

Sylvania Platinum Limited

**Condensed Consolidated Interim Financial Statements
for the half year ended
31 December 2016**

Sylvania Platinum Limited

Contents

Corporate information	3
Directors' report	4
Directors' declaration	8
Independent Auditor's Report on review of interim financial statements	9
Condensed consolidated interim financial statements	
Condensed consolidated statement of profit or loss and other comprehensive income	10
Condensed consolidated statement of financial position	11
Condensed consolidated statement of changes in equity	12
Condensed consolidated statement of cash flows	15
Notes to the condensed consolidated financial statements	16

Sylvania Platinum Limited

Corporate Information

Directors

SA Murray
TM McConnachie
RA Williams
E Carr

Company Secretary

Codan Services Limited

Principal registered office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

South African Operations

Constantia View Office Park
2 Hogsback Street
Quellerina Ext 4
Roodepoort
1709
South Africa

Telephone: +27 (0)11 673 1171

Facsimile: +27 (0)11 673 0365

Share Registry

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

Computershare Jersey
Queensway House,
Hilgrove Street,
St Helier,
Jersey, JE1 1ES

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

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 2016. 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*

Roger A Williams – *Non-Executive Director*

Eileen Carr – *Non-Executive Director*

The main operational focus during the six months to 31 December 2016 was on maintaining and improving production stability and ounce production, disciplined operational cost control, and executing strategic capital projects aimed at lower production unit costs and sustaining the current production profiles into the future. The Board is pleased with the results delivered against these strategic objectives, with the first two quarters of the financial year having marked successive Company records in terms of quarterly production. This is particularly pleasing in the light of subdued commodity prices and challenging macro industry conditions that characterised the period. The Sylvania Dump Operations ("SDO") produced 35,819 ounces for the six months to 31 December 2016 up 21% from the 29,519 ounces in the six months to 31 December 2015 and a 15% increase from the 31,124 ounces in the six months to 30 June 2016.

The Group Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the reporting period was \$9,214,712 compared to \$3,612,333 for the corresponding period to 31 December 2015, and up 28% from \$7,190,241 in H2 FY2016. The H1 FY2017 gross basket price was very close to that realised in H2 FY2016, but increased 7% from \$829/ounce in H1 FY2016 to \$883/ounce. Revenue has increased 32% to \$24,550,903 from \$18,532,296 recorded in the prior year, due mainly to the increase in the basket price and increased ounces. SDO cash costs are furthermore 14% lower than H1 FY2016 at \$405/ounce from \$471/ounce but increased marginally by 1% from the \$402/ounce for H2 FY2016.

General and Administration costs are down 27% to \$876,851 from \$1,194,172 in H1 FY2016 and down 17% from \$1,061,698 in H2 FY2016. SDO capital expenditure increased 17% year-on-year to \$837,000 from \$718,000 due to the first phase of Project ECHO that commenced during the period. Group cash costs decreased 16% to \$425/ounce in comparison to the \$508/ounce for the same period in FY2016 and a 2% decrease from \$432/ounce for the six months to 30 June 2016.

As at 31 December 2016, the Company's cash and cash equivalents amounted to \$12,675,304. The Group cash balance increased by \$5,968,282 (89%) from \$6,707,022 at 30 June 2016 and 148% from \$5,109,732 at 31 December 2015. Cash generated from operations was \$5,881,593 for the reporting period, which includes an outflow of \$2,702,270 for working capital changes and \$1,072,408 paid for income tax. The Company spent \$482,226 on share buy backs to fill the final requirements of the Share Option Plan, and \$811,318 capital expenditure. A net amount of \$475,925 was received after the review of the underlying investment for the rehabilitation insurance guarantee, and \$568,030 was received from Ironveld Holdings in terms of the revised facility agreement. With the majority of the cash generated and held in South African Rand, the appreciation of the Rand against the USD also had an impact on the cash balance since 30 June 2016 (\$502,508).

Review of Operations

Health, safety and environment

The SDO again had a good safety performance for the six months ended 31 December 2016, with Steelpoort operation achieving nine years Lost Time Injury ("LTI") free, and Tweefontein, Doornbosch and Millsell remaining LTI-free for more than four, three and two years respectively. The Mooinooi operation unfortunately recorded one LTI during the period. The Company recorded no significant health or environmental incidents during the period.

Sylvania Platinum Limited

Directors' Report

The Company continues to focus on health, safety and environmental compliance as a key priority, and through the collaborative efforts of management and all employees across the operations, we are able to maintain high safety standards and plant conditions at the respective operations.

