



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED 31 MARCH 2014

(Unaudited)

(Expressed in Canadian Dollars unless otherwise stated)

**ATLATSA RESOURCES CORPORATION**

Condensed Consolidated Interim Statements of Financial Position

As at 31 March 2014

(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

		<b>Audited</b>	
	<b>Note</b>	<b>31 March 2014</b>	<b>31 December 2013</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	675,641,797	651,178,482
Capital work-in-progress	6	31,068,455	27,296,481
Intangible assets		298,933	326,350
Mineral property interests	7	6,121,876	7,612,443
Goodwill		9,169,040	8,845,940
Platinum producers' environmental trust		3,528,129	3,292,979
Other non-current assets		555	540
<b>Total non-current assets</b>		<b>725,828,785</b>	<b>698,553,215</b>
<b>Current assets</b>			
Inventories		995,968	373,698
Trade and other receivables		39,079,538	33,782,099
Cash and cash equivalents		15,115,683	40,655,103
Restricted cash		278,401	265,293
<b>Total current assets</b>		<b>55,469,590</b>	<b>75,076,193</b>
<b>Total assets</b>		<b>781,298,375</b>	<b>773,629,408</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	8	309,659,583	71,967,083
Treasury shares	8	(4,991,726)	(4,991,726)
Convertible preference shares		-	162,910,000
Foreign currency translation reserve		26,323	(10,119,860)
Share-based payment reserve		25,879,608	25,794,650
Accumulated loss		(69,550,369)	(64,673,717)
<b>Total equity attributable to equity holders of the Company</b>		<b>261,023,419</b>	<b>180,886,430</b>
Non-controlling interest		206,837,555	198,227,542
<b>Total equity</b>		<b>467,860,974</b>	<b>379,113,972</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	9	122,137,223	110,320,221
Deferred taxation		127,479,208	124,519,382
Provisions		11,742,695	11,100,511
<b>Total non-current liabilities</b>		<b>261,359,126</b>	<b>245,940,114</b>
<b>Current liabilities</b>			
Trade and other payables		51,402,277	71,878,955
Short-term portion of loans and borrowings	9	675,998	76,696,367
<b>Total current liabilities</b>		<b>52,078,275</b>	<b>148,575,322</b>
<b>Total liabilities</b>		<b>313,437,401</b>	<b>394,515,436</b>
<b>Total equity and liabilities</b>		<b>781,298,375</b>	<b>773,629,408</b>

Approved by the Board of Directors on 15 May 2014

/s/ Harold Motaung

Harold Motaung (Director)

/s/ Fikile De Buck

Fikile De Buck (Director)

**ATLATSA RESOURCES CORPORATION**

Condensed Consolidated Interim Statements of Comprehensive Loss

For the periods ended 31 March 2014

(Unaudited - Expressed in Canadian Dollars)

	<u>Note</u>	<u>Three months ended 31 March</u>	
		2014	2013
Revenue		53,830,939	45,080,728
Cost of sales		(60,966,185)	(53,428,927)
<b>Gross loss</b>		<b>(7,135,246)</b>	<b>(8,348,199)</b>
Administrative expenses		(3,365,017)	(4,090,554)
Other income		7,478	145,091
Fair value gain and AG8 adjustments on loans and borrowings		391,858	20,627,354
<b>Operating (loss)/profit</b>		<b>(10,100,927)</b>	<b>8,333,692</b>
Finance income		81,606	108,720
Finance expense		(3,981,152)	(14,226,282)
<b>Net finance expense</b>		<b>(3,899,546)</b>	<b>(14,117,562)</b>
<b>Loss before income tax</b>		<b>(14,000,473)</b>	<b>(5,783,870)</b>
Income tax		1,184,503	1,159,007
<b>Loss for the period</b>		<b>(12,815,970)</b>	<b>(4,624,863)</b>
<b>Other comprehensive income /(loss)</b>			
Foreign currency translation differences for foreign operations		17,205,750	(10,976,744)
<b>Other comprehensive income/(loss) for the period, net of income tax</b>		<b>17,205,750</b>	<b>(10,976,744)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>4,389,780</b>	<b>(15,601,607)</b>
<b>(Loss)/income attributable to:</b>			
Owners of the Company		(4,876,655)	(6,164,534)
Non-controlling interest		(7,939,315)	1,539,671
<b>Loss for the period</b>		<b>(12,815,970)</b>	<b>(4,624,863)</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company		5,354,485	(4,689,354)
Non-controlling interest		(964,705)	(10,912,253)
<b>Total comprehensive income/(loss) for the period</b>		<b>4,389,780</b>	<b>(15,601,607)</b>

