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1.1 Date

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2012 and the annual consolidated financial statements of Atlatsa Resources Corporation (previously Anooraq Resources Corporation) ("Atlatsa" or the "Company", and should be read as including its subsidiaries where the context requires) for the years ended December 31, 2011, 2010 and 2009, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), which are publicly available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and on the U.S. Securities and Exchange Commission's ("SEC") Electronic Document Gathering and Retrieval System ("EDGAR") at www.sec.gov. This MD&A is prepared as of August 14, 2012.

Certain statements in this MD&A constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws. Investors should carefully read the cautionary note in this MD&A regarding forward-looking statements and should not place undue reliance on any such forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements".

All dollar figures stated herein are expressed in Canadian dollars ("$"), unless otherwise specified.

The closing South African Rand ("ZAR") to $ exchange rate for the three months ended June 30, 2012 was ZAR8.03=$1.

Additional information about Atlatsa, including Atlatsa's Annual Report on Form 20-F for the fiscal year ended December 31, 2011 ("Form 20-F"), can be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Cautionary Note Regarding Forward-Looking Statements

This MD&A includes certain statements that may be deemed "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws. All statements in this MD&A, other than statements of historical facts, that address the proposed Bokoni Group (as defined below) restructuring and refinancing transaction, potential acquisitions, future production, reserve potential, exploration drilling, exploitation activities and events or developments that Atlatsa expects, are forward-looking statements. These statements appear in a number of different places in this MD&A and can be identified by words such as "anticipates", "estimates", "projects", "expects", "intends", "believes", "plans", "will", "could", "may", or their negatives or other comparable words. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Atlatsa's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Atlatsa believes that such forward-looking statements are based on material factors and reasonable assumptions, including assumptions that: the proposed Bokoni Group (as defined below) restructuring and refinancing transaction will be completed on favorable terms and in a timely manner; the Bokoni Mine (as defined below) will increase production levels from the previous years; the Ga-Phasha Project (as defined below), Boikgantsho Project (as defined below), Kwanda Project (as defined below) and Platreef project exploration results will continue to be positive; contracted parties provide goods and/or services on the agreed timeframes; equipment necessary for construction and development is available as scheduled and does not incur unforeseen breakdowns; no material labor slowdowns or strikes are incurred; plant and equipment functions as specified; geological or financial parameters do not necessitate future mine plan changes; and no geological or technical problems occur.

Forward-looking statements, however, are not guarantees of future performance and actual results or developments may differ materially from those projected in forward-looking statements. Factors that could cause actual results to differ materially from those in forward looking statements include the failure to implement the proposed Bokoni Group restructuring and refinancing transaction (as described below under the heading "Proposed Transaction") on favorable terms, or at all, fluctuations in market prices, the levels of exploitation and exploration successes, changes in and the effect of government policies with respect to mining and natural resource exploration and exploitation, continued availability of capital and financing, general economic, market or business conditions, failure of plant, equipment or processes to operate as anticipated, accidents, labor disputes, industrial unrest and strikes, political instability, insurrection or war, the effect of HIV/AIDS on labor force availability and turnover, and delays in obtaining government approvals. These factors and other risk factors that could cause actual results to differ materially from those in forward-looking statements are described in further detail under Item 3D "Risk Factors" in Atlatsa's Form 20-F.

Atlatsa advises investors that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to Atlatsa or persons acting on its behalf. Atlatsa assumes no obligation to update its forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such statements, except as required by law. Investors should carefully review the cautionary statements and risk factors contained in this and other documents that Atlatsa files from time to time with, or furnishes to, applicable Canadian securities regulators and the SEC.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

This MD&A uses the terms "measured resources" and "indicated resources". Atlatsa advises investors that while those terms are recognized and required by Canadian regulations, the SEC does not recognize them. Investors are cautioned not to assume that any mineralized material in these categories, not already classified as reserves, will ever be converted into reserves. In addition, requirements of Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") for identification of "reserves" are not the same as those of the SEC, and reserves reported by Atlatsa in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Investors should refer to the disclosure under the heading "Resource Category (Classification) Definitions" in Atlatsa's Form 20-F.

Cautionary Note to Investors Concerning Estimates of Inferred Resources

This MD&A uses the term "inferred resources". Atlatsa advises investors that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of economic studies, except in rare cases. Investors are cautioned not to assume that any part or all of an inferred resource exists, or is economically or legally mineable. Investors should refer to the disclosure under the heading "Resource Category (Classification) Definitions" in Atlatsa's Form 20-F.

Cautionary Note to Investors Concerning Technical Review of Bokoni Mine, Ga-Phasha Project and Boikgantsho Project

The following are the principal risk factors and uncertainties which, in management's opinion, are likely to most directly affect the conclusions of the technical review of Bokoni Mine, Ga-Phasha Project and Boikgantsho Project. Some of the mineralized material classified as a measured and indicated resource has been used in the cash flow analysis. For U.S. mining standards, a full feasibility study would be required, which would require more detailed studies. Additionally, all necessary mining permits would be required in order to classify this part of Bokoni Mine's, Ga-Phasha Project's and Boikgantsho Project's mineralized material as a mineral reserve. There can be no assurance that this mineralized material will become classifiable as a reserve and there is no assurance as to the amount, if any, which might ultimately qualify as a reserve or what the grade of such reserve amounts would be. Data is not complete and cost estimates have been developed, in part, based on the expertise of the individuals participating in the preparation of the technical review and on costs at projects believed to be comparable, and not based on firm price quotes. Costs, including design, procurement, construction and on-going operating costs and metal recoveries could be materially different from those contained in the technical review. There can be no assurance that mining can be conducted at the rates and grades assumed in the technical review. There can be no assurance that the infrastructure facilities can be developed on a timely and cost-effective basis. Energy risks include the potential for significant increases in the cost of fuel and electricity, and fluctuation in the availability of electricity. Projected metal prices have been used for the technical review. The prices of these metals are historically volatile, and the Company has no control of or influence on the prices, which are determined in international markets. There can be no assurance that the prices of platinum, palladium, rhodium, gold, copper and nickel will continue at current levels or that they will not decline below the prices assumed in the technical review. Prices for these commodities have been below the price ranges assumed in the technical report at times during the past ten years, and for extended periods of time. The expansion projects described herein will require major financing; probably a combination of debt and equity financing. There can be no assurance that debt and/or equity financing will be available on acceptable terms or at all. A significant increase in costs of capital could materially adversely affect the value and feasibility of constructing the expansions. Other general risks include those ordinary to large construction projects, including the general uncertainties inherent in engineering and construction cost, the need to comply with generally increasing environmental obligations, and accommodation of local and community concerns. The economics are sensitive to the currency exchange rates, which have been subject to large fluctuations in the last several years.

1.2 Overview

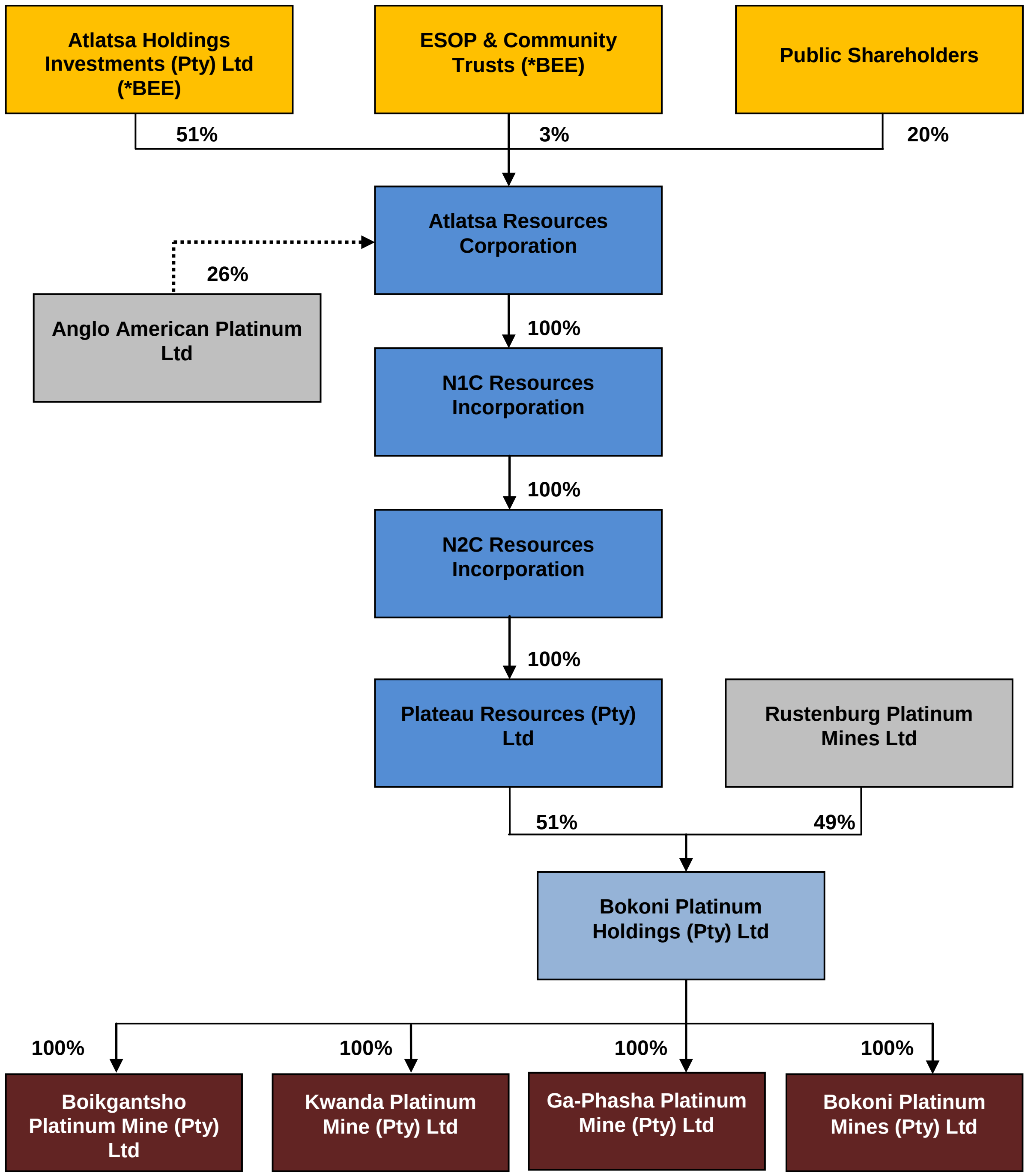
Atlatsa is engaged in mining, exploration and development of platinum group metals ("PGM") mineral deposits located in the Bushveld Igneous Complex ("BIC"), South Africa. The BIC is the world's largest platinum producing geological region, producing in excess of 75% of the annual primary platinum supply to international markets.