Sylvania Dump Operations (100%): Statistical Information

Unaudited	Unit	Jul – Dec 2016 H1	Jan – Jun 2016 H2	+ - % Change		HY1 2017	HY1 2016	+ - % Change
Group Revenue								
Revenue	\$'000	24,551	20,660	19%		24,551	18,532	32%
Gross Basket Price ¹	\$/oz	883	873	1%		883	829	7%
Gross Cash Margin - Group	%	38%	35%	9%		38%	19%	100%
Capital Expenditure	\$'000	973	863	13%		973	912	7%
EBITDA ²	\$'000	9,215	7,190	28%		9,215	3,612	155%
Ave R/\$ rate ³	R/\$	14.02	15.41	-9%		14.02	13.59	3%
Group Cash Cost								
Per 3E & Au oz	\$/oz	425	432	-2%		425	508	-16%
SDO Revenue								
Revenue	\$'000	24,551	20,660	19%		24,551	18,532	32%
Gross Basket Price	\$/oz	883	873	1%		883	829	7%
Gross Cash Margin - SDO	%	41%	39%	5%		41%	25%	64%
Capital Expenditure	\$'000	837	676	24%		837	718	17%
EBITDA	\$'000	9,945	8,086	23%		9,945	4,590	117%
Ave R/\$ rate ³	R/\$	14.02	15.41	-9%		14.02	13.59	3%
SDO Cash Cost⁴								
Per PGM Feed ton	\$/t	25	22	14%		25	25	0%
Per 3E & Au oz	\$/oz	405	402	1%		405	471	-14%
Production - SDO								
Plant Feed	T	1,063,150	1,055,446	1%		1,063,150	1,124,022	-5%
Feed Head Grade	g/t	2.40	2.65	-9%		2.40	2.26	6%
PGM Plant Feed Tons	T	574,796	570,111	1%		574,796	563,797	2%
PGM Plant Grade	g/t	4.05	4.04	0%		4.05	4.01	1%
PGM Plant Recovery	%	46.7%	42.0%	11%		46.7%	41.8%	12%
Total 3E and AU	Oz	35,819	31,124	15%		35,819	29,519	21%

¹ The gross basket price reported is the total estimated price for deliveries made during the period and does not include any penalties or smelting costs. The actual net basket price received is only determined in the invoicing month which is three months after the delivery month, prior period adjusted for actual prices received if necessary.

² EBITDA is Earnings before Interest, taxation, depreciation and amortisation.

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

⁴ 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.

Operations

During the past two quarters of the financial year the Company has achieved successive record production levels and as a result, the combined PGM production for the operations for the six months ended 31 December 2016 of 35,819 ounces, is a 15% increase from the 31,124 ounces in the six months to 30 June 2016 and a 21% increase on the 29,519 ounces during the same period in the previous year (H1 FY2016).

Directors' Report

The operations performed exceptionally well during the past six months, with Lannex, Mooinooi and Tweefontein achieving the best quarterly PGM ounce production figures in the history of the operations during the period, to contribute toward the new half-year production record.

The higher PGM ounces during the period can be attributed primarily to higher PGM recoveries, while the PGM plant feed tons and feed grades were only marginally higher than both the previous period (H2 FY2016) and the corresponding first six months of FY2016 (H1 FY2016). The higher PGM recovery efficiency was due to a combination of improved plant stability at Steelpoort and Lannex and floatation and mass pull optimisation at Doornbosch, Tweefontein and Mooinooi operations during the period, as well as higher recovery efficiencies at Mooinooi associated with improved floatation residence times due to lower PGM feed tons during the first quarter of FY2017.

Based on solid year to date performance and the outlook for the remainder of the year, the SDO expects to exceed the previously stated guidance of 60,000 ounces by approximately 3,000 to 5,000 ounces.

SDO cash costs are down 14% for the reporting period to \$405/ounce from \$471/ounce in the corresponding period to 31 December 2015 (H2 FY2016: \$402/ounce), primarily due to a combination of higher PGM ounce production, lower operating cost expenditure and higher ZAR/US\$ exchange rate during the period.

Project ECHO

Project ECHO, the secondary milling and floatation program, which was announced by the company during August 2016, has commenced during the past six months and the company is on track to deliver on the PGM ounce profile as communicated. This secondary milling and floatation technology (MF2) roll-out will lead to improved PGM recovery efficiencies, lower PGM production unit costs, increased cash generation, and enable the SDO to extend its profitable operating life and to sustain its production profile of about 55,000 ounces to 60,000 ounces going forward.

Exploration and opencast mining projects

Volspruit Platinum

As reported in the Annual Report of FY2016, the Company submitted an appeal in the fourth quarter of the previous financial year to set aside the decision of the Limpopo Department of Economic Development, Environment and Tourism ("LEDET") to refuse the Company's application for Environmental Authorisation ("EA") for the Volspruit Platinum project. Sylvania continues to await a decision by the Member of the Executive Council for Economic Development, Environment and Tourism in this regard and will keep shareholders apprised of any developments.

The Mining Right Application ("MRA") to mine PGMs is furthermore still pending and it is believed that a decision by the Department of Mineral Resources ("DMR") will only become available upon finalisation of the EA Appeal process.

Once a decision is given on the EA Appeal and the awaited MRA, the Company will need to commence detail design of civil infrastructure as called for in the National Water Act and commence with its Integrated Waste and Water Use License Application ("IWWULA") for this project.

