

Consolidated financial statements of

Eastern Platinum Limited

December 31, 2016 and 2015

Eastern Platinum Limited

December 31, 2016 and 2015

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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 which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015, and the consolidated statements of loss, consolidated statements of comprehensive loss, consolidated statements of changes in equity, and consolidated statements of 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 Eastern Platinum Limited as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
June 14, 2017

Eastern Platinum Limited

Consolidated statements of loss

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

	Note	Year ended December 31, 2016	Year ended December 31, 2015
Expenses			
General and administrative		\$ 6,883	\$ 2,889
Care and maintenance		7,064	11,392
Care and maintenance - depreciation and amortization		272	1,154
Impairment	6	29,159	14,514
Impairment of prepayments	7	13,367	—
Operating loss		(56,745)	(29,949)
Other income (expense)			
Gain on disposal of property, plant and equipment		890	221
Interest income		801	1,195
Other income		1,736	1,727
Finance costs	9	(666)	(788)
Foreign exchange (loss) gain		(980)	3,519
Loss before income taxes		(54,964)	(24,075)
Income tax (expense) recovery	10	(160)	722
Net loss for the year		(55,124)	(23,353)
Attributable to			
Non-controlling interest	11	(4,328)	(3,738)
Equity shareholders of the Company		(50,796)	(19,615)
Net loss for the year		\$ (55,124)	\$ (23,353)
Loss per share			
Basic and diluted		(0.55)	(0.21)
Weighted average number of common shares outstanding in thousands			
Basic and diluted		92,599	92,599

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

"George Dorin"

George Dorin, Director
Consolidated

"Mike Cosic"

Mike Cosic, Director

Eastern Platinum Limited

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

	Year ended December 31, 2016	Year ended December 31, 2015
Net loss for the year	\$ (55,124)	\$ (23,353)
Other comprehensive income (loss)		
Items that may subsequently be reclassified to loss or profit		
- Exchange differences on translating foreign operations	19,488	(64,036)
- Exchange differences on translating non-controlling interest	(4,154)	9,482
Comprehensive loss for the year	(39,790)	(77,907)
Attributable to		
Equity shareholders of the Company	(31,308)	(83,651)
Non-controlling interest	(8,482)	5,744
Comprehensive loss for the year	\$ (39,790)	\$ (77,907)

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

Eastern Platinum Limited

Consolidated statements of financial position

(Expressed in thousands of U.S. dollars)

	Note	As at December 31, 2016	As at December 31, 2015
Assets			
Current assets			
Cash and cash equivalents	12	\$ 5,890	\$ 8,283
Short-term investments	13	20,348	48,051
Trade and other receivables	14	834	1,159
Inventories		2,033	1,838
		29,105	59,331
Non-current assets			
Restricted cash	5(a)	5,086	—
Property, plant and equipment	6	100,816	116,733
Other assets	16	9,779	8,049
		\$ 144,786	\$ 184,113
Liabilities			
Current liabilities			
Trade and other payables	17	\$ 1,586	\$ 3,615
Non-current liabilities			
Provision for environmental rehabilitation	18	8,279	6,590
Deferred tax liabilities	10	2,936	2,488
		12,801	12,693
Equity			
Issued capital	8	1,230,171	1,230,171
Treasury shares		(204)	(204)
Equity-settled employee benefits reserve		590	5,305
Accumulated other comprehensive loss		(288,980)	(308,468)
Deficit		(771,400)	(725,674)
Total equity attributable to equity shareholders of the Company		170,177	201,130
Non-controlling interest	7,11	(38,192)	(29,710)
		131,985	171,420
		\$ 144,786	\$ 184,113

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

Eastern Platinum Limited

Consolidated statements of changes in equity
(Expressed in thousands of U.S. dollars)

	Issued capital	Treasury shares	Equity- settled employee benefits reserve	Accumulated other comprehensive income (loss)	Deficit	Total equity attributable to equity shareholders of the company	Non- controlling interest	Equity
Balance, December 31, 2014	\$ 1,230,171	\$ (204)	\$ 5,305	\$ (244,432)	\$ (706,059)	\$ 284,781	\$ (35,454)	\$ 249,327
Net loss	—	—	—	—	(19,615)	(19,615)	(3,738)	(23,353)
Other comprehensive (loss) income	—	—	—	(64,036)	—	(64,036)	9,482	(54,554)
Total comprehensive loss	—	—	—	(64,036)	(19,615)	(83,651)	5,744	(77,907)
Balance, December 31, 2015	\$ 1,230,171	\$ (204)	\$ 5,305	\$ (308,468)	\$ (725,674)	\$ 201,130	\$ (29,710)	\$ 171,420
Net loss	—	—	—	—	(50,796)	(50,796)	(4,328)	(55,124)
Other comprehensive income (loss)	—	—	—	19,488	—	19,488	(4,154)	15,334
Total comprehensive income (loss)	—	—	—	19,488	(50,796)	(31,308)	(8,482)	(39,790)
Share-based compensation	—	—	355	—	—	355	—	355
Transfer equity reserve relating to expired options	—	—	(5,070)	—	5,070	—	—	—
Balance, December 31, 2016	\$ 1,230,171	\$ (204)	\$ 590	\$ (288,980)	\$ (771,400)	\$ 170,177	\$ (38,192)	\$ 131,985

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

Eastern Platinum Limited

Consolidated statements of cash flows
(Expressed in thousands of U.S. dollars)

	Year ended December 31, 2016	Year ended December 31, 2015
Operating activities		
Loss before income taxes	\$ (54,964)	\$ (24,075)
Adjustments to net loss for non-cash items		
Care and maintenance depreciation and amortization	272	1,154
Stock based compensation	355	—
Impairment of prepayments and receivable provisions	13,477	—
Impairment of property, plant and equipment	29,159	14,514
Gain on disposal of property, plant and equipment	(890)	(221)
Interest income	(801)	(1,195)
Finance costs	666	788
Foreign exchange loss (gain)	980	(3,519)
Net changes in non-cash working capital items		
Trade and other receivables	379	1,222
Inventories	34	64
Trade and other payables	(305)	95
Cash used in operations	(11,638)	(11,173)
Adjustments to net loss for cash items		
Interest income received	830	1,356
Finance costs paid	(10)	(77)
Taxes paid	(1,637)	(505)
Net operating cash flows	(12,455)	(10,399)
Financing activities		
Prepayments on intended acquisition of non-controlling interest	(13,367)	—
Net financing cash flows	(13,367)	—
Investing activities		
Purchases of short-term investments	(51,576)	(64,875)
Redemptions of short-term investments	79,851	72,693
Increase in restricted cash	(5,086)	—
Increase in other assets	(652)	(991)
Property, plant and equipment expenditures	(174)	(182)
Disposal of property, plant and equipment	1,012	588
Net investing cash flows	23,375	7,233
Effect of exchange rate changes on cash and cash equivalents	54	(2,517)
Increase in cash and cash equivalents	(2,393)	(5,683)
Cash and cash equivalents, beginning of year	8,283	13,966
Cash and cash equivalents, end of year	\$ 5,890	\$ 8,283

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

Eastern Platinum Limited

Notes to the consolidated financial statements

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

1. Nature of operations

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

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

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

2. Basis of preparation

(a) *Statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on June 13, 2017.

(b) *Going Concern*

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

As at December 31, 2016, the Company did not have any producing operations, its key asset, the Crocodile River Mine ("CRM") was in care and maintenance with all other properties and projects on hold. The Company did not generate income other than interest and other income which is insufficient to cover the Company's general and administrative, and care and maintenance expenses. However, management believes that the Company has sufficient cash to meet its expected obligations in the next 12 months. However, additional funding will be required to commence production at CRM, and develop and bring Kennedy's Vale ("KV"), Spitzkop PGM ("Spitzkop") and Mareesburg Project (the "Eastern Limb Projects") into commercial production. 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.

(c) *Judgements and estimates*

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially 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 estimates are revised and in any future periods affected.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

2. Basis of preparation (continued)

(c) *Judgements and estimates (continued)*

The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Notes 4 (v) and (w).