Effective July 1, 2009, the Company transformed from an exploration and development company into a PGM producer. Atlatsa, through its wholly owned South African subsidiary, Plateau Resources (Proprietary) Limited ("Plateau"), acquired an indirect 51% controlling interest and management control of Bokoni Platinum Mines (Proprietary) Limited ("Bokoni" or "the Bokoni Mine") (formerly Lebowa Platinum Mine) and several PGM projects, including the advanced stage Ga-Phasha PGM project ("Ga-Phasha Project"), the Boikgantsho PGM project ("Boikgantsho Project"), and the early stage Kwanda PGM project ("Kwanda Project"). These controlling interests were acquired through Plateau acquiring 51% of the shareholding of Bokoni Platinum Holdings (Proprietary) Limited ("Bokoni Holdco"), the holding company of Bokoni Mine and the other project companies (collectively, the "Bokoni Group") on July 1, 2009, referred to as "the Bokoni Transaction".

Atlatsa's objective is to become a significant PGM producer with a substantial and diversified PGM asset base, including production and exploration assets. The acquisition of the controlling interest in Bokoni Holdco was the first stage of advancing Atlatsa's PGM production strategy and resulted in Atlatsa controlling a significant estimated mineral resource base of approximately 200 million PGM ounces, the third largest PGM mineral resource base in South Africa. Of this, approximately 102 million PGM ounces is directly attributable to Atlatsa. On implementation of the Bokoni Transaction, Atlatsa assumed management control over the Bokoni Group operations. Anglo American Platinum

Limited ("Anglo Platinum"), a subsidiary of Anglo American plc, through its wholly owned subsidiary Rustenburg Platinum Mines Limited ("RPM"), retained a 49% non-controlling interest in Bokoni Holdco. During the year ended December 31, 2011 ("Fiscal 2011"), Atlatsa and Anglo Platinum engaged in negotiations to refinance, restructure and recapitalize the Bokoni Group. In February 2012, Atlatsa and Anglo Platinum announced their strategic plan including the disposal of undeveloped PGM ounces to Anglo Platinum, the recapitalization and refinancing of Atlatsa and the Bokoni Group, together with accelerated production growth at Bokoni Mine.

The Atlatsa corporate structure is depicted below and is illustrated on a fully diluted share basis, post-conversion of the "B" preference shares (as defined below):



** Black Economic Empowerment*

The following are key financial consolidated performance highlights for Atlatsa for the three months ended June 30, 2012 ("Q2 2012"):

- Atlatsa had an operating loss of $17.8 million and a loss before tax of $40.9 million for Q2 2012, compared to an operating loss of $30.6 million and a loss before tax of $55.4 million for the three months ended June 30, 2011 ("Q2 2011"). The reduced loss is the result of increased production and reduced production costs at Bokoni Mine.
- The net loss (after tax) was $40.4 million for Q2 2012 as compared to a net loss (after tax) of $46.1 million for Q2 2011. The reduced loss is mainly as a result of increased production and reduced production costs at Bokoni Mine.
- The basic and diluted loss per share for Q2 2012 was $0.05 as compared to $0.07 for Q2 2011. The basic and diluted loss per share is based on the loss attributable to the shareholders of the Company of $21.1 million for Q2 2012 as compared to $28.2 million for Q2 2011.
- During Q2 2012, the Bokoni Mine produced 34,098 platinum, palladium, rhodium and gold ("4E") ounces as compared to 28,310 4E ounces during Q2 2011. The increased 4E ounces produced were partially offset by the lower 4E basket price.
- Atlatsa had cash outflows of $1.9 million for Q2 2012 as compared to cash outflows of $3.6 million for Q2 2011, which is a net decrease of $1.7 million.

The following are key financial consolidated performance highlights for Atlatsa for the six months ended June 30, 2012 ("H1 2012"):

- Atlatsa had an operating loss of $41.1 million and a loss before tax of $86.9 million for H1 2012, compared to an operating loss of $51.7 million and a loss before tax of $99.6 million for the six months ended June 30, 2011 ("H1 2011"). The reduced loss is the result of increased production and reduced production costs at Bokoni Mine.
- The net loss (after tax) was $81.7 million for H1 2012 as compared to a net loss (after tax) of $82.2 million for H1 2011. The reduced loss is mainly as a result of increased production and reduced production costs at Bokoni Mine.
- The basic and diluted loss per share for H1 2012 was $0.10 as compared to 0.11 for H1 2011. The basic and diluted loss per share is based on the loss attributable to the shareholders of the Company of $42.6 million for H1 2012 as compared to $46.9 million for H1 2011.
- During H1 2012, the Bokoni Mine produced 61,897 4E ounces as compared to 50,810 4E ounces during H1 2011. The increased 4E ounces produced were partially offset by the lower 4E basket price.
- Atlatsa had cash outflows of $1.1 million for H1 2012 as compared to cash outflows of $6.5 million for H1 2011, which is a net decrease of $5.4 million.

The following are the financial condition review for Atlatsa for Q2 2012 compared to the year ended December 31, 2011 ("Fiscal 2011"):

- The decrease in total assets of $6.5 million is primarily due to the effect of translating property, plant and equipment of the South African subsidiaries from ZAR to $, which equates to $8.2 million and a reduction in cash and cash equivalents of $1.1 million.
- The increase in total non-current liabilities, including the short-term portion of the loans and borrowings, is primarily due to the increase in the loans and borrowings due to the interest accrued on the A preference shares, Senior Loan Facility and Operating Cash Shortfall Facility ("OCSF"), as well as the drawdowns made on the OCSF during H1 2012.

Proposed Transaction

During the three months ended March 31, 2011 ("Q1 2011") Atlatsa and Anglo Platinum entered into discussions surrounding a potential transaction. The discussions involved a strategic review by the parties of the Bokoni Holdco assets, capital and financing structures, with a view to effecting a Bokoni Group restructuring and refinancing transaction. Pursuant to these discussions, Atlatsa unwound its interest rate hedge transaction with Standard Chartered Bank ("SCB") and Anglo Platinum acquired the amounts outstanding under Atlatsa's senior loan obligations (the "Senior Debt") with SCB and Rand Merchant Bank ("RMB"), a division of FirstRand Bank Limited as of April 28, 2011. SCB and RMB (the "Senior Lenders") agreed with Atlatsa and Anglo Platinum that Anglo Platinum's subsidiary, RPM, would acquire the outstanding debt and related future funding obligations from the Senior Lenders in full, effective as of April 28, 2011. The outstanding amount of debt acquired by RPM was $92.3 million (ZAR643 million). RPM also provided funding of $3.7 million to the Company for the costs associated with the unwinding of the interest rate hedge.

On February 2, 2012, further to ten months of strategic review and negotiations, Atlatsa and Anglo Platinum released a joint announcement on their agreement to refinance Atlatsa and to restructure and recapitalize the Bokoni Group. Key highlights of the proposed transaction for Atlatsa include:

- A new strategic plan for the Bokoni Group which will result in the disposal of certain assets representing estimated PGM mineral resources to Anglo Platinum, the recapitalization and refinancing of Atlatsa and the Bokoni Group, together with accelerated production growth at Bokoni Mine. The new plan includes:
    - Accelerating production growth at Bokoni Mine through a new $338.9 million (ZAR2.6 billion) capital development program, which management estimates will add 100,000 PGM ounces per annum to the Bokoni Mine production profile by 2016, which had previously been deferred until after 2020;
    - Implementing a strategic re-alignment of the Bokoni Group exploration and development mineral assets, by consolidating certain Bokoni assets into existing mine operations at Anglo Platinum's Twickenham and Mogalakwena mines, as well as expanded production at the Bokoni Mine. The net effect of the strategic re-alignment is that the Bokoni Group will dispose of its entire interest in the Boikgantsho Project and the Eastern section of the Ga-Phasha Project (comprised of the Paschaskraal and De Kamp farm resources) to Anglo Platinum and utilize these proceeds to partially reduce its debt outstanding to Anglo Platinum. Atlatsa will continue to hold a 51% majority interest in the Bokoni Group with Anglo Platinum retaining a 49% minority interest.
- Solidification of a long-term strategic partnership by Anglo Platinum extending its 26% equity investment in Atlatsa via the "B" preference shares (as defined below) through to December 31, 2018.
- Deleveraging, recapitalizing and refinancing the consolidated Atlatsa statement of financial position by:
    - Anglo Platinum, through a series of related transactions, acquiring the whole of the Boikgantsho Project and the Eastern section of the Ga-Phasha Project. On implementation of these transactions, the effective net consideration of $221.6 million (ZAR1.7 billion) received by Atlatsa will be applied to reduce its approximately $769.2 million (ZAR5.9 billion) debt owing to Anglo Platinum.
    - The parties entering into an interest standstill agreement with respect to existing debt owing to Anglo Platinum effective July 1, 2011 through to April 30, 2012. This translates into an interest saving of approximately $74.5 million (ZAR572 million) for Atlatsa over the standstill period.

- The net effect of the asset disposal and application of the proceeds thereof against existing debt, together with the interest standstill agreement described above and the recapitalization of Bokoni Holdco is that Atlatsa's existing attributable debt owing to Anglo Platinum will reduce by 83% from approximately $769.2 million (ZAR5.9 billion) to approximately $130.3 million (ZAR1 billion).

- The historical debt balance owing by Atlatsa to Anglo Platinum following the asset disposal, interest standstill agreement and the recapitalization of Bokoni Holdco (approximately $130.3 million (ZAR1 billion)) will be consolidated under one new debt facility (the "Consolidated Debt Facility").

- Anglo Platinum providing further debt funding to Atlatsa under the Consolidated Debt Facility for an amount of up to $338.9 million (ZAR2.6 billion), with a maximum total facility limit of $469.3 million (ZAR3.6 billion). Atlatsa will utilise this extended facility to fund the Brakfontein and MPH Delta 80 UG2 expansion projects, including the construction of a new UG2 concentrator plant at Bokoni Mine.

- The Consolidated Debt Facility will be available to Atlatsa for nine years terminating on December 31, 2020 and will attract a variable interest rate. The variable interest rate will be determined by adding a fixed margin to 3-month JIBAR. The Consolidated Debt Facility will attract a reduced interest rate during the initial term (comprising the capital intensive phase of the growth operations at Bokoni Mine through to 2016) and escalating at an increased rate depending on the amount owing by Atlatsa under the Consolidated Debt Facility over the funding period.

- The weighted average interest rate under the Consolidated Debt Facility will escalate from 0.5% to approximately 15% up to 2020, thereby substantially reducing Atlatsa's current cost of debt (approximately 16%).

- There will be no fixed repayment term for the Consolidated Debt Facility during the peak funding years while the Brakfontein and MPH Delta 80 UG2 expansion projects are still in their ramp-up phase through to 2016. Atlatsa will be required to fully repay the Consolidated Debt Facility to Anglo Platinum by December 31, 2020. There will be no penalty for early repayment. Atlatsa will be required to reduce the Consolidated Debt Facility owing to Anglo Platinum to an outstanding balance (including capitalised interest) of $130.3 million (ZAR1 billion) as at December 31, 2018, and $65.1 million (ZAR0.5 billion) as at December 31, 2019.

