

# **Sylvania Platinum Limited**

**Condensed Consolidated Interim Financial Report  
for the half year ended  
31 December 2013**

# Sylvania Platinum Limited

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# Sylvania Platinum Limited

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## Corporate Information

### Directors

SA Murray  
TM McConnachie  
GM Button  
RA Williams

### Company Secretary

Codan Services Limited

### Principal registered office

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### South African Operations

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### Share Registry

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United Kingdom

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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

## 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 2013. Unless otherwise stated, the financial information contained in this report is presented in US dollars.

### Directors

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

Stuart A Murray – *Non-executive Chairman*

Terence M McConnachie – *Chief Executive Officer*

Grant M Button – *Executive Director*

Roger A Williams – *Non-Executive Director*

The main operational focus of the Company for the six months to 31 December 2013 has been on further improving production stability and ounce production. The consistent production of over 4,000 ounces per month for the last eight months is indicative of the improved stability of the operations. The Sylvania Dump Operations ("SDO") produced 25,189 ounces for the six months to 31 December 2013 against 21,479 ounces in the six months to 31 December 2012 and 22,616 ounces in the six months to 30 June 2013. The Group adjusted Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the reporting period was \$1,256,448 compared to \$919,163 (excluding the Ironveld transaction in H1 FY2013) for the corresponding period to 31 December 2012.

Revenue for the reporting period increased to \$20,532,343 from \$19,181,371 for the six months to 31 December 2012. The gross basket price dropped 11% from \$1,021/ounce to \$911/ounce and offset the 17% increase in ounce production resulting in a revenue increase of 7%. Total operating costs, including depreciation increased 9%. The increase in costs is attributable mainly to two incidents during the half year; the total failure of the state power utility transformer at Tweefontein in Q1 FY2014 and a section 54 safety stoppage at Mooinooi in Q2 FY2014. During these stoppages, the other plants were able to temporarily increase their performance through the use of higher cost but also higher grade material thus maintaining the steady overall production volumes. SDO cash costs were 2% lower than H1 FY2013 at \$693/ounce.

General and administration charges are down 34% to \$1,912,642 from \$2,900,803. Capital expenditure remains low as construction of all seven planned plants is complete. No further SDO plants are currently planned.

As at 31 December 2013, the Company's cash reserves amounted to \$3,907,832 down from \$6,564,885 as at 30 June 2013, being impacted by lower than planned metal prices, the first payment of R5,000,000 for the acquisition of the Grasvally prospecting right made in December 2013 and the additional operating cost of the Tweefontein and Mooinooi stoppages described above. As disclosed in the prior financial year, a R15,000,000 loan facility agreement was entered into with Ironveld Holdings (Pty) Ltd ("Ironveld") (repayable on 30 June 2016), as part of the sale agreement for the iron ore assets. Ironveld drew down on the facility to the sum of R10,616,923 (approximately \$1 million) over the reporting period. As the majority of cash generated by the Group is SA Rand denominated the 6% drop in the spot exchange rate since 30 June 2013 made up the final impact to the cash balance reported.

### Review of Operations

#### Health, safety and environment

The SDO reported no significant health, safety or environmental incidents for the six months ended 31 December 2013. Minor environmental incidents occurred at the Mooinooi and Lannex plants, which were immediately rectified and reported, with mitigating and preventative measures being put in place so as to avoid any further occurrences. A section 54 stoppage notice was issued by the Department of Mineral Resources ("DMR") during November/December 2013 at the Mooinooi operations for deviations identified by the Inspector of Mines, and corrective measures were implemented to address the findings. The impact of the section 54 stoppage notice on the Mooinooi production amounted to over 800 ounces during the reporting period, however the strength of production from the other plants allowed Company production volumes to remain on track for attaining the target of over 50,000 ounces for the financial year.

## Sylvania Platinum Limited

### Directors' Report

The Company remains committed to zero harm and will continue to focus on health and safety compliance at its respective operations in order to eliminate safety deviations and to improve the overall condition of its operations.

