

# **Sylvania Platinum Limited**

**Condensed Consolidated Interim Financial Report  
for the half year ended  
31 December 2014**

# Sylvania Platinum Limited

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# Sylvania Platinum Limited

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## Corporate Information

### Directors

SA Murray  
TM McConnachie  
GM Button  
RA Williams

### Company Secretary

Codan Services Limited

### Principal registered office

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### South African Operations

Constantia View Office Park  
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Quellerina Ext 4  
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1709  
South Africa

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Facsimile: +27 (0)11 673 0365

### Share Registry

Computershare Services Plc  
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Bridgewater Road  
Bedminster Down  
Bristol BS99 7NH  
United Kingdom

### Auditors

KPMG Inc.  
KPMG Crescent  
85 Empire Road  
Parktown  
2193

### Solicitors

Allen & Overy  
Level 27  
Exchange Plaza  
2 The Esplanade  
Perth, Western Australia 6000  
Australia

# Sylvania Platinum Limited

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## Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Sylvania Platinum Limited ("Sylvania" or "the Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2014. Unless otherwise stated, the financial information contained in this report is presented in US dollars.

### Directors

The names of directors who held office during or since the end of the half year and until the date of the report are noted below. Directors were in office for the full period unless otherwise stated.

Stuart A Murray – *Non-executive Chairman*

Terence M McConnachie – *Chief Executive Officer*

Grant M Button – *Non-Executive Director*

Roger A Williams – *Non-Executive Director*

The main operational focus of the Company for the six months to 31 December 2014 has been on maintaining production stability and ounce production. The consistent production over the last eighteen months is indicative of the stability of the operations. The Sylvania Dump Operations ("SDO") produced 31,341 ounces for the six months to 31 December 2014 against 25,189 ounces in the six months to 31 December 2013 and 28,619 ounces in the six months to 30 June 2014.

Revenue for the reporting period increased to \$27,487,991 from \$20,532,343 (up 34%) for the six months to 31 December 2013. The gross basket price dropped 1% from \$911/oz in the corresponding period in the prior financial year to \$899/oz. Group cash costs decreased 18% to \$611/oz in comparison to the \$744/oz for the same period in FY2014 and an 11% decrease from \$683/oz for the six months to 30 June 2014. The decrease in costs is attributable mainly to continual improvement of cost controls, a reduction in ore transport and equipment hire and lower maintenance costs as a result of fewer breakdowns.

The Group adjusted Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the reporting period was \$8,115,884 compared to \$1,256,448 for the corresponding period to 31 December 2013.

General and administration charges are down 17% to \$1,585,060 from \$1,912,642. SDO capital expenditure has increased 286% when compared to H2 FY2014 as a result of the construction of new tailings facilities at Lannex, Doornbosch and Tweefontein, as well as the changeover from mechanical mining of the dumps to a hydro-mining process. The hydro-mining conversion is expected to reduce mining costs by up to 20% overall, on an annual basis.

As at 31 December 2014, the Company's cash and cash equivalents amounted to \$7,754,013. The Group cash increased by \$2,433,666 (46%) from \$5,320,347 at 30 June 2014 and 98% from \$3,907,832 at 31 December 2013 with cash generated from operations of \$6,060,731. The Group cash profit (earnings after interest and tax paid, before non-cash items including depreciation, amortisation, impairment, foreign exchange loss, share-based payments, rehabilitation provision movements and deferred tax) was \$7,061,148. During the half year, \$412,467 cash was spent on the rehabilitation insurance guarantee and \$1,810,774 cash on the stay-in-business capital for the SDO plants and administration (December 2013: \$945,078). The impact of the exchange rate fluctuations on cash held for the half year ended 31 December 2014 was a decrease of \$545,648.

### Review of Operations

#### Health, safety and environment

The Company is always committed to zero harm and continues to focus on health and safety compliance at all operations in order to eliminate safety deviations and to maintain the high standards of the overall culture and condition of our operations.

No significant health or environmental incidents were recorded at any of the operations during the six months to 31 December 2014. There was one Lost Time Injury ("LTI") during September 2014 where an employee at the Millsell operation sustained a fracture to his finger tip during maintenance operations, after the operation had been LTI-free for over five years. In January 2015 another LTI was recorded at Lannex where an employee's finger was also fractured during maintenance operations.

## Sylvania Platinum Limited

### Directors' Report

The Steelpoort operation reached a significant milestone achievement of seven years LTI free during November 2014, with Doornbosch more than two years LTI free.

