

Sylvania Platinum Limited

**Condensed Consolidated Interim Financial Statements
for the half year ended
31 December 2015**

Sylvania Platinum Limited

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Sylvania Platinum Limited

Corporate Information

Directors

SA Murray
TM McConnachie
RA Williams
E Carr

Company Secretary

Codan Services Limited

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Share Registry

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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 2015. 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*

In the light of declining commodity prices and challenging industry conditions during the six months to 31 December 2015 the main operational focus of the Company has been on maintaining and improving production stability and ounce production, combined with disciplined operational cost control. The Sylvania Dump Operations ("SDO") produced 29,519 ounces for the six months to 31 December 2015 down from the 31,341 ounces in the six months to 31 December 2014 but a 12% increase from the 26,246 ounces in the six months to 30 June 2015.

The Group adjusted Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the reporting period was \$3,612,333 compared to \$8,115,884 for the corresponding period to 31 December 2014 but up 59% from \$2,278,000 in H2 FY2015. The gross basket price dropped 26% from \$1,115/ounce to \$829/ounce. Revenue is down 33% to \$18,532,296 from \$27,487,991 recorded in the prior year due mainly to the drop in the basket price as well as the weaker SA Rand. SDO cash costs are however 18% lower than H1 FY2015 at \$471/ounce from \$573/ounce and a 16% drop from the \$562/ounce for H2 FY2015 as a result of disciplined operational cost controls and assisted further by the weaker SA Rand.

General and Administration charges are down 25% to \$1,194,172 from \$1,585,060 in H1 FY2015 and down 29% from \$1,685,658 in H2 FY2015. SDO capital expenditure remains low dropping 60% year-on-year to \$718,000 from \$1,798,000 as cost controls remains a key focus of management at both the operational and administrative levels. Group cash costs decreased 17% to \$508/ounce in comparison to the \$611/ounce for the same period in FY2015 and a 25% decrease from \$678/ounce for the six months to 30 June 2015.

As at 31 December 2015, the Company's cash and cash equivalents amounted to \$5,109,732. The Group cash decreased by \$3,306,610 (39%) from \$8,416,342 at 30 June 2015 and 34% from \$7,754,013 at 31 December 2014. Cash generated from operations was \$3,586,014 for the reporting period with working capital changes resulting in an outflow of \$3,175,764. The Company paid \$809,715 in income tax, \$832,921 was spent on share buy backs, capital expenditure of \$838,786 was incurred for stay in business capital and required exploration expenditure. With the majority of the cash generated and held in South African Rand, the weakening of the Rand against the USD also had a significant impact on the cash balance since 30 June 2015 (-\$1,011,698).

Review of Operations

Health, safety and environment

From a Safety, Health and Environment ("SHE") perspective the SDO had excellent performance for the six months ended 31 December 2015, with no lost time injuries ("LTI") and no significant health or environmental incidents.

Steelpoort operation achieved the significant milestone of eight years LTI Free during the period, while Doornbosch and Tweefontein are also performing well at more than three years LTI Free for each operation.

SHE compliance and zero harm remains a key focus area and commitment of the Company across all operations and we continuously aim to improve our systems and controls to eliminate safety deviations and to improve the overall physical condition of our operations.