(d) *Basis of measurement*

The consolidated financial statements have been prepared under the historical cost basis except for those as explained in the accounting policies below.

3. New and revised International Financial Reporting Standards

(a) Application of new and revised International Financial Reporting Standards

Effective January 1, 2016, the Company adopted the following new and revised IFRS that were issued by the IASB. The application of these IFRS did not have a material impact on the Company's consolidated financial statements.

(i) Amended standard IAS 1, Presentation of Financial Statements

The amendments to IAS 1 deal with clarification of materiality in terms of the presentation of financial statements, clarification of the disclosure required in the statement of financial position, statement of loss and statement of other comprehensive income, and addition of possible ways of ordering the notes in order to increase the understandability and comparability of the financial statements.

(ii) Amended standards IAS 16, Property, Plant and Equipment and IAS 38, Intangibles

The amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" prohibit the use of revenue-based depreciation for plant and equipment and significantly limit the use of revenue-based amortization for intangible assets.

(iii) Amended standard IFRS 11, Joint Arrangements

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

(b) *Accounting standards issued but not yet effective*

A number of new standards, amendments to standards and interpretations, are not yet effective for the year ended December 31, 2016, and have not been applied in preparing these consolidated financial statements. The following pronouncements are those that the Company considers most significant and are not intended to be a complete list of new pronouncements that effect the financial statements.

(i) Amended standard IAS 7, Statement of Cash Flows

These amendments to IAS 7 "Statement of Cash Flows" were issued to improve information provided to users of financial statements about an entity's changes in liabilities arising from financing activities. These amendments are effective for annual periods commencing on or after January 1, 2017. These amendments will not have material impact on the Company's consolidated financial statements.

(ii) Amended standard IAS 12, Income Taxes

These amendments relate to the recognition of deferred tax assets for unrealized losses associated with debt instruments measured at fair value. These amendments are effective for annual periods commencing on or after January 1, 2017. These amendments will not have material impact on the Company's consolidated financial statements.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

3. New and revised International Financial Reporting Standards (continued)

(b) *Accounting standards issued but not yet effective (continued)*

- (iii) Amended standard IFRS 7, Financial Instruments: Disclosures
The amendments to IFRS 7 outline the disclosures required when initially applying IFRS 9 Financial Instruments. These amendments are effective date January 1, 2018. The Company is currently assessing the impact that these amendments will have on its consolidated financial statements.
- (iv) New standard IFRS 9, Financial Instruments
Replacement of IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.
- (v) 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. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.
- (vi) New standard IFRS 16, Leases
Effective for annual periods commencing on or after January 1, 2019, this replaces existing lease accounting guidance. All leases will be required to be reported on the statement of financial position unless certain requirements for exclusion are met. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.

4. Summary of significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) *Basis of consolidation*

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has (i) power over the investee, (ii) exposure, or rights, to variable returns from its involvement with the investee, and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. 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, balances, revenues and expenses 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 profit or loss and other comprehensive income or loss since the date of acquisition, even if this results in the non-controlling interest having a deficit balance. Changes in the Company's ownership percentage in subsidiaries that do not result in loss of control are accounted for as equity transactions. The carrying amount of the Company's interest and the non-controlling interests are adjusted to reflect the change in their relative interests in the subsidiary. Any difference between the fair value of the consideration paid or received and the adjustment to the Company's non-controlling interest is recognized directly to equity.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

4. Summary of significant accounting policies (continued)

(b) *Business combinations (continued)*

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 acquisition date) 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.

(c) *Investments in associates*

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

When the Company or a subsidiary of the Company transacts with an associate of the Company, profits and losses resulting from the transactions with the associate are recognized in the Company's consolidated financial statements only to the extent of interests in the associate that are not related to the Company.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

4. Summary of significant accounting policies (continued)

(d) *Presentation currency and foreign currency translation*

The Company's presentation currency is the U.S. dollar. The functional currencies of the Company, its BVI and Barbados intermediate holding companies are the Canadian dollar, while the South African subsidiaries are the South African Rand. 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). All resulting exchange differences are recognized directly in other comprehensive income.

(e) *Foreign currency transactions*

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.

(f) *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.

(g) *Short-term investments*

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

(h) *Inventories*

Inventories, comprising consumable parts and supplies, 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.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

4. Summary of significant accounting policies (continued)

(i) *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 commercial 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.

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.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

4. Summary of significant accounting policies (continued)

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

(iii) *Depreciation*

The depreciation method, useful life and residual values are assessed annually. The estimated useful lives of property, plant and equipment are as follows:

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

(iv) *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. As at December 31, 2016 and 2015, the Company did not have assets held under finance leases.

(v) *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.

(vi) *Impairment*

The Company's tangible 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 ("CGU"), 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 or loss for the period.

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

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.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

4. Summary of significant accounting policies (continued)

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

(vii) *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.

(j) *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.

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.

The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

(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.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

4. Summary of significant accounting policies (continued)

(j) *Financial assets (continued)*

(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 other comprehensive income (loss).

(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 period 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.

(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.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

4. Summary of significant accounting policies (continued)

(j) *Financial assets (continued)*

(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.

(k) *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.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

4. Summary of significant accounting policies (continued)

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

(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 and short-term financial liabilities as other financial liabilities.

(ii) *Derecognition of financial liabilities*

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

(l) *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*

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.

(m) *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 is 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.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

4. Summary of significant accounting policies (continued)

(n) *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 provision is accreted over time to reflect the unwinding of the discount with the accretion expense included in finance costs in the consolidated statements of comprehensive loss. The rehabilitation asset is depreciated on the same basis as mining assets.

The rehabilitation provision is re-measured at the end of each reporting period for changes of estimates and circumstances. Changes in estimates and circumstances include changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. The carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

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 or loss as incurred.

(o) *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.

(p) *Rental income*

Rental income from residential properties is recognized on a straight-line basis over the term of the lease. Interest income is recognized in profit or loss as it accrues, using the effective interest method.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

4. Summary of significant accounting policies (continued)

(q) *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 five 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. When fully vested stock options expire, are forfeited or are cancelled, the expenses previously recognized within equity-settled employee benefits reserve is reallocated to deficit.

(r) *Finance costs*

Finance costs primary comprise interest payable on provision for environmental rehabilitation. Interest payable on provision for environmental rehabilitation is calculated using the effective interest method.

(s) *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.

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.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

4. Summary of significant accounting policies (continued)

(t) *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, 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. During the years ended December 31, 2016 and 2015, stock options are not included in the computation of loss per share as such inclusion would be anti-dilutive.

(u) *Other comprehensive income (loss)*

Other 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 (loss) such as unrealized gains or losses on AFS investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to translation of the financial statements of foreign operations. As at December 31, 2016 and 2015, the Company's other comprehensive income (loss) was comprised of foreign currency translation gains and losses.

(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*

Impairment of property, plant and equipment is based on the Company's estimate of the recoverable amount of cash generating unit. The estimate of recoverable amounts of a cash generating unit involving a mineral property is a complex estimate involving significant judgement and assumptions including analyzing the observable market transactions with the comparable assets, estimating the quantity and grade of the recoverable resources, future production rates and operating costs, future capital requirements, future metal prices, discount rates, and appropriate foreign exchange rates. The estimate of the recoverable resources involves assumptions about mining costs and metal prices, and is based on information compiled by appropriately qualified persons relating to data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. If any of these estimates or assumptions prove to be inaccurate, or if the Company's operating plans are revised in the future, there could be a material impact on the estimated fair value of a mineral property. The significant assumptions utilized in the Company's impairment analysis are discussed in detail in Note 6.