#### Sylvania Dump Operations (100%): Statistical Information

	Unit	Jul – Dec 2014 H1 2015	Jan - Jun 2014 H2 2014	+ - % Change	H1 2015	H1 2014	+ - % Change
<b>Group Revenue</b>							
Revenue	\$'000	27,488	26,472	4%	27,488	20,532	34%
Gross Basket Price	\$/oz	899	1,000	-10%	899	911	-1%
Net Basket Price <sup>1</sup>	\$/oz	850	879	-3%	850	809	5%
Gross Cash Margin – Group	%	29%	27%	7%	29%	9%	222%
Capital Expenditure	\$'000	2,072	4,038	-49%	2,072	1,492	39%
Adjusted EBITDA <sup>2</sup>	\$'000	8,116	6,135	32%	8,116	1,256	546%
Ave R/\$ rate <sup>3</sup>	R/\$	10.98	10.69	3%	10.98	10.08	9%
<b>Group Cash Cost</b>							
Per 3E & Au oz	\$/oz	611	683	-11%	611	744	-18%
<b>SDO Revenue</b>							
Revenue	\$'000	27,488	26,472	4%	27,488	20,532	34%
Gross Basket Price	\$/oz	899	1,000	-10%	899	911	-1%
Net Basket Price	\$/oz	850	879	-3%	850	809	5%
Gross Cash Margin - SDO	%	35%	32%	9%	35%	15%	133%
Capital Expenditure	\$'000	1,798	466	286%	1,798	843	113%
EBITDA	\$'000	9,351	8,597	9%	9,351	2,998	212%
Ave R/\$ rate <sup>3</sup>	R/\$	10.98	10.69	3%	10.98	10.08	9%
<b>SDO Cash Cost<sup>4</sup></b>							
Per PGM Feed ton	\$/t	31	30	3%	31	32	-3%
Per 3E & Au oz	\$/oz	573	633	-9%	573	693	-17%
<b>Production - SDO</b>							
Plant Feed	T	1,137,119	1,300,329	-13%	1,137,119	1,209,700	-6%
Feed Head Grade	g/t	2.31	2.09	11%	2.31	1.86	24%
PGM Plant Feed Tons	T	575,599	610,301	-6%	575,599	539,455	7%
PGM Plant Grade	g/t	4.37	3.75	17%	4.37	3.54	23%
PGM Plant Recovery	%	37.70%	39.00%	-3%	37.70%	41.10%	-8%
Total 3E and Au	Oz	31,341	28,619	10%	31,341	25,189	24%

<sup>1</sup> The net basket price reported is based on the estimated price received from the smelters. The actual net basket price is only determined in the invoicing month which is three months after the delivery month.

<sup>2</sup> Adjusted EBITDA is Earnings before Interest, taxation, impairment adjustments, depreciation and amortisation.

<sup>3</sup> The functional currency for SDO is SA Rand and the exchange rate shown is the average over the period indicated.

<sup>4</sup> Cash costs include plant operating costs such as mining, processing, administration, royalties and production taxes, but are exclusive of depreciation, amortisation, reclamation, capital, project development and exploration costs.

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## Directors' Report

### Sylvania Dump Operations

The combined ounce production for the six months ended 31 December 2014 is 31,341 ounces, up 24% from 25,189 ounces for the same period last year (HY1 FY2014) and a 10% increase on the 28,619 ounces recovered in the preceding six months.

The higher PGM ounce production was boosted by higher plant feed grades at the Doornbosch and Tweefontein operations due to the type of material treated during the period as well as stable plant performance on most operations.

SDO cash costs are down 17% for the reporting period to \$573/oz from \$693/oz for the corresponding period to 31 December 2013 (down 9% on H2 FY2014 \$633/oz), assisted by the higher PGM production during the period.

Both the new PGM concentrate off-take agreement terms and conversion to hydro-mining across the operations, which were concluded during the reporting period, will assist to reduce operating costs and improve profitability of the operations going forward.

Continuous technical and production focus, as well as ongoing operational improvement initiatives across all operations over the first portion of the financial year have contributed to an improved and more stable production environment.

### Volspruit Platinum Exploration

The Company is still awaiting the outcome of the Mining Right Application ("MRA") for the Volspruit project. The public participation meeting for the Water Use License Application ("WULA") commenced in the second week of February 2015. This included a presentation on the findings of the extensive testing conducted during the Nylsvley River flood event witnessed in the prior year, as well as the opinions of the independent peer reviewers on these findings. The flood study confirmed the presence of the clay layer and therefore the separation of surface and ground water which is a positive result for the mine as the projected drawdown cone, which overlaps the Nylsvley River during mining, will not have a significant impact on the flood itself.

### Grasvally Chrome Exploration

The Company has obtained permission from the Department of Mineral Resources ("DMR") in terms of section 20 of the Mineral and Petroleum Resources Development Act ("MPRDA") to remove and dispose of a bulk sample of the minerals recovered during the course of prospecting activities. The Sylvania prospecting team plans to extract a bulk from small open pits in three separate areas on the chromite seam outcrop to ascertain metallurgical recovery information, obtaining critical information to complete the MRA. Based on the high chrome to iron ratios found during the initial exploration phase of the project, the Company believes that the test work to be done will prove that the chromite is of unusually high quality by South African standards.

A resource model is being completed over the southern half of the property and the near surface resource will be classified into indicated and inferred categories of the South African Code for the reporting of exploration results, mineral resources and mineral reserves ("SAMREC Code"). Further exploration will consist of a drilling programme in the north of the property for a near surface resource, and additional drilling will be performed to categorise the deeper underground resource.

### Aurora, Harriet's Wish and Cracouw Platinum Exploration

The Company continues to await the outcome of the MRA for this project and will keep the market updated with progress reports as appropriate.

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**Directors' Report**

**Corporate activities**

**Shares held in treasury**

Three share purchase transactions were concluded during the half year. 2,300,000 ordinary shares of \$0.10 each were purchased at a cost of 7.2145 pence per ordinary share, 400 000 shares at 7.625 pence per ordinary share and 495,000 shares at 8.118 pence per ordinary share. Of the 297,981,896 issued shares, there are accordingly 4,895,000 held in treasury and 293,086,896 shares with voting rights. It is intended to use these treasury shares for future allocations of shares to staff as part of the Company share option plan.

**Going concern**

The Board of Directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. It is for this reason that the condensed consolidated interim financial report has been prepared on the going concern basis.