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

Unaudited	Unit	6 months to Dec 2013	6 months to June 2013	6 months to Dec 2012	+/- % H1 2014 on H1 2013
<b>Revenue</b>					
Revenue	R'000	206,979	190,424	162,554	27%
Revenue	\$'000	20,532	20,148	19,181	7%
Gross Basket Price <sup>1</sup>	\$/ounce	911	968	1,021	-11%
Net Basket Price <sup>2</sup>	\$/ounce	809	840	880	-8%
Gross Cash Margin: SDO	%	15	24	24	-38%
Capital Expenditure	R'000	8,478	10,027	60,540	-86%
Capital Expenditure	\$'000	809	1,057	7,148	-88%
Ave R/\$ rate	R/ \$	10.08	9.74	8.47	19%
EBITDA	R'000	30,150	43,836	33,818	-11%
EBITDA	\$'000	2,991	4,692	3,991	-25%
<b>SDO Cash Cost<sup>3</sup></b>					
Per PGM Feed tonne	R/tonne	325	298	317	3%
Per PGM Feed tonne	\$/tonne	32	31	37	-14%
Per 3E & Au oz	R/ounce	6,969	6,417	5,978	17%
Per 3E & Au oz	\$/ounce	691	659	705	-2%
<b>Production</b>					
Plant Feed	tonne	1,209,700	1,106,073	906,560	33%
Feed Head Grade	g/t	1.86	1.97	2.09	-11%
PGM Plant Feed tonnes	tonne	539,455	487,559	405,427	33%
PGM Plant Grade	g/t	3.54	3.61	3.91	-9%
PGM Plant Recovery	%	41	40	42	-2%
Total 3E and Au	Ounces	25,189	22,616	21,479	17%

<sup>1</sup> The \$ per ounce commodity price received from the sales of concentrate as contractually agreed;

<sup>2</sup> The gross basket price less smelter penalties, treatment costs and sampling cost as contractually agreed;

<sup>3</sup> All direct operating costs per plant (excluding depreciation) plus the direct overhead costs allocated to SDO.

## Directors' Report

### Millsell

The Millsell operation produced 3,997 ounces for the six months to 31 December 2013, 28% higher than the 3,114 ounces produced for the corresponding period to 31 December 2012. Millsell continues to treat a combination of current arisings from the host mine's Millsell plant and dump material from the Waterkloof dump.

The cash cost of production for the six months to 31 December 2013 was \$494/ounce against \$560/ounce for the previous corresponding period to 31 December 2012. The improved costs are a result of higher production volumes and improved dump feed grades and recovery efficiency.

### Mooinooi Dump Operations

The Mooinooi Dump operation produced 3,173 ounces for the six months to 31 December 2013, up 65% from 1,926 ounces produced during the six months to 31 December 2012. The operation stopped due to a Section 54 safety order issued by the DMR in November 2013. Due to the time taken to remedy the issues identified coupled with delays due to external industrial action both the Mooinooi Dump and ROM Plants lost 21 days of production. The Mooinooi Dump plant treats material from the old Mooinooi dumps and current arisings from the host mine. The plant has now returned to full production.

The cash cost for the six months was \$774/ounce which was an improvement of 30% from the previous corresponding period in December 2012 of \$1,120/ounce.

### Mooinooi run of mine ("ROM") Operation

The Mooinooi ROM plant produced 2,345 ounces for the six months to 31 December 2013 compared to 1,719 ounces for the six months to 31 December 2012 and was affected by the same Section 54 stoppage from the DMR as the Mooinooi Dump plant. The Mooinooi ROM plant treats MG2 material from the host mines Mooinooi and Buffelsfontein underground mines which have been increasing their production in recent months. Following the successful implementation and operation of ultra-fine grinding mills on the Mooinooi Dump plant between April and September 2013, a new ultra-fine grinding toll milling facility was installed and commissioned at the ROM plant in December 2013. The toll milling facility is expected to improve PGM recovery efficiencies during the next quarter.

The cash cost for the six months to 31 December 2013 decreased 30% from \$1,556/ounce for the previous corresponding period to \$1,085/ounce.

### Steelpoort

The Steelpoort plant produced 3,631 ounces for the half year to 31 December 2013, an increase of 7% from the 3,403 ounces produced during the half year to 31 December 2012. Steelpoort is the first plant to solely treat second pass dump material and is utilising the low cost hydro-mining method.

The cash cost per ounce of \$630/ounce for the six months to 31 December 2013 was 8% lower than the \$684/ounce for the corresponding period to 31 December 2012.

### Lannex

The Lannex operation produced 3,963 ounces for the six months to 31 December 2013, down 9% from 4,346 ounces for the six months to 31 December 2012. The mining plan of the tailings dam has seen the plant move through a section of lower feed grades, which has impacted negatively on ounces produced. The Lannex operation treats a combination of dump material from the old Lannex Tailings Dam complex and current arisings from the host mines Lannex operation.