- Atlatsa being obliged to utilise 90% of its attributable share of free cash flows generated from Bokoni Mine operations to service the Consolidated Debt Facility and 10% of such free cash flow will be available to Atlatsa.

- Atlatsa not being required to effect any mandatory refinancing of the Consolidated Debt Facility during the debt term through to 2020.

- Bokoni Mine extending its existing Concentrate Agreement (as defined below) with RPM on the same terms and conditions for a period of eight years, terminating on December 31, 2020.

- Atlatsa retaining its existing option to acquire an ownership interest in Anglo Platinum's Polokwane smelter complex on the same terms agreed between the parties in the Bokoni Transaction.
- Anglo Platinum providing Atlatsa with a working capital facility at JIBAR plus 4% per annum of up to $11.7 million (ZAR90 million) (including capitalised interest) to fund its general and administrative expenses. This will ensure that Atlatsa has sufficient working capital to cover its corporate overheads through to 2015. The working capital facility is fully repayable by December 31, 2018.
- Anglo Platinum committing to hold the B preference shares issued at the time of the Bokoni Transaction (representing a 26% interest in Atlatsa) until December 31, 2018. Atlatsa Holdings (Proprietary) Limited (formerly Pelawan Investments (Pty) Ltd.) ("Atlatsa Holdings"), being the 51% Black Economic Empowerment majority shareholder in Atlatsa, will also extend its shareholding in Atlatsa through to December 31, 2018.

- Atlatsa will not issue any new equity pursuant to the proposed transaction and the fully diluted common shares issued and outstanding in the capital of Atlatsa ("Atlatsa Common Shares") will remain at 445 million Atlatsa Common Shares.
- Anglo Platinum and Atlatsa agreeing on a new operating protocol for the management of the Bokoni operations, which will increase Anglo Platinum's active involvement in areas of the operations relating to mining, processing and capital projects execution.
- Completion of these above mentioned transactions is subject to the satisfaction of conditions precedent, including shareholder approval, the settlement of definitive legal agreements and regulatory approval (expected to be completed on or around June 2012).

On July 26, 2012, Atlatsa released a market update on the proposed transaction, stating that:

- The new management team at Bokoni is making significant progress in implementing the turnaround strategy at Bokoni Mine. In addition, a number of opportunities to optimize and enhance the operational plan underpinning the proposed transaction have been identified and these opportunities are currently under consideration by Atlatsa and Anglo Platinum.
- Atlatsa and Anglo Platinum are not contemplating closure of the Bokoni Mine operations, as Bokoni Mine represents a Tier 1 ore body on the Eastern Limb of the Bushveld Complex, earmarked for expansion into the future with two significant ramp-up projects currently in progress.
- In light of the Bokoni Mine review, the proposed transaction will not be finalized by July 2012, as originally contemplated and a revised timetable for implementation will be published once the Bokoni Mine review process is completed.
- Atlatsa and Anglo Platinum are still in the process of completing definitive transaction agreements relating to the proposed transaction, and once all definitive transaction agreements have been finalized, the Company will publish the financial effects of the proposed transaction and will send to shareholders a management information circular setting out the details of the proposed transaction and seeking shareholder approval for its implementation.

For additional information on the above mentioned proposed transaction please refer to the press releases of Atlatsa dated February 2, 2012, March 15, 2012, March 30, 2012, May 3, 2012, June 14, 2012, and July 26, 2012 as well as the material change report filed on February 13, 2012, all of which are available on SEDAR at www.sedar.com.

Black Economic Empowerment

Atlatsa Holdings, Atlatsa's majority shareholder, is a broad based Black Economic Empowerment ("BEE") entity. Through the Atlatsa Holdings shareholding, Atlatsa remains compliant with the BEE equity requirements as contemplated by South African legislation and its associated charters regarding BEE equity holding requirements.

Environmental Matters

The South African National Environmental Management Act 107 of 1998 ("NEMA"), which applies to all prospecting and mining operations, requires that these operations be carried out in accordance with generally accepted principles of sustainable development. It is a NEMA requirement that an applicant for a mining right must make prescribed financial provision for the rehabilitation or management of negative environmental impacts, which must be reviewed annually. The financial provisions deal with anticipated costs for:

- Premature closure
- Planned decommissioning and closure
- Post closure management of residual and latent environmental impacts

In respect of the Bokoni Mine (discussed in section 1.2.1 below), an external assessment to determine the environmental closure liability was undertaken in September 2011. As at June 30, 2012, the total environmental rehabilitation liability for the Bokoni Mine, in current monetary terms (undiscounted), was estimated to be $12.8 million.

Annual contributions are made to a dedicated environmental trust fund to fund the estimated cost of rehabilitation during and at the end of the mine's life.

As at June 30, 2012, the amount invested in the environmental trust fund was $3.2 million (ZAR 25.5 million) as compared to $3.3 million (ZAR23.0 million) as at June 30, 2011 (December 31, 2011: $2.9 million (ZAR 23.3 million)). The shortfall of $9.6 million between the funds invested in the environmental trust fund and the estimated rehabilitation cost is covered through a guarantee from Anglo Platinum.

Atlatsa's mining and exploration activities are subject to extensive environmental laws and regulations. These laws and regulations are continually changing and are generally becoming more restrictive. Atlatsa has incurred, and expects to incur in future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on current legal and regulatory requirements.

1.2.1 Bokoni Mine

The Bokoni Mine is an operating mine located on the north eastern limb of the BIC, to the north of and adjacent to the Ga-Phasha Project. The Bokoni Mine consists of two "new order" mining licenses covering an area of 15,459.78 hectares. The mining operation consists of a vertical shaft and three decline shaft systems to access underground mine development on the Merensky and UG2 reef horizons. The Bokoni Mine has installed road, water and power infrastructure, as well as two processing concentrators, sufficient to meet its operational requirements up to completion of its first phase growth plans to 160,000 tpm. The Bokoni Mine has an extensive shallow ore body, capable of supporting a life-of-mine plan that is estimated at 39 years. Current mining operations are being conducted at shallow depths, on average 200m below surface. This benefits the Bokoni Mine's operations in that there are no major refrigeration (and consequent power) requirements at shallower mining depths.

The Bokoni Mine's production for Q2 2012 averaged 96,525 tonnes milled per month ("tpm") of ore from its UG2 and Merensky reef horizons, an increase of 19% from the three months ended March 31, 2012 production ("Q1 2012"). UG2 production is mined exclusively from the Middelpunt Hill shaft ("MPH") which consists of four adits and two underground levels. Merensky ore is produced from three shafts, namely: Vertical shaft, UM2 shaft and Brakfontein shaft. The Vertical shaft, which started in 1973, is the oldest of the three shafts and currently accounts for the bulk of the Merensky production. Production at Vertical shaft is expected to be maintained at 35,000 tpm for the medium term. Merensky production from the UM2 shaft is expected to be maintained at its current production levels of 10,000 tpm over the next three years. The new Brakfontein shaft is in a ramp up phase and is planned to increase from its current production levels of 30,000 tpm, to a steady state production level of 120,000 tpm by 2018 (previously 2016 – extended as a result of a change in the life of mine plan). Production volumes at the MPH operations is currently around 30,000 tpm and is anticipated to be increased to 120,000 tpm through the Delta 80 expansion project.

Given the magnitude of the Bokoni Mine's ore body, lying open at depth (above 650 meters) with its numerous attack points, management is of the view that the Bokoni Mine has the potential to be developed into a 250,000 tpm (380,000 PGM ounces per annum) steady state operation in the longer term.

The older Vertical and UM2 shafts make use of conventional mining methods for narrow tabular ore bodies. Ore broken in stopes is transported laterally by means of track bound equipment and then hoisted through a vertical shaft system at Vertical shaft and an incline shaft system at UM2 shaft. Bokoni will invest in maintenance of infrastructure at Vertical shaft to sustain mining at current rates for the next four to five years. Additional opportunities, such as vamping, will be employed to supplement volumes from these shafts. Further opportunities to increase the life-of-mine of these shafts will also be investigated in the short to medium term.

The new Brakfontein shaft is being developed on a semi-mechanized basis, using a hybrid mining method, whereby ore broken in stopes is loaded directly onto a strike conveyor belt and taken out of the mine through a main decline conveyer belt system. This results in less human intervention in the hoisting process and a resultant lower unit operating cost of production. Development of haulages and crosscuts are effected by means of mechanized mining methods, and stoping is conducted using hand held electric drilling machines.

The MPH shaft is being developed on the same basis as the Brakfontein shaft and the new Delta 80 project design is based largely on the Brakfontein layout and mine design.

The Bokoni Mine, at the current metal prices and United States Dollar ("US$") exchange rate against the ZAR, is cash flow negative at an operational level (before depreciation and interest expense) as a result of the ramp up phase of the mine and operational issues (underperformance at certain shafts) currently being experienced. Management expects the Bokoni Mine to become cash flow positive after capital expenditure towards the end of 2015 if production levels increase and the commodity prices for the PGM basket and US$ exchange rate against the ZAR continue at current levels. See "Cautionary Note Regarding Forward-Looking Statements".

Management of the Bokoni Operations

Plateau and RPM entered into a shareholders' agreement (the "Bokoni Holdco Shareholders Agreement") to govern the relationship between Plateau and RPM, as shareholders of Bokoni Holdco, and to provide management to Bokoni Holdco and its subsidiaries, including Bokoni.

Plateau is entitled to nominate the majority of the directors of Bokoni Holdco and Bokoni, and has undertaken that the majority of such nominees will be Historically Disadvantaged Persons (“HDPs”) in South Africa. Atlatsa has given certain undertakings to Anglo Platinum in relation to the maintenance of its status as an HDP controlled group pursuant to the Bokoni Holdco Shareholders Agreement.

Pursuant to the Bokoni Holdco Shareholders Agreement, the board of directors of Bokoni Holdco, which is controlled by Atlatsa, has the right to call for shareholder contributions, either by way of a shareholder loan or equity cash call. If a shareholder should default on an equity cash call, the other shareholder may increase its equity interest in Bokoni Holdco by funding the entire cash call, provided that Plateau's shareholding in Bokoni Holdco cannot be diluted for default in respect of equity contributions until the expiry of a period from the closing date of the Bokoni Transaction to the earlier of (i) the date on which the BEE credits attributable to Anglo Platinum and/or arising as a result of the Bokoni Transaction become legally secure, and (ii) the date on which 74% of the scheduled principal repayments due by Plateau pursuant to the Senior Debt facility are made in accordance with the debt repayment profile of the Senior Debt facility.

On April 28, 2011, the Senior Lenders agreed with Plateau and Anglo Platinum that Anglo Platinum’s subsidiary, RPM, would acquire the outstanding amounts from the Senior Lenders in full, as Anglo Platinum indicated that it was willing to provide funding on more flexible terms and conditions and with more favorable pricing going forward. Pursuant to the broader refinancing transaction contemplated between Anglo Platinum and Atlatsa, effective April 28, 2011, RPM assumed all of the rights and obligations of SCB and RMB under the Senior Debt facility (See the discussions in Section 1.2 – Overview and Section 1.5 – Liquidity, respectively).