Sylvania Platinum Limited

Directors' Report

Sylvania Dump Operations (100%): Statistical Information

Unaudited	Unit	Jul – Dec 2015 H1	Jan – Jun 2015 H2	+ - % Change		HY1 2016	HY1 2015	+ - % Change
Group Revenue								
Revenue	\$'000	18,532	20,518	-10%		18,532	27,488	-33%
Gross Basket Price	\$/oz	829	1,041	-20%		829	1,115	-26%
Gross Cash Margin – Group	%	19%	13%	46%		19%	29%	-34%
Capital Expenditure	\$'000	912	1,978	-54%		912	2,072	-56%
Adjusted EBITDA ²	\$'000	3,612	2,278	59%		3,612	8,116	-55%
Ave R/\$ rate ³	R/\$	13.59	11.91	14%		13.59	10.98	24%
Group Cash Cost								
Per 3E & Au oz	\$/oz	508	678	-25%		508	611	-17%
SDO Revenue								
Revenue	\$'000	18,532	20,518	-10%		18,532	27,488	-33%
Gross Basket Price	\$/oz	829	1,041	-20%		829	1,115	-26%
Gross Cash Margin - SDO	%	25%	18%	39%		25%	35%	-29%
Capital Expenditure	\$'000	718	1,118	-36%		718	1,798	-60%
EBITDA	\$'000	4,590	3,203	43%		4,590	9,351	-51%
Ave R/\$ rate ³	R/\$	13.59	11.91	14%		13.59	10.98	24%
SDO Cash Cost⁴								
Per PGM Feed ton	\$/t	25	26	-4%		25	31	-19%
Per 3E & Au oz	\$/oz	471	562	-16%		471	573	-18%
Production - SDO								
Plant Feed	T	1,124,022	992,233	13%		1,124,022	1,137,119	-1%
Feed Head Grade	g/t	2.26	2.28	-1%		2.26	2.31	-2%
PGM Plant Feed Tons	T	563,797	515,184	9%		563,797	575,599	-2%
PGM Plant Grade	g/t	4.01	4.05	-1%		4.01	4.37	-8%
PGM Plant Recovery	%	41.8	38.5	9%		41.8	37.7	11%
Total 3E and AU	Oz	29,519	26,246	12%		29,519	31,341	-6%

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 Adjusted EBITDA is Earnings before Interest, taxation, impairment adjustments, 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

The combined PGM production for the operations for the six months ended 31 December 2015 is 29,519 ounces, a 12% increase from the 26,246 ounces in the six months to 30 June 2015 but marginally down from the 31,341 ounces during the same period in the previous year (H1 FY2015).

Directors' Report

Operational disruptions impacted negatively on plant availability and tons treated during the six months due to an electrical substation fire and subsequent one week downtime at Mooinooi operation, as well as three weeks of violent community protests regarding demands for improved infrastructure and jobs at the Eastern operations as communicated in earlier announcements. Despite this, the SDO did very well to recover and remain on track to deliver approximately 55,000 ounces for the year and achieve stated guidance for the year.

While plant feed grades were slightly lower than both H1 FY2015 and H2 FY2015, PGM recovery efficiencies were higher by 11% and 9% respectively, with plant feed tons being similar to H1 FY2015 but approximately 13% higher than H2 FY2015 due to higher plant utilisation.

SDO cash costs are down 18% for the reporting period to \$471/ounce from \$573/ounce for the corresponding period to 31 December 2015 (down 16% on H2 FY2015 (\$562/ounce)), due to a combination of lower operating cost expenditure and higher ZAR/US\$ exchange rate during the period.

Exploration and opencast mining projects

Volspruit Platinum

The Company was requested by the Limpopo Department of Economic Development, Environment and Tourism ("LEDET") to submit a biodiversity and wetland offset strategy as an addendum to the Environmental Impact Assessment ("EIA") report as part of the Company's application for Environmental Authorisation ("EA") for the Volspruit Platinum project. The addendum was submitted together with the Comments and Responses report following public review of the document to both LEDET and the Department of Mineral Resources ("DMR") on 14 September 2015. The Company awaits the decision of LEDET and the DMR whether to award the EA and Mining Right accordingly and will keep shareholders apprised of any developments.

Grasvally Chrome

The Mining Right Application ("MRA") to mine chrome at the Grasvally project was submitted by the Company in the first quarter. In accordance with prescribed legislative timeframes, the EIA document was released to the interested and affected parties for comment in January 2016 with the public participation meetings held in the first week of February 2016.

In order to exercise a mining right over the resource, a South African Mineral Resources Committee ("SAMREC") compliant resource was declared upon the completion of an upgraded Mineral Resource Estimate ("MRE"). The MRE classified shallow indicated resources and deeper inferred resources compliant with SAMREC and has covered the entire strike length of 5.2km of the known chromitite body on the prospect.

As previously stated, the Company intends to sell the chrome deposit for cash and an international agent has been appointed to handle the marketing of the deposit to potential ferrochrome smelters. It is as yet too early to comment on the intended marketed cost of the deposit however, more information on the sale process will be published as it becomes available.

Harriet's Wish, Aurora and Cracouw (Hacra)

Notarial execution of the Mining Rights occurred at the offices of the DMR Polokwane on 9 December 2015 after the DMR's decision to reduce the amount of financial provision for rehabilitation was finalised. An application in terms of Section 11 of the Mineral and Petroleum Resources Development Act ("MPRDA") for ministerial consent to transfer the right to mine iron ore, vanadium and heavy minerals to a subsidiary of Ironveld Plc has also been submitted to the DMR and the Company awaits the decision of the DMR in this regard.