In the fourth quarter of 2016, management reassessed how the Eastern Limb projects would be brought to further development and into production. As management's current plans call for the three Eastern Limb properties to be advanced separately rather than concurrently, it was determined that the Eastern Limb Projects comprised three independent CGUs. As such, for the purposes of the Company's impairment testing at December 31, 2016, management has identified CRM, KV, Spitzkop and Mareesburg, each as separate CGUs. CRM continued to be a separate CGU which was consistent with 2015. Determination of the CGUs requires significant estimates and judgements.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

4. Summary of significant accounting policies (continued)

(v) *Critical accounting estimates (continued)*

(ii) *Environmental rehabilitation provision*

Environmental rehabilitation obligations have been estimated by appropriately qualified external persons based on the Company's interpretation of current regulatory and best practice requirements and have measured at the net present value of expected future cash expenditures that would be required upon mine closure. These estimates require significant judgement about the nature, cost and timing of work to be completed, and may change with future changes to costs, environmental laws, regulations and remediation practices and the expected timing of remediation work. The details of assumptions used in calculation of the Company's environmental rehabilitation provision are disclosed in Note 18.

(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 the Company and its South African subsidiaries are the Canadian dollar and South African Rand, respectively as these are the currencies of the primary economic environment in which the companies operate.

(ii) *Provision and contingency*

The Company is 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 consolidated 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. Management assesses the probability of liability being payable as either remote, more than remote or probable. If liability is considered to be less than probable, then the liability is not recorded and it is only disclosed as a contingent liability. See Note 24.

In June 2016, the former management signed certain agreements in connection with the proposed acquisition of certain non-controlling interests in the Company's South African operations (Note 7) and in connection with sale of the CRM (Note 6 (a)). These transactions are complex and the agreements are subject to interpretations of laws under the various jurisdictions. As at December 31, 2016, the Company was unable to complete these transactions due to difficulties in accessing the underlying documents, obtaining the cooperation of various parties and the review of the implications these transactions under the Company's mining rights and certain provisions under the *Mineral & Petroleum Resources Development Act (South African)*.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

5. Subsidiaries and associates

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

On June 28, 2016, the Company, Eastplats International Incorporated and Barplats Investments Limited ("Barplats Investments") entered into a share purchase agreement (the "CRM Purchase Agreement") with Hebei Zhongheng Tianda Platinum Co., Limited ("HZT"), a company incorporated in People's Republic of China ("PRC"), whereby HZT was to acquire a 100% equity interest in Barplats Mines and associated intercorporate investments and loans for total consideration of \$50,000 (collectively referred as the "CRM Transaction"). Barplats Mines owns a 100% interest of CRM. The completion of this transaction was subject to a number of conditions including but not limited to approvals by the necessary regulatory bodies, governmental departments or ministries of South Africa and compliance with the Companies Act, 2008. Pursuant to the same agreement, both HZT and the Company agreed that certain events, including the failure to perform certain obligations under the CRM Purchase Agreement, would trigger the payment of break fees of up to \$10,000 in the case of HZT failing to meet its obligations, and \$5,000 in the case of the Company failing to meet its obligations. Both HZT and the Company agreed to place the break fee into an escrow account. As at December 31, 2016, \$5,000 of the restricted cash represents the break fee deposit made by the Company.

On October 12, 2016, a special resolution was presented to the shareholders of the Company regarding the above CRM Transaction and the special resolution was rejected by the shareholders. As at December 31, 2016 the Company has been unable to complete the various conditions precedent required to close. See Notes 24 and 26.

The Company did not classify the assets and liabilities associated with the CRM Transaction as a disposal group held for sale due to uncertainties in concluding the transaction, and did not report its loss from the CRM business as loss from discontinued operations.

(b) *Sale of South African platinum group metal business*

On November 7, 2014, the Company entered into acquisition agreements with Hebei Zhongbo Platinum Co. Limited ("HZP") whereby HZP would acquire all of the Company's South African platinum group metal business, including the CRM, KV, 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 and estimated proceeds of \$175,522, net of transaction costs (the "2014 Proposed Sales Transaction"). On November 9, 2015, the Company announced that the shareholders of HZP were engaged in a process to resolve certain differences, and that HZP had advised the Company that until such resolution occurred, the transaction could not proceed. As a result of the June 28, 2016 agreement above this agreement ended.

The Company did not classify the assets and liabilities associated with the transaction as a disposal group held for sale due to uncertainties in concluding the transaction, and did not reported its loss from the platinum group metal business as loss from discontinued operations.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

5. Subsidiaries and associates (continued)

(c) Subsidiaries

Details of the Company's subsidiaries are as follows (also see Note 7):

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			December 31, 2016	December 31, 2015
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	Holding company	South Africa	87.49%	87.49%
Barplats Mines Limited	Mining	South Africa	87.49%	87.49%
Rhodium Reefs 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%	87%
Lion's Head Platinum (Pty) Ltd.	Holding company	South Africa	74%	74%

(i) British Virgin Islands ("BVI")

(d) Associates

Details of the Company's associates are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			December 31, 2016	December 31, 2015
Afrimineral Holdings (Pty) Ltd.	Holding company	South Africa	49.00%	49.00%
Gubevu Consortium Investment Holdings (Pty) Ltd.	Holding company	South Africa	49.99%	49.99%

During the year ended December 31, 2016 and 2015, these associates are inactive.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

6. Property, plant and equipment

	Plant and equipment owned \$	Mineral properties being depleted \$	Mineral properties not being depleted \$	(Note 18) Residential properties \$	Properties and land \$	Total \$
Cost						
Balance as at December 31, 2014	410,764	87,920	358,029	13,682	4,206	874,601
Assets acquired	182	—	—	—	—	182
Environmental provision change in estimate	(1,364)	—	(74)	—	—	(1,438)
Assets disposed	—	—	—	(196)	(210)	(406)
Foreign exchange movement	(104,084)	(22,295)	(90,784)	(3,425)	(1,016)	(221,604)
Balance as at December 31, 2015	305,498	65,625	267,171	10,061	2,980	651,335
Assets acquired	174	—	—	—	—	174
Environmental provision change in estimate	116	—	23	—	—	139
Assets disposed	(925)	—	—	(196)	(40)	(1,161)
Foreign exchange movement	39,122	8,435	34,342	1,279	382	83,560
Balance as at December 31, 2016	343,985	74,060	301,536	11,144	3,322	734,047
Accumulated depreciation and impairment losses						
Balance as at December 31, 2014	316,807	72,674	305,824	1,790	533	697,628
Depreciation	581	—	—	124	—	705
Depreciation of disposed assets	—	—	—	(39)	—	(39)
Impairment loss (reversal)	12,072	(581)	3,023	—	—	14,514
Foreign exchange movement	(81,428)	(18,381)	(77,796)	(466)	(135)	(178,206)
Balance as at December 31, 2015	248,032	53,712	231,051	1,409	398	534,602
Depreciation	167	—	—	105	—	272
Depreciation of disposed assets	(923)	—	—	(73)	—	(996)
Impairment loss	18,252	—	10,907	—	—	29,159
Foreign exchange movement	33,358	6,904	29,699	182	51	70,194
Balance as at December 31, 2016	298,886	60,616	271,657	1,623	449	633,231
Carrying amounts						
At December 31, 2014	93,957	15,246	52,205	11,892	3,673	176,973
At December 31, 2015	57,466	11,913	36,120	8,652	2,582	116,733
At December 31, 2016	45,099	13,444	29,879	9,521	2,873	100,816