Grasvally Chrome

The Company continues to await the MRA to mine chrome at the Grasvally project, however the DMR granted an amendment to the existing prospecting right to include the processing of the old waste rock dumps during the first quarter of the financial year. The IWWULA for processing the waste rock dumps applied for in the fourth quarter of the previous financial year continues to be awaited and the Company remains positive this will be finalised shortly.

Sylvania was pleased to receive word that the EA for the project had been approved during the reporting period. An appeal by Interested and Affected Parties ("I&AP's") was however received in January 2017 and together with the consultants, the Company is preparing a response to be submitted shortly.

Harriet's Wish, Aurora and Cracouw (Hacra)

The notarial cession of the right to mine iron ore, vanadium and heavy minerals in favour of a subsidiary of Ironveld Plc was registered in the Mining Titles Office during the reporting period.

Sylvania Platinum Limited

Directors' Report

Corporate activities

Shares held in Treasury

As announced during the first half of the financial year, the Company has repurchased a number of Ordinary Shares in Sylvania Platinum Limited in a total of five transactions. The shares were repurchased and held in treasury as follows:

Date	Number of Shares	Pence per Ordinary Share	Par Value
1 September 2016	830,000	7.5563	US\$0.01
2 September 2016	409,300	7.8774	US\$0.01
9 September 2016	1,260,700	8.4960	US\$0.01
13 September 2016	1,635,000	8.7761	US\$0.01
28 December 2016	600,000	7.6705	US\$0.01

The purchase of shares was motivated by the need to fulfill the historical Sylvania Platinum Limited Share Option Plan ("the Plan") as approved at the Annual General Meeting on 29 December 2011, in order to avoid dilution of existing Shareholders' investments whereby 10% of issued Share Capital was allowed to be issued as Share Options. The Company however disclosed that it did not intend to issue more than 5% of issued Share Capital, based on the number of Ordinary Shares in issue at the time of the AGM held on 29 December 2011. The full 5% has been granted and the Board does not intend to issue any further Options under the Plan.

Following these transactions, the Company's issued share capital is 297,981,896 Ordinary Shares of which a total of 8,105,887 Ordinary Shares are held in treasury. The total number of Ordinary Shares with voting rights in Sylvania is thus 289,876,009 Ordinary Shares.



T M McConnachie
Chief Executive Officer
13 February 2017

Sylvania Platinum Limited

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



T M McConnachie
Chief Executive Officer
13 February 2017



KPMG Inc
KPMG Crescent
85 Empire Road, Parktown, 2193
Private Bag 9, Parkview, 2122, South Africa

Telephone +27 (0)11 647 7111
Fax +27 (0)11 647 8000
Docex 472 Johannesburg

Independent Auditors' Report on Review of Interim Financial Statements

To the shareholders of Sylvania Platinum Limited

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Sylvania Platinum Limited at 31 December 2016, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial statements ("the condensed consolidated interim financial statements"). The Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements at 31 December 2016 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Inc.

Alwyn van der Lith
Director
Registered Auditor
13 February 2017

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: TH Hoole

Executive Directors: M Letsitsi, SL Louw, NKS Malaba,
M Oddy, CAT Smit

Other Directors: ZA Beseti, LP Fourie, N Fubu,
AH Jaffer (Chairman of the Board), FA Karreem,
ME Magondo, F Mall, GM Pickering,
JN Pierce

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 Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2016

	Note	31 December 2016 \$	31 December 2015 \$
Revenue		24,550,903	18,532,296
Cost of sales		(17,276,120)	(16,763,400)
Gross profit		7,274,783	1,768,896
Other income		18,171	8,652
Foreign exchange gain		330	210,622
Impairment of exploration and evaluation assets		-	(8,794)
General and administrative costs		(876,851)	(1,194,172)
Finance income		375,620	139,924
Finance costs		(129,945)	(107,893)
Profit before income tax expense	2	6,662,108	817,235
Income tax expense		(2,141,151)	(536,213)
Net profit for the period		4,520,957	281,022
Other comprehensive income			
Items that are or may be reclassified subsequently to profit and loss:			
Foreign operations – foreign currency translation differences		2,018,355	(12,628,676)
Total other comprehensive income/(loss) for the period (net of tax)		2,018,355	(12,628,676)
Total comprehensive income/(loss) for the period		6,539,312	(12,347,654)
Profit attributable to:			
Owners of the parent		4,520,957	281,022
		4,520,957	281,022
Total comprehensive income/(loss) attributable to:			
Owners of the parent		6,539,312	(12,347,654)
		6,539,312	(12,347,654)
Profit per share attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings per share		1.56	0.10
Diluted earnings per share		1.52	0.09