Hacra will proceed with the Water Use License Application ("WULA") subsequent to permissions obtained from the land owners. This however is delayed as the original landowners are deceased and the Company will need to facilitate transfer of the title deeds to the lawful land occupants and descendants of the original land owners.

Sylvania Platinum Limited

Directors' Report

Corporate activities

Reduction in Par Value of Shares

On 9 November 2015 the Company announced that, pursuant to the resolutions approved at its Annual General Meeting on 30 October 2015, the par value of each authorised share has reduced from US\$0.10 per common share to US\$0.01 per common share, effective as of 30 October 2015.

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 as follows:

Date	Number of Shares	Pence per Ordinary Share	Par Value
18 September 2015	2,304,329	9.5485	US\$0.10
23 September 2015	279,645	10.00	US\$0.10
13 November 2015	500,000	8.9	US\$0.01
27 November 2015	850,000	8.25	US\$0.01
11 December 2015	2,250,000	8.00	US\$0.01

The shares are being held in treasury to be awarded to senior management based on the attainment of performance criteria. Following these transactions, the Company's issued share capital is 297,981,896 Ordinary Shares of which a total of 9,115,584 Ordinary Shares are held in treasury. The total number of Ordinary Shares with voting rights in Sylvania is thus 288,866,312 Ordinary Shares.



T M McConnachie
Chief Executive Officer
8 February 2016

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
8 February 2016



KPMG Inc
KPMG Crescent
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Private Bag 9, Parkview, 2122, South Africa

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Docex 472 Johannesburg

Independent Auditor's Review Report on Interim Financial Statements

To the shareholders of Sylvania Platinum Limited

We have reviewed the condensed consolidated interim financial statements of Sylvania Platinum Limited, which comprise the condensed consolidated statement of financial position as at 31 December 2015, and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and selected explanatory notes, as set out on pages 10 to 28.

Directors' Responsibility for the Interim Financial Statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS 34) *Interim Financial Reporting*, and for such internal controls as the directors determine is necessary to enable the preparation of interim financial statements 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 accompanying condensed consolidated financial statements of Sylvania Platinum Limited for the period ended 31 December 2015 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
8 February 2016

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

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

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 2015

	Note	31 December 2015 \$	31 December 2014 \$
Revenue		18,532,296	27,487,991
Cost of sales		(16,763,400)	(21,317,642)
Gross profit		1,768,896	6,170,349
Other income		8,652	26,998
Losses on sale of property, plant and equipment		-	(72)
Foreign exchange gain		210,622	123,306
Impairment of available-for-sale financial assets		-	(14,032)
Impairment of exploration and evaluation assets		(8,794)	-
General and administrative costs		(1,194,172)	(1,585,060)
Finance income		139,924	182,293
Finance costs		(107,893)	(138,328)
Profit before income tax	2	817,235	4,765,454
Income tax expense		(536,213)	(1,797,065)
Profit for the period		281,022	2,968,389
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Available-for-sale financial assets – net change in fair value		-	(4,179)
Foreign currency translation		(12,628,676)	(12,408,545)
Other comprehensive income (net of tax)		(12,628,676)	(12,412,724)
Total comprehensive income for the period		(12,347,654)	(9,444,335)
Profit attributable to:			
Owners of the parent		281,022	2,968,389
		281,022	2,968,389
Total comprehensive income attributable to:			
Owners of the parent		(12,347,654)	(9,444,335)
		(12,347,654)	(9,444,335)
Profit per share attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings per share		0.10	0.99
Diluted earnings per share		0.09	0.95