Eastern Platinum Limited

Notes to the consolidated financial statements

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

6. Property, plant and equipment (continued)

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

	Crocodile River Mine (a) \$	Kenney's Vale and Concentrator (b) \$	Spitzkop PGM Project (c) \$	Mareesburg Project (c) \$	Other property plant and equipment \$	Total \$
Cost						
Balance as at December 31, 2014	407,990	364,765	81,631	20,089	126	874,601
Assets acquired	177	2	—	—	3	182
Environmental provision change in estimate	(794)	(570)	(74)	—	—	(1,438)
Assets disposed	(283)	(123)	—	—	—	(406)
Foreign exchange movement	(103,327)	(92,464)	(20,693)	(5,098)	(22)	(221,604)
Balance as at December 31, 2015	303,763	271,610	60,864	14,991	107	651,335
Assets acquired	137	—	—	—	37	174
Environmental provision change in estimate	(59)	175	23	—	—	139
Assets disposed	(1,159)	—	—	—	(2)	(1,161)
Foreign exchange movement	38,893	34,915	7,823	1,926	3	83,560
Balance as at December 31, 2016	341,575	306,700	68,710	16,917	145	734,047
Accumulated depreciation and impairment losses						
Balance as at December 31, 2014	345,920	282,939	54,094	14,551	124	697,628
Depreciation	401	304	—	—	—	705
Depreciation of disposed assets	(27)	(12)	—	—	—	(39)
Impairment (reversal) loss	(17,385)	28,876	3,023	—	—	14,514
Foreign exchange movement	(86,369)	(74,163)	(13,964)	(3,689)	(21)	(178,206)
Balance as at December 31, 2015	242,540	237,944	43,153	10,862	103	534,602
Depreciation	147	121	—	—	4	272
Depreciation of disposed assets	(996)	—	—	—	—	(996)
Impairment (reversal) loss	(5,556)	23,808	15,451	(4,544)	—	29,159
Foreign exchange movement	32,652	30,595	5,547	1,396	4	70,194
Balance as at December 31, 2016	268,787	292,468	64,151	7,714	111	633,231
Carrying amounts						
At December 31, 2014	62,070	81,826	27,537	5,538	2	176,973
At December 31, 2015	61,223	33,666	17,711	4,129	4	116,733
At December 31, 2016	72,788	14,232	4,559	9,203	34	100,816

Eastern Platinum Limited

Notes to the consolidated financial statements

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

6. Property, plant and equipment (continued)

(a) *Crocodile River Mine*

The Company holds directly and indirectly an 87.5% interest in CRM, which is located on the eastern portion of the western limb of the Bushveld Complex. On August 1, 2013, CRM was placed on care and maintenance. (Also, see Notes 5 (a), (b) and 24).

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

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

(c) *Spitzkop PGM Project and Mareesburg Project*

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

Eastern Platinum Limited

Notes to the consolidated financial statements

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

6. Property, plant and equipment (continued)

(d) Impairment of property, plant and equipment

(i) Year ended December 31, 2016

Mineral properties are tested for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable, or previous impairment on assets is recoverable. In cases where the Company has current plans to develop a particular mineral property into an operating mining operation, management considers its internal discounted cash flow economic models as a proxy for the calculation of fair value less cost to sell ("FVLCTS"), given a willing market participant would use such models in establishing a value for the properties. In situations where management does not currently intend to advance a particular mineral property into production, management will use reference market transactions and/or recent offers on the properties as a proxy for FVLCTS.

The Company considers impairment, or if previous impairment charges should be reversed, at the cash generating unit ("CGU") level. Previously, management considered there were two CGUs being CRM and the Eastern Limb Projects. As discussed in Note 4 (v) (i), for the purposes of the Company's impairment testing at December 31, 2016, management has identified CRM, KV, Spitzkop and Mareesburg, each as separate CGUs. CRM continued to be a separate CGU which was consistent with 2015.

Where management uses its internal discounted cash flow economic models as a proxy for FVLCTS, the Company's key assumptions for determining FVLCTS, for the purpose of testing for impairment or impairment reversals include the most current operating and capital costs information, discount rates, metal prices, exchange rates and estimated costs to sell.

During the second quarter of 2016, the Company considered the CRM Transaction as representing an impairment indicator and recorded an impairment charge in the amount of \$23,357 based on the HZT's purchase price pursuant to the CRM Purchase Agreement less estimated costs to sell of approximately \$2,600. It is uncertain whether the transactions contemplated by the CRM Purchase Agreement will be held to be enforceable, completed, terminated or otherwise resolved. Therefore, at December 31, 2016, the Company does not consider the CRM Transaction as a reliable measure of recoverable amount.

During the fourth quarter of 2016, management determined that changes in operating assumptions for the CRM and Mareesburg projects, including but not limited to changes in estimated reserves, resources and mine-life estimates, when considered together with changes to the Company's consensus prices could be indicative of changes in the assets' recoverable amounts significant enough to warrant a reversal of previous impairment charges.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

6. Property, plant and equipment (continued)

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

(i) *Year ended December 31, 2016 (continued)*

As at December 31, 2016, management estimated the recoverable amounts of the CRM and the Mareesburg projects on a FVLCTS basis and has concluded that increases in the carrying values of both assets were appropriate. Management has estimated costs to sell based on current facts, circumstances, estimates and contractual arrangements. As such, reversals of previously recorded impairments in the amounts of \$28,913 (or \$5,556 reversal net of the impairment charge in the second quarter of 2016) and \$4,544 were recorded at the CRM and Mareesburg projects, respectively, during the fourth quarter of 2016. The FVLCTS of the CRM and Mareesburg projects (level 3 in the fair value hierarchy) as at December 31, 2016 was calculated using a weighted average cost of capital of 12.23% and the following forecasted average exchange rates and key forecasted metal prices. The metal prices and foreign exchange rates used in the Company's economic models are based on an average of analysts' consensus.

		2017	2018	2019	2020	2021	2022+
South African Rand Per U.S							
	Dollar	14.48	14.12	13.74	14.02	14.54	15.20
Platinum	US\$/oz	989	1,092	1,201	1,189	1,212	1,234
Palladium	US\$/oz	711	767	793	779	746	661
Rhodium	US\$/oz	788	888	918	918	1,185	1,185

During the fourth quarter of 2016, management determined that changes in operating assumptions for the KV and Spitzkop projects, when considered together with changes in the South African Rand per U.S. dollar exchange rate could be indicative of changes in the assets' recoverable amounts significant enough to warrant additional impairment charges.

Consequently, management estimated the recoverable amounts of the KV and Spitzkop projects as at December 31, 2016, determined on a FVLCTS basis (level 3 in the fair value hierarchy) with reference to market transactions as well as a purchase offer received, and concluded that decreases in the carrying values of both properties were appropriate. As such, the Company has recorded an impairment charge of \$23,808 and \$15,451 at KV and Spitzkop, respectively. Selection of relevant market transactions as indicative of fair value for the KV and Spitzkop projects involves significant judgements. Management believes the estimated recoverable amount of the KV and Spitzkop as at December 31, 2016 was comparable with the relevant market transactions.

When management utilizes internal discounted cash flow economic models in determining the recoverable value of the Company's mineral properties, the key assumptions are metal prices, operating and capital costs, foreign exchange rates and discount rates. At December 31, 2016, the Company performed a sensitivity analysis on all these key assumptions that assumed a 10% change to each individual assumption while holding the other assumptions constant. The effect of the change is below. An adverse 10% movement in any of the key assumptions in isolation caused the recoverable amount to be below the CGU carrying value for CRM. An adverse 10% movement in any of the key assumptions in isolation does not cause the recoverable amount to be below the CGU carrying value for Mareesburg.

Key assumptions	Crocodile River Mine	Mareesburg
Metal prices	\$39,400	—
Foreign exchange	\$40,500	—
Operating costs	\$40,300	—
Capital costs	\$4,300	—
Discount rates	\$9,900	—

Eastern Platinum Limited

Notes to the consolidated financial statements

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

6. Property, plant and equipment (continued)

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

(ii) *Year ended December 31, 2015*

Because the 2014 Proposed Sales Transaction did not close in 2015, the Company determined the carrying values of its mineral properties at December 31, 2015 should be estimated based on discounted net present value cash flow model, rather than on the sales price of the 2014 Proposed Sales Transaction less costs to sell that the Company used during the year ended December 31, 2014.

As a result of the substantially different valuation methods compared to December 31, 2014, the Company determined that the carrying value of CRM was below the expected NPV of its future cash flows and the carrying values of its Eastern Limb projects exceeded the expected NPV of its future cash flows. This resulted in a reversal of impairment of \$17,385 at CRM and an impairment charge of \$3,023 and \$28,876 at Spitzkop and KV respectively.