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 at 31 December 2016

	Note	31 December 2016 \$	31 December 2015 \$	30 June 2016 \$
ASSETS				
Non-current assets				
Other financial assets	5	295,077	560,377	710,055
Exploration and evaluation assets	3	54,949,663	54,281,364	55,723,424
Property, plant and equipment	4	30,374,574	30,372,479	30,132,591
Total non-current assets		85,619,314	85,214,220	86,566,070
Current assets				
Cash and cash equivalents		12,675,304	5,109,732	6,707,022
Trade and other receivables		17,711,663	12,486,795	16,055,698
Other financial assets	5	973,065	1,470,820	1,343,255
Inventories		1,792,219	782,489	1,693,024
Current tax asset		1,467	-	80,679
Total current assets		33,153,718	19,849,836	25,879,678
Total assets		118,773,032	105,064,056	112,445,748
EQUITY AND LIABILITIES				
Shareholders' equity				
Issued capital	6	2,979,819	2,979,819	2,979,819
Reserves		68,625,951	64,433,422	66,917,322
Retained profits		25,685,082	17,711,612	21,164,125
Total equity		97,290,852	85,124,853	91,061,266
Non-current liabilities				
Interest-bearing loans and borrowings		246,395	117,158	171,286
Provisions		3,262,406	2,394,046	2,809,228
Deferred tax liability		12,144,644	12,087,951	12,076,899
Total non-current liabilities		15,653,445	14,599,155	15,057,413
Current liabilities				
Trade and other payables		4,134,530	4,899,758	6,115,147
Interest-bearing loans and borrowings		174,799	208,673	211,922
Current tax liability		1,519,406	231,617	-
Total current liabilities		5,828,735	5,340,048	6,327,069
Total liabilities		21,482,180	19,939,203	21,384,482
Total liabilities and shareholders' equity		118,773,032	105,064,056	112,445,748

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 2016

	Issued capital	Share premium reserve	Retained profits	Reserve for own shares	Share based payment reserve	Foreign currency translation reserve	Non-controlling interest reserve	Equity reserve	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	2,979,819	175,705,741	21,164,125	(737,684)	3,730,400	(42,260,629)	(39,779,293)	(29,741,213)	91,061,266
Profit for the period	-	-	4,520,957	-	-	-	-	-	4,520,957
Other comprehensive loss	-	-	-	-	-	2,018,355	-	-	2,018,355
Total comprehensive income for the period	-	-	4,520,957	-	-	2,018,355	-	-	6,539,312
Share transactions									
- Treasury shares acquired	-	-	-	(458,476)	-	-	-	-	(458,476)
- Share-based payments	-	-	-	-	172,500	-	-	-	172,500
- Share options and bonus shares exercised	-	-	-	142,042	(165,792)	-	-	-	(23,750)
Balance at 31 December 2016	2,979,819	175,705,741	25,685,082	(1,054,118)	3,737,108	(40,242,274)	(39,779,293)	(29,741,213)	97,290,852

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 2016

	Issued capital	Share premium reserve	Retained profits	Reserve for own shares	Share based payment reserve	Foreign currency translation reserve	Non-controlling interest reserve	Equity reserve	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2015	29,798,190	148,887,370	17,430,590	(259,184)	4,052,481	(32,249,982)	(39,779,293)	(29,741,213)	98,138,959
Profit for the period	-	-	281,022	-	-	-	-	-	281,022
Other comprehensive loss	-	-	-	-	-	(12,628,676)	-	-	(12,628,676)
Total comprehensive loss for the period	-	-	281,022	-	-	(12,628,676)	-	-	(12,347,654)
Share transactions									
- Treasury shares acquired	-	-	-	(832,921)	-	-	-	-	(832,921)
- Share-based payments	-	-	-	-	166,469	-	-	-	166,469
Reduction in par value	(26,818,371)	26,818,371	-	-	-	-	-	-	-
Balance at 31 December 2015	2,979,819	175,705,741	17,711,612	(1,092,105)	4,218,950	(44,878,658)	(39,779,293)	(29,741,213)	85,124,853

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 2016

	Issued capital	Share premium reserve	Retained profits	Reserve for own shares	Share based payment reserve	Foreign currency translation reserve	Non-controlling interest reserve	Equity reserve	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2015	29,798,190	148,887,370	17,430,590	(259,184)	4,052,481	(32,249,982)	(39,779,293)	(29,741,213)	98,138,959
Profit for the year	-	-	3,733,535	-	-	-	-	-	3,733,535
Other comprehensive loss	-	-	-	-	-	(10,010,647)	-	-	(10,010,647)
Total comprehensive loss for the year	-	-	3,733,535	-	-	(10,010,647)	-	-	(6,277,112)
Share transactions									
- Treasury shares acquired	-	-	-	(945,759)	-	-	-	-	(945,759)
- Share-based payments	-	-	-	-	326,594	-	-	-	326,594
- Share options and bonus shares exercised	-	-	-	467,259	(648,675)	-	-	-	(181,416)
Reduction in par value	(26,818,371)	26,818,371	-	-	-	-	-	-	-
Balance at 30 June 2016	2,979,819	175,705,741	21,164,125	(737,684)	3,730,400	(42,260,629)	(39,779,293)	(29,741,213)	91,061,266