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 2015

	Note	31 December 2015 \$	31 December 2014 \$	30 June 2015 \$
ASSETS				
Non-current assets				
Other financial assets		560,377	2,779,587	509,106
Exploration and evaluation assets	3	54,281,364	61,779,445	58,785,429
Property, plant and equipment	4	30,372,479	45,351,296	40,984,682
Total non-current assets		85,214,220	109,910,328	100,279,217
Current assets				
Cash and cash equivalents		5,109,732	7,754,013	8,416,342
Trade and other receivables		12,486,795	15,674,540	13,150,608
Other financial assets		1,470,820	-	1,823,362
Inventories		782,489	863,661	964,973
Total current assets		19,849,836	24,292,214	24,355,285
Total assets		105,064,056	134,202,542	124,634,502
EQUITY AND LIABILITIES				
Shareholders' equity				
Issued capital	5	2,979,819	29,515,534	29,798,190
Reserves		64,433,422	58,029,745	50,910,179
Retained profits		17,711,612	18,702,090	17,430,590
Total equity		85,124,853	106,247,369	98,138,959
Non-current liabilities				
Interest-bearing loans and borrowings		117,158	157,409	216,547
Provisions		2,394,046	3,185,479	2,974,536
Deferred tax liability		12,087,951	17,414,898	16,090,844
Total non-current liabilities		14,599,155	20,757,786	19,281,927
Current liabilities				
Trade and other payables		4,899,758	6,740,440	6,938,983
Interest-bearing loans and borrowings		208,673	110,325	265,442
Current tax liability		231,617	346,622	9,191
Total current liabilities		5,340,048	7,197,387	7,213,616
Total liabilities		19,939,203	27,955,173	26,495,543
Total liabilities and shareholders' equity		105,064,056	134,202,542	124,634,502

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 2015**

	Issued capital	Share premium reserve	Retained profits	Reserve for own shares	Net unrealised gains reserve	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)
Equity 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 2015

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

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 2015

	Issued capital	Share premium reserve	Retained profits	Reserve for own shares	Net unrealised gains reserve	Share based payment reserve	Foreign currency translation reserve	Non-controlling interest reserve	Equity reserve	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	29,515,534	149,608,193	15,733,701	-	4,179	3,894,315	(13,566,424)	(39,779,293)	(29,741,213)	115,668,992
Profit for the year	-	-	1,696,889	-	-	-	-	-	-	1,696,889
Other comprehensive loss	-	-	-	-	(4,179)	-	(18,683,558)	-	-	(18,687,737)
Total comprehensive loss for the year	-	-	1,696,889	-	(4,179)	-	(18,683,558)	-	-	(16,990,848)
Equity transactions										
- Capital raising costs transferred	282,656	(282,656)	-	-	-	-	-	-	-	-
- Treasury shares acquired	-	-	-	(729,641)	-	-	-	-	-	(729,641)
- Share-based payments	-	-	-	-	-	1,011,754	-	-	-	1,011,754
- Share options and bonus shares exercised	-	-	-	470,457	-	(853,588)	-	-	-	(383,131)
- Minex shares settled	-	(438,167)	-	-	-	-	-	-	-	(438,167)
Balance at 30 June 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

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 2015**

	31 December 2015	31 December 2014
	\$	\$
Cash flows from operating activities		
Receipts from customers	16,075,002	26,924,343
Payments to suppliers and employees	(15,856,026)	(19,496,601)
Realised foreign exchange gain/(loss)	191,274	(11,385)
Finance income	80,933	111,119
Finance costs	1,371	(24,176)
Taxation paid	(809,715)	(1,442,569)
Net cash (outflow)/inflow from operating activities	(317,161)	6,060,731
Cash flows from investing activities		
Payment for rehabilitation insurance guarantee	(183,411)	(412,467)
Purchase of property, plant and equipment	(667,104)	(1,810,774)
Payments for exploration and evaluation assets	(171,682)	(222,715)
Proceeds from sale of other financial assets	13,800	-
Net cash outflow from investing activities	(1,008,397)	(2,445,956)
Cash flows from financing activities		
Repayment of borrowings	(144,384)	(110,257)
Repayment of loans from related parties	-	(155,580)
Proceeds from loan from related parties	7,950	-
Payment for treasury shares	(832,921)	(369,624)
Net cash outflow from financing activities	(969,355)	(635,461)
Net (decrease)/increase in cash and cash equivalents	(2,294,913)	2,979,314
Cash and cash equivalents at the beginning of reporting period	8,416,342	5,320,347
Effect of exchange fluctuations on cash held	(1,011,697)	(545,648)
Cash and cash equivalents at the end of the reporting period	5,109,732	7,754,013

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 2015**

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 Standard, (IAS) 34 Interim Financial Reporting and comprise the Company and its subsidiaries and investment in associate (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 2015.

The half year financial statements should be read in conjunction with the Annual Financial Statements of Sylvania Platinum Limited as at 30 June 2015. 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 2015 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 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 2015. 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 2016.

Future accounting standards

In addition to those reported in the previous consolidated annual financial statements as at and for the year ended 30 June 2015, 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 2015.