The cash cost for the reporting period was \$745/ounce, compared to \$612/ounce for the corresponding six months to 31 December 2012.

## Directors' Report

### Doornbosch

The Doornbosch operation produced 4,320 ounces for the six months to 31 December 2013, an expected decrease from excellent performance of 5,678 ounces produced for the six months to 31 December 2012 when the plant was able to boost production from the high grade Montrose dump. The final scrapings of the Montrose dump were processed during the period and were able to offset the losses from Mooinooi as reported previously. Doornbosch will be focusing on the treatment of current arisings from the host mine augmented by second pass material from the old Doornbosch dump.

The total cash cost for the six months to 31 December 2013 was \$592/ounce, 41% higher than the \$421/ounce for the corresponding period to 31 December 2012.

### Tweefontein

Tweefontein has produced steadily over the design capacity of 750 ounces/month during the latter part of the half year and shows an expected significant increase over the previous period. Having produced its first ounces in September 2012, the plant produced 3,760 ounces for the six months to 31 December 2013 compared to 1,221 ounces for the corresponding six months to 31 December 2012. Eskom power supply problems impacted negatively on the plant's production during Q1 FY2014 however after the main Eskom substation was upgraded during an 11 day shutdown in August 2013, production has improved significantly. Tweefontein is currently treating a blend of MG1-MG4 fines and tailings material from the hosts opencast mine, current arisings from the host mines Tweefontein operation and dump material from the Tweefontein Paddocks.

Work has commenced on the phase 2 portion of the project at a cost of R2,500,000 and this will allow the Tweefontein plant to reach its full originally designed production throughput before the end of the financial year. It should be noted that the capital cost of this project is significantly lower than originally planned as the project now does not require a classification and chrome recovery section as this work will be performed by the host mine.

The cash cost for the six months to 31 December 2013 was \$694/ounce, 26% lower than \$939/ounce incurred in the corresponding period in the prior year due to higher production volumes and ounce production.

### Consolidation of mining and surface rights over Zoetveld and Grasvally farms

As announced on 3 December 2013, the Group entered into a binding agreement to purchase the prospecting right on the portions of land over which the Group already holds surface rights at the Zoetveld 294KR and Grasvally 293KR farms which are adjacent to the Sylvania Volspruit project. The Grasvally property is known to contain very high grade chrome ore which could bring about quick returns for the shareholders as well as some platinum ore. The prospecting right also covers the Zoetveld property which is expected to extend the Volspruit project ore body.

The consideration for the acquisition of the prospecting right is to be settled in cash in two instalments of R5,000,000 (approximately \$0.5 million) and R20,000,000 (approximately \$2 million), the first of which was paid in December 2013 on submission of the section 11 application to the DMR. The second payment is to be made upon transfer of the rights.

### Exploration projects

The Environmental Impact Assessment ("EIA") for the Volspruit project was submitted early in the third quarter of FY2014 and allows the Mining Right Application ("MRA") for Volspruit to continue.

The Scoping report and Environmental Management Plan for the MRA to mine PGM's on the Harriet's Wish, Aurora and Cracouw farms have also been submitted.

The Board will decide on the best way to advance these projects only once the mining rights have been received, but have already identified the possible boost in productivity through the collaboration of the Volspruit and future Grasvally projects.

## Directors' Report

### Corporate activities

#### Grant of options

On 29 August 2013, the Company announced that it had granted 1,600,000 options over ordinary shares of \$0.10 each in the Company under the Sylvania Platinum Option Plan approved by shareholders on 29 December 2011.

800,000 of the options awarded were granted to Directors of the Company and the balance was awarded to senior and operational management. The options have a nil exercise price and vest between 29 August 2015 and 29 August 2017. The options expire on 29 August 2023.

#### Treasury shares

On 4 September 1,700,000 ordinary shares of \$0.10 each in Sylvania Platinum Limited were repurchased at 8.15 pence per share. The shares are being held in treasury to be issued as bonus shares to senior management based on the attainment of performance criteria.

#### Platmin South Africa (Pty) Ltd summons

There has been no further developments in respect of the claim brought by Platmin South Africa (Pty) Ltd ("Platmin") (previously known as Boynton Investments (Pty) Ltd ("Boynton")), a subsidiary of Platmin Limited, declaring Platmin as the co-owner of the tailings, or alternatively, the co-owner of the PGMs contained in the Lannex Tailings Dam situated on the Farm Grootboom in the District of Lydenburg, Mpumalanga, South Africa.