**ATLATSA RESOURCES CORPORATION**

Condensed Consolidated Interim Statements of Changes in Equity

For the periods ended 31 March 2014

(Unaudited - Expressed in Canadian Dollars)

Attributable to equity holders of the Company

	Share Capital	Treasury Shares	Convertible preference shares	Foreign currency translation reserve	Share-based payment reserve	Accumulated loss	Total	Non-controlling interest	Total
<b>For the period ended 31 March 2013</b>									
Balance at 1 January 2013	71,967,083	(4,991,726)	162,910,000	(9,797,657)	25,285,851	(264,166,155)	(18,792,604)	224,049,827	205,257,223
Total comprehensive income/(loss) for the period	-	-	-	-	-	(6,164,534)	(6,164,534)	1,539,671	(4,624,863)
(Loss)/income for the period	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income/(loss)</b>									
Foreign currency translation differences	-	-	-	1,577,170	(101,990)	-	1,475,180	(12,451,924)	(10,976,744)
<b>Total comprehensive income/(loss) for the period</b>									
Transactions with owners, recorded directly in equity	-	-	-	1,577,170	(101,990)	(6,164,534)	(4,689,354)	(10,912,253)	(15,601,607)
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	-	16,756	-	16,756	-	16,756
<b>Total contributions by and distributions to owners</b>									
Balance at 31 March 2013	71,967,083	(4,991,726)	162,910,000	(8,220,487)	25,200,617	(270,330,689)	(23,465,202)	213,137,574	189,672,372
<b>For the period ended 31 March 2014</b>									
Balance at 1 January 2014	71,967,083	(4,991,726)	162,910,000	(10,119,860)	25,794,651	(64,673,717)	180,886,431	198,227,542	379,113,973
Issue of Shares	74,782,500	-	-	-	-	-	74,782,500	-	74,782,500
Acquisition of shares in Bokoni Holdings (Pty) Ltd	-	-	-	-	-	-	-	9,574,718	9,574,718
Conversion of Convertible Preference shares	162,910,000	-	(162,910,000)	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	-	-	(4,876,652)	(4,876,652)	(7,939,315)	(12,815,967)
Loss for the period	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income/(loss)</b>									
Foreign currency translation differences	-	-	-	10,146,183	84,957	-	10,231,140	6,974,610	17,205,750
<b>Total comprehensive income/(loss) for the period</b>									
Transactions with owners, recorded directly in equity	-	-	-	10,146,183	84,957	(4,876,652)	5,354,488	964,705	4,389,783
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions to owners</b>									
Balance at 31 March 2014	309,659,583	(4,991,726)	-	26,323	25,879,608	(69,650,369)	261,023,419	206,837,555	467,860,974

**ATLATSA RESOURCES CORPORATION**  
Condensed Consolidated Interim Statements of Cash Flows  
For the periods ended 31 March 2014  
(Unaudited - Expressed in Canadian Dollars)

	<u>Note</u>	<u>Three months ended 31 March</u>	
		2014	2013
<b>Cash flows from operating activities</b>			
Cash utilised by operations	10	(27,098,306)	(27,402,956)
Interest received		56,609	79,672
Interest paid		(342,431)	(3,234)
Taxation paid		(345,363)	-
<b>Cash utilised by operating activities</b>		<b>(27,729,491)</b>	<b>(27,326,518)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	5	(1,331)	-
Acquisition of capital-work-in-progress	6	(11,213,132)	(11,990,803)
Proceeds on disposal of property, plant and equipment		4,064	-
Investment in environmental trusts		(89,464)	(113,652)
<b>Cash utilised by investing activities</b>		<b>(11,299,863)</b>	<b>(12,104,455)</b>
<b>Cash flows from financing activities</b>			
Long term borrowings raised – New Senior Facility		6,231,915	-
Long term borrowings raised – Shareholder loan		5,987,526	-
Long term borrowings raised – Working Capital Facility		831,400	-
Long term borrowings raised - OCSF		-	41,728,952
Proceeds on issue of Atlatsa Shares		74,782,500	-
Long term borrowings repaid – New Senior Facility		(74,782,500)	-
Repayment of other loans		(168,997)	(178,171)
<b>Cash generated from financing activities</b>		<b>12,881,844</b>	<b>41,550,781</b>
<b>Effect of foreign currency translation</b>		<b>342,799</b>	<b>(874,300)</b>
<b>Net (decrease) /increase in cash and cash equivalents</b>		<b>(25,804,711)</b>	<b>1,245,508</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>40,920,396</b>	<b>14,580,886</b>
<b>Cash and cash equivalents, end of period</b>		<b>15,115,685</b>	<b>15,826,394</b>