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T M McConnachie  
Chief Executive Officer  
13 February 2015

## Sylvania Platinum Limited

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### Directors' Declaration

In accordance with a resolution of the Directors of Sylvania Platinum Limited I state that:

In the opinion of the Directors:

- a) the condensed consolidated financial statements and notes of the consolidated entity have been prepared and presented in accordance with IAS 34, Interim Financial Reporting.
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



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T M McConnachie  
Chief Executive Officer  
13 February 2015





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Docex 472 Johannesburg

## Independent Auditor's Review Report on Interim Financial Information

To Sylvania Platinum Limited

We have reviewed the condensed consolidated financial statements of Sylvania Platinum Limited, contained in the accompanying interim financial report, which comprise the condensed consolidated statement of financial position of as at 31 December 2014, and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the period then ended, and notes to the condensed consolidated financial statements ("the interim financial information"), as set out on pages 10 to 26.

### *Managements Responsibility for the Financial Information*

Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard, IAS 34, 'Interim Financial Reporting' and for such internal controls as management determine is necessary to enable the preparation of interim financial information that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial information of Sylvania Platinum Limited for the period ended 31 December 2014 are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34, 'Interim Financial Reporting'.

KPMG Inc.

Per Alwyn van der Lith  
Chartered Accountant (SA)  
Registered Auditor  
Director  
13 February 2015

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Policy Board:  
Chief Executive: RM Kgosana

Executive Directors: T Fubu, A Hari, E Magondo, JS McIntosh, CAT Smit, D van Heerden

Other Directors: DC Duffield, LP Fourie, N Fubu, TH Hoole, A Jaffer, M Letsitsi, AM Mokgabudi, T Rossouw, Y Suleman (Chairman of the Board), A Thunstrom

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.

## Sylvania Platinum Limited

### Condensed Consolidated Statement of Comprehensive Income for the half year ended 31 December 2014

	Note	31 December 2014 \$	31 December 2013 \$
Revenue		27,487,991	20,532,343
Cost of sales		(21,317,642)	(21,045,792)
<b>Gross profit/(loss)</b>		<b>6,170,349</b>	<b>(513,449)</b>
Other income		26,998	57,215
Loss on sale of property, plant and equipment		(72)	(3,833)
Foreign exchange gain/(loss)		123,306	(19,308)
Impairment of available-for-sale financial assets		(14,032)	-
Loss on revaluation of financial assets at fair value through profit and loss		-	(12,897)
Impairment of exploration and evaluation assets		-	(1,444,000)
Impairment of investment in associate		-	(1,328,091)
Share of equity accounted entities net loss		-	(53,485)
General and administrative costs		(1,585,060)	(1,912,642)
Finance revenue		182,293	102,601
Finance costs		(138,328)	(89,770)
<b>Profit/(loss) before income tax</b>	2	<b>4,765,454</b>	<b>(5,217,659)</b>
Income tax (expense)/benefit		(1,797,065)	9,594
<b>Profit/(loss) for the period</b>		<b>2,968,389</b>	<b>(5,208,065)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit and loss:			
Unrealised (loss)/gains reserve		(4,179)	37,936
Foreign currency translation		(12,408,545)	(4,633,380)
<b>Other comprehensive income</b>		<b>(12,412,724)</b>	<b>(4,595,444)</b>
<b>Total comprehensive income for the period</b>		<b>(9,444,335)</b>	<b>(9,803,509)</b>
<b>Profit/(loss) attributable to:</b>			
Owners of the parent		2,968,389	(5,208,065)
Non-controlling interest		-	-
		<b>2,968,389</b>	<b>(5,208,065)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		(9,444,335)	(9,803,509)
Non-controlling interest		-	-
		<b>(9,444,335)</b>	<b>(9,803,509)</b>
<b>Profit/(loss) per share attributable to the ordinary equity holders of the Company:</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share		0.99	(1.74)
Diluted earnings/(loss) per share		0.95	(1.74)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Sylvania Platinum Limited

### Condensed Consolidated Statement of Financial Position as at 31 December 2014

	Note	31 December 2014 \$	31 December 2013 \$	30 June 2014 \$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments in associates		-	11	10
Financial assets		2,779,587	2,547,183	2,551,296
Exploration and evaluation assets	3	61,779,445	64,558,091	70,220,438
Property, plant and equipment	4	45,351,296	54,092,241	51,070,245
<b>Total non-current assets</b>		<b>109,910,328</b>	<b>121,197,526</b>	<b>123,841,989</b>
<b>Current assets</b>				
Cash and cash equivalents		7,754,013	3,907,832	5,320,347
Trade and other receivables		15,674,540	12,607,722	16,696,829
Inventories		863,661	935,960	758,893
Current tax asset		-	24,831	-
<b>Total current assets</b>		<b>24,292,214</b>	<b>17,476,345</b>	<b>22,776,069</b>
<b>Total assets</b>		<b>134,202,542</b>	<b>138,673,871</b>	<b>146,618,058</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Issued capital	5	29,515,534	29,515,534	29,515,534
Reserves		58,029,745	66,756,763	70,419,757
Retained profits		18,702,090	15,639,824	15,733,701
<b>Equity attributable to the owners of the parent</b>		<b>106,247,369</b>	<b>111,912,121</b>	<b>115,668,992</b>
Non-controlling interest		-	-	-
<b>Total equity</b>		<b>106,247,369</b>	<b>111,912,121</b>	<b>115,668,992</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings		157,409	142,538	205,948
Provisions		3,185,479	2,486,036	3,411,056
Deferred tax liability		17,414,898	17,607,751	19,424,960
<b>Total non-current liabilities</b>		<b>20,757,786</b>	<b>20,236,325</b>	<b>23,041,964</b>
<b>Current liabilities</b>				
Trade and other payables		6,740,440	6,358,529	7,745,669
Interest-bearing loans and borrowings		110,325	159,597	158,899
Current tax liability		346,622	7,299	2,534
<b>Total current liabilities</b>		<b>7,197,387</b>	<b>6,525,425</b>	<b>7,907,102</b>
<b>Total liabilities</b>		<b>27,955,173</b>	<b>26,761,750</b>	<b>30,949,066</b>
<b>Total liabilities and shareholders' equity</b>		<b>134,202,542</b>	<b>138,673,871</b>	<b>146,618,058</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**Sylvania Platinum Limited**