The Board of Sylvania continues to refute these claims and the matter is being opposed. The matter is set down for a hearing on 1 August 2014.

#### Nigel Trevarthen, Deputy CEO retiring

As announced in the quarterly update on 28 January 2014, the Deputy CEO, Nigel Trevarthen, has decided to retire from Sylvania and its subsidiaries at the end of March 2014.

Nigel joined the Company in September 2010 to assist with the growth of the company and its subsidiaries. During his time the number of operational plants has increased from four to seven, production volumes have consistently increased and the Company has reported significant improvements in safety performance. A young management team is now well established and is capable of running the operations. The Board has decided not to fill the position vacated until circumstances warrant. Nigel has played a key role in many achievements and following his retirement has agreed to be available to the Company to provide advisory and consultancy services on an ad-hoc basis.



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T M McCannachie  
Chief Executive Officer  
20 February 2014



**Directors' Declaration**

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

In the opinion of the Directors:

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

On behalf of the Board



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T M McConnachie  
Chief Executive Officer  
20 February 2014



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Docex 472 Johannesburg

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

To the Members of Sylvania Platinum Limited

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Sylvania Platinum Limited as at 31 December 2013, and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the half year then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"), as set out on pages 11 to 28. Management is 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 information 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 information as at 31 December 2013 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Inc

Per Riaan Davel  
Chartered Accountant (SA)  
Registered Auditor  
Director  
20 February 2014

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

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

Registration number 1999/021543/21

Policy Board:

Chief Executive: RM Kgosana

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

Other Directors: DC Duffield, LP Fourie, N Fubu, TH Hoole, A Jaffer, M Letsitsi, A Masemola, AM Mkgabudi, Y Suleman (Chairman of the Board), A Thunström

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

## Sylvania Platinum Limited

### Condensed Consolidated Statement of Comprehensive Income for the half year ended 31 December 2013

	Note	31 December 2013 \$	31 December 2012 \$
Revenue		20,532,343	19,181,371
Cost of sales		(21,045,792)	(19,388,949)
<b>Gross loss</b>		<b>(513,449)</b>	<b>(207,578)</b>
Other income		57,215	20,188
Profit on disposal of iron ore assets		-	9,999,314
Losses on sale of property, plant and equipment		(3,833)	(1,788)
Foreign exchange loss		(19,308)	(6,898)
Impairment of available-for-sale financial assets		-	(18,031)
(Loss)/gain on revaluation of financial assets at fair value through profit and loss		(12,897)	8,310
Impairment of exploration and evaluation assets		(1,444,000)	-
Impairment of investment in associate		(1,328,091)	-
Share of equity accounted entities net loss		(53,485)	(123,909)
General and administrative costs		(1,912,642)	(2,900,803)
Finance revenue		102,601	205,320
Finance costs		(89,770)	(70,938)
<b>(Loss)/profit before income tax</b>	2	<b>(5,217,659)</b>	<b>6,903,187</b>
Income tax benefit/(expense)		9,594	(34,581)
<b>(Loss)/profit for the period</b>		<b>(5,208,065)</b>	<b>6,868,606</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit and loss:			
Unrealised gains reserve		37,936	-
Foreign currency translation		(4,633,380)	(1,347,593)
<b>Other comprehensive income</b>		<b>(4,595,444)</b>	<b>(1,347,593)</b>
<b>Total comprehensive income for the period</b>		<b>(9,803,509)</b>	<b>5,521,013</b>
<b>(Loss)/profit attributable to:</b>			
Owners of the parent		(5,208,065)	6,868,606
Non-controlling interest		-	-
		<b>(5,208,065)</b>	<b>6,868,606</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		(9,803,509)	5,521,013
Non-controlling interest		-	-
		<b>(9,803,509)</b>	<b>5,521,013</b>
<b>(Loss)/profit per share attributable to the ordinary equity holders of the Company:</b>		<b>Cents</b>	<b>Cents</b>
Basic (loss)/earnings per share		(1.74)	2.29
Diluted (loss)/earnings per share		(1.74)	2.19