## ATLATSA RESOURCES CORPORATION

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 31 March 2014

(Unaudited - Expressed in Canadian Dollars)

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### 1. REPORTING ENTITY

Atlatsa Resources Corporation ("Company" or "Atlatsa") is incorporated in the Province of British Columbia, Canada. The Company had a primary listing on the TSX Venture Exchange ("TSX-V") and has a secondary listing on the New York Stock Exchange ("NYSE MKT") and the JSE Limited ("JSE"). Subsequent to year end, on 5 February 2014, the Group migrated from the TSX Venture Exchange to the Toronto Stock Exchange ("TSX"). The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") Its principal business activity is the mining and exploration of Platinum Group Metals ("PGM") through its mineral property interests. The Company focuses on mineral property interests located in the Republic of South Africa in the Bushveld Complex. Atlatsa operates in South Africa through its wholly-owned subsidiary Plateau Resources Proprietary Limited ("Plateau") which owns the Group's various mineral property interests and conducted the Group's business in South Africa.

### 2. GOING CONCERN

Atlatsa incurred a net loss for the three months ended 31 March 2014 of \$12.8 million (compared to a 2013 fiscal year profit of \$99.9 million) and as of that date its total assets exceeded its total liabilities by \$467.9 (compared to 31 December 2013 when total assets exceeded total liabilities by \$379.1 million).

The company completed a part of Phase Two of its restructuring and recapitalising plan on 13 December 2013. This included the following transactions between the Company and RPM, a 100% subsidiary of Anglo American Platinum Limited ("Anglo Platinum"):

- the sale and transfer of the Company's interest in the Boikgantsho Project and the Eastern section of the Ga-Phasha Project to RPM for a net consideration of \$178.5 million (ZAR1,700.0 million);
- the purchase consideration payable for the sale of the Boikgantsho Project was paid to the Company on December 13, 2013, excluding an amount of \$3.0 million (ZAR29.0 million) in respect of the Boikgantsho Project information which is payable on the date of execution of the notarial deed of extension of the RPM Mining Right to include the Boikgantsho Prospecting Rights. The proceeds were used to reduce the outstanding debt to RPM;
- RPM subscribed for additional shares in Bokoni Platinum Holdings Proprietary Limited ("Bokoni Holdco") to the value of \$203.6 million (ZAR1,939.4 million). Bokoni Holdco utilised these funds to repay the debt outstanding between Bokoni Holdco and RPM of \$203.6 million (ZAR1,939.4 million);
- The 2009 Senior Debt Facility was repaid in full and the New Senior Debt Facility between Plateau and Rustenburg Platinum Mines Limited ("RPM") as signed on March 27, 2013 was made effective. The amount available under the New Senior Debt Facility is \$241.5 million (ZAR2,300 million) of which \$233.7 million (ZAR 2,225.7 million), including interest was utilised by 31 December 2013.

The net result was the Group's debt was reduced by \$379.1 million (ZAR 3,610.4 million).

In addition, a Working Capital Facility was provided by RPM to fund the Group's administrative and corporate expenses. The restructuring and recapitalising plan was finalised on 31 January 2014 resulting in the amount outstanding under the New Senior Debt Facility being reduced by a further \$78.8 million (ZAR 750 million).

The New Senior Debt Facility is only repayable once the company generates sufficient free cash flow. The delay in the implementation of Phase two resulted in the additional resources that were made available in terms of the New Senior Debt facility being insufficient to meet the short term cash requirements of Bokoni Platinum Mines Proprietary Limited ("Bokoni Mine"), due to the interest accruing on the available debt facility. The facility was fully drawn by March 2014.