**Condensed Consolidated Statement of Changes in Equity  
for the half year ended 31 December 2014**

	Issued capital	Share premium	Retained profits	Reserve for own shares	Net unrealised gains reserve	Share based payment reserve	Foreign currency translation reserve	Non-controlling interest reserve	Equity reserve	Owners of the parent	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	<b>29,515,534</b>	<b>149,608,193</b>	<b>20,847,888</b>	-	-	<b>2,663,353</b>	<b>(11,695,474)</b>	<b>(39,779,293)</b>	<b>(29,741,213)</b>	<b>121,418,988</b>	-	<b>121,418,988</b>
Loss for the period	-	-	(5,208,065)	-	-	-	-	-	-	(5,208,065)	-	(5,208,065)
Other comprehensive income	-	-	-	-	37,936	-	(4,633,380)	-	-	(4,595,444)	-	(4,595,444)
<b>Total comprehensive income for the period</b>	-	-	<b>(5,208,065)</b>	-	<b>37,936</b>	-	<b>(4,633,380)</b>	-	-	<b>(9,803,509)</b>	-	<b>(9,803,509)</b>
Equity transactions												
- Shares acquired held in treasury	-	-	-	(220,654)	-	-	-	-	-	(220,654)	-	(220,654)
- Share-based payments	-	-	-	-	-	517,296	-	-	-	517,296	-	517,296
<b>Balance at 31 December 2013</b>	<b>29,515,534</b>	<b>149,608,193</b>	<b>15,639,823</b>	<b>(220,654)</b>	<b>37,936</b>	<b>3,180,649</b>	<b>(16,328,854)</b>	<b>(39,779,293)</b>	<b>(29,741,213)</b>	<b>111,912,121</b>	-	<b>111,912,121</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

**Sylvania Platinum Limited**

**Condensed Consolidated Statement of Changes in Equity (continued)**  
**for the half year ended 31 December 2014**

	Issued capital	Share premium	Retained profits	Reserve for own shares	Net unrealised gains reserve	Share based payment reserve	Foreign currency translation reserve	Non-controlling interest reserve	Equity reserve	Owners of the parent	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	<b>29,515,534</b>	<b>149,608,193</b>	<b>15,733,701</b>	-	<b>4,179</b>	<b>3,894,315</b>	<b>(13,566,424)</b>	<b>(39,779,293)</b>	<b>(29,741,213)</b>	<b>115,668,992</b>	-	<b>115,668,992</b>
Profit for the period	-	-	2,968,389	-	-	-	-	-	-	2,968,389	-	2,968,389
Other comprehensive income	-	-	-	-	(4,179)	-	(12,408,545)	-	-	(12,412,724)	-	(12,412,724)
<b>Total comprehensive income for the period</b>	-	-	<b>2,968,389</b>	-	<b>(4,179)</b>	-	<b>(12,408,545)</b>	-	-	<b>(9,444,335)</b>	-	<b>(9,444,335)</b>
Equity transactions												
- Shares acquired held in treasury	-	-	-	(369,624)	-	-	-	-	-	(369,624)	-	(369,624)
- Share based payments	-	-	-	-	-	392,336	-	-	-	392,336	-	392,336
<b>Balance at 31 December 2014</b>	<b>29,515,534</b>	<b>149,608,193</b>	<b>18,702,090</b>	<b>(369,624)</b>	-	<b>4,286,651</b>	<b>(25,974,969)</b>	<b>(39,779,293)</b>	<b>(29,741,213)</b>	<b>106,247,369</b>	-	<b>106,247,369</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

## Sylvania Platinum Limited

### Condensed Consolidated Statement of Cash Flows for the half year ended 31 December 2014

	31 December 2014	31 December 2013
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	26,924,343	19,343,754
Payments to suppliers and employees	(19,496,601)	(19,222,907)
Realised foreign exchange loss	(11,385)	(19,308)
Finance revenue	111,119	48,414
Finance costs	(24,176)	(18,482)
Taxation paid	(1,442,569)	(2,685)
<b>Net cash inflow from operating activities</b>	<b>6,060,731</b>	<b>128,786</b>
<b>Cash flows from investing activities</b>		
Payment for rehabilitation insurance guarantee investment	(412,467)	-
Purchase of property, plant and equipment	(1,810,774)	(889,311)
Payments for exploration and evaluation	(222,715)	(546,910)
Loans advanced to Ironveld Holdings	-	(1,052,589)
<b>Net cash outflow from investing activities</b>	<b>(2,445,956)</b>	<b>(2,488,810)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(110,257)	(100,301)
Repayment of loans from related parties	(155,580)	(9,849)
Shares purchased held in treasury	(369,624)	(220,654)
<b>Net cash outflow from financing activities</b>	<b>(635,461)</b>	<b>(330,804)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,979,314</b>	<b>(2,690,828)</b>
<b>Cash and cash equivalents at the beginning of reporting period</b>	<b>5,320,347</b>	<b>6,564,885</b>
<b>Effect of exchange fluctuations on cash held</b>	<b>(545,648)</b>	<b>33,775</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>7,754,013</b>	<b>3,907,832</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