As at December 31, 2015, the expected NPV of the Company's mineral properties' future cash flows were calculated using a weighted average cost of capital of 14.21%, an exchange rate of ZAR 15.46 per U.S. dollar as at December 31, 2015, and the following forecasted metals prices relating to the key metal contents contained in the Company's mineral properties:

		2016	2017	2018	2019	2020	2021+
Platinum	US\$/oz	1,109	1,117	1,148	1,229	1,272	1,272
Palladium	US\$/oz	713	760	801	868	814	814
Rhodium	US\$/oz	872	1,004	1,055	892	1,236	1,236

7. Prepayments

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

- 44.12% equity interest in Gubevu Consortium Investment Holdings (Pty) Ltd. ("Gubevu") for a total of \$8,955 and an 18% equity interest in Lion's Head Platinum (Pty) Ltd. ("Lion's Head") for \$1,099 from Ingwenya; and
- 8% interest in Lion's Head for \$502, a 5.89% equity interest in Gubevu for \$1,194 and a 33.35% equity interest in Afriminerals for \$1,617 from Serina.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

7. Prepayments (continued)

Pursuant to the BEE Buyout Agreements, the former management placed 100% of the consideration (the "Escrow Funds") with an escrow agent and provided certain evidence sufficient to permit the Escrow Funds to be released to the Vendors upon the change of control defined under the BEE Buyout Agreements which occurred upon the election of the new board at the Company's annual general meeting held on July 5, 2016. As at December 31, 2016, the BEE buyout transaction had not been completed and the Company's ability to complete the BEE Buyout Transaction has been impeded by the difficulty to access the underlying documents and agreements, the cooperation of various parties and the review of the implications of the BEE Buyout Agreements under the Company's mining rights and certain provisions under the Minerals & Petroleum Resources Development Act (South Africa). The Company has recently concluded an extensive investigation into certain actions taken by former management and others including in connection to the BEE Buyout Transaction. The investigation provided the Company with sufficient information regarding the recording and disclosure of the BEE Buyout Transaction. The payments in the amount of \$13,367, made from the escrow agent to the Vendors in July 2016, was recorded as prepayments in the Company's consolidated statement of financial position, but an allowance equal to the entire value has been recorded due to the above-mentioned uncertainty, (see note 24 (c) and 26(d)).

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

As at December 31, 2016 and 2015, the Company had 92,639,032 common shares issued and 92,599,310 common shares outstanding. There were no changes to the number of common shares issued and outstanding during the years ended December 31, 2016 and 2015.

(c) Treasury shares

As at December 31, 2016 and 2015, the Company held 39,722 treasury shares. There were no changes to the number of treasury shares during the year ended December 31, 2016 and 2015.

(d) Share options

The Company has an incentive plan (the "2014 Plan"), approved by the Company's shareholders at its annual general meeting held on September 12, 2014, 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.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

8. Issued capital (continued)

(d) Share options (continued)

During the year ended December 31, 2016, the Company granted 1,100,000 stock options to the directors, officers and consultants of the Company to acquire common shares of the Company at an exercise price of Cdn\$1.05 per share expiring in five years from the date of grant. These stock options vest in 90 days from the grant date. The fair value of the options granted were estimated using the Black-Scholes options pricing model with the following assumptions:

Weighted average fair value (Cdn\$)	0.45
Weighted average risk-free interest rate	0.61%
Dividend yield	0%
Expected volatility	61.63%
Expected life of options	5

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

During the year ended December 31, 2016, a total of \$355 (2015 – nil) was recorded as share-based compensation expense relating to general and administrative services.

The following is a summary of stock option transactions:

	Number of options	Weighted average exercise price Cdn\$
Balance, December 31, 2015 and 2014	3,201,900	2.85
Granted	1,100,000	1.05
Expired/forfeited	(3,157,900)	2.75
Balance, December 31, 2016	1,144,000	1.41

The following table summarizes information concerning outstanding and exercisable options at December 31, 2016:

Number of options outstanding	Number of options exercisable	Exercise price Cdn\$	Remaining contractual life (Years)	Expiry date
2,500	2,500	6.00	0.19	March 12, 2017
9,000	9,000	23.10	0.76	October 5, 2017
232,500 (i)	232,500	1.90	1.02	January 8, 2018
400,000	400,000	1.05	4.51	July 4, 2021
400,000 (ii)	400,000	1.05	4.62	August 14, 2021
100,000	100,000	1.05	4.72	September 20, 2021
1,144,000	1,144,000			

- (i) Subsequent to the year ended December 31, 2016, 25,000 stock options were cancelled.
- (ii) Subsequent to the year ended December 31, 2016, 100,000 stock options were cancelled.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

9. Finance costs

	Year ended December 31 2016 \$	Year ended December 31 2015 \$
Interest on provision for environmental rehabilitation (Note 18)	657	711
Other interest	9	77
	666	788

10. Income tax

The income tax recognized in profit or loss is comprised of:

	December 31, 2016 \$	December 31, 2015 \$
Current tax recovery (expense)	147	(92)
Deferred tax (expense) recovery	(307)	814
Income tax (expense) recovery	(160)	722

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:

	December 31, 2016 \$	December 31, 2015 \$
Loss before income tax	54,964	24,075
Statutory tax rate	26%	26%
Expected tax recovery at the applicable tax rate	14,291	6,262
Difference in tax rates between foreign jurisdictions and Canada	684	542
Items not deductible for income tax purposes	(3,584)	(504)
Tax losses not recognized	(11,551)	(5,578)
Change in estimates	—	—
Income tax (expense) recovery	(160)	722

Eastern Platinum Limited

Notes to the consolidated financial statements

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

10. Income tax (continued)

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

	December 31, 2016 \$	December 31, 2015 \$
Deferred tax liabilities		
Property, plant and equipment	(1,079)	(701)
Other temporary difference	(1,857)	(1,787)
	(2,936)	(2,488)

At December 31, 2016, the Company has non-capital losses of approximately Cdn\$57,007 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 ZAR4,100,000. The South African losses do not expire unless the Company's business activities cease. The Canadian non-capital losses will expire as follows:

	Cdn\$
2026	3,224
2027	9,498
2028	4,217
2029	859
2030	8,665
2031	3,148
2032	3,078
2033	6,492
2034	5,618
2035	4,020
2036	8,188
	57,007

The tax benefit of the Company's Canadian and South African tax losses has not been recorded as assets in the consolidated financial statements due to the uncertainty of their realization.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

10. Income tax (continued)

At December 31, 2016, the Company had capital losses of \$Nil 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, tax liabilities 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.

11. Non-controlling interest

The Company has the following BEE Partners in South Africa for the projects it owns (also see Note 7):

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

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

	\$
Balance, December 31, 2014	(35,454)
Non-controlling interests' share of loss	(3,738)
Foreign exchange movement	9,482
Balance, December 31, 2015	(29,710)
Non-controlling interests' share of loss	(4,328)
Foreign exchange movement	(4,154)
Balance, December 31, 2016	(38,192)

12. Cash and cash equivalents

Cash and cash equivalents are comprised of:

	December 31, 2016	December 31, 2015
	\$	\$
Cash in bank	406	7,412
Money market instruments	5,484	871
	5,890	8,283

Eastern Platinum Limited

Notes to the consolidated financial statements

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

13. Short-term investments

Changes to short-term investments for the years ended December 31, 2016 and 2015 are as follows:

	\$
Balance, December 31, 2014	61,438
Additional investments	64,875
Redemptions	(72,693)
Foreign exchange movement	(5,569)
Balance, December 31, 2015	48,051
Additional investments	51,576
Redemptions	(79,851)
Foreign exchange movement	572
Balance, December 31, 2016	20,348

14. Trade and other receivables

Trade and other receivables are comprised of the following:

	December 31, 2016 \$	December 31, 2015 \$
Trade receivables	—	277
Taxes receivable	569	663
Other receivables	428	725
Allowance for doubtful debts for other receivables	(163)	(506)
	834	1,159

(a) *Aging of trade and other receivables*

Other receivables related to rental income and scrap sales. The Company's receivables are unsecured. As at December 31, 2016 and 2015, there are no receivable balances that are past due but have not been provided for.