An alternative funding arrangement was entered into with RPM in November 2013, whereby an advance on the Purchase of Concentrate revenue ("Advance") on the concentrate sales made to RPM by Bokoni Mine was provided. The Advance was originally available from 1 November 2013 until 30 November 2014. The agreement with RPM with respect to the Advance provides that RPM may advance funds to Bokoni up to an amount of the lower of 90% of an advance on revenue for the preceding two months and \$37.8 million (ZAR360.0 million), provided that the amount advanced shall not exceed the actual cash requirements for that month. This agreement was renegotiated in March 2014 to provide that RPM may advance funds to Bokoni Mine up to an amount of the lower of 95% of an advance on revenue for the preceding two months and \$49.9 million (ZAR475.0 million), provided that the amount advanced shall not exceed the actual cash requirements for that month of Bokoni Mine. In May 2014 the agreement was extended to 30 June 2015.

The Working Capital Facility made available to Plateau up to a maximum of \$3.2 million (ZAR30 million) per year to Atlatsa during each of 2013, 2014 and 2015 for an aggregate facility of \$9.5 million (ZAR90 million), including capitalised interest to fund Atlatsa's corporate and administrative expenses through to 2015. The Working Capital Facility is repayable in full by December 31, 2018.

## ATLATS SA RESOURCES CORPORATION

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 31 March 2014

(Unaudited - Expressed in Canadian Dollars)

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In March 2014, further negotiations were entered into with RPM and the following were agreed to ensure the Group had sufficient cash resources:

- RPM will meet its 49% shareholder commitment to match any cash resources that Atlatsa contributes;
- The backlog of accounts payable relating to Anglo Platinum of approximately \$14.7 million (ZAR140 million) will be deferred to be paid from April 2015 over 9 equal instalments;
- The available facility of the \$9.5 million (ZAR90 million) Working Capital Facility will be made available in the event Bokoni requires additional cash resources.
- RPM will consider the availability of the ZAR29 million outstanding on the sale of the Boikgantsho Project that took place on 13 December 2013 which is currently payable by RPM to the Company on the date of execution of a notarial deed of extension of the RPM Mining Right to include the Boikgantsho Prospecting Rights.

Atlatsa executives will make available \$6.3 million (ZAR60 million) as cash resources.

Bokoni Mine has further evaluated that it can delay planned capital expenditure of approximately \$3.2 million (ZAR30 million) without impacting its production plans.

As a result of the available cash facilities of which \$6.3 million is committed and held in escrow the financial statements are prepared on the basis of accounting policies applicable to a going concern.

### 3. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for complete set of International Financial Reporting Standards annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2013. The consolidated financial statements of the Group as at and for the year ended 31 December 2013 are available upon request from the Company's registered office at 82 Grayston Drive, Sandton, South Africa or at [www.sedar.com](http://www.sedar.com).

### 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2013, except for the following standards and interpretations adopted in the current financial year:

- Investment Entities (Amendments to IFRS 10, IFRS 12, and IAS 27)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
- IFRIC 21 Levies
- Novation of Derivatives and Continuation of Hedge Accounting (amendments to IAS 39)

There was no significant impact on these condensed consolidated interim financial statements as a result of adopting these standards and interpretations.

Standards and interpretations issued but not yet effective and applicable to the Group:

#### **Effective for the financial year commencing 1 January 2015**

- Annual Improvements to IFRS's 2010 – 2012 Cycle – various standards
- Annual Improvements to IFRS's 2011 – 2013 Cycle – various standards

#### **Effective for the financial year commencing 1 January 2016**

- IFRS 14 Regulatory Deferral Accounts

#### **To be decided**

- IFRS 9 Financial Instruments

The Group is currently evaluating the impact, if any, that these standards will have on the consolidated financial statements.

**ATLATSA RESOURCES CORPORATION**

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 31 March 2014

(Unaudited - Expressed in Canadian Dollars)

<b>5. PROPERTY, PLANT AND EQUIPMENT</b>	<b><u>Three months</u> <u>ended 31 March</u></b>	<b><u>Year ended 31</u> <u>December</u></b>
	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Summary</b>		
<b>Cost</b>		
Balance at beginning of period	780,046,204	856,549,652
Additions	1,331	278,200
Transferred from capital work-in-progress	9,188,687	41,942,185
Disposals	-	(2,982,768)
Adjustment to rehabilitation assets	-	2,697,102
Effect of translation	28,798,862	(118,438,167)
Balance at end of period	<b>818,035,084</b>	780,046,204
<b>Accumulated depreciation and impairment losses</b>		
Balance beginning of period	128,867,722	108,092,747
Depreciation for the period	8,533,093	39,397,747
Disposals	-	(1,964,190)
Effect of translation	4,992,472	(16,658,582)
Balance at end of period	<b>142,393,287</b>	128,867,722
<b>Carrying value</b>	<b>675,641,797</b>	651,178,482

**6. CAPITAL WORK-IN-PROGRESS**

Capital work-in-progress consists of mine development and infrastructure costs relating to the Bokoni mine and will be transferred to property, plant and equipment when the relevant projects are commissioned.