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 2016

	31 December 2016	31 December 2015
	\$	\$
Cash flows from operating activities		
Receipts from customers	24,120,181	16,075,002
Payments to suppliers and employees	(17,390,826)	(15,856,026)
Realised foreign exchange (loss)/gain	(5,043)	191,274
Finance income	252,678	80,933
Finance costs	(22,989)	1,371
Taxation paid	(1,072,408)	(809,715)
Net cash inflow/(outflow) from operating activities	5,881,593	(317,161)
Cash flows from investing activities		
Payment for rehabilitation insurance guarantee	(95,017)	(183,411)
Refund received for rehabilitation insurance guarantee	570,942	-
Purchase of property, plant and equipment	(692,829)	(667,104)
Payments for exploration and evaluation assets	(118,489)	(171,682)
Proceeds from sale of other financial assets	-	13,800
Receipt of loan repayment from Ironveld Holdings	568,030	-
Net cash inflow/(outflow) from investing activities	232,637	(1,008,397)
Cash flows from financing activities		
Repayment of borrowings	(166,230)	(144,384)
Proceeds from loan from related parties	-	7,950
Payment for treasury shares	(458,476)	(832,921)
Payment for settlement of share options and bonus shares exercised	(23,750)	-
Net cash outflow from financing activities	(648,456)	(969,355)
Net increase/(decrease) in cash and cash equivalents	5,465,774	(2,294,913)
Cash and cash equivalents at the beginning of reporting period	6,707,022	8,416,342
Effect of exchange fluctuations on cash held	502,508	(1,011,697)
Cash and cash equivalents at the end of the reporting period	12,675,304	5,109,732

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

Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2016

1. Basis of preparation and accounting policies

Basis of preparation

Sylvania Platinum Limited ("Sylvania") is a limited company incorporated and domiciled in Bermuda. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and (IAS) 34 Interim Financial Reporting and comprise the Company and its subsidiaries and investment in joint venture (together referred to as the "Group").

The half year financial statements does not include all notes of the type normally included within the annual financial statements 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 statements. 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 2016.

The half year financial statements should be read in conjunction with the Annual Financial Statements of Sylvania Platinum Limited as at 30 June 2016. It is also recommended that the half year financial statements be considered together with any public announcements made by the company and its controlled entities during the half year ended 31 December 2016 in accordance with the group's continuous disclosure obligations.

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

The half year financial statements have 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 statements are presented in US dollars unless otherwise stated.

Significant accounting policies

Except as described below, the accounting policies 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 2016.

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 2016. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and are also expected to be reflected in the Group's consolidated financial statements for the year ended 30 June 2017.

Future accounting standards

In addition to those reported in the previous consolidated annual financial statements as at and for the year ended 30 June 2016, certain IFRSs and IFRICs have recently been issued or amended but are not yet effective and have not been adopted by the Group as at the interim reporting period ended on 31 December 2016.

**Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2016**

1. Basis of preparation and accounting policies (continued)

Future accounting standards (continued)

Reference	Title	Summary	Application date of standard	Application date for Group
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration	<p>IFRIC 22 <i>Foreign currency transactions and advance consideration</i> is a new interpretation that clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the transaction when the entity has received or paid in advance consideration in a foreign currency.</p> <p>The impact of this interpretation is currently being assessed.</p>	1 January 2018	1 July 2018

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 2016. 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 with 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 of a plant is possibly longer than the 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 9.75% is the risk free rate as determined by five year South African retail bonds and this has been increased by a risk premium of 2.75%.

Commodity price – The Group has used forecast commodity prices obtained from reputable publications and these range for years from 2017 – 2021 between \$1,008 and \$1,246/oz for platinum and \$623 to \$800 for palladium. Sensitivities have also been applied within the calculation at lower prices.

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 discount cash flow model ranges for years from 2017 – 2021 from 13.90 ZAR/\$1 to 15.53 ZAR/\$1.

Sylvania Platinum Limited

Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2016

2. Profit before income tax expense

	Half year ended 31 December 2016	Half year ended 31 December 2015
	\$	\$
The following income and expense items are relevant in explaining the financial performance for the half year:		
Impairment of exploration and evaluation assets (a)	-	8,794
Share based payment expense	172,500	166,469
Depreciation – property, plant and equipment	2,798,279	2,835,923

- (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.

3. Exploration and evaluation assets

	Half year ended 31 December 2016	Half year ended 31 December 2015	Year ended 30 June 2016
	\$	\$	\$
Costs carried forward in respect of areas of interest in the following phase:			
Exploration and evaluation phase – at cost			
Balance at the beginning of period/ year	55,723,424	58,785,429	58,785,429
Foreign currency movements	(892,250)	(4,666,953)	(3,336,853)
Impairment *	-	(8,794)	(8,280)
Direct expenditure for the period/ year	118,489	171,682	283,128
Balance at the end of period/ year	54,949,663	54,281,364	55,723,424

* Refer to note 2(a).