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**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2014**

**1. Basis of preparation and accounting policies**

**Basis of preparation**

Sylvania Platinum Limited (“Sylvania”) is a limited company incorporated and domiciled in Bermuda. These condensed consolidated financial statements for the half year ended 31 December 2014 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) and comprise the Company and its subsidiaries and investment in associates (together referred to as the “Group”).

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2014.

The half year financial report should be read in conjunction with the Annual Financial Report of Sylvania Platinum Limited as at 30 June 2014. It is also recommended that the half year financial report be considered together with any public announcements made by the company and its controlled entities during the half year ended 31 December 2014 in accordance with the group’s continuous disclosure obligations.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

The half year financial report has been prepared on a historical cost basis, except for available-for-sale investments, embedded derivatives and investments carried at fair value through profit and loss, which have been measured at fair value.

The half year financial report is presented in US dollars unless otherwise stated.

**Significant accounting policies**

Except as described below, the accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous consolidated annual financial statements as at and for the year ended 30 June 2014, except for the the following changes in accounting policies which are also expected to be reflected in the Group’s consolidated financial statements for the year ended 30 June 2015.

*Changes in accounting policies*

In the current period, the Group has adopted all new and revised Standards and Interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective for the first time in Sylvania’s financial year commencing 1 July 2014. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Group’s accounting policies.

**Key assumptions used in the assessment of impairment of assets**

The recoverable amounts of the Sylvania retreatment plants have been based on cash flow projections as at 31 December 2014. The internal financial model is based on the known and confirmed resources for each plant, and no allowance has been made for expansion capital in accordance IAS 36 Impairment of assets.

The calculation of value in use is sensitive to changes in the available resources, discount rates, commodity price and operating costs. Changes in key assumptions could cause the carrying value of assets to exceed their recoverable amounts.

Resources – The resources for each plant, including the PGM grade and expected recoveries that have been modelled are based on extensive test work, sampling and surveying. Where the useful life a plant is possibly longer than the

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**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2014**

**Key assumptions used in the assessment of impairment of assets (continued)**

material currently available to be processed, alternative feed sources have been considered and the likelihood of these materialising assessed by management.

Discount rate – The discount rate reflects management’s estimate of the time value of money and the risk associated with the plants. The base discount rate of 8.25% is the risk free rate as determined by five year South African retail bonds and this has been increased by a risk premium of 4.25%.

Commodity price – the Company has used forecast commodity prices obtained from a reputable independent third party and these range between \$1,300 and \$1,650 for platinum and \$825 to \$850 for palladium.

Operating costs – Operating costs are calculated on a R/ton basis, known contractor rates and planned labour.

Exchange rates – Platinum group metals are priced in USD. The USD/Rand exchange rate used in the discounted cash flow model ranges for years from 2015 – 2018 from 11.8 ZAR/\$1 to 13.2 ZAR/\$1.



## Sylvania Platinum Limited

### Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2014

#### 2. Profit/(loss) before income tax

	Half year ended 31 December 2014	Half year ended 31 December 2013
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the half year:		
Consulting fees	411,529	305,074
Impairment of exploration and evaluation assets (a)	-	1,444,000
Impairment of investment in associate (b)	-	1,328,091
Share based payment expense	392,336	517,296
Depreciation – property, plant and equipment	3,408,427	3,714,849

- (a) During the six months ended 31 December 2013, the Group impaired its exploration and evaluation asset relating to its Everest North project. Everest North is a joint venture project with Aquarius Platinum SA (Pty) Ltd (“AQPSA”) and the viability of the project depends on the operation of AQPSA’s Everest South processing plant. The Everest South operation was placed on care and maintenance in June 2012 and we are unaware of any plans to re-start this operation in the foreseeable future.
- (b) The Group’s 25% investment in Chrome Tailings Retreatment Plant (“CTRP”) was impaired as at 31 December 2013. The plant remains on care and maintenance and there is no agreement between the parties or plan to restart the operation.

#### 3. Exploration and evaluation assets

	Half year ended 31 December 2014	Half year ended 31 December 2013	Year ended 30 June 2014
	\$	\$	\$
Costs carried forward in respect of areas of interest in the following phase:			
<b>Exploration and evaluation phase – at cost</b>			
Balance at the beginning of period/ year	70,220,438	67,276,715	67,276,715
Foreign currency movements	(8,663,702)	(1,821,534)	1,076,389
Impairment	-	(1,444,000)	(1,591,444)
Direct expenditure for the period/ year	222,709	546,910	3,458,778
<b>Total deferred exploration and evaluation expenditure</b>	<b>61,779,445</b>	<b>64,558,091</b>	<b>70,220,438</b>

\* Refer to note 2(a). A further \$180,931 was impaired during the six months to 30 June 2014 on a prospecting right that expired and was not renewed.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