Balance at beginning of period	27,296,481	20,027,764
Additions	11,213,132	50,987,358
Transfer to property, plant and equipment	(9,188,687)	(41,942,185)
Capitalisation of borrowing costs	660,666	1,502,507
Effect of translation	1,086,863	(3,278,963)
Balance at end of period	<b>31,068,455</b>	27,296,481

Capital work-in-progress is funded through cash generated from operations and available loan facilities.

**7. MINERAL PROPERTIES**

Balance at beginning of year	7,612,443	11,903,918
Mineral property interests sold	-	(3,449,797)
Amortisation	(1,537,824)	-
Effect of translation	47,257	(841,678)
Balance at end of period	<b>6,121,876</b>	7,612,443

The Group's mineral property interest consists of various early stage exploration projects



**ATLATSA RESOURCES CORPORATION**

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 31 March 2014

(Unaudited - Expressed in Canadian Dollars)

**8. SHARE CAPITAL**

	<u>Three months ended 31 March</u>	<u>Year ended 31 December</u>
	<u>2014</u>	<u>2013</u>
<b>Authorised and issued</b>	<b>Number of shares</b>	
Common shares with no par value	<b>554,288,473</b>	201,888,472
B2 Convertible Preference shares of \$0.1481 (ZAR1) each	-	115,800
B3 Convertible Preference shares of \$0.1481 (ZAR1) each	-	111,600
<b>Share capital</b>		
Share capital at the beginning of the period	<b>71,967,083</b>	74,150,116
125,000,000 shares issued*	<b>74,782,500</b>	-
Convertible preference shares converted**	<b>162,910,000</b>	-
Share issue costs	-	(2,183,033)
	<b>309,659,583</b>	71,967,083
<b>Treasury shares</b>	<b>4,991,726</b>	4,991,726

\* On 31 January 2014 as part of the Bullseye transaction a 125,000,000 shares were issued to RPM for a consideration of \$74,782,500

\*\* On 31 January 2014 as part of the Bullseye transaction the 227,400 B Preference shares were converted into ordinary shares at a value of \$162,910,000

Treasury shares relate to shares held by the ESOP Trust in Atlatsa, which is consolidated by the Group.

**9. LOANS AND BORROWINGS**

Rustenburg Platinum Mines – Working Capital Facility (related party)	<b>4,067,373</b>	3,039,000
Rustenburg Platinum Mines – New Senior Debt Facility (related party)	<b>114,796,352</b>	176,691,263
Rustenburg Platinum Mines – Interest-free loan (related party)	<b>3,035,659</b>	2,928,688
Rustenburg Platinum Mines – Shareholder loan (related party)	-	3,267,477
Other	<b>983,027</b>	1,090,160
	<b>122,882,411</b>	187,016,588
<i>Short-term portion</i>		
Rustenburg Platinum Mines – New Senior Debt Facility (related party)	-	(75,975,000)
Other	<b>(745,188)</b>	(721,367)
	<b>(745,188)</b>	(76,696,367)
<i>Non-current liabilities</i>	<b>122,137,223</b>	110,320,221

**ATLATSA RESOURCES CORPORATION**

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 31 March 2014

(Unaudited - Expressed in Canadian Dollars)

The carrying value of the Group's loans and borrowings changed during the year as follows:

	<u>Three months ended 31 March</u>	<u>Year ended 31 December</u>
	<u>2014</u>	<u>2013</u>
Balance at beginning of the year	<b>187,016,588</b>	435,791,920
Loan from RPM – Consolidated Facility	-	68,921,455
Loan repaid - RPM	<b>(74,782,500)</b>	(620,494,506)
Loan from RPM – Transaction Cost Facility	-	749,000
Loan repaid – Transaction Cost Facility	-	(769,223)
Loans repaid - other	<b>(168,997)</b>	(695,785)
Loan from RPM – New Senior Debt Facility	<b>6,231,915</b>	237,770,925
Loan from RPM – Shareholder loan	<b>5,987,526</b>	3,451,333
Loan capitalised RPM – Shareholder loan	<b>(5,987,526)</b>	-
Loan capitalised RPM – Shareholder loan	<b>(3,277,153)</b>	-
Loan from RPM – Working Capital Facility	<b>831,400</b>	3,194,816
Finance expenses accrued	<b>4,327,839</b>	57,227,112
Fair value gain on additional drawdowns of Consolidated Facility	-	(25,900,282)
AG8 adjustments on Consolidated Facility	-	(8,512,338)
Derecognition of facility at a Bokoni Holdco and Plateau level	-	133,100,219
Fair value gain on recognition of New Senior Debt Facility	-	(51,586,902)
Fair value gain on additional draw downs of New Senior Debt Facility	<b>(391,858)</b>	(748,112)
Effect of translation	<b>3,095,177</b>	(44,482,992)
<b>Balance at end of the year</b>	<b>122,882,411</b>	187,016,588
<i>Short-term portion</i>		
RPM - New Senior Debt Facility	-	(75,975,000)
Other	<b>(745,188)</b>	(721,367)
	<b>(745,188)</b>	(76,696,367)
Non-current portion	<b>122,137,223</b>	110,320,221

On 31 January 2014, Anglo American Platinum's Board of Directors authorised an amount of \$16.3 million (ZAR160 million) of accrued and unpaid interest to accrue above the facility limit of \$162.8 million (ZAR1,550 million) up to 31 December 2015.

**ATLATSA RESOURCES CORPORATION**

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 31 March 2014

(Unaudited - Expressed in Canadian Dollars)

	<b>Three months ended 31 March</b>	
	<u>2014</u>	<u>2013</u>
<b>10. CASH UTILISED BY OPERATIONS</b>		
Loss before income tax	<b>(14,000,473)</b>	(5,783,870)
<b>Adjustments for:</b>		
Finance expense	<b>3,981,152</b>	14,226,282
Finance income	<b>(81,606)</b>	(108,720)
<b>Non-cash items:</b>		
Depreciation and amortisation	<b>10,108,980</b>	9,643,472
Equity-settled share-based compensation	-	16,756
Loss on disposal of property, plant and equipment	<b>(4,064)</b>	-
Rehabilitation adjustment	<b>229,069</b>	-
Fair value gain and AG8 adjustment on loans and borrowings	<b>(391,858)</b>	(20,627,354)
<b>Cash utilised before ESOP transactions</b>	<b>(158,800)</b>	(2,633,434)
ESOP cash transactions (restricted cash)	<b>18,470</b>	21,948
<b>Cash utilised before working capital changes</b>	<b>(140,330)</b>	(2,611,486)
Working capital changes		
Increase in trade and other receivables	<b>(3,964,881)</b>	(32,904,300)
(Decrease)/increase in trade and other payables	<b>(22,404,181)</b>	7,373,583
(Increase)/decrease in inventories	<b>(588,914)</b>	739,247
<b>Cash utilised by operations</b>	<b>(27,098,306)</b>	(27,402,956)

**11. SEGMENT INFORMATION**

The Group has two reportable segments as described below. These segments are managed separately based on the nature of operations. For each of the segments, the Group's CEO (the Group's chief operating decision maker) reviews internal management reports monthly. The following summary describes the operations in each of the Group's reportable segments:

- Bokoni Mine - Mining of PGM's.
- Projects - Mining exploration in Kwanda. In the previous year this included Boikgantsho, Kwanda, and Ga-Phasha. Boikgantsho and two farms in Ga-Phasha (De Kamp and Paschaskraal) were sold to RPM and the remaining two farms in Ga-Phasha (Avoca and Klipfontein) were transferred to Bokoni Mine on 13 December 2013.

The majority of operations and functions are performed in South Africa. An insignificant portion of administrative functions are performed in the Company's country of domicile.

The CEO considers earnings before net finance expense, income tax, depreciation and amortisation ("EBITDA") to be an appropriate measure of each segment's performance. Accordingly, the EBITDA for each segment is included in the segment information. All external revenue is generated by the Bokoni Mine segment.