Ultimate recovery of exploration and evaluation expenditure carried forward is dependent upon the recoupment of costs through successful development and commercial exploitation, or alternatively, by sale of the respective areas.

Sylvania Platinum Limited

**Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2016**

4. Property, plant and equipment

	Property	Mining property	Plant and equipment	Equipment	Leasehold improvements	Computer equipment and software	Furniture and fittings	Office equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
December 2016										
At 1 July 2016										
Cost	2,868,476	2,217,255	53,956,078	530,311	19,649	354,366	48,713	81,729	555,819	60,632,396
Accumulated depreciation	(61,014)	(1,252,681)	(28,055,042)	(437,106)	(19,446)	(281,254)	(47,288)	(63,901)	(282,073)	(30,499,805)
Carrying value	2,807,462	964,574	25,901,036	93,205	203	73,112	1,425	17,828	273,746	30,132,591
Period ended 31 December 2016										
Opening carrying value	2,807,462	964,574	25,901,036	93,205	203	73,112	1,425	17,828	273,746	30,132,591
Exchange differences	206,691	69,180	1,871,228	9,577	12	5,353	100	1,455	21,866	2,185,462
Additions	2,987	-	496,611	176,590	-	21,240	282	12,439	144,817	854,966
Disposals	-	-	-	-	-	-	-	-	(166)	(166)
Depreciation charge	(8,108)	(106,854)	(2,586,974)	(21,224)	(160)	(23,091)	(541)	(4,292)	(47,035)	(2,798,279)
Carrying value	3,009,032	926,900	25,681,901	258,148	55	76,614	1,266	27,430	393,228	30,374,574
At 31 December 2016										
Cost	3,082,790	2,380,564	58,435,269	749,042	21,096	387,580	52,029	100,405	733,682	65,942,457
Accumulated depreciation	(73,758)	(1,453,664)	(32,753,368)	(490,894)	(21,041)	(310,966)	(50,763)	(72,975)	(340,454)	(35,567,883)
Carrying value	3,009,032	926,900	25,681,901	258,148	55	76,614	1,266	27,430	393,228	30,374,574

Sylvania Platinum Limited

**Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2016**

4. Property, plant and equipment (continued)

	Property	Mining property	Plant and equipment	Equipment	Leasehold improvements	Computer equipment and software	Furniture and fittings	Office equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
December 2015										
At 1 July 2015										
Cost	3,470,767	2,682,354	63,863,401	629,624	23,769	401,905	57,739	90,139	496,426	71,716,124
Accumulated depreciation	(53,064)	(1,270,445)	(28,142,646)	(482,005)	(23,157)	(293,865)	(56,018)	(69,973)	(340,269)	(30,731,442)
Carrying value	3,417,703	1,411,909	35,720,755	147,619	612	108,040	1,721	20,166	156,157	40,984,682
Period ended 31 December 2015										
Opening carrying value	3,417,703	1,411,909	35,720,755	147,619	612	108,040	1,721	20,166	156,157	40,984,682
Exchange differences	(729,884)	(287,815)	(7,386,015)	(28,971)	(110)	(21,991)	(308)	(4,015)	(38,676)	(8,497,785)
Additions	1,050	-	659,460	258	-	11,679	-	1,021	66,427	739,895
Disposals	-	-	(18,390)	-	-	-	-	-	-	(18,390)
Depreciation charge	(9,336)	(111,826)	(2,644,763)	(20,813)	(165)	(20,491)	(473)	(3,375)	(24,681)	(2,835,923)
Carrying value	2,679,533	1,012,268	26,331,047	98,093	337	77,237	940	13,797	159,227	30,372,479
At 31 December 2015										
Cost	2,729,404	2,108,688	50,753,386	495,194	18,686	324,258	45,478	71,754	436,053	56,982,901
Accumulated depreciation	(49,871)	(1,096,420)	(24,422,339)	(397,101)	(18,349)	(247,021)	(44,538)	(57,957)	(276,826)	(26,610,422)
Carrying value	2,679,533	1,012,268	26,331,047	98,093	337	77,237	940	13,797	159,227	30,372,479