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

## Sylvania Platinum Limited

### Condensed Consolidated Statement of Financial Position as at 31 December 2013

	Note	31 December 2013 \$	31 December 2012 \$	30 June 2013 \$
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Investments in associates		11	2,065,322	1,698,542
Financial assets		2,547,183	1,635,670	1,547,514
Exploration and evaluation assets	3	64,558,091	76,698,479	67,276,715
Property, plant and equipment	4	54,092,241	69,041,891	60,289,304
<b>Total non-current assets</b>		<b>121,197,526</b>	<b>149,441,362</b>	<b>130,812,075</b>
<b>Current Assets</b>				
Cash and cash equivalents		3,907,832	9,515,793	6,564,885
Trade and other receivables		12,607,722	12,591,677	11,860,948
Inventories		935,960	565,298	612,866
Current tax asset		24,831	303,836	49,846
<b>Total current assets</b>		<b>17,476,345</b>	<b>22,976,604</b>	<b>19,088,545</b>
<b>Total assets</b>		<b>138,673,871</b>	<b>172,417,966</b>	<b>149,900,620</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Issued capital	5	29,515,534	29,542,290	29,515,534
Reserves		66,756,763	87,256,943	71,055,566
Retained profits		15,639,824	23,347,263	20,847,888
<b>Equity attributable to the owners of the parent</b>		<b>111,912,121</b>	<b>140,146,496</b>	<b>121,418,988</b>
Non-controlling interest		-	-	-
<b>Total equity</b>		<b>111,912,121</b>	<b>140,146,496</b>	<b>121,418,988</b>
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings		142,538	268,064	170,287
Provisions		2,486,036	1,267,521	2,578,036
Deferred tax liability		17,607,751	22,814,069	18,728,253
<b>Total non-current liabilities</b>		<b>20,236,325</b>	<b>24,349,654</b>	<b>21,476,576</b>
<b>Current liabilities</b>				
Trade and other payables		6,358,529	7,729,952	6,828,169
Interest bearing loans and borrowings		159,597	182,846	169,151
Current tax liability		7,299	9,018	7,736
<b>Total current liabilities</b>		<b>6,525,425</b>	<b>7,921,816</b>	<b>7,005,056</b>
<b>Total liabilities</b>		<b>26,761,750</b>	<b>32,271,470</b>	<b>28,481,632</b>
<b>Total liabilities and shareholders' equity</b>		<b>138,673,871</b>	<b>172,417,966</b>	<b>149,900,620</b>

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

**Sylvania Platinum Limited**

**Condensed Consolidated Statement of Changes in Equity  
for the half year ended 31 December 2013**

	Issued capital	Share premium reserve	Retained profits	Net unrealised gains reserve	Share based payment reserve	Foreign currency translation reserve	Non-controlling interest reserve	Equity reserve	Owners of the parent	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	<b>29,557,290</b>	<b>159,938,383</b>	<b>16,478,657</b>	-	<b>1,394,114</b>	<b>6,392,255</b>	<b>(39,779,293)</b>	<b>(29,741,213)</b>	<b>144,240,193</b>	-	<b>144,240,193</b>
Profit for the period	-	-	6,868,606	-	-	-	-	-	6,868,606	-	6,868,606
Other comprehensive income	-	-	-	-	-	(1,347,593)	-	-	(1,347,593)	-	(1,347,593)
<b>Total comprehensive income for the period</b>	-	-	<b>6,868,606</b>	-	-	<b>(1,347,593)</b>	-	-	<b>5,521,013</b>	-	<b>5,521,013</b>
Equity transactions											
- Share buy back	(15,000)	(6,866)	-	-	-	-	-	-	(21,866)	-	(21,866)
- Share-based payments	-	-	-	-	715,354	-	-	-	715,354	-	715,354
In specie distribution	-	(10,308,198)	-	-	-	-	-	-	(10,308,198)	-	(10,308,198)
<b>Balance at 31 December 2012</b>	<b>29,542,290</b>	<b>149,623,319</b>	<b>23,347,263</b>	-	<b>2,109,468</b>	<b>5,044,662</b>	<b>(39,779,293)</b>	<b>(29,741,213)</b>	<b>140,146,496</b>	-	<b>140,146,496</b>