**Sylvania Platinum Limited**

**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2014**

**4. Property, plant and equipment**

	Property \$	Mining property \$	Plant and equipment \$	Equipment \$	Leasehold improve- ments \$	Computer equipment and software \$	Furniture and fittings \$	Office equipment \$	Motor vehicles \$	Total \$
<b>December 2014</b>										
<b>At 1 July 2014</b>										
Cost	3,968,497	3,089,727	70,447,421	688,164	27,379	413,425	62,754	96,097	559,016	<b>79,352,480</b>
Accumulated depreciation and impairment	(40,988)	(1,177,138)	(25,760,735)	(484,745)	(26,129)	(274,031)	(60,017)	(69,557)	(388,895)	<b>(28,282,235)</b>
Carrying value	<u>3,927,509</u>	<u>1,912,589</u>	<u>44,686,686</u>	<u>203,419</u>	<u>1,250</u>	<u>139,394</u>	<u>2,737</u>	<u>26,540</u>	<u>170,121</u>	<b><u>51,070,245</u></b>
<b>Period ended 31 December 2014</b>										
Opening carrying value	3,927,509	1,912,589	44,686,686	203,419	1,250	139,394	2,737	26,540	170,121	<b>51,070,245</b>
Exchange differences	(325,752)	(151,790)	(3,637,513)	(16,656)	(88)	(11,157)	(226)	(2,276)	(14,114)	<b>(4,159,572)</b>
Additions	3,214	-	1,749,707	35,651	-	24,661	2,270	8,928	24,691	<b>1,849,122</b>
Disposals	-	-	-	-	-	-	-	(72)	-	<b>(72)</b>
Depreciation charge	(8,854)	(136,081)	(3,155,664)	(40,136)	(319)	(32,759)	(2,289)	(7,485)	(24,840)	<b>(3,408,427)</b>
Carrying value	<u>3,596,117</u>	<u>1,624,718</u>	<u>39,643,216</u>	<u>182,278</u>	<u>843</u>	<u>120,139</u>	<u>2,492</u>	<u>25,635</u>	<u>155,858</u>	<b><u>45,351,296</u></b>
<b>At 31 December 2014</b>										
Cost	3,642,102	2,833,234	66,259,160	664,858	25,106	399,480	59,667	94,076	513,201	<b>74,490,884</b>
Accumulated depreciation and impairment	(45,985)	(1,208,516)	(26,615,944)	(482,580)	(24,263)	(279,341)	(57,175)	(68,441)	(357,343)	<b>(29,139,588)</b>
Carrying value	<u>3,596,117</u>	<u>1,624,718</u>	<u>39,643,216</u>	<u>182,278</u>	<u>843</u>	<u>120,139</u>	<u>2,492</u>	<u>25,635</u>	<u>155,858</u>	<b><u>45,351,296</u></b>

**Sylvania Platinum Limited**

**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2014**

**4. Property, plant and equipment (continued)**

	Property \$	Mining property \$	Plant and equipment \$	Equipment \$	Leasehold improve- ments \$	Computer equipment and software \$	Furniture and fittings \$	Office equipment \$	Motor vehicles \$	Total \$
<b>December 2013</b>										
<b>At 1 July 2013</b>										
Cost	4,239,859	3,315,716	73,786,362	586,340	32,487	424,066	65,944	140,999	521,582	83,113,355
Accumulated depreciation and impairment	(25,335)	(975,229)	(20,660,078)	(400,143)	(27,454)	(228,501)	(59,386)	(98,143)	(349,782)	(22,824,051)
Carrying value	4,214,524	2,340,487	53,126,284	186,197	5,033	195,565	6,558	42,856	171,800	60,289,304
<b>Period ended 31 December 2013</b>										
Opening carrying value	4,214,524	2,340,487	53,126,284	186,197	5,033	195,565	6,558	42,856	171,800	60,289,304
Exchange differences	(237,754)	(126,908)	(2,897,695)	(9,981)	(251)	(10,232)	(321)	(1,896)	(8,158)	(3,293,196)
Additions	-	-	879,505	44,119	2,341	15,830	1,128	2,059	96	945,078
Disposals	-	-	(122,911)	-	(2,702)	(4,511)	-	-	(3,972)	(134,096)
Reallocations between asset classes	-	13,893	(17,594)	-	-	93	-	3,608	-	-
Depreciation charge	(7,851)	(151,387)	(3,416,569)	(58,039)	(511)	(32,574)	(2,450)	(9,206)	(36,262)	(3,714,849)
Carrying value	3,968,919	2,076,085	47,551,020	162,296	3,910	164,171	4,915	37,421	123,504	54,092,241
<b>At 31 December 2013</b>										
Cost	4,000,372	3,128,428	70,326,291	595,641	29,973	402,586	63,324	136,712	484,575	79,167,902
Accumulated depreciation and impairment	(31,453)	(1,052,343)	(22,775,271)	(433,345)	(26,063)	(238,415)	(58,409)	(99,291)	(361,071)	(25,075,661)
Carrying value	3,968,919	2,076,085	47,551,020	162,296	3,910	164,171	4,915	37,421	123,504	54,092,241