Pursuant to the terms of the shared services agreements, Anglo Platinum provides certain services to Bokoni at a cost that is no greater than the costs charged to any other Anglo American plc group company for the same or similar services. It is anticipated that, as Atlatsa builds its internal capacity and transforms into a fully operational PGM producer, these services will be phased out and will be replaced either with internal or third party services. Atlatsa, through Plateau, provides certain management services to Bokoni pursuant to service agreements entered into with effect from July 1, 2009.

Sale of Concentrate

The Bokoni Mine produces a metal-in-concentrate, all of which is sold to RPM pursuant to a sale of concentrate agreement (the “Concentrate Agreement”) entered into between Bokoni and RPM. The Concentrate Agreement has an initial five year term to July 1, 2014 and Plateau has the right to extend the Concentrate Agreement for a further five year term to July 1, 2019. Refer to Section 1.2 under subheading “Proposed Transaction” for details of the joint announcement by Atlatsa and Anglo Platinum released February 2, 2012 which include, amongst others, the proposed extension of the Concentrate Agreement through to 2020 on the same terms and conditions.

Pursuant to the Concentrate Agreement, RPM receives metal-in-concentrate from the Bokoni Mine and pays for such metal based upon a formula equal to a percentage of the spot prices for the various metals contained in the concentrate delivered, including precious and base metals, less certain treatment charges and penalties (if applied).

In addition, the Bokoni Holdco Shareholders Agreement also governs the initial sale of concentrate from the Ga-Phasha Project upon commencement of production.

1.2.2 Ga-Phasha Project

As previously announced, management recently commissioned ExplorMine Consultants to prepare a NI

43-101 compliant technical report for the Ga-Phasha Project, a summary of which is provided in the MD&A for Fiscal 2011, and which is available on SEDAR at www.sedar.com.

Refer to Section 1.2 under subheading "Proposed Transaction" for details of the joint announcement by Atlatsa and Anglo Platinum released February 2, 2012 which include, amongst others, the proposed sale of a portion of the Ga-Phasha Project.

1.2.3 Platreef Exploration Properties, Northern Limb

Atlatsa holds interests in mineral rights (or "farms") covering 37,000 hectares that make up the Central Block, the Rietfontein Block, the Boikgantsho Project and the Kwanda Project (see below), collectively, known as the Platreef Properties.

Rietfontein Block

Atlatsa has entered into a settlement agreement (the "Settlement Agreement") effective December 11, 2009 with Ivanhoe Nickel & Platinum Ltd. ("Ivanplats") to replace and supersede the 2001 agreement relating to the Rietfontein property located on the northern limb of the BIC. The Settlement Agreement settles the arbitration process relating to disagreements with respect to the exploration activities undertaken at the Rietfontein property. Salient terms of the Settlement Agreement are as follows:

- Both parties abandon their respective claims under dispute forming the subject matter of arbitration.
- The existing joint venture ("JV") between the parties is amended such that the current Rietfontein JV is extended to incorporate a defined area of Ivanplats' adjacent Turfspruit mineral property. Both parties retain their existing prospecting rights in respect of mineral properties in their own names but make these rights and technical information available to the extended JV ("the Extended JV").
- Atlatsa will be entitled to appoint a member to the Extended JV technical committee and all technical programmes going forward will be carried out with input from Atlatsa.
- Atlatsa is awarded a 6% free carried interest in the Extended JV, provided that the Extended JV contemplates an open pit mining operation, incorporating the Rietfontein mineral property. Atlatsa has no financial obligations under the Extended JV terms and Ivanplats is required to fund the entire exploration programme to feasibility study with no financial recourse to Atlatsa. On delivery of the feasibility study, Atlatsa may elect to either:
    - retain a participating interest of 6% in the Extended JV and finance its pro rata share of the project development going forward; or
    - relinquish its participating interest of 6% in the Extended JV in consideration for a 5% net smelter return royalty in respect of mineral products extracted from those areas of the Rietfontein mineral property forming part of the Extended JV mineral properties.

Central Block

The Central Block consists of five farms or portions thereof, comprising a portion of Dorstland 768LR, Hamburg 737 LR, Elandsfontein 766 LR, Molokongskop 780 LR and Noord Holland 775 LR.

Atlatsa is currently evaluating its approach to properties on the Central Block, which may include potential joint venture relationships with third party exploration companies.

Kwanda Project

Atlatsa intends to continue its existing prospecting programs at the Kwanda Project in 2012 at a cost of approximately $0.2 million per annum.

1.2.4 Boikgantsho Project

As previously announced, management recently commissioned Kai Batla Mineral Industry Consultants to prepare a NI 43-101 compliant technical report for the Boikgantsho Project, a summary of which is provided in the MD&A for Fiscal 2011, and which is available on SEDAR at www.sedar.com. Refer to Section 1.2 under subheading "Proposed Transaction" for details of the joint announcement by Atlatsa and Anglo Platinum released February 2, 2012 which include, amongst others, the proposed sale of the Boikgantsho Project.

1.3 Market Trends and Outlook

Outlook

Since the onset of the global financial crisis in mid 2008, PGM metal prices (in US$) ("PGM complex") have remained volatile due to the linkage between the PGM complex and consumer demand for industrial goods, especially in the auto sector.

Given that the European economy has a significant impact on platinum demand, the PGM complex will likely remain volatile until the European economy stabilizes and consumer demand in the European auto sector improves.

The South African PGM sector has suffered during Fiscal 2011 and the first part of 2012 from a series of negative events, with labour unrest and safety related stoppages dominating news headlines. The South African government has been engaged by the industry to consider the manner in which safety related stoppages are adjudicated and imposed. We have begun to see a change in approach on this matter during Q2 2012, with a significant reduction in the number of safety related stoppages by the South African Department of Mineral Resources ("DMR") and the manner in which these are being applied by the DMR.

The industry leader, Anglo Platinum, has announced that it is undertaking an asset optimization and review of its existing operations in South Africa, which it anticipates completing by the end of 2012. This potential restructuring of its business in South Africa could have an impact on the PGM sector as a whole.

With cost pressures increasing for South African platinum producers and other factors, such as increased industrial action and lower productivity levels, negatively impacting the PGM sector, we have begun to see a trend in the closure of certain mining operations as well as the curtailment or deferral of certain capital projects during Q2 2012. Management estimates that a marked improvement in the current ZAR PGM price by between 20-30% may be necessary to incentivize new PGM project investment in South Africa. The South African PGM industry has recognised the extent of the current crises within the sector and has established a task team between government, business and labour to seek possible solutions in the near term.

Given the current state of the PGM industry, Atlatsa continues to focus on ensuring that revenue from operations cover operating expenditures and sustaining capital, at a minimum, whilst continuing to invest in project capital expenditure in anticipation of the PGM sector recovering within the next 24-36 months.

Quarterly Trends

The PGM complex decreased by 7% during Q2 2012 when compared to Q1 2012. Q2 2012 market trends continued to be volatile for the PGM complex, in part due to continuing fears surrounding the potential solutions to the European debt crisis and its consequent negative impact on economic growth and consumer demand for industrial goods, especially in the auto sector. The negative impact of a declining US dollar price in the PGM complex was, to a limited extent, offset from a South African PGM producer perspective by a weakening ZAR. The net effect of this was that the ZAR PGM basket price decreased by 3% during Q2 2012. The ZAR PGM price remained in the range between ZAR9,500

– ZAR10,500/ PGM oz as it has for much of the previous three and a half years.

1.4 Discussion of Operations

Q2 2012 Highlights

Safety performance improved in Q2 2012 when compared to Q2 2011. The Lost Time Injury Frequency Rate (LTIFR) for Q2 2012 improved by 7% when compared to Q2 2011.

Tonnes delivered to the concentrator for Q2 2012 increased by 13% when compared to Q2 2011, and tones milled increased by 9% for the comparative period.

Primary development decreased by 2% in Q2 2012 as compared to Q2 2011. The operations continue to focus on increasing development in order to increase available mineable facelength and achieve production ramp up targets.

Recoveries at the concentrator improved by 5.5% and 6.5% for the Merensky and UG2 concentrate, respectively, between Q2 2012 and Q2 2011. Additional focus on improving recoveries will continue in 2012.

4E ounces produced increased by 20% in Q2 2012 when compared to Q2 2011. Delivered grade remained unchanged to the comparative period.

The key production parameters for Bokoni Mine for Q2 2012 and for Fiscal 2011 are depicted in the table below.

Bokoni Production Statistics:

		Q2 2012	**Q2 2011**	**% Change**	**2011**	**2010**	**% Change**
4E oz produced	Oz	34,098	28,310	20	113,625	116,164	(2)
Tonnes milled	T	289,575	266,866	9	1,047,401	1,044,084	-
Recovered grade	g/t milled,4E	4.08	3.92	4	3.86	4.12	(6)
UG2 mined to total output	%	32.5	32.2	1	32.6	32.2	1
Development meters	M	2,706	2,771	(2)	10,549	10,292	3
ZAR/t operating cost/tonne milled	ZAR/t	1,211	1,226	1	1,194	989	(21)
ZAR/4E operating cost/4E oz	ZAR/4E oz	10,285	11,554	11	11,009	8,888	(24)
Total permanent labor (mine operations)	Number	3,511	3,502	-	3,498	3,426	2
Total contractors (mine operations)	Number	1,963	2,135	(8)	1,826	1,690	8

Revenue

The mine concentrator milled 289,575 tonnes in Q2 2012, which is 9% higher than the 266,866 tonnes milled in Q2 2011. As a result of the increased tonnes milled, the mine produced more 4E ounces than in Q2 2011.

- Revenue from the sale of concentrate for Q2 2012 was $38.7 million (ZAR310.5 million) compared to Q2 2011 of $35.9 million (ZAR252.4 million). The increase in revenue of $2.8 million is mainly due to the increase in 4E ounces produced.

- The PGM basket price for Q2 2012 was 17% lower than the basket price achieved for Q2 2011. The basket price for Q2 2012 was US$1,186/oz (ZAR9,640/oz) compared to US$1,430/oz (ZAR9,726/oz) for Q2 2011.

Cost of Sales

Cost of sales of $52.4 million for Q2 2012 was $3.8 million lower than Q2 2011's cost of sales of $56.2 million. The main reasons were as follows:

- Labor costs for Q2 2012 increased marginally compared to Q2 2011. The marginal increase in costs was due to the annual salary increases as from July 2011, a 1% increase in enrolled labour, a decrease in overtime hours worked and the provision for retention bonuses.
- Contractor costs for Q2 2012 decreased by $0.8 million (16%) compared to Q2 2011. The decrease was mainly due to development work at Brakfontein that now falls within the capital footprint and lower maintenance cost on the load haul dump (LHD) fleet, partially offset by additional contractor cost at the Vertical shaft for re- and sub-development and production driven contractor cost increases at the UM2 shaft.
- Store costs for Q2 2012 increased by $0.9 million (10%) compared to Q2 2011. The increase was driven by increased tonnes delivered. The stores costs associated with development are more expensive than stoping costs. Equipping costs increased to improve the flexibility at the various shafts and engineering costs increased, mainly due to increased maintenance to the trackless machines at Middelpunt and Brakfontein.
- Utility costs for Q2 2012 increased by $0.3 million (8%) compared to Q2 2011. The 18% annual increase from Eskom (South African national power supplier) accounted for majority of this increase, while the balance was due to the kilowatt hours utilized by Bokoni Mine.
- Sundry costs for Q2 2012 increased by $0.2 million (3%) compared to Q2 2011.
- Changes in inventory for Q2 2012 decreased by $1.1 million compared to Q2 2011.
- Depreciation for Q2 2012 decreased by $0.6 million compared to Q2 2011.
- The above cost variances were impacted by a weakening of 15% in the average ZAR to $ exchange rate.