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

**Sylvania Platinum Limited**

**Condensed Consolidated Statement of Changes in Equity (continued)**  
**for the half year ended 31 December 2013**

	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	Owners of the parent	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	<b>29,515,534</b>	<b>149,608,193</b>	<b>20,847,888</b>	-	-	<b>2,663,353</b>	<b>(11,695,474)</b>	<b>(39,779,293)</b>	<b>(29,741,213)</b>	<b>121,418,988</b>	-	<b>121,418,988</b>
Loss for the period	-	-	(5,208,065)	-	-	-	-	-	-	(5,208,065)	-	(5,208,065)
Other comprehensive loss	-	-	-	-	37,936	-	(4,633,380)	-	-	(4,595,444)	-	(4,595,444)
<b>Total comprehensive loss for the period</b>	-	-	<b>(5,208,065)</b>	-	<b>37,936</b>	-	<b>(4,633,380)</b>	-	-	<b>(9,803,509)</b>	-	<b>(9,803,509)</b>
Equity transactions												
- Treasury shares acquired	-	-	-	(220,654)	-	-	-	-	-	(220,654)	-	(220,654)
- Share based payments	-	-	-	-	-	517,296	-	-	-	517,296	-	517,296
<b>Balance at 31 December 2013</b>	<b>29,515,534</b>	<b>149,608,193</b>	<b>15,639,823</b>	<b>(220,654)</b>	<b>37,936</b>	<b>3,180,649</b>	<b>(16,328,854)</b>	<b>(39,779,293)</b>	<b>(29,741,213)</b>	<b>111,912,121</b>	-	<b>111,912,121</b>

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

## Sylvania Platinum Limited

### Condensed Consolidated Statement of Cash Flows for the half year ended 31 December 2013

	31 December 2013	31 December 2012
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	19,343,754	18,466,878
Payments to suppliers and employees	(19,222,907)	(16,540,619)
Realised foreign exchange loss	(19,308)	-
Finance income	48,414	212,004
Finance costs	(18,482)	(20,207)
Taxation (paid)/received	(2,685)	52,494
<b>Net cash inflow from operating activities</b>	<b>128,786</b>	<b>2,170,550</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(889,311)	(6,823,282)
Payments for exploration and evaluation	(546,910)	(608,128)
Loans advanced to Ironveld Holdings	(1,052,589)	-
Payments to equity accounted associate	-	(206,500)
<b>Net cash outflow from investing activities</b>	<b>(2,488,810)</b>	<b>(7,637,910)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(100,301)	(21,217)
Repayment of loans from related parties	(9,849)	(398,578)
Treasury shares purchased	(220,654)	-
<b>Net cash outflow from financing activities</b>	<b>(330,804)</b>	<b>(419,795)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,690,828)</b>	<b>(5,887,155)</b>
<b>Cash and cash equivalents at the beginning of reporting period</b>	<b>6,564,885</b>	<b>15,716,680</b>
<b>Effect of exchange fluctuations on cash held</b>	<b>33,775</b>	<b>(313,732)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>3,907,832</b>	<b>9,515,793</b>

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

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**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2013**

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

**Basis of preparation**

Sylvania Platinum Limited (“Sylvania”) is a limited company incorporated and domiciled in Bermuda. These condensed consolidated financial statements for the half year ended 31 December 2013 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) and comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2013.

The half year financial report should be read in conjunction with the Annual Financial Report of Sylvania Platinum Limited as at 30 June 2013. It is also recommended that the half year financial report be considered together with any public announcements made by the company and its controlled entities during the half year ended 31 December 2013 in accordance with the group’s continuous disclosure obligations.

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

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

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

**Significant accounting policies**

Except as described below, the accounting policies 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 2013. The following changes in accounting policies are also expected to be reflected in the Group’s consolidated financial statements for the year ended 30 June 2014.

*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 2013. The nature and effect of the changes are further explained below.

*Joint arrangements*

Under IFRS 11 Joint Arrangements, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group’s rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its 25% interest in Chrome Tailings Retreatment Project (“CTRP”), which operated a chrome tailings retreatment plant at Kroondal in South Africa and has reclassified the investment from a joint venture to an associate. Notwithstanding the reclassification, the investment continues to be accounted for using the equity method; accordingly there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.



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**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2013**

**1. Basis of preparation and accounting policies (continued)**

*Fair value measurement*

IFRS 13 Fair Value Measurement establishes a framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see Note 8).

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurement of the Group's assets and liabilities.