**Sylvania Platinum Limited**

**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2014**

**4. Property, plant and equipment (continued)**

	Property \$	Mining property \$	Plant and equipment \$	Equipment \$	Leasehold improve- ments \$	Computer equipment and software \$	Furniture and fittings \$	Office equipment \$	Motor vehicles \$	Total \$
<b>June 2014</b>										
<b>At 1 July 2013</b>										
Cost	4,239,859	3,315,716	73,786,362	586,340	32,487	424,066	65,944	140,999	521,582	83,113,355
Accumulated depreciation and impairment	(25,335)	(975,229)	(20,660,078)	(400,143)	(27,454)	(228,501)	(59,386)	(98,143)	(349,782)	(22,824,051)
Carrying value	4,214,524	2,340,487	53,126,284	186,197	5,033	195,565	6,558	42,856	171,800	60,289,304
<b>Year ended 30 June 2014</b>										
Opening carrying value	4,214,524	2,340,487	53,126,284	186,197	5,033	195,565	6,558	42,856	171,800	60,289,304
Exchange differences	(287,254)	(153,253)	(3,508,395)	(13,389)	(263)	(12,329)	(368)	(1,989)	(11,944)	(3,989,184)
Additions	18,025	-	1,784,213	145,098	-	31,572	1,271	9,114	82,408	2,071,701
Disposals	-	-	-	-	-	-	-	-	-	-
Re-allocation between asset classes	-	13,501	(17,098)	-	-	90	-	3,507	-	-
Write-off	-	-	(42,077)	-	(2,625)	(4,384)	-	-	(3,860)	(52,946)
Depreciation charge	(17,786)	(288,146)	(6,656,241)	(114,487)	(895)	(71,120)	(4,724)	(26,948)	(68,283)	(7,248,630)
Carrying value	3,927,509	1,912,589	44,686,686	203,419	1,250	139,394	2,737	26,540	170,121	51,070,245
<b>At 30 June 2014</b>										
Cost	3,968,497	3,089,727	70,447,421	688,164	27,379	413,425	62,754	96,097	559,016	79,352,480
Accumulated depreciation and impairment	(40,988)	(1,177,138)	(25,760,735)	(484,745)	(26,129)	(274,031)	(60,017)	(69,557)	(388,895)	(28,282,235)
Carrying value	3,927,509	1,912,589	44,686,686	203,419	1,250	139,394	2,737	26,540	170,121	51,070,245

## Sylvania Platinum Limited

### Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2014

#### 5. Issued capital

	Half year ended 31 December 2014	Half year ended 31 December 2013	Year ended 30 June 2014
	\$	\$	\$
Ordinary shares with a par value of \$0.10	29,515,534	29,515,534	29,515,534

	Half year ended 31 December 2014 Number	Half year ended 31 December 2013 Number	Year ended 30 June 2014 Number	Half year ended 31 December 2014 \$	Half year ended 31 December 2013 \$	Year ended 30 June 2014 \$
<i>Movements in ordinary shares on issue</i>						
At start of period/ year	297,981,896	297,981,896	297,981,896	29,515,534	29,515,534	29,515,534
At end of the period/year	297,981,896	297,981,896	297,981,896	29,515,534	29,515,534	29,515,534

#### Shares held in treasury

The following ordinary shares of USD0.10 each in Sylvania Platinum Limited were repurchased during the period. The shares are being held in treasury and it is intended to use these treasury shares for future allocations of shares to staff as part of the Company share option plan.

Date	Number of shares	Price per share GBP	Granted/ Vested * Number
4 September 2013	1,700,000	8.15 pence	1,700,000
19 December 2014	2,300,000	7.21 pence	-
24 December 2014	400,000	7.63 pence	-
31 December 2014	495,000	8.12 pence	-
	4,895,000		

\* These shares have been allocated to senior management in recognition of the achievement of performance criteria and vested on 30 June 2014.

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**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2014**

**6. Segment information**

For management purposes the chief operating decision maker, being the Board of Directors of Sylvania Platinum Limited, reports its results per project. The Group currently has the following segments:

- seven operational retreatment processing plants:
  - Millsell
  - Steelpoort
  - Lannex
  - Mooinooi (two plants reported as a single unit)
  - Doornbosch
  - Tweefontein
- an open cast mining exploration project and a northern limb exploration project.

The operating results of each project are monitored separately by the Board in order to assist them in making decisions regarding resource allocation as well as enabling them to evaluate performance. Segment performance is evaluated on PGM ounce production and operating costs. The Group's financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

The following tables present revenue and profit information regarding business segments.

The following items are not allocated to any segment as they are not considered to be part of the core operations of any segment:

- interest revenue
- interest expense
- unallocated expenses

## Sylvania Platinum Limited

### Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2014

#### 6. Segment information (continued)

	Millsell \$	Steelpoort \$	Lannex \$	Mooinooi \$	Doornbosch \$	Tweefontein \$	Exploration projects \$	Corporate/ unallocated \$	Consolidate d \$
<b>31 December 2014</b>									
Segment assets	5,687,732	4,704,355	11,376,113	19,748,114	9,403,921	12,894,500	65,487,910	4,899,897(a)	134,202,542
Segment liabilities	1,314,006	1,024,778	1,479,725	2,197,971	1,382,158	1,246,481	1,091,310	18,218,744(b)	27,955,173
Segment revenue	3,796,433	3,429,783	4,018,953	6,648,585	5,272,544	4,321,693	-	182,293	27,670,284*
Segment result	1,381,942	1,025,001	255,985	296,650	2,347,036	901,164	(114,228)	(1,328,096)(c)	4,765,454
Net profit for the period before tax									4,765,454
Included within the segment results:									
Depreciation	268,609	310,943	728,407	1,034,370	435,044	561,580	-	69,474	3,408,427
Direct operating costs	2,145,882	2,093,839	3,034,561	5,317,565	2,490,464	2,858,948	-	-	17,941,259
Other items									
Income tax expense	-	-	-	-	-	-	-	1,797,065	1,797,065
Capital expenditure additions	106,165	33,708	594,483	198,150	261,016	576,915	262,495	38,899	2,071,831