(b) *Movement in the allowance for doubtful debts*

	December 31, 2016 \$	December 31, 2015 \$
Opening balance	(506)	(604)
Impairment losses recognized on receivables	(71)	(67)
Amounts written off	474	—
Foreign exchange translation	(60)	165
Closing balance	(163)	(506)

Impairment was determined based on payment history and how far past due the receivables were.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

15. Refining contract

The Company has an off-take contract governing the sales of Barplats Investments' PGM concentrate production. The original carrying value of the refining contract is the assigned value based on the purchase price allocation when the Company acquired the equity interests in Barplats Investments through a series of acquisition transactions from 2006 to 2008. The carrying value of the refining contract was fully amortized as at December 31, 2016 and 2015.

16. Other assets

Other assets consist of various money market fund investments that are classified as AFS and serve as security for a guarantee issued to the Department of Mineral Resources of South Africa in respect to environmental rehabilitation. Changes to other assets for the years ended December 31, 2016 and 2015 are as follows:

	\$
Balance, December 31, 2014	9,723
Additional investment	570
Service fees	(169)
Interest income	590
Foreign exchange movement	(2,665)
Balance, December 31, 2015	8,049
Additional investment	170
Service fees	(174)
Interest income	656
Foreign exchange movement	1,078
Balance, December 31, 2016	9,779

17. Trade and other payables

	December 31, 2016	December 31, 2015
	\$	\$
Trade payables	562	503
Accrued liabilities	241	412
Other	783	2,700
	1,586	3,615

Eastern Platinum Limited

Notes to the consolidated financial statements

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

18. Provision for environmental rehabilitation

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

The provision for environmental rehabilitation at December 31, 2016 is \$8,279 (ZAR113,451) (December 31, 2015 – \$6,590 (ZAR101,912)). The provision was determined using the following assumptions:

	2016	2015
Inflation rate	6.62%	6.67%
Discount rate	8.91%	9.43%
Estimated life of mine		
- Zandfontein (yrs)	16	16
- Maroelabult (yrs)	8	8
- Crocette (yrs)	10	10
- Kennedy's Vale (yrs)	23	23
- Spitzkop (yrs)	23	23

As at December 31, 2016, cash in the amount of \$9,779 (December 31, 2015 - \$8,049) was pledged as security for the guarantee issued to the Department of Mineral Resources of South Africa in respect to environmental rehabilitation (Note 16). Furthermore, as at December 31, 2016, certain of the Company's residential properties in the amount of \$1,547 (ZAR21,200) (December 31, 2015 - \$1,371 (ZAR21,200)) was also pledged as security for the guarantee issued to the Department of Mineral Resources for the same reason. These guarantees will be utilized to cover expenses incurred to rehabilitate the mining area upon closure of the mine.

The undiscounted and inflated value of this liability is approximately \$40,774 (ZAR558,771) (December 31, 2015 – \$34,872 (ZAR538,982)).

Changes to the environmental rehabilitation provision are as follows:

	\$
Balance, December 31, 2014	9,816
Revision in estimates	(1,438)
Interest expense	711
Foreign exchange movement	(2,499)
Balance, December 31, 2015	6,590
Revision in estimates	139
Interest expense (Note 9)	656
Foreign exchange movement	894
Balance, December 31, 2016	8,279

19. Commitments

- (a) The Company has committed to capital expenditures in South Africa of approximately \$37 (ZAR508) as at December 31, 2016, all of which are expected to be payable by December 31, 2017.
- (b) August 31, 2016, the Company entered into an office lease agreement relating to the Company's administrative office. The lease has a three-year term with an annual lease payment of \$19 each for the first and second year and \$20 for the third year.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

20. Retirement benefit plans

The Barplats Provident Fund is an independent, defined contribution plan administered by Liberty Life Limited in South Africa. The costs associated with the defined contribution plan included in net loss for the year ended December 31, 2016 were \$166 (year ended December 31, 2015 - \$277). The total number of employees in the plan at December 31, 2016 was 59 (December 31, 2015 – 99).

21. Related party transactions

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

(a) Trading transactions

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

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

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

	2016	2015
	\$	\$
Consulting fees	68	155
General and administrative expenses	612	507
Director fees	179	138
Management fees	3,068	787
Share-based payments	272	—
	4,199	1,587

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Notes to the consolidated financial statements

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

21. Related party transactions (continued)

(a) Trading transactions (continued)

- (i) On January 31, 2016, Ian Rozier (“Mr. Rozier”) stepped down as President and Chief Executive Officer (“CEO”) of the Company and David Cohen, the then Chairman of the board of directors, assumed the role of President and CEO until July 5, 2016. Mr. Rozier remained as a director of the Company until July 5, 2016. Mr. Rozier was paid a monthly consulting fee of \$41 (Cdn\$55) in 2015 and until January 2016, and his services were provided pursuant to a management services contract with Buccaneer, a private company controlled by Mr. Rozier. In accordance with the management services contract, Buccaneer was paid a termination fee in an amount of \$1,442 (Cdn\$1,980) on January 31, 2016.
- (ii) Maluti is controlled by David Cohen (“Mr. Cohen”), the Company’s former CEO and director who resigned on July 5, 2016. Mr. Cohen was paid a monthly consulting fee of \$15 (Cdn\$20) for the period from February 2016 to July 2016 and his services were provided through Maluti.
- (iii) Jazz is controlled by Horng Dih Lee (“Mr. Lee”), the Company’s former chief financial officer (“CFO”) who resigned on July 5, 2016. Mr. Lee was paid a monthly consulting fee of \$21 (Cdn\$29) in 2015 and until July 2016, and his services were provided pursuant to a management services contract with Jazz.
- (iv) Zinpro is controlled by Willie Byleveld (“Mr. Byleveld”), the Company’s former director of the South Africa subsidiaries who resigned on July 5, 2016. Mr. Byleveld was paid a monthly consulting fee of \$6 (ZAR90) and director fee of \$4 in 2015 and until June 2016, and his services were provided through Zinpro.
- (v) At the Company’s annual general meeting held on July 5, 2016, the shareholders elected a new board of directors and the Company underwent a change in management. Sterling, Maluti and Jazz (collectively, the “Former Management”) terminated their services with the Company and were paid termination fees totaling \$1,219 (Cdn\$1,590), of which \$368 (Cdn\$480) was paid to Maluti, \$529 (Cdn\$690) was paid to Jazz, and \$322 (Cdn\$420) was paid to Sterling. Sterling is significantly influenced by the Company’s Former Management.
- (vi) Maplegrow is controlled by Peter Clausi (“Mr. Clausi”), the Company’s former interim CEO. On August 12, 2016, Mr. Clausi stepped down as the director and effective July 27, 2016 as the interim CEO of the Company and was paid a termination fee in the amount of \$77 (Cdn\$100).
- (vii) CGH is controlled by the CEO of the Company. The Company entered into a consulting agreement with CGH on July 27, 2016, pursuant to which the Company has agreed to pay Cdn\$25 per month to CGH for the management consulting services rendered. The consulting agreement has an initial term of one year and is renewable annually.
- (viii) Oriental Fortune is controlled by the Company’s chief operating officer (“COO”). The Company entered into a consulting agreement with Oriental Fortune on July 5, 2016, pursuant to which the Company has agreed to pay Cdn\$23 per month to Oriental Fortune for the management consulting services rendered. The consulting agreement has an initial term of one year and is renewable annually.

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

21. Related party transactions (continued)

(a) Trading transactions (continued)

- (ix) Redfield is controlled by the Company's former interim CFO (the "interim CFO"). The Company entered into a consulting agreement with Redfield on July 15, 2016, pursuant to which the Company has agreed to pay Cdn\$12 per month to Redfield for the management consulting services rendered. The consulting agreement has an initial term of three months and is renewable every three months. The interim CFO resigned effective November 23, 2016.
- (x) At December 31, 2016, the Company held a loan receivable from Gubevu in the amount of ZAR798,875 (\$58,318) (December 31, 2015 – ZAR726,801 (\$46,972)). This loan is secured by Gubevu's interest in Barplats Investments Limited, bears interest at the Johannesburg Interbank Agreed Rate ("JIBAR") + 3% and has been provided for in full. The Company did not record any interest income with regards to this loan or receive cash from, or lend any further cash to, Gubevu during the years ended December 31, 2016 and 2015.
- (xi) Accounts payable as at December 31, 2016 included \$nil (December 31, 2015 - \$13) due to private companies controlled by officers and directors of the Company. Amounts due to related parties are unsecured, non-interest bearing and due on demand.
- (xii) Accounts receivable as at December 31, 2016 included \$39 (December 31, 2015 - \$31) due from Remington representing the reimbursement receivable for certain general and administrative expenses incurred by the Company on behalf of Remington. Mr. Rozier and Mr. Cohen are the principal shareholders of Remington.

