5 Risks associated with metal prices

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

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

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

8.6 Risks associated with foreign operations

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

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

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

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

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

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

9. Financial instruments

9.1 Management of capital risk

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

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

The Company is not subject to externally imposed capital requirements.

9.2 *Categories of financial instruments*

Table 6

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

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

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

9.3 Financial risk management

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

(a) Currency risk

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

(b) Interest rate risk

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

(c) Price risk

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

(d) Credit risk

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

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

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

(e) Liquidity risk

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

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

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

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10. Internal control over financial reporting

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

The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that the design and operation of the Company's DCP were effective as of December 31, 2014 and that the Company has the appropriate DCP to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable.

The CEO and the CFO are also responsible for the design of the internal controls over financial reporting ("ICFR") within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). Since 2009, the Company has used the services of an international accounting firm to act as the Company's internal auditors for its South African operations. Under the supervision, and with the participation, of the CEO and the CFO, management conducted an evaluation of the effectiveness of the Company's ICFR based on the 2013 framework developed by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on that evaluation, the CEO and the CFO concluded that the design and operation of the Company's ICFR were effective as at December 31, 2014.

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

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

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

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11. Cautionary statement on forward-looking information

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

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

March 11, 2015

Ian Rozier