\* The segment revenue is the sum of the revenue and interest revenue

## Sylvania Platinum Limited

### Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2014

#### 6. Segment information (continued)

	Millsell	Steelpoort	Lannex	Mooinooi	Doornbosch	Twefontein	Exploration projects	Corporate/ unallocated	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>31 December 2013</b>									
Segment assets	4,150,834	3,903,270	11,188,678	18,939,290	8,120,745	11,770,936	68,587,391	12,012,727 (a)	138,673,871
Segment liabilities	1,010,114	924,702	1,384,220	2,049,130	1,323,723	762,323	1,162,917	18,144,621 (b)	26,761,750
Segment revenue	3,412,647	2,748,749	2,974,338	4,702,979	3,739,069	2,954,561	-	102,601	20,634,944
Segment result	1,191,247	173,711	(729,794)	(1,315,907)	808,122	(465,685)	-	(4,879,353)(c)	(5,217,659)
Net loss for the period before tax									(5,217,659)
Included within segment result:									
Depreciation	294,363	329,707	821,379	1,140,071	466,394	590,749	-	72,186	3,714,849
Direct operating costs	1,927,036	2,245,331	2,882,753	4,878,815	2,464,554	2,829,497	-	-	17,227,986
Interest revenue	-	-	-	-	-	-	-	102,601	102,601
<b>30 June 2014</b>									
Segment assets	5,871,735	5,133,580	12,185,567	21,373,876	10,662,825	13,186,198	74,218,642	3,985,635 (a)	146,618,058
Segment liabilities	1,572,485	1,120,291	1,451,055	2,282,359	1,445,545	1,321,332	1,245,291	20,510,708 (b)	30,949,066



## Sylvania Platinum Limited

### Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2014

#### 6. Segment information (continued)

	Half year ended 31 December 2014 \$	Half year ended 31 December 2013 \$	Year ended 30 June 2014 \$
<b>Major items included in corporate/unallocated</b>			
<b>(a) Capital expenditure and other assets</b>			
Other capital expenditure	390,534	358,252	445,765
Cash and cash equivalents	616,765	3,844,927	347,388
Investments in associates	-	11	10
Current tax asset	-	24,831	-
Other financial assets	2,779,587	2,547,183	2,551,296
Other	1,113,011	5,237,523	641,176
	<b>4,899,897</b>	<b>12,012,727</b>	<b>3,985,635</b>
<b>(b) Liabilities</b>			
Deferred tax	17,414,898	17,607,751	19,424,960
Interest-bearing loans and borrowings	189,379	73,268	212,795
VAT/GST payable	401,286	244,151	324,711
Current tax liability	346,622	-	2,534
Other accruals	(133,441)	219,451	545,708
	<b>18,218,744</b>	<b>18,144,621</b>	<b>20,510,708</b>
* Prior period accruals reversed at the reporting date			
<b>(c) Unallocated expenses/(income)</b>			
Administrative salaries and wages	612,818	739,721	
Auditors' remuneration	92,444	133,869	
Consulting fees	395,321	305,074	
Depreciation	69,474	72,186	
Finance costs	138,328	89,770	
Foreign exchange (gain)/loss	(123,306)	19,308	
Loss on financial assets at fair value through profit or loss	-	12,897	
Impairment on available-for-sale financial assets	14,032	-	
Impairment on exploration and evaluation assets	-	1,444,000	
Impairment on investment in associate	-	1,328,091	
Legal expenses	121,379	101,626	
Overseas travelling expenses	80,481	126,796	
Premises leases	50,272	92,651	
Share-based compensation expense	392,336	517,296	
Other	(515,483)	(103,932)	
	<b>1,328,096</b>	<b>4,879,353</b>	

## Sylvania Platinum Limited

### Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2014

#### 7. Fair value of financial instruments

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The Group has no financial assets where the carrying amount exceeds the fair value at reporting date.

The following methods and assumptions were used to estimate fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term variable-rate receivables and borrowings are evaluated by the Group based on parameters such as interest rates. As at 31 December 2014, the carrying amounts of such receivables and borrowings were not materially different from their calculated fair values.
- The fair values of listed shares is based on quoted prices at reporting date.

#### Fair value hierarchy

The table below presents the Group's financial assets measured and recognised at fair value, by valuation method in the hierarchy defined below:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>31 December 2014 Assets</b>				
Available-for-sale financial assets	13,041	-	-	13,041
Financial assets at fair value through profit or loss	1,637	-	-	1,637
	<b>14,678</b>	<b>-</b>	<b>-</b>	<b>14,678</b>
<b>31 December 2013 Assets</b>				
Available-for-sale financial assets	65,001	-	-	65,001
Financial assets at fair value through profit or loss	5,355	-	-	5,355
	<b>70,356</b>	<b>-</b>	<b>-</b>	<b>70,356</b>
<b>30 June 2014 Assets</b>				
Available-for-sale financial assets	34,282	-	-	34,282
Financial assets at fair value through profit or loss	1,883	-	-	1,883
	<b>36,165</b>	<b>-</b>	<b>-</b>	<b>36,165</b>

#### 9. Events after reporting date

The directors are not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with in the condensed consolidated interim financial report, which significantly affects the financial position of the company or the results of its operations.