**2. (Loss)/profit before income tax**

	Half year ended 31 December 2013	Half year ended 31 December 2012
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the half year:		
Consulting fees	<b>305,074</b>	501,535
Impairment of exploration and evaluation assets (a)	<b>1,444,000</b>	-
Impairment of investment in associate (b)	<b>1,328,091</b>	-
Share based payment expense	<b>517,296</b>	715,354
Depreciation – property, plant and equipment	<b>3,714,849</b>	4,135,887

- (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 management are not aware of any plans to re-start this operation in the foreseeable future.
- (b) The Group's 25% investment in CTRP was impaired as at 31 December 2013. The plant remains on care and maintenance and there is no agreement between the parties or plan to restart the operation.

## Sylvania Platinum Limited

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### Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2013

#### 3. Exploration and evaluation assets

	Half year ended 31 December 2013 \$	Half year ended 31 December 2012 \$	Year ended 30 June 2013 \$
Costs carried forward in respect of areas of interest in the following phase:			
<b>Exploration and evaluation phase – at cost</b>			
Balance at the beginning of period/ year	67,276,715	75,602,341	75,602,341
Foreign currency movements	(1,821,534)	488,011	(8,875,089)
Impairment *	(1,444,000)	-	-
Direct expenditure for the period/ year	546,910	608,127	549,463
<b>Total deferred exploration and evaluation expenditure</b>	<b>64,558,091</b>	<b>76,698,479</b>	<b>67,276,715</b>

\* Refer to note 2(a)

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

**Sylvania Platinum Limited**

**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2013**

**4. Property, plant and equipment**

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

**Sylvania Platinum Limited**

**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2013**

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

	Property	Mining property	Construction in progress	Plant and equipment	Equipment	Leasehold improvements	Computer equipment and software	Furniture and fittings	Office equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>December 2012</b>											
<b>At 1 July 2012</b>											
Cost	1,089,392	8,394,171	14,487,031	67,669,500	728,466	37,054	368,666	66,966	182,574	526,024	93,549,844
Accumulated depreciation	(11,893)	(5,199,487)	-	(18,657,444)	(372,864)	(31,879)	(233,112)	(56,580)	(104,139)	(389,749)	(25,057,147)
Carrying value	1,077,499	3,194,684	14,487,031	49,012,056	355,602	5,175	135,554	10,386	78,435	136,275	68,492,697
<b>Period ended 31 December 2012</b>											
Opening carrying value	1,077,499	3,194,684	14,487,031	49,012,056	355,602	5,175	135,554	10,386	78,435	136,275	68,492,697
Exchange differences	(34,431)	(102,335)	(465,253)	(1,610,892)	(11,361)	(162)	(3,580)	2,796	(5,252)	28,027	(2,202,443)
Additions	-	-	-	6,839,370	-	-	26,532	3,781	6,064	129,895	7,005,642
Disposals	(118,118)	-	-	-	-	-	-	-	-	-	(118,118)
Depreciation charge	(9,339)	(193,518)	-	(3,774,982)	(44,933)	(1,980)	(22,215)	(5,729)	(15,280)	(67,911)	(4,135,887)
Carrying value	915,611	2,898,831	14,021,778	50,465,552	299,308	3,033	136,291	11,234	63,967	226,286	69,041,891
<b>At 31 December 2012</b>											
Cost	935,818	3,865,108	14,021,778	70,871,748	683,493	34,251	369,500	78,317	161,140	608,006	91,629,159
Accumulated depreciation	(20,207)	(966,277)	-	(20,406,196)	(384,185)	(31,218)	(233,209)	(67,083)	(97,173)	(381,720)	(22,587,268)
Carrying value	915,611	2,898,831	14,021,778	50,465,552	299,308	3,033	136,291	11,234	63,967	226,286	69,041,891