Sylvania Platinum Limited

Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2015

1. Basis of preparation and accounting policies (continued)

Future accounting standards (continued)

Reference	Title	Summary	Application date of standard	Application date for Group
IFRS 16	Leases	<p>IFRS 16 <i>Leases</i> is a new standard that replaces IAS 17 <i>Leases</i>, IFRIC 4 <i>Determining Whether an Arrangement Contains a Lease</i>, SIC 15 <i>Operating Leases – Incentives</i>, and SIC 27 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The standard also contains expanded disclosure requirements for lessees and lessors.</p> <p>The impact of this amendment is currently being assessed.</p>	1 January 2019	1 July 2019

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 2015. 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 2.5%.

Commodity price – The Company has used forecast commodity prices obtained from a reputable independent third party and these range between \$885 and \$1,040 for platinum and \$506 to \$621 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 discount cash flow model ranges for years from 2016 – 2020 from 15.00 ZAR/\$1 to 15.43 ZAR/\$1.

Sylvania Platinum Limited

Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2015

2. Profit before income tax

	Half year ended 31 December 2015	Half year ended 31 December 2014
	\$	\$
The following expense items are relevant in explaining the financial performance for the half year:		
Consulting fees	229,329	411,529
Impairment of exploration and evaluation assets (a)	8,794	-
Share based payment expense	166,469	392,336
Depreciation – property, plant and equipment	2,835,923	3,408,427

- (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 2015	Half year ended 31 December 2014	Year ended 30 June 2015
	\$	\$	\$
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	58,785,429	70,220,438	70,220,438
Foreign currency movements	(4,666,953)	(8,663,702)	(12,390,541)
Impairment *	(8,794)	-	(18,552)
Direct expenditure for the period/ year	171,682	222,709	974,084
Balance at the end of period/ year	54,281,364	61,779,445	58,785,429

* 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 2015**

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 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 2015**

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 2014										
At 1 July 2014										
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	(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
Period ended 31 December 2014										
Opening 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
Exchange differences	(325,752)	(151,790)	(3,637,513)	(16,656)	(88)	(11,157)	(226)	(2,276)	(14,114)	(4,159,572)
Additions	3,214	-	1,749,707	35,651	-	24,661	2,270	8,928	24,691	1,849,122
Disposals	-	-	-	-	-	-	-	(72)	-	(72)
Depreciation charge	(8,854)	(136,081)	(3,155,664)	(40,136)	(319)	(32,759)	(2,289)	(7,485)	(24,840)	(3,408,427)
Carrying value	3,596,117	1,624,718	39,643,216	182,278	843	120,139	2,492	25,635	155,858	45,351,296
At 31 December 2014										
Cost	3,642,102	2,833,234	66,259,160	664,858	25,106	399,480	59,667	94,076	513,201	74,490,884
Accumulated depreciation	(45,985)	(1,208,516)	(26,615,944)	(482,580)	(24,263)	(279,341)	(57,175)	(68,441)	(357,343)	(29,139,588)
Carrying value	3,596,117	1,624,718	39,643,216	182,278	843	120,139	2,492	25,635	155,858	45,351,296

Sylvania Platinum Limited

**Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2015**

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 2015										
At 1 July 2014										
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	(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
Year ended 30 June 2015										
June 2015										
Opening 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
Exchange differences	(518,392)	(234,789)	(5,676,795)	(24,794)	(131)	(17,471)	(315)	(3,302)	(23,022)	(6,499,011)
Additions	27,289	-	2,893,418	34,444	-	50,462	3,522	9,729	58,150	3,077,014
Disposals	-	-	17	-	-	(793)	-	(68)	-	(844)
Depreciation charge	(18,703)	(265,891)	(6,182,571)	(65,450)	(507)	(63,552)	(4,223)	(12,733)	(49,092)	(6,662,722)
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
At 30 June 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

Sylvania Platinum Limited

Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2015

5. Issued capital

	Half year ended 31 December 2015 \$	Half year ended 31 December 2014 \$	Year ended 30 June 2015 \$
Ordinary shares with a par value of \$0.01 (30 June 2015 and 31 December 2014: \$0.10)	2,979,819	29,515,534	29,798,190

	Half year ended 31 December 2015 Number	Half year ended 31 December 2014 Number	Year ended 30 June 2015 Number	Half year ended 31 December 2015 \$	Half year ended 31 December 2014 \$	Year ended 30 June 2015 \$
<i>Movements in ordinary shares on issue</i>						
At start of period/ year	297,981,896	297,981,896	297,981,896	29,798,190	29,515,534	29,515,534
Share buy back	-	-	-	-	-	-
Reduction in par value (a)	-	-	-	(26,818,371)	-	-
Transaction costs reallocated to share premium	-	-	-	-	-	282,656
At end of the period/year	297,981,896	297,981,896	297,981,896	2,979,819	29,515,534	29,798,190

(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.