On a cost per tonne basis, production cost for Q2 2012 was US$149 (ZAR1,211) per tonne as compared to US$180 (ZAR1,226) per tonne for Q2 2011, a US$ decrease of 17% (decrease of 1% in ZAR, which is the functional currency of the Bokoni Mine). The increase is a result of the reasons discussed above.

Exchange rate

For presentation purposes, currencies of the South African subsidiaries are converted from ZAR to $. The average ZAR to $ exchange rate for Q2 2012 was ZAR8.04=$1, a weakening of 15% compared to the average exchange rate for Q2 2011 of ZAR7.01=$1.

Finance expenses

Finance expenses for Q2 2012 was $23.2 million compared to $25.1 million in Q2 2011. The slight decrease in finance expenses was due to the increase in the operating cash-flow shortfall facility ("OCSF") draw downs and compounded interest on the funding loan facilities which was partially offset by the reduced interest rate in the Senior Debt facility ceded to RPM. The proceeds from the OCSF draw downs are used to fund operational costs and capital requirements.

Safety

There were no fatal accidents during Q2 2012. Atlatsa's LTIFR improved to 1.37 in Q2 2012 from 1.47 in Q2 2011. Management remains committed to safety at the operations. Active engagement with the South African Department of Mineral Resources on safety matters continues.

Capital

Total capital expenditure for Q2 2012 was $12.7 million (as opposed to $8.0 million for Q2 2011), comprising 57% sustaining capital and 43% project expansion capital (as opposed to 53% sustaining capital and 47% project expansion capital for Q2 2011).

Royalties: Implementation of the Mineral and Petroleum Resources Royalty Act, 2008 (Act no. 28 of 2008)

The Mineral and Petroleum Resources Royalty Act (the "Act"), imposes a royalty payable to the South African government based upon financial profits made through the transfer of mineral resources.

The royalty is based on a predetermined percentage applied to gross sales of unrefined metal produced. The predetermined percentage is equal to 0.5 + [(EBIT (earnings before interest and tax) x 9)/gross sales]. The percentage cannot be less than 0.5%.

The royalty is accounted for on a monthly basis in the accounting records of Bokoni.

The payments in respect of the royalty are due in three intervals:

- six months into the financial year (June 30) – calculation based on actual and estimated figures, and a first provisional payment based on this;
- twelve months into the financial year (December 31) – calculation based on actual and estimated figures, and a second provisional payment based on this; and
- six months after the financial year (June 30) – true up calculation done, and a final payment.

The Q2 2012 calculated royalty tax percentage for Bokoni was the minimum percentage of 0.5% (Q2 2011 0.5%), and the resulting royalty expense for Q2 2012 amounted to $0.2 million ($0.2 million for Q2 2011).

Power Tariff Increases

The National Energy Regulator of South Africa released its decision on Eskom's tariff increase applications during 2010. The effect of this decision is that power tariff increases in South Africa will be increased as follows:

2011/2012	:	25.1%
2012/2013	:	25.9%

The net effect of this decision is that current power input costs at mining operations in South Africa will ultimately increase by approximately 100% over the three year period from costs as of April 1, 2010. Bokoni operations are currently mining at relatively shallow depths with no major refrigeration requirements needed for the next 30 years of mining. Power costs currently comprise between 5% (summer tariffs) and 8% (winter tariffs) of total operating costs at the mine operations. Accordingly, the recently announced power rate increases will increase operating costs by between 5% and 8% over a three year period from April 1, 2010. Bokoni continues to focus efforts on power usage reduction as part of the efficiency improvement initiatives currently being implemented at the operations.

Eskom recently made an application for power rate increases, but these proposed increases are under review by the National Energy regulator.

1.5 Liquidity

At June 30, 2012, Atlatsa had positive working capital, excluding restricted cash and assets classified as held for sale, of $17.2 million compared to $19.5 million as at June 30, 2011.

On April 28, 2011, RPM acquired the amounts outstanding under Atlatsa's Senior Debt facility ($92.3 million) with the Senior Lenders. RPM also provided funding of $3.7 million to the Company to unwind the interest rate hedge. The terms of the ceded debt to RPM are similar to that of the Senior Debt facility except for certain provisions. The revised terms of the loan was a reduction in the interest rate from a 3-month Johannesburg Interbank Agreed Rate ("JIBAR") plus applicable margin (4.5%) and mandatory costs (11.375% at December 31, 2010) to 3-month JIBAR plus 4% (9.600% at June 30, 2012). The Senior Debt facility has been increased from $93.5 million (ZAR750 million) to $115.8 million (ZAR930 million). The commencement of re-payments has been deferred by one year from January 31, 2013 to January 31, 2014. RPM has waived the loan covenants of the Senior Debt facility as of June 30, 2012 until August 31, 2013.

Under the Operating Cash Flow Shortfall Facility ("OCSF"), if funds are requested by Bokoni (and authorised by Bokoni Holdco), RPM shall advance such funds directly to Bokoni. At 30 June 2012 $177.1 million (ZAR 1,421 million) of the original available $185 million (ZAR 1,470 million) has been advanced by RPM. The remaining facility may be utilised only for purposes of operating or capital expenditure cash shortfalls at Bokoni. In addition, RPM has extended the terms of the OCSF facility to fund cash shortfalls up to 31 August 2013 by extending the facility to $268.8 million (ZAR 2,157 million).

Atlatsa has the following long-term contractual obligations as at June 30, 2012:

	Payments due by period ($ million)				
	Total	**Less than one year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Capital commitments	32.2	32.2	-	-	-
Long-term debt (1)	1,588.3	1.0	47.9	165.0	1,374.4
Operating lease commitments (2)	0.1	0.1	-	-	-
Purchase obligations (3)	8.9	1.4	5.8	1.7	-
Total	**1,629.5**	**34.7**	**53.7**	**166.7**	**1,374.4**

(1) The Company's long-term debt obligations, which include scheduled interest payments, are denominated in ZAR. Payments and settlement on the obligation are denominated in ZAR. Long-term obligations have been presented at an exchange rate of $1 = ZAR8.0257.

(2) The Company has routine market-related leases on its office premises in Johannesburg, South Africa.

(3) The term "purchase obligation" means an agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

Atlatsa expects that the cash flows from the mining operations and the financing secured through the extended OCSF, combined with cash on hand, will be sufficient to meet the immediate ongoing operational and capital cash requirements of the Bokoni Group.

Atlatsa's major cash commitments for the next year relate to its obligation to fund project expansion capital requirements at the Bokoni Mine as there are no significant obligation to repay interest and capital on long-term debt during the next 12 months.

At June 30, 2012, Atlatsa had a negative total equity position of $107.5 million compared to a positive total equity position of $43.8 million as at June 30, 2011 (December 31, 2011: negative total equity position of $28.1 million). Management expects the negative equity position to change once the Bokoni Group refinancing and restructuring transaction referred to in Section 1.2 under the subheading "Proposed Transaction" has been implemented.

See Section 1.13 – Financial Instruments and Risk Management for a discussion of Atlatsa's debt instruments and associated financial risks.

1.6 Capital Resources

Atlatsa's sources of capital are primarily debt.

Atlatsa's access to capital sources is dependent upon general commodity and financial market conditions. Atlatsa has secured long-term funding to meet its operating and capital obligations through to the end of August 2013. (See Section 1.13 – Financial Instruments and Risk Management – Debt Arrangements). Atlatsa's cash balance as at June 30, 2012 was $14.9 million.

In addition to its cash resources, Atlatsa has access to various committed debt facilities from Anglo Platinum. All of Atlatsa's debt facilities have been negotiated such that it is not obliged to commence with mandatory repayments of any loan capital amounts drawn and/or any refinancing of these loans during the holiday period through January 31, 2014, while it has management control at the Bokoni Mine. As discussed in Sections 1.2 and 1.5, Atlatsa has agreed with Anglo Platinum on the proposed terms of a refinancing and restructuring transaction to be implemented in the short-term.

Capital commitments of $32.2 million as at June 30, 2012 comprises primarily of capital expenditure commitments for property, plant and equipment related to development at Bokoni Mine.

A summary of Atlatsa's debt facilities as at June 30, 2012, is as follows:

	Balance at June 30, 2012	Total available facility	Un-utilized portion of facility
	$ million		
OCSF (1)(2)	224.7	268.3	91.3
RPM funding loan (3)(4)(5)	179.1	227.2	48.1
"A" preference share facility (5)	410.6	410.6	-
RPM interest free loan (5)	3.6	3.6	-
Other (5)	3.7	3.7	-
Total (5)	821.7	913.4	139.4

(1) The balance of the OCSF includes interest, whereas the total available facility and un-utilized portion of the facility excludes interest.
(2) The OCSF facility may be utilized only for the purposes of operating or capital expenditure shortfalls at Bokoni Mine. In addition, RPM has extended the terms of the OCSF facility to fund cash shortfalls at Bokoni Mine up to January 31, 2013.
(3) The principal portion of the RPM funding loan has been fully drawn, and the available facility may only be used for purposes of capitalizing interest.
(4) Anglo Platinum has waived the loan covenants of the debt until August 31, 2013.
(5) The above sources of finance do not have an expiry date, but are fully drawn, except for the OCSF. Also refer to section 1.2 for details of the joint announcement by Atlatsa and Anglo Platinum released February 2, 2012 on the proposed transaction to refinance and restructure Atlatsa and the Bokoni Group.

RPM has waived the loan covenants of the Senior Debt facility as of June 30,2012 and until August 31, 2013.

In addition to the facilities above, Anglo Platinum made available to Plateau a Standby Loan (as defined below) facility for up to a maximum of 29% of Bokoni cash flows, which Plateau may use to fund any cash flow shortfalls that may arise in funding any accrued and capitalized interest and fund repayment obligations under the Senior Debt facility during its term.

See a discussion of these debt facilities in Section 1.13 under the subheading "Debt Arrangements". Also refer to Section 1.5 for a discussion of RPM acquiring the outstanding amounts of the Senior Debt and Section 1.2 under subheading "Proposed Transaction" for details of the joint announcement by Atlatsa and Anglo Platinum released February 2, 2012 on the proposed transaction to refinance and restructure Atlatsa and the Bokoni Group.