	<b>Three months ended 31 March</b>						<b>Note</b>
	<u>2014</u>			<u>2013</u>			
	<b>Bokoni Mine</b>	<b>Projects</b>	<b>Total</b>	<b>Bokoni Mine</b>	<b>Projects</b>	<b>Total</b>	
EBITDA	<b>485,886</b>	<b>(4,592)</b>	<b>481,294</b>	20,622,385	(8,844)	20,613,541	(i)
Total Assets	<b>799,113,604</b>	<b>3,234</b>	<b>799,116,838</b>	819,186,789	108,031,636	927,218,425	(ii)

**ATLATSA RESOURCES CORPORATION**

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 31 March 2014

(Unaudited - Expressed in Canadian Dollars)

	<u>2014</u>	<u>2013</u>
<b>(i) EBITDA – three months ended</b>		
EBITDA for reportable segments	<b>481,294</b>	20,613,541
Net finance expense	<b>(4,560,212)</b>	(14,117,562)
Depreciation and amortisation	<b>(8,526,321)</b>	(9,643,472)
Corporate and consolidation adjustments	<b>(2,046,129)</b>	(2,636,377)
Consolidated loss before income tax	<b>(14,651,368)</b>	(5,783,870)
	<hr/>	<hr/>
<b>(ii) Total assets</b>		
Assets for reportable segments	<b>799,116,838</b>	927,218,425
Corporate and consolidation adjustments	<b>(18,489,444)</b>	(121,908,701)
Consolidated total assets	<b>780,627,394</b>	805,309,724
	<hr/>	<hr/>

**12. EARNINGS PER SHARE**

The basic and diluted earnings per share for the three months ended 31 March 2014 was (1 cent) (2013: (1 cent))

The calculation of basic earnings per share for the three months ended 31 March 2014 of (1 cents) (2013: (1 cent)) is based on the loss attributable to owners of the Company of \$4,876,655 (2013: \$6,164,534) and a weighted average number of shares of 508,234,876 (2013: 426,290,432).

The calculation of diluted earnings per share for the three months ended 31 March 2014 of (1 cents) (2013: (1 cent)) is based on the loss attributable to owners of the Company of \$4,916,655 (2013: \$6,164,534) and a weighted average number of shares of 511,232,917 (2013: 429,288,473).

In 2013 the share options were excluded in determining diluted weighted average number of common shares as their effect would have been anti-dilutive.

**13. RELATED PARTIES**

In January 2014, the Restructure Plan was finalised by completing the following:

- Pelawan SPV converted all of its "B" Preference Shares in Plateau into 227.4 million common shares in the Company on January 14, 2014; RPM in turn converted its "B" Preference shares in Pelawan SPV for 115.8 million of the 227.4 million Atlatsa shares; and
- RPM subscribed for 125 million common shares of the Company on January 31, 2014 to the value of \$78.8 million (ZAR750.0 million).

The funds from the 125 million shares were used to reduce the New Senior Debt Facility to \$162.8 million (ZAR1,550 million).

Atlatsa Holdings, the Company's majority shareholder acquired the 115.8 million Atlatsa common shares that RPM received on conversion of the "B" Preference shares from RPM on a vendor financed basis for \$48.6 million (ZAR463 million).

Atlatsa Holdings will provide security to RPM in relation to the Atlatsa Holdings Vendor Finance Loan by way of a pledge and cession of its entire shareholding in Atlatsa, which shares remain subject to a lock-in arrangement through to 2020. Should Atlatsa Holdings be unable to meet its minimum repayment commitments under the Atlatsa Holdings Vendor Finance Loan between 2018 to 2020, Atlatsa will have a discretionary right, with no obligation, to step in and remedy such obligation in order to protect its BEE (as defined below) shareholding status, subject to commercial terms being agreed between Atlatsa Holdings and Atlatsa for that purpose and receipt of the necessary regulatory and shareholder approvals.

On 6 February, 2014, Plateau paid Securities Transfer Tax ("STT") of \$182,385 to the South African Revenue Services, on behalf of Atlatsa Holdings. The STT was paid pursuant to the Transaction Cost Loan Agreement dated May 28, 2013 in respect of the Restructure Plan, pursuant to which RPM funded a loan of \$2.4 million (ZAR22.5 million) to Plateau for the payment of the transaction costs of Atlatsa, Atlatsa Holdings and their affiliates. The Transaction Cost Loan agreement was replaced by the Working Capital Facility on 13 December 2013. The STT relates to the sale of the 115.8 million common shares from RPM to Atlatsa Holdings as part of the Restructure Plan. The STT was accounted for as a transaction cost in the Group.

**14. SUBSEQUENT EVENTS**

There have been no events that have occurred after the reporting date that would have a material impact on the reported results.