(b) Compensation of key management personnel

During the year ended December 31, 2016, the Company's key management includes the CEO, CFO, COO and vice president of South African Operations. During the year ended December 31, 2015, the Company's key management included the then CEO, CFO and vice president of Western Limb Operations. Included in Note 21 (a) table above, the total remuneration to the key management for the year ended December 31, 2016 was \$3,217 (2015 - \$942) with the breakdown below:

- (i) Management and consulting fees (excluding termination payments) of \$720 (2015 - \$942);
- (ii) Termination payments of \$1,442 made in January 2016, \$897 in July 2016 and \$77 in August 2016 (2015 – nil); and
- (iii) Share-based compensation of \$81 (2015 – nil).

Key management personnel were not paid post-employment benefits or other long-term benefits during the years ended December 31, 2016 and 2015.

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

22. Segmented Information

- (a) Operating segments - The Company's operations are primarily directed towards the acquisition, exploration and production of platinum group metals in South Africa. The Company has five reportable segments – Crocodile River Mine, Kennedy's Vale, Spitzkop, Mareesburg and corporate. Barbados, BVI and Canada collectively are corporate segment.
- (b) Geographic segments - The Company's revenues and expenses by geographic areas for the years ended December 31, 2016 and 2015, and assets by geographic areas as at December 31, 2016 and 2015, are as follows:

	Year ended December 31, 2016						
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Total South Africa	Canada, Barbados and BVI	Total
	\$	\$	\$	\$	\$	\$	\$
Property, plant and equipment expenditures	137	—	—	—	137	37	174
Cost of property, plant and equipment disposals	1,159	—	—	—	1,159	2	1,161
Impairment recovery (expense)	5,556	(23,808)	(15,451)	4,544	(29,159)	—	(29,159)
Impairment of prepayments	—	—	—	—	—	(13,367)	(13,367)
Gain on disposal of property, plant and equipment	728	162	—	—	890	—	890
General and administrative expenses	—	—	—	—	—	(6,883)	(6,883)
Care and maintenance	(6,128)	(868)	(48)	(20)	(7,064)	—	(7,064)
Care and maintenance depreciation and amortization	(166)	(102)	—	—	(268)	(4)	(272)
Interest income	478	8	—	—	486	315	801
Other income	1,179	557	—	—	1,736	—	1,736
Finance costs	(463)	(180)	(23)	—	(666)	—	(666)
Foreign exchange gain (loss)	28	—	—	—	28	(1,008)	(980)
Loss before income taxes	1,212	(24,231)	(15,522)	4,524	(34,017)	(20,947)	(54,964)
Income tax recovery (expense)	147	—	817	(1,063)	(99)	(61)	(160)
Net loss	1,359	(24,231)	(14,705)	3,461	(34,116)	(21,008)	(55,124)

Eastern Platinum Limited

Notes to the consolidated financial statements

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

22. Segmented Information (continued)

(b) *Geographic segments (continued)*

	Year ended December 31, 2015						
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Total South Africa	Canada, Barbados and BVI	Total
	\$	\$	\$	\$	\$	\$	\$
Property, plant and equipment expenditures	177	2	—	—	179	3	182
Cost of property, plant and equipment disposals	283	123	—	—	406	—	406
Impairment recovery (expense)	17,385	(28,876)	(3,023)	—	(14,514)	—	(14,514)
Gain (loss) on disposal of property, plant and equipment	244	(23)	—	—	221	—	221
General and administrative expenses	—	—	—	—	—	(2,889)	(2,889)
Care and maintenance	(9,887)	(1,448)	(52)	(5)	(11,392)	—	(11,392)
Care and maintenance depreciation and amortization	(849)	(304)	—	—	(1,153)	(1)	(1,154)
Interest income	512	40	3	1	556	639	1,195
Other income	1,190	537	—	—	1,727	—	1,727
Finance costs	(481)	(280)	(27)	—	(788)	—	(788)
Foreign exchange (loss) gain	(34)	—	—	—	(34)	3,553	3,519
Loss before income taxes	8,080	(30,354)	(3,099)	(4)	(25,377)	1,302	(24,075)
Income tax (expense) recovery	(92)	—	873	(2)	779	(57)	722
Net income (loss)	7,988	(30,354)	(2,226)	(6)	(24,598)	1,245	(23,353)

Eastern Platinum Limited

Notes to the consolidated financial statements

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

22. Segmented Information (continued)

(b) *Geographic segments (continued)*

	December 31, 2016						
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Total South Africa	Canada, Barbados and BVI	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Current assets	2,791	180	5	1	2,977	31,214	34,191
Property, plant and equipment	72,788	14,232	4,559	9,203	100,782	34	100,816
Other assets	9,779	—	—	—	9,779	—	9,779
	85,358	14,412	4,564	9,204	113,538	31,248	144,786
Liabilities							
Current liabilities	973	187	5	33	1,198	388	1,586
Provision for environmental rehabilitation	5,568	2,398	313	—	8,279	—	8,279
Deferred tax liabilities	—	—	—	1,079	1,079	1,857	2,936
	6,541	2,585	318	1,112	10,556	2,245	12,801
Net assets (liabilities)	78,817	11,827	4,246	8,092	102,982	29,003	131,985

Eastern Platinum Limited

Notes to the consolidated financial statements

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

22. Segmented Information (continued)

(b) *Geographic segments (continued)*

	December 31, 2015						
	Crocodile River Mine	Kennedy's Vale	Spitzkop	Mareesburg	Total South Africa	Canada, Barbados and BVI	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Current assets	2,961	600	1	—	3,562	55,769	59,331
Property, plant and equipment	61,223	33,666	17,711	4,129	116,729	4	116,733
Other assets	8,049	—	—	—	8,049	—	8,049
	72,233	34,266	17,712	4,129	128,340	55,773	184,113
Liabilities							
Current liabilities	3,020	214	(5)	26	3,255	360	3,615
Provision for environmental rehabilitation	4,556	1,799	235	—	6,590	—	6,590
Deferred tax liabilities	—	—	734	—	734	1,754	2,488
	7,576	2,013	964	26	10,579	2,114	12,693
Net assets (liabilities)	64,657	32,253	16,748	4,103	117,761	53,659	171,420

(c) *Revenue*

No revenues were recorded for the years ended December 31, 2016 and 2015.

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Notes to the consolidated financial statements

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

23. Financial instruments

(a) *Management of capital risk*

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

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

The Company is not subject to externally imposed capital requirements.

(b) *Categories of financial instruments*

	December 31, 2016 \$	December 31, 2015 \$
Financial assets		
Loans and receivables		
Cash and cash equivalents	5,890	8,283
Restricted cash	5,086	—
FVTPL financial assets		
Trade and other receivables (excluding taxes receivable)	265	496
Available for sale financial assets		
Short-term investments	20,348	48,051
Other assets	9,779	8,049
	41,368	64,879
Financial liabilities		
Other financial liabilities		
Trade and other payables	1,586	3,615

(c) *Fair value of financial instruments*

(i) *Fair value estimation of financial instruments*

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

Eastern Platinum Limited

Notes to the consolidated financial statements

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

23. 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 financial instruments that are measured at fair value on a recurring basis are AFS financial instruments consisting of short-term investments and other assets. Short-term investments are mainly GICs at financial institutions with market interest rates and other assets are mainly money market fund investments. These are level 1 financial instruments at December 31, 2016 and 2015. As at December 31, 2016 and 2015, the Company did not have financial liabilities measured at fair value on a recurring basis. There were no transfers between levels during the years ended December 31, 2016 and 2015.