Atlatsa's ability to raise new equity in the equity capital markets is subject to the mandatory requirement that Atlatsa Holdings, its majority BEE shareholder, retain a 51% fully diluted shareholding in the Company up until January 1, 2015, as required by covenants given by Atlatsa Holdings and Atlatsa in favour of the DMR, the South African Reserve Bank and Anglo Platinum. Under current circumstances, there is minimal availability for the Company to issue additional equity.

The Company currently does not use any financial instruments for hedging or similar purposes.

1.7 Off-Balance Sheet Arrangements

Atlatsa has not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources that is material to investors.

1.8 Transactions with Related Parties

Atlatsa concluded a number of agreements with respect to services at the Bokoni Mine with RPM, a wholly owned subsidiary of Anglo Platinum and 49% shareholder in Bokoni Holdco, on March 28, 2008. These agreements were amended on May 13, 2009 and include the Concentrate Agreement whereby Bokoni sells the concentrate produced at the mine to RPM at market related prices, which are calculated using actual market prices and then applying a treatment to account for grade and chrome content.

Pursuant to the terms of various shared services agreements, the Anglo American plc group of companies provides certain operational services to Bokoni at a cost that is no greater than the costs charged to any other Anglo American plc group for the same or similar services.

Refer to Section 1.2 under subheading “Proposed Transaction” for details of the joint announcement by Atlatsa and Anglo Platinum released February 2, 2012, which include, amongst others, the proposed changes to certain related party transactions.

Transactions with RPM during six months ended June 30, 2012, as compared to Fiscal 2011 are summarized below:

	June 30, 2012	2011
Concentrate sales	$72.8 million	$144.4 million
Cost of sales*	$27.4 million	$40.9 million
Administration expenses	$2.5 million	$1.3 million
Finance expense	$45.6 million	$85.0 million
(before interest capitalised)		
* - *included in cost of sales are the following:*		
Metal accounting services	$0.2 million	$0.4 million
Supply chain services	$23.5 million	$29.3 million
Treatment of Anglo ore	($-) million	($0.4) million
Other	$3.7 million	$11.6 million
	$27.4 million	$40.9 million

The following balances were outstanding to/from RPM at June 30, 2012, as compared to December 31, 2011:

	June 30, 2012	2011
Loans and Borrowings	$819.5 million	$742.8 million
Trade and other payables	$5.6 million	$5.4 million
Trade and other receivables	$26.6 million	$24.2 million

Refer to Section 1.5 "Liquidity", Section 1.6 "Capital Resources" and Section 1.3 under subheading "Debt Arrangements" for additional discussion of financing and debt arrangements with RPM.

1.9 Summary of Quarterly Results

$ Million *	Jun 30, 2012	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010
Revenue	38.7	34.1	32.5	45.3	35.9	30.7	43.2	34.5
Cost of sales	(52.4)	(53.4)	(51.1)	(55.0)	(56.2)	(47.6)	(52.1)	(44.5)
Gross loss	(13.7)	(19.3)	(18.7)	(9.7)	(20.3)	(16.9)	(8.9)	(10.0)
Loss for the period	(40.4)	(41.3)	(35.6)	(30.1)	(46.1)	(36.1)	(32.4)	(28.1)
Basic and diluted loss per share ($)	(0.05)	(0.05)	(0.04)	(0.04)	(0.07)	(0.04)	(0.04)	(0.04)
Weighted number of common shares outstanding (million) [1]	425	425	425	425	425	425	425	425

* Data for all presented periods was prepared in accordance with IFRS.

[1] On a fully diluted basis, post-conversion of the "B" preference shares.

<u>Discussion of Last Eight Quarterly Results</u>

Prior to July 1, 2009, Atlatsa was regarded primarily as an exploration company. Therefore, Atlatsa did not have any significant operating assets.

On July 1, 2009, Atlatsa acquired 51% of the Bokoni Mine and also took management control. This was the first operating asset acquired by Atlatsa that generated revenue. There was therefore a significant increase in the asset base of Atlatsa as revenue generating assets were effectively acquired.

Atlatsa had the following initiatives identified for Bokoni Mine to be achieved in the first 18 months, to establish the foundation for its future growth profile:

- Restructure the labor force to have 60% of labor in direct ore mining and 40% in support services. This was achieved at the end of the first quarter of the year ended December 31, 2010 ("Fiscal 2010").
- To commence generating profits on an operational level. This has not yet been achieved.

Atlatsa is continuing its efforts to grow production (Phase 1 expansion program at the Bokoni Mine) in order to achieve Atlatsa's long-term goal of achieving a monthly production of 160,000 tonnes per month by 2016.

All of the above factors contributed to the increase in revenue from $0 in quarters prior to July 1, 2009 to $34.8 million for the last quarter of the 2009 financial year, and ultimately to revenue of $38.7

million for Q2 2012. Fluctuation in revenue between the quarters is mainly as a result of fluctuation in production, and also as a result of varying PGM basket prices and exchange rates:

- Production has varied from period to period predominately as a result of production efficiencies, potholing and safety stoppages. Revenue is also impacted by concentrate grade and chrome penalties respectively. Production levels reached a high of 34,098 4E ounces during Q2 2012 and a low of 22,500 4E ounces during Q1 2011. This 52% variance indicates the extreme production volatility experienced during the eight quarter periods referred to in the table above.
- PGM basket prices are derived from the relevant market supply and demand that exists at that particular point in time. For the eight quarter periods referred to in the table above, the PGM basket price varied from a high of US$1,457 for Q1 2011 to a low of US$1,186 for Q2 2012. This 23% variance indicates the volatility of the PGM basket price to fluctuations.
- Due to the fact that the PGM basket price is quoted in US$, the revenue for each specific period is significantly dependent on the fluctuations of the ZAR against the US$. The ZAR's strongest quarterly average position against the US$ was experienced during the second quarter of Fiscal 2011 at an exchange rate of ZAR6.80 = US$1 and the weakest during Q2 2012, which was ZAR8.13 = US$1. The 20% variance indicates the volatility of the ZAR against the US$ to exchange rate fluctuations.

The period to period variations in cost of sales are mainly as a result of:

- Labor cost varying due to changes in labor numbers, annual salary increases, overtime hours and bonus payments.
- Varying use of contractors depending on management's production and development planning requirements.
- Fluctuations in store costs based predominately on tonnes milled.
- Utility costs varying between winter and summer tariffs, and are also subject to annual tariff increases.
- Depreciation charges based on the unit of production method moving in line with production as well as additional depreciation when capital work-in-progress is capitalized (with specific reference to the capitalization of the Brakfontein Project in the second quarter of Fiscal 2010).

The increased finance cost, as a result of the drawdowns on the OCSF facility and the continuing compounding of the interest on the loans and borrowings has contributed to the increase in the quarterly loss during the previous eight quarters.

1.10 Proposed Transactions

Refer to Section 1.2 under subheading "Proposed Transaction" for details of the joint announcement by Atlatsa and Anglo Platinum released February 2, 2012 regarding a proposed transaction to refinance and restructure Atlatsa and the Bokoni Group.

1.11 Critical Accounting Estimates

Atlatsa's accounting policies are presented in note 4 of the audited financial statements for Fiscal 2011, which have been publicly filed on SEDAR at www.sedar.com.

The preparation of the condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the notes to the financial statements for Fiscal 2011 where applicable.

These estimates include:

Taxation

Atlatsa applies significant judgment in determining provisions for income taxes and deferred tax assets and liabilities.

Temporary differences arise between the carrying values of assets and liabilities for accounting purposes and the amounts used for tax purposes. These temporary differences result in tax liabilities being recognized and deferred tax assets being considered based on the probability of deferred tax assets being recoverable from future taxable income. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be realized.

Atlatsa provides deferred tax using enacted or substantively enacted tax rates at the reporting date on all temporary differences arising between the carrying values of assets and liabilities for accounting purposes and the amounts used for tax purposes, unless there is a temporary difference that is specifically excluded in accordance with IFRS. The carrying value of Atlatsa's net deferred tax assets assumes that Atlatsa will be able to generate sufficient future taxable income in applicable tax jurisdictions, based on estimates and assumptions.

Impairment of Mining Assets

The recoverable amount of mining assets, including goodwill relating to mining operations, is generally determined by utilizing discounted future cash flows. Factors such as the quality of the individual ore body and country risk are considered in determining the recoverable amount.

Key assumptions for the calculations of the mining assets' recoverable amounts are the forward platinum group metal prices and the annual life-of-mine plans. In determining the commodity prices to be used, management assesses the long-term views of several reputable institutions on the commodity prices and, based on this, derives the forward platinum group metals prices. The life-of-mine plans are based on proven and probable reserves and have been approved by Atlatsa.

During Fiscal 2011, Atlatsa calculated the recoverable amounts based on updated life-of-mine plans using a discount rate that is based on the post-tax weighted average cost of capital ("WACC") of 16.81%. The WACC is based on the risk free rate as at December 31, 2011, a market risk premium, a Beta factor (risk of a particular industry relative to the market as a whole), an Alpha (company specific risk premium), the post-tax cost of debt and the debt-equity ratio.

Refer to note 7 of the audited financial statements for Fiscal 2011 for details of key assumptions used in the Fiscal 2011 impairment testing.

Cash flows used in the impairment calculations are based on life-of-mine plans which exceed five years. As per management assessment, no impairment was required for Fiscal 2011. Management used consensus price and rate assumptions based on the forward views of several analysts as at December 31, 2011. Cash generating units are based on individual subsidiaries of Atlatsa.

Should management's estimate of the future not reflect actual events, impairments may be identified. Factors affecting the estimates include:

- changes to proven and probable ore reserves;
- the grade of the ore reserves may vary significantly from time to time;
- review of strategy;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at the mine; and
- changes in capital, operating, mining, processing and reclamation cost assumptions.

Exposure and liabilities with regards to rehabilitation costs

Estimated environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on Atlatsa's environmental management plans in compliance with current technological, environmental and regulatory requirements.

Management used a South African inflation rate of 5.2% over a period of 20 years in the calculation of the estimated net present value of the rehabilitation liability. The discount rate used for the calculation was 8.4% based on the future long-term view on government bonds.

Fair value of share based payments

The fair values of options granted and share appreciation rights are determined using Black-Scholes and binomial valuation models. The significant inputs into the models are: vesting period, risk free interest rate, volatility, price on date of grant and dividend yield. Refer to note 34 of the audited financial statements for Fiscal 2011 for details on the share option and share appreciation schemes and assumptions used.

Inventory – Stockpiles

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained PGM ounces based on assay data and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys. The stockpile inventory at June 30, 2012 amounted to $0.8 million.

Assessment of contingencies

Contingencies will only realize when one or more future events occur or fail to occur. The exercise of significant judgment and estimates of the outcome of future events are required during the assessment of the impact of such contingencies.

Mineral resources and reserves

Mineral reserves are estimates of the amount of ounces that can be economically and legally extracted from Atlatsa's properties. In order to calculate the mineral reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, commodity prices and exchange rates.