Sylvania Platinum Limited

**Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2016**

4. Property, plant and equipment (continued)

	Property	Mining property	Plant and equipment	Equipment	Leasehold improvements	Computer equipment and software	Furniture and fittings	Office equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
June 2016										
At 1 July 2015										
Cost	3,470,767	2,682,354	63,863,401	629,624	23,769	401,905	57,739	90,139	496,426	71,716,124
Accumulated depreciation	(53,064)	(1,270,445)	(28,142,646)	(482,005)	(23,157)	(293,865)	(56,018)	(69,973)	(340,269)	(30,731,442)
Carrying value	3,417,703	1,411,909	35,720,755	147,619	612	108,040	1,721	20,166	156,157	40,984,682
Year ended 30 June 2016										
Opening carrying value	3,417,703	1,411,909	35,720,755	147,619	612	108,040	1,721	20,166	156,157	40,984,682
Exchange differences	(592,159)	(239,721)	(6,102,508)	(24,871)	(98)	(18,326)	(298)	(3,526)	(30,714)	(7,012,221)
Additions	-	-	1,223,384	10,107	-	24,747	933	7,401	230,340	1,496,912
Disposals	(500)	-	(11,888)	-	-	-	-	-	(28,558)	(40,946)
Depreciation charge	(17,582)	(207,614)	(4,928,707)	(39,650)	(311)	(41,349)	(931)	(6,213)	(53,479)	(5,295,836)
Carrying value	2,807,462	964,574	25,901,036	93,205	203	73,112	1,425	17,828	273,746	30,132,591
At 30 June 2016										
Cost	2,868,476	2,217,255	53,956,078	530,311	19,649	354,366	48,713	81,729	555,819	60,632,396
Accumulated depreciation	(61,014)	(1,252,681)	(28,055,042)	(437,106)	(19,446)	(281,254)	(47,288)	(63,901)	(282,073)	(30,499,805)
Carrying value	2,807,462	964,574	25,901,036	93,205	203	73,112	1,425	17,828	273,746	30,132,591

Sylvania Platinum Limited

Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2016

5. Other financial assets

	Half year ended 31 December 2016 \$	Half year ended 31 December 2015 \$	Year ended 30 June 2016 \$
Loans and receivables			
Loans receivable (a)	973,065	1,470,820	1,343,255
Rehabilitation insurance guarantee	295,077	560,377	710,055
Balance at the end of period/ year	1,268,142	2,031,197	2,053,310
Non-current assets	295,077	560,377	710,055
Current assets	973,065	1,470,820	1,343,255

- (a) Loans receivable consists of a loan granted to Ironveld Holdings (Pty) Ltd by Sylvania Metals (Pty) Ltd, a South African subsidiary of the Group. An addendum to the facility agreement was entered into on 25 October 2016 and the terms of the loan have been amended. The loan now bears interest at the rate of 4% above the prime lending rate in South Africa and is repayable on 30 June 2017. A partial payment was received during the half year ended 31 December 2016.

6. Issued capital

	Half year ended 31 December 2016 \$	Half year ended 31 December 2015 \$	Year ended 30 June 2016 \$
Ordinary shares with a par value of \$0.01	2,979,819	2,979,819	2,979,819

	Half year ended 31 December 2016 Number	Half year ended 31 December 2015 Number	Year ended 30 June 2016 Number	Half year ended 31 December 2016 \$	Half year ended 31 December 2015 \$	Year ended 30 June 2016 \$
<i>Movements in ordinary shares on issue</i>						
At start of period/ year	297,981,896	297,981,896	297,981,896	2,979,819	29,798,190	29,798,190
Reduction in par value (a)	-	-	-	-	(26,818,371)	(26,818,371)
At end of the period/year	297,981,896	297,981,896	297,981,896	2,979,819	2,979,819	2,979,819

- (a) The par value of each authorised share was reduced on 30 October 2015 from US\$0.10 to US\$0.01 per ordinary share.

**Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2016**

6. Issued capital (continued)

Shares held in treasury

The following ordinary shares 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
Opening balance at 1 July 2016	5,442,143	
1 September 2016	830,000	7.56 pence
2 September 2016	409,300	7.88 pence
9 September 2016	1,260,700	8.50 pence
13 September 2016	1,635,000	8.78 pence
28 December 2016	600,000	7.67 pence
Share options and bonus shares exercised	<u>(2,071,256)</u>	
Closing balance at 31 December 2016	<u>8,105,887</u>	

7. Segment reporting

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, which is currently in the exploration phase.

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 income) and income taxes are managed on a Group basis and are not allocated to operating 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:

- finance income;
- finance costs; and
- unallocated expenses

The following tables present revenue and profit information for the periods ended 31 December 2016 and 31 December 2015 and certain asset and liability information regarding reportable segments for the periods ended 31 December 2016 and 31 December 2015 and the year ended 30 June 2016.

Sylvania Platinum Limited

Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2016

7. Segment reporting (continued)

	Millsell \$	Steelpoort \$	Lannex \$	Mooinooi \$	Doornbosch \$	Tweefontein \$	Exploration projects \$	Corporate/ unallocated \$	Consolidated \$
31 December 2016									
Segment assets	5,365,547	3,751,802	9,332,800	17,059,972	7,372,285	13,252,517	58,077,289	4,560,820(a)	118,773,032
Segment liabilities	1,012,631	616,985	1,244,187	1,498,338	788,218	1,239,041	898,652	14,184,128(b)	21,482,180
Segment revenue	3,488,298	1,970,763	3,003,678	6,666,165	3,701,207	5,720,792	-	375,620	24,926,523*
Segment result	1,361,162	225,391	352,394	1,601,885	1,225,699	2,560,511	(111,278)	(553,656)(c)	6,662,108
Net profit for the period after tax									4,520,957
Included within the segment results:									
Depreciation	199,743	237,173	603,468	854,091	336,600	486,564	-	52,259	2,769,898 (e)
Direct operating costs	1,927,393	1,508,199	2,047,816	4,210,189	2,138,908	2,673,717	-	-	14,506,222 (f)
Other items									
Income tax expense	-	-	-	-	-	-	-	2,141,151	2,141,151
Capital expenditure additions **	157,085	26,895	41,604	194,376	80,221	58,017	122,427	292,830	973,455