(d) *Reclassification of financial assets*

There was no reclassification of financial assets during the years ended December 31, 2016 and 2015.

(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 reports its financial statements in U.S dollars. The functional currency of head office and its BVI and Barbados intermediate holding companies is Canadian dollars and the functional currency of all South African subsidiaries is South African Rand. The Company is exposed to foreign exchange risk when the Company undertakes transactions and hold assets and liabilities in currencies other than its functional currencies.

The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations. The Company's exposure to currency risk affect net income is summarized as below:

	December 31, 2016	December 31, 2015
	\$	\$
Financial assets denominated in U.S. dollars		
At Canadian head office	16,239	32,869
At South African subsidiaries	—	241
	16,239	33,110

Eastern Platinum Limited

Notes to the consolidated financial statements

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

23. Financial instruments (continued)

(e) *Financial risk management (continued)*

(i) *Currency risk (continued)*

As at December 31, 2016, with other variables unchanged, a 10% strengthening (weakening) of U.S dollars against Canadian dollars would have increased (decreased) net income by approximately \$1,624.

(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 AFS, will mature within 12 months from the year end and are generally not sold before maturity. The Company also staggers the maturity dates of its investments over different time periods and dates to minimize exposure to interest rate changes. The Company monitors its exposure to interest rates and has not entered into any derivative financial instruments to manage this risk. The sensitivity of the Company's net earnings due to changes in interest rates is not material.

(iii) *Commodity price risk*

The Company is not exposed to commodity price risk with respect to fluctuations in the prices of platinum group metals as there were no revenues from PGM sales during the years ended December 31, 2016 and 2015.

(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. The Company's credit risk is primarily attributable to cash and cash equivalents, trade and other receivables and other assets. The carrying value of these assets included in the consolidated statement of financial position represents the maximum credit exposure.

As at December 31, 2016, the Company did not have material trade receivables. The other receivable balances are monitored on an ongoing basis. The Company seeks to maintain strict control over its outstanding receivables to minimize credit risk. Provision for doubtful debts is calculated based on the payment history. With respect to credit risk arising from cash and cash equivalents and other assets, the Company limits its counterparty credit risk on these assets by dealing only with financial institutions with strong credit ratings.

(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.

Eastern Platinum Limited

Notes to the consolidated financial statements

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

23. Financial instruments (continued)

(e) *Financial risk management (continued)*

(v) *Liquidity risk (continued)*

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 as at December 31, 2016:

	<1 year	1 - 3 years	Total
	\$	\$	\$
Trade and other payables	1,586	—	1,586
Commitments	56	35	91
	<u>1,642</u>	<u>35</u>	<u>1,677</u>

24. Contingencies

(a) On December 9, 2016, the Company announced that HZT had filed a notice of civil claim in the British Columbia Supreme Court against the Company and several of its subsidiaries with respect to an alleged repudiation and breach of the purported CRM Purchase Agreement. That action seeks, among other relief, specific performance of the CRM Purchase Agreement or damages in lieu thereof and costs. On January 24, 2017, the Company filed its response to the notice of civil claim filed by HZT. In its response, the Company is seeking to have the HZT claim dismissed with costs against HZT. Further, on March 20, 2017, the Company amended its response to the HZT civil claim asserting that in light of the failure to obtain approval of the shareholders of Barplats Investments, the conditions precedent to completion under the CRM Purchase Agreement cannot be met and as a result the purported agreement is at an end and the Company has no continuing obligations thereunder and the claim be dismissed with costs against HZT. The Company views the \$5,000 break-fee deposited into escrow as refundable as the conditions precedents of the CRM Purchase Agreement cannot be met, but the Company is unable to have the funds released without the consent of HZT or court direction.

(b) On March 14, 2017, the Company has been served with a claim by Alpha Global Capital Inc. ("Alpha Global") an entity registered in British Virgin Islands. On May 12, 2017, the Company served its response to the claim filed by Alpha Global, in the High Court of South Africa. In its claim, Alpha Global is seeking relief under a unique provision of South African company legislation contemplating that a South African court may make an order to wind up an "external company" registered in South Africa on the basis that it is just and equitable to do so or that it is unable to pay its debts. Alpha Global has asserted that it is entitled to bring its action on the basis that an alleged default occurred under a promissory note originally issued in 2007 and that it is now entitled to approximately ZAR30,797 (\$2,250) plus default interest (the "Promissory Note").

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

Eastern Platinum Limited

Notes to the consolidated financial statements

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

24. Contingencies (continued)

(c) The Company notes that the BEE Buyout Transactions have not formally been completed. However, so long as ownership of the CRM is maintained, then completion of the BEE Buyout Transaction could give rise to non-compliance with the mining rights and certain provisions of the *Mineral & Petroleum Resources Development Act* (South Africa) (the “MPRDA”) in respect of black economic empowerment requirements, unless other steps are taken to rectify the potential non-compliance. In particular, under the MPRDA, the Department of Mineral Resources of the Republic of South Africa (“DMR”) may order the Company to rectify any such non-compliance, and failure to do so could lead to the Minister cancelling or modifying the mining rights under the MPRDA. The Company has met with the DMR and is working proactively to address these issues.

(d) The Company is also subject to claims and legal proceedings arising in the ordinary course of business activities, each of which is subject to various uncertainties and it is possible that some of these matters may be resolved 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.

25. Headline and diluted headline loss per share

The Company’s shares are also listed on the Johannesburg Stock Exchange which requires the Company to present headline and diluted headline loss per share. Headline loss per share is calculated by dividing headline loss attributable to equity shareholders of the Company by weighted average number of the common shares issued and outstanding during the year. Diluted headline loss per share is determined by adjusting the headline loss attributable to equity shareholders of the Company and the weighted average number of common shares issued and outstanding during the year after taking all potential dilutive effects. For the years ended December 31, 2016 and 2015, the Company’s diluted headline loss per share is identical to the headline loss per share as inclusion of stock options would be anti-dilutive.

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

	2016	2015
	\$	\$
Loss attributable to shareholders of the Company	(50,796)	(19,615)
Adjusted for:		
Gain on disposal of property, plant and equipment	(779)	(193)
Impairment of mineral properties	26,442	12,698
Headline loss attributable to shareholders of the Company	(25,133)	(7,110)
Headline loss and diluted headline loss per share	(0.27)	(0.08)

Eastern Platinum Limited

Notes to the consolidated financial statements

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

26. Subsequent events

- (a) Barplats Investments held a shareholders meeting on February 3, 2017 and the shareholders rejected the special resolution submitted to the meeting seeking approval of the CRM Transaction.
- (b) On February 24, 2017, the Company granted 200,000 stock options to officers of the Company to acquire common shares of the Company at an exercise price of Cdn\$0.40 per share expiring in five years from the date of grant. These stock options vest in 90 days from the grant.
- (c) On April 4, 2017, the British Columbia Securities Commission ("BCSC") issued a Management Cease Trade Order ("MCTO") as requested by the Company, as it was unable to file its required annual filings including its December 31, 2016 audited consolidated financial statements by the deadline of March 31, 2017. During the MCTO, the general investing public continues to be able to trade in the Company's listed common shares. However, the Company's Chief Executive Officer, Chief Financial Officer and such other directors, officers and persons as determined by the applicable regulatory authorities, are not able to trade the Company's shares. This will continue until the MCTO is lifted by the BCSC.
- (d) The Company has recently concluded an extensive investigation into certain actions taken by former management and others, in order to satisfy itself that the 2016 Audited Consolidated Financial Statements and associated filings ("2016 Annual Filings") accurately reflect the financial position of the Company. The investigation provided the Company with sufficient information regarding the recording and disclosure of these actions. New management obtained advice and has considered the results of the investigation and considers it appropriate to file its 2016 Annual Filings as presented. The Company will seek further advice from its legal counsel and evaluate its options in respect to, among other things, recovery of the amounts paid in the BEE Buyout Transactions (Note 7), costs or other remedies and any actions that the Company may consider appropriate.

Also see Notes 8 (d) and 24.