Estimating the quantities and/or grade of the reserves requires the size, shape and depth of the ore bodies to be determined by analyzing geological data such as the logging and assaying of drill samples.

This process may require complex and difficult geological judgments and calculations to interpret the data.

Because the economic assumptions used to estimate the mineral reserves changes from year to year, and because additional geological data is generated during the course of operations, estimates of the mineral reserves may change from year to year. Changes in the proven and probable reserves may affect Atlatsa's financial results and financial position in a number of ways, including:

- asset carrying values may be affected due to changes in estimated cash flows;
- depreciation and amortization charged to profit or loss may change as they are calculated on the units-of-production method; and
- environmental provisions may change as the timing and/or cost of these activities may be affected by the change in mineral reserves.

At the end of each financial year, the estimate of proven and probable mineral reserve is updated. Depreciation of mining assets is prospectively adjusted, based on these changes.

1.12 Changes in Accounting Policies including Initial Adoption

Changes in accounting policies

The accounting policies applied by Atlatsa in the condensed consolidated interim financial statements for Q2 2012 are the same as those applied by Atlatsa in the consolidated financial statements as at and for Fiscal 2011 (available on SEDAR and EDGAR), except for the following standards and interpretations adopted in the current financial year:

- Amendments to IAS 12, Deferred Tax: Recovery of underlying assets, which removes some subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset.

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

New standards not yet adopted

The following standards and interpretations are issued but not yet effective and applicable to Atlatsa:

- IAS 19, Employee benefits: Defined benefit plans (effective 1 January 2013)
- IAS 27, Separate Financial Statements (effective 1 January 2013)
- IAS 28, Investment in Associates and Joint ventures (effective 1 January 2013)
- IFRS 9, Financial Instruments (effective 1 January 2015)
- IFRS 9, Additions to IFRS 9 Financial instruments (effective 1 January 2015)
- IFRS 10, Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11, Joint Arrangements (effective 1 January 2013)
- IFRS12, Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13, Fair Value Measurement (effective 1 January 2013)

- IFRIC 20, Stripping costs in the Production Phase of a Surface Mine (effective 1 January 2013)

1.13 Financial Instruments and Risk Management

Financial instruments

Atlatsa's financial instruments consist primarily of the following financial assets: cash and cash equivalents, trade and other loans and receivables. Atlatsa's financial instruments consist primarily of the following financial liabilities: loans and borrowings, trade and other payables and certain derivative instruments. Financial instruments are initially measured at fair value when Atlatsa becomes a party to their contractual arrangements. Transaction costs are included in the initial measurement of financial instruments, with the exception of financial instruments classified as at fair value through profit or loss.

Financial assets

Atlatsa's financial assets consist primarily of cash and cash equivalents and trade and other receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Atlatsa provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are subsequently measured at amortized cost using the effective interest rate method. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables include trade and other receivables (excluding VAT and prepayments) and restricted cash.

Cash and cash equivalents are defined as cash on hand, deposits held at call with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents exclude restricted cash (discussed below).

Restricted cash consists of cash held through investments in the Employee Share Option Plan Trust.

Non-current cash deposits are restricted and consists cash held through investments in the Platinum Producers' Environmental Trust.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that Atlatsa will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the recognition of a provision for impairment (allowance account) and the amount of the loss is recognized in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

Non-derivative financial liabilities

Loans and borrowings are initially recognized at fair value net of transaction costs incurred and subsequently measured at amortized cost, comprising original debt less principal payments and amortization, using the effective yield method. Loans and borrowings are classified as current liabilities unless Atlatsa has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Atlatsa held derivative financial instruments to hedge its interest rate risk exposures up to April 28, 2011, whereafter the interest rate hedge has been unwound. Atlatsa currently holds no derivative instruments to hedge its exposure to interest rate risk.

Financial risk management activities

Atlatsa's financial instruments expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk, foreign currency risk and commodity price risk. Atlatsa may use derivative financial instruments to hedge certain risk exposures.

The Board of Directors has overall responsibility for the establishment and oversight of Atlatsa's risk management framework.

Atlatsa's risk management policies are established to identify and analyze the risks faced by Atlatsa, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Atlatsa's activities. Atlatsa, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to Atlatsa if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Atlatsa's receivables from customers, and cash and equivalents. Management has evaluated treasury counterparty risk and does not expect any treasury counterparties to fail in meeting their obligations.

Trade receivables represents sale of concentrate to RPM in terms of the Concentrate Agreement. The carrying value represents the maximum credit risk exposure. Atlatsa has no collateral against these receivables.

Liquidity risk

Liquidity risk is the risk that Atlatsa will not be able to meet its financial obligations as they fall due. Atlatsa ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and Atlatsa's holdings of cash and cash equivalents. This is facilitated via the OCSF. Atlatsa's cash and cash equivalents are invested in business accounts which are available on demand.

Atlatsa operates in South Africa and is subject to currency exchange controls administered by the South African Reserve Bank. A portion of Atlatsa's funding for its South African operations consists of loans advanced to its South African incorporated subsidiaries and it is possible Atlatsa may not be able to acceptably repatriate such funds once those subsidiaries are able to repay the loans or repatriate other funds such as operating profits should any develop. The repatriation of cash held in South Africa is permitted upon the approval of the South African Reserve Bank.

Interest rate risk

Atlatsa is currently financed primarily by the fixed rate Vendor Finance Facility and variable interest rate funding from RPM. Refer to Section 1.5 – Liquidity for the discussion on the cession of the Senior Debt Facility and the unwinding of the interest rate swap. There are currently no derivative instruments to mitigate any interest rate risk.

A 100 basis point change in the interest rate for Q2 2012 on the RPM loans would have changed the loss for the year by approximately $1.6 million. This analysis assumes that all other variables remain constant.

Foreign currency risk

Atlatsa from time to time enters into transactions for the purchase of supplies and services denominated in foreign currency. As a result, Atlatsa is subject to foreign exchange risk from fluctuations in foreign exchange rates. Atlatsa has not entered into any derivative or other financial instruments to mitigate this foreign exchange risk.

Certain loans between subsidiaries of Atlatsa amounting to $50.3 million are exposed to foreign exchange fluctuations. A 10% change in the $/ZAR exchange rate at June 30, 2012 would have resulted in a corresponding increase or decrease of $5.0 million in equity. Atlatsa has no significant external exposure to foreign exchange risk.

Commodity price risk

The value of Atlatsa's revenue and resource properties depends on the prices of PGM's and their outlook. Atlatsa currently operates the Bokoni Mine. Atlatsa does not hedge its exposure to commodity price risk. PGM prices historically have fluctuated widely and are affected by numerous factors outside of Atlatsa's control, including, but not limited to, industrial and retail demand, forward sales by producers and speculators, levels of worldwide production, and short-term changes in supply and demand because of hedging activities.

Capital risk management

The primary objective of managing Atlatsa's capital is to ensure that there is sufficient capital available to support the funding and operating requirements of Atlatsa in a way that optimizes the cost of capital, maximizes shareholders' returns, matches the current strategic business plan and ensures that Atlatsa remains in a sound financial position.

Atlatsa manages and makes adjustments to the capital structure which consists of debt and equity as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or borrowings from RPM or hybrids thereof. Atlatsa may also adjust the amount of dividends paid, sell assets to reduce debt or schedule projects to manage the capital structure.

In addition, Atlatsa's ability to raise new equity in the equity capital markets is subject to the mandatory requirement that Atlatsa Holdings, its majority BEE shareholder, retain a 51% fully diluted shareholding in the Company up until January 1, 2015, as required by covenants given by Atlatsa Holdings and Atlatsa in favour of the DMR, the South African Reserve Bank and Anglo Platinum.

There were no changes to Atlatsa's approach to capital management as at June 30, 2012.

Debt Arrangements

The Company financed the Bokoni Transaction at the Plateau level through a combination of the Senior Debt facility provided by the Senior Lenders and a vendor finance facility provided by Anglo Platinum, through its wholly owned subsidiary, RPM (the "Vendor Finance Facility"). In addition, the Company secured an agreement with RPM whereby RPM provided Plateau with an OCSF of up to a maximum of $93.5 million (ZAR750 million) and access to RPM's attributable share of the Bokoni Holdco cash flows ("the Standby Loan facility") which, with the Company's portion, provided up to a maximum of 80% of all free cash flow generated from Bokoni to meet its repayment obligations in terms of the Senior Debt facility. Subsequent to the initial financing, effective as of April 28, 2011, RPM acquired the outstanding amounts on the Senior Debt facility in full from the Senior Lenders (see Section 1.5 – Liquidity and Section 1.2 under the subheading "Proposed Transaction").

1. Senior Debt facility

Plateau secured the Senior Debt facility with SCB for an amount of up to $93.5 million (ZAR750 million), including capitalized interest up to a maximum of three years or $31.2 million (ZAR250 million). On July 1, 2009, SCB advanced $62.3 million (ZAR500 million) to Plateau, and interest amounting to $17.8 million (ZAR142.8 million) has been rolled up through April 28, 2011.

The Senior Debt facility was repayable in 12 semi-annual instalments, with the first payment due on January 31, 2013. Interest was calculated at a variable rate linked to the 3 month JIBAR plus applicable margin and mandatory cost (11.345% at April 28, 2011).

The total amount of the interest payable on the notional amount of the Senior Debt facility of $62.3 million (ZAR500 million) drawn down on July 1, 2009 was hedged with effect from July 1, 2009 until July 31, 2012.

The Senior Debt facility had a term of 108 months from July 1, 2009. Pursuant to the Bokoni Holdco Shareholders Agreement, if Plateau's cash flows derived from Bokoni Holdco were insufficient to meet its debt repayment obligations under the Senior Debt facility, RPM was obligated, pursuant to the Standby Loan facility, to provide Plateau a portion of its entitlement to the Bokoni Holdco cash flows such that Plateau can utilize up to 80% of all free cash flows generated from Bokoni Holdco for this purpose (see "Standby Loan facility" below).

On December 11, 2009, 34% of the Senior Debt facility was syndicated to First Rand Bank Limited, acting through its RMB division.

As described above, effective as of April 28, 2011, RPM acquired the outstanding amounts from the Senior Lenders in full. RPM also assumed all of the rights and obligations of the Senior Lenders under the Senior Debt facility. See Section 1.5 – Liquidity for the revised terms of the Senior Debt facility.

2. Vendor Finance Facility

RPM provided the Vendor Finance Facility to Plateau consisting of a cash component of $149.5 million (ZAR1.2 billion) and a share settled component (the "Share-Settled Financing") amounting to $137.1 million (ZAR1.1 billion).

Cash component

In terms of the cash component of the Vendor Finance Facility, RPM subscribed for cumulative redeemable preference shares in the capital of Plateau (the "Plateau Preferred A Shares") for an aggregate sum of $149.5 million (ZAR1.2 billion). These shares are cumulative mandatory redeemable shares which attract a fixed annual cumulative dividend of 12% (fixed quarterly cumulative dividend 11.49%). Atlatsa is obligated to redeem the outstanding amount, including undeclared dividends which should have been declared within six years (July 1, 2015) of issue, to the extent that Atlatsa is in the position to redeem the shares. Any Plateau Preferred A Shares not redeemed in six years (at July 1, 2015) automatically roll over and must be finally redeemed nine years after issue (at July 1, 2018).