* The segment revenue is the sum of the revenue and finance income

** Capital expenditure consists of property, plant and equipment and exploration and evaluation assets

Sylvania Platinum Limited

Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2016

7. Segment reporting (continued)

	Millsell	Steelpoort	Lannex	Mooinooi	Doornbosch	Tweefontein	Exploration projects	Corporate/unallocated	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
31 December 2015									
Segment assets	4,129,486	2,722,241	7,019,305	13,913,842	6,419,662	9,873,034	57,186,383	3,800,103 (a)	105,064,056
Segment liabilities	1,066,181	729,907	826,850	1,806,325	1,003,754	1,132,029	925,221	12,448,936 (b)	19,939,203
Segment revenue	3,257,685	1,427,847	1,525,338	5,230,002	3,328,150	3,763,274	-	139,924	18,672,220*
Segment result	1,195,533	(692,790)	(994,762)	237,618	998,100	1,058,690	(142,396)	(842,758)(c)	817,235
Net profit for the period after tax									281,022
Included within segment result:									
Depreciation	226,821	272,512	590,375	858,271	342,284	484,022	-	33,493	2,807,778 (e)
Direct operating costs	1,835,331	1,848,125	1,929,725	4,134,113	1,987,766	2,220,562	-	-	13,955,622 (f)
Other items									
Income tax expense	-	-	-	-	-	-	-	536,213	536,213
Capital expenditure additions **	26,699	39,402	9,909	462,406	27,993	130,878	172,733	41,558	911,578
30 June 2016									
Segment assets	4,478,061	3,635,269	8,561,748	15,154,622	7,371,062	11,548,769	58,644,297	3,051,920	112,445,748
Segment liabilities	1,092,982	901,669	1,513,175	2,050,782	1,076,449	1,307,136	846,099	12,596,190 (b)	21,384,482

* The segment revenue is the sum of the revenue and finance income

** Capital expenditure consists of property, plant and equipment and exploration and evaluation assets

Sylvania Platinum Limited

**Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2016**

7. Segment reporting (continued)

	Half year ended 31 December 2016 \$	Half year ended 31 December 2015 \$	Year ended 30 June 2016 \$
Major items included in corporate/unallocated			
(a) Capital expenditure and other assets			
Property, plant and equipment	667,133	273,029	374,646
Cash and cash equivalents	2,460,383	1,635,702	852,470
Current tax asset	1,467	-	80,679
Other financial assets	973,065	1,471,301	1,343,255
Other	458,772	420,071	400,870
	<u>4,560,820</u>	<u>3,800,103</u>	<u>3,051,920</u>
(b) Liabilities			
Deferred tax	12,144,644	12,087,951	12,076,899
Interest-bearing loans and borrowings	324,779	135,144	267,004
VAT/GST payable	308,111	232,564	213,536
Current tax liability	1,519,406	231,617	-
Other accruals	(112,812)	(238,340)	38,751
	<u>14,184,128</u>	<u>12,448,936</u>	<u>12,596,190</u>
(c) Unallocated expenses/(income)			
Administrative salaries and wages	457,440	525,214	
Auditors' remuneration	68,104	37,322	
Consulting fees	59,152	206,808	
Depreciation	80,640	61,638	
Finance income	(375,620)	(139,924)	
Finance costs	129,945	107,893	
Foreign exchange gain	(330)	(210,622)	
Legal expenses	34,430	107,656	
Overseas travelling expenses	89,055	84,364	
Premises leases	23,283	21,636	
Share-based compensation expense	172,500	166,469	
Other	(184,943)	(125,696)	
	<u>553,656</u>	<u>842,758</u>	
Reconciliations of total segment amounts to corresponding amount for the Group			
(e) Depreciation			
Included within cost of sales	2,769,898	2,807,778	
Included within general and administrative costs	28,381	28,145	
	<u>2,798,279</u>	<u>2,835,923</u>	
(f) Cost of sales			
Direct operating costs	14,506,222	13,955,622	
Depreciation	2,769,898	2,807,778	
	<u>17,276,120</u>	<u>16,763,400</u>	

**Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2016**

8. Fair value of financial instruments

For financial assets and liabilities, the 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 2016 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.

9. Events after the 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 Group or the results of its operations.

10. Going concern

After reviewing the financial position, operational performance, budgets and forecasts as well as the timing of cash flows and sensitivity analyses, the directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. It is for this reason that the condensed consolidated financial statements have been prepared on the going concern basis.