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 2015	2,931,610	
18 September 2015	2,304,329	9.55 pence
23 September 2015	279,645	10.00 pence
13 November 2015	500,000	8.90 pence
27 November 2015	850,000	8.25 pence
11 December 2015	2,250,000	8.00 pence
Closing balance at 31 December 2015	9,115,584	

**Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2015**

6. 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 2015 and 31 December 2014 and certain asset and liability information regarding reportable segments for the periods ended 31 December 2015 and 31 December 2014 and the year ended 30 June 2015.

Sylvania Platinum Limited

Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2015

6. 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 the segment results:									
Depreciation	226,821	272,512	590,375	858,271	342,284	484,022	-	33,493	2,807,778
Direct operating costs	1,835,331	1,848,125	1,929,725	4,134,113	1,987,766	2,220,562	-	-	13,955,622
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

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

Sylvania Platinum Limited

Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2015

6. Segment reporting (continued)

	Millsell	Steelpoort	Lannex	Mooinooi	Doornbosch	Twefontein	Exploration projects	Corporate/unallocated	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
31 December 2014									
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 after tax									2,968,389
Included within segment result:									
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
30 June 2015									
Segment assets	4,933,732	3,525,816	9,502,884	17,921,508	7,697,926	12,461,121	62,336,876	6,254,639 (a)	124,634,502
Segment liabilities	1,147,739	1,079,425	1,539,738	2,269,767	1,171,395	1,580,687	1,325,134	16,381,658 (b)	26,495,543

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

Sylvania Platinum Limited

Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2015

6. Segment reporting (continued)

	Half year ended 31 December 2015 \$	Half year ended 31 December 2014 \$	Year ended 30 June 2015 \$
Major items included in corporate/unallocated			
(a) Capital expenditure and other assets			
Property, plant and equipment	273,029	390,534	355,629
Cash and cash equivalents	1,635,702	616,765	3,615,543
Other financial assets	1,471,301	2,779,587	1,842,394
Other	420,071	1,113,011	441,073
	3,800,103	4,899,897	6,254,639
(b) Liabilities			
Deferred tax	12,087,951	17,414,898	16,090,844
Interest-bearing loans and borrowings	135,144	189,379	175,972
VAT/GST payable	232,564	401,286	9,429
Current tax liability	231,617	346,622	9,191
Other accruals	(238,340)	(133,411)*	96,222
	12,448,936	18,144,621	16,381,658
* Prior period accruals reversed at the reporting date			
(c) Unallocated expenses/(income)			
Administrative salaries and wages	525,214	612,818	
Auditors' remuneration	37,322	92,444	
Consulting fees	206,808	395,321	
Depreciation	61,638	69,474	
Finance income	(139,924)	-	
Finance costs	107,893	138,328	
Foreign exchange gain	(210,622)	(123,306)	
Impairment on available-for-sale financial assets	-	14,032	
Legal expenses	107,656	121,379	
Overseas travelling expenses	84,364	80,481	
Premises leases	21,636	50,272	
Share-based compensation expense	166,469	392,336	
Other	(125,696)	(515,482)	
	842,758	1,328,096	

**Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2015**

7. 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 2015 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 and liabilities 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 \$
31 December 2015 Assets				
Available-for-sale financial assets (a)	-	-	-	-
Financial assets at fair value through profit or loss (a)	-	-	-	-
	-	-	-	-
31 December 2014 Assets				
Available-for-sale financial assets	13,041	-	-	13,041
Financial assets at fair value through profit or loss	1,637	-	-	1,637
	14,678	-	-	14,678
30 June 2015 Assets				
Available-for-sale financial assets	17,494	-	-	17,494
Financial assets at fair value through profit or loss	1,537	-	-	1,537
	19,031	-	-	19,031

(a) The available-for-sale financial assets and financial assets at fair value through profit or loss were disposed of during the period.

8. 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.

**Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2015**

9. 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.