During the three year period prior to the initial maturity date (between July 1, 2012 and July 1, 2015), Plateau will be required to undertake a mandatory debt refinancing and use 100% of such external funding raised to settle the following amounts owing by Plateau to RPM at such time, in the following order: (i) any outstanding amounts owing to RPM in respect of the standby facility (ii) any outstanding amounts owing to RPM in respect of an OCSF (the "Plateau OCSF") and (iii) any amount owing to RPM in respect of the Plateau Preferred "A" Shares. Plateau is obliged to undertake the refinancing process but, if the debt is not re-financeable based upon the debt capital markets at that time (between July 1, 2012 and July 1, 2015), then there is no sanction on Plateau and all debt will automatically roll over until it is repayable in full by no later than July 1, 2018.

Share Settled Financing – The "B" preference shares

In terms of the Share Settled Financing component, Atlatsa Holdings, the majority shareholder of Atlatsa, established a wholly owned subsidiary (the "Pelawan SPV") and transferred 56,691,303 Atlatsa Common Shares to the Pelawan SPV. RPM subscribed for convertible preferred shares in the capital of the Pelawan SPV (the "SPV Preferred Shares") for an aggregate sum of $137.1 million (ZAR1.1 billion). Atlatsa Holdings encumbered its shareholding in the Pelawan SPV in favour of RPM as security for the obligations of the Pelawan SPV pursuant to the SPV Preferred Shares.

The Pelawan SPV subscribed for two different classes of convertible class B preferred shares (the " "B" preference shares") in Plateau for $137.1 million (ZAR1.1 billion), each such class being convertible into ordinary shares in the capital of Plateau ("Plateau Ordinary Shares") and entitling the holder of the Plateau Ordinary Shares to a special dividend in cash, which, upon receipt, will immediately be used to subscribe for additional Plateau Ordinary Shares. The "B" preference shares are zero coupon shares and carry no rights to preference dividends.

Pursuant to the agreement between the Pelawan SPV and Atlatsa (the "Exchange Agreement"), upon Plateau issuing Plateau Ordinary Shares to the Pelawan SPV, Atlatsa will take delivery of all Plateau Ordinary Shares held by the Pelawan SPV and, in consideration thereof, issue to the Pelawan SPV such number of Atlatsa Common Shares that have a value equal to the value of such Plateau Ordinary Shares. The total number of Atlatsa Common Shares to be issued on implementation of the Share-Settled Financing arrangement is 227.4 million Atlatsa Common Shares. Once all the "B" preference shares have been converted into Plateau Ordinary Shares and then into Atlatsa Common Shares, the Company will have 425 million Atlatsa Common Shares outstanding (not including any other Atlatsa Common Shares that may hereafter be issued).

The SPV Preferred Shares are convertible in one or more tranches into ordinary shares in the capital of the Pelawan SPV ("SPV Ordinary Shares") immediately upon demand by RPM, upon the earlier of (i) the date of receipt by the Pelawan SPV of a conversion notice from RPM and (ii) July 1, 2018. Upon such date, RPM will become entitled to a special dividend in cash, which will immediately be used to subscribe for SPV Ordinary Shares. Upon the Pelawan SPV converting the SPV Preferred Shares to SPV Ordinary Shares and RPM subscribing for additional SPV Ordinary Shares as a result of the special dividend, the Pelawan SPV will immediately undertake a share buyback of all SPV Ordinary Shares held by RPM and will settle the buyback consideration by delivering to RPM 115.8 million Atlatsa Common Shares.

As and when RPM issues a conversion notice as described above, the Pelawan SPV will require Plateau to convert "B" preference shares in the capital of Plateau into Plateau Ordinary Shares. Immediately thereafter, Atlatsa will take delivery of such Plateau Ordinary Shares and issue such number of Atlatsa

Common Shares to the Pelawan SPV pursuant to the Exchange Agreement as will enable the Pelawan SPV to buy back the SPV Ordinary Shares from RPM and result in Atlatsa Holdings continuing to own a minimum 51% shareholding in Atlatsa. The total number of Atlatsa Common Shares issuable pursuant to the Exchange Agreement that will continue to be held by the Pelawan SPV is 111.6 million Atlatsa Common Shares. Such Atlatsa Common Shares will be subject to a lock-in that will prevent the Pelawan SPV and Atlatsa Holdings from disposing of such shareholding for so long as Atlatsa Holdings is required to maintain a minimum 51% shareholding in Atlatsa (at present the contractual lock up provision for Atlatsa Holdings on all of its Atlatsa Common Shares remains in place up to January 1, 2015).

The final result of the Share-Settled Financing is that: (i) RPM funded a payment of $137.1 million (ZAR1.1 billion) to Plateau whereby RPM will ultimately receive a total of 115.8 million Atlatsa Common Shares; and (ii) Atlatsa Holdings will receive an additional 111.6 million Atlatsa Common Shares.

RPM will be able to trade its 115.8 million Atlatsa Common Shares on an unrestricted basis. RPM is not currently bound by any contractual lock-ins or restrictions in respect of any of the Atlatsa Common Shares which it will hold. It will, however, prior to disposing of any such Atlatsa Common Shares, engage in a consultative process with Atlatsa, and endeavour to dispose of such Atlatsa Common Shares in a reasonable manner. Neither Atlatsa Holdings nor any of shareholders of Atlatsa Holdings have any pre-emptive rights in respect of RPM's Atlatsa Common Shares.

3. OCSF

In order for Plateau to meet any required shareholder contributions in respect of operating or capital expenditure cash shortfalls at Bokoni during the initial three year ramp up phase at Bokoni, RPM provided Plateau with the Plateau OCSF which can be drawn up to a maximum of $93.5 million (ZAR750 million) and is subject to certain annual draw down restrictions, in terms of quantum, during the first three years. The Plateau OCSF bears fixed interest at a rate of 15.84%, compounded quarterly in arrears. The OCSF loan was originally payable in semi-annual instalments starting January 31, 2013 to the extent cash is available after payment of the Senior Debt facility and the RPM funding loan. Based on the revised terms of the Senior Debt facility with RPM, repayment will also be deferred by one year from January 31, 2013 to January 31, 2014. As at June 30, 2012, Plateau had drawn $90.3 million (ZAR724.6 million) of the Plateau OCSF to meet its share of Bokoni's funding requirements.

In addition, RPM has also made available to Bokoni $89.7 million (ZAR720 million) (the "RPM OCSF") subject to the same terms and conditions as the Plateau OCSF. As at June 30, 2012, Bokoni had drawn $86.7 million (ZAR696.1 million) of the available $89.7 million (ZAR720 million) of the RPM OCSF.

At June 30, 2012, RPM has extended the terms of the total OCSF facility to fund cash shortfalls at Bokoni Mine up to August 31, 2013 by extending the total facility to $268.8 million (ZAR 2,157 million).

4. Standby Loan facility

Anglo Platinum has made available to Plateau a Standby Loan facility of an amount equal to 29% of Bokoni cash flows, which Plateau may use to fund any cash flow shortfalls that may arise in Plateau funding any repayment obligations it may have under the Senior Debt facility during its term. The Standby Loan facility will bear interest at the prime rate of interest in South Africa (currently 9%). As at June 30, 2012 no draw down has been made on the Standby Loan facility. The Standby Loan facility will also be activated to the extent that free cash flow, after capital expenditure, at the Bokoni operations is generated during the anticipated interest roll up period between July 1, 2009 and July 1, 2012.

5. Security

The Senior Debt facility is secured through various security instruments, guarantees and undertakings provided by Atlatsa against 51% of the cash flows generated by Bokoni, together with 51% of Bokoni's asset base. The Standby Loan facility, Plateau OCSF and Plateau Preferred "A" Shares rank behind the Senior Debt facility for security purposes.

1.14 Other MD&A Requirements

Additional information relating to Atlatsa, including Atlatsa's Form 20-F is available on SEDAR at www.sedar.com.

1.15 Internal Controls over Financial Reporting Procedures

Atlatsa's management, including its Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") (as such term is defined in applicable securities regulations). Under Section 404 of the Sarbanes-Oxley Act of 2002, management is required to assess the effectiveness of Atlatsa's ICFR as of the end of each fiscal year and report, based on that assessment, whether the company's ICFR is effective. Atlatsa's internal control system was designed to provide reasonable assurance to Atlatsa's management and the board of directors regarding reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. ICFR includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Atlatsa.
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of Atlatsa are being made only in accordance with authorizations of management and directors of Atlatsa.
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Atlatsa's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of effectiveness of ICFR to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Therefore, even those systems determined effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Because of its inherent limitations, ICFR may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of Atlatsa's ICFR as of December 31, 2011 and no material weaknesses were identified. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) in "Internal Control – Integrated Framework". Based on this assessment, management has determined that, as of December 31, 2011, Atlatsa's ICFR was effective.

There has been no change in Atlatsa's ICFR that occurred during the period beginning on January 1, 2012 and ended on June 30, 2012 that has materially affected, or is reasonably likely to materially affect, Atlatsa's ICFR as at June 30, 2012.

Disclosure Controls and Procedures

Disclosure controls and procedures are those controls and procedures that are designed to ensure that the information required to be disclosed in the filings under applicable securities regulations is recorded, processed, summarized and reported within the time periods specified in applicable securities regulations.

As at December 31, 2011, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of Atlatsa's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of December 31, 2011, Atlatsa's disclosure controls and procedures were effective.

1.16 Disclosure of Outstanding Share Data

Atlatsa has a share option plan approved by the shareholders that allows it to grant options, subject to regulatory terms and approval, to its directors, employees, officers, and consultants to acquire up to 32,600,000 Atlatsa common shares. As at June 30, 2012, 11,916,000 options were outstanding. No options were granted in Q2 2012. Options outstanding and exercisable at June 30, 2012 were as follows:

Expiry date	Option price	Number of options outstanding	Number of options vested	Weighted average life (years)
October 15, 2012	$ 1.29	3,785,000	3,785,000	0.0
June 25, 2013	$ 1.29	916,000	916,000	0.5
June 30, 2013	$ 1.29	1,410,000	1,410,000	0.5
June 25, 2014	$ 0.96	600,000	600,000	1.5
November 30, 2016	$ 0.84	4,705,000	3,450,880	4.0
May 1, 2017	$ 1.68	500,000	333,247	4.3
Total		**11,916,000**	**10,495,127**	
Weighted average exercise price		$ 1.11	$1.26	

As at August 14, 2012, the issued share capital of Atlatsa was 201,888,473 Atlatsa Common Shares, and 227,400 "B" preference shares (comprised of 115,800 B2 convertible preference shares and 111,600 B3 convertible preference shares outstanding in the capital of Plateau). The "B" preference shares are convertible into Atlatsa Common Shares on a 1 to 1,000 basis.