**Sylvania Platinum Limited**

**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2013**

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

	Property	Mining property	Construction in progress	Plant and equipment	Equipment	Leasehold improvements	Computer equipment and software	Furniture and fittings	Office equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>June 2013</b>											
<b>At 1 July 2012</b>											
Cost	1,089,392	8,394,171	14,487,031	67,669,500	728,466	37,054	368,666	66,966	182,574	526,024	93,549,844
Accumulated depreciation	(11,893)	(5,199,487)	-	(18,657,444)	(372,864)	(31,879)	(233,112)	(56,580)	(104,139)	(389,749)	(25,057,147)
Carrying value	1,077,499	3,194,684	14,487,031	49,012,056	355,602	5,175	135,554	10,386	78,435	136,275	68,492,697
<b>Year ended 30 June 2013</b>											
<b>June 2013</b>											
Opening carrying value	1,077,499	3,194,684	14,487,031	49,012,056	355,602	5,175	135,554	10,386	78,435	136,275	68,492,697
Exchange differences	(583,828)	(504,416)	(1,005,468)	(9,849,892)	(47,171)	(966)	(26,052)	2,882	(12,743)	1,026	(12,026,628)
Additions	3,852,200	-	5,676,917	2,168,863	-	3,480	151,831	3,631	1,702	124,721	11,983,345
Disposals	(113,413)	-	-	-	-	-	(6,333)	(1,409)	-	-	(121,155)
Re-allocation between asset classes	-	-	(19,158,480)	19,158,480	-	-	-	-	-	-	-
Write-off	-	-	-	(203,138)	-	-	-	-	-	-	(203,138)
Depreciation charge	(17,934)	(349,781)	-	(7,160,085)	(122,234)	(2,656)	(59,435)	(8,932)	(24,538)	(90,222)	(7,835,817)
Carrying value	4,214,524	2,340,487	-	53,126,284	186,197	5,033	195,565	6,558	42,856	171,800	60,289,304
<b>At 30 June 2013</b>											
Cost	4,239,859	3,315,716	-	73,786,362	586,340	32,487	424,066	65,944	140,999	521,582	83,113,355
Accumulated depreciation	(25,335)	(975,229)	-	(20,660,078)	(400,143)	(27,454)	(228,501)	(59,386)	(98,143)	(349,782)	(22,824,051)
Carrying value	4,214,524	2,340,487	-	53,126,284	186,197	5,033	195,565	6,558	42,856	171,800	60,289,304

## Sylvania Platinum Limited

### Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2013

#### 5. Issued capital

	Half year ended 31 December 2013 \$	Half year ended 31 December 2012 \$	Year ended 30 June 2013 \$
Ordinary shares with a par value of \$0.10	29,515,534	29,542,290	29,515,534

	Half year ended 31 December 2013 Number	Half year ended 31 December 2012 Number	Year ended 30 June 2013 Number	Half year ended 31 December 2013 \$	Half year ended 31 December 2012 \$	Year ended 30 June 2013 \$
<i>Movements in ordinary shares on issue</i>						
At start of period/ year	297,981,896	298,381,896	298,381,896	29,515,534	29,557,290	29,557,290
Share buy back	-	(150,000)	(400,000)	-	(15,000)	(40,000)
Transaction costs	-	-	-	-	-	(1,756)
At end of the period/year	<b>297,981,896</b>	298,231,896	297,981,896	<b>29,515,534</b>	29,542,290	29,515,534

On 4 September 2013 1,700,000 ordinary shares of USD0.10 each in Sylvania Platinum Limited were repurchased at 8.15 pence per share. The shares are being held in treasury to be issued as bonus shares to senior management based on the attainment of performance criteria.

#### 6. Share option plan

On 29 August 2013, 1,600,000 share options were granted to directors and employees under the Sylvania Platinum Option Plan with a nil exercise price and an expiry of 29 August 2023. Exercise of the options is subject to time-based vesting with 20% of the options vesting on 29 August 2015, a further 40% of the options vesting on 29 August 2016 and the remaining 40% vesting on 29 August 2017, subject to the participant's continued employment.

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**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2013**

**7. Segment information**

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

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

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

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

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

- interest revenue
- interest expense
- unallocated expenses

**Sylvania Platinum Limited**

**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2013**

**7. Segment information (continued)**

	Millsell \$	Steelpoort \$	Lannex \$	Mooinooi \$	Doornbosch \$	Tweefontein \$	Exploration projects \$	Corporate/ unallocated \$	Consolidated \$
<b>31 December 2013</b>									
Segment assets	4,150,834	3,903,270	11,188,678	18,939,290	8,120,745	11,770,936	68,587,391	12,012,727(a)	138,673,871
Segment liabilities	1,010,114	924,702	1,384,220	2,049,130	1,323,723	762,323	1,162,917	18,144,621(b)	26,761,750
Segment revenue	3,412,647	2,748,749	2,974,338	4,702,979	3,739,069	2,954,561	-	102,601	20,634,944
Segment result	1,191,247	173,711	(729,794)	(1,315,907)	808,122	(465,685)	-	(4,879,353)(c)	(5,217,659)
Net loss for the period before tax Included within the segment results:									(5,217,659)
Depreciation	294,363	329,707	821,379	1,140,071	466,394	590,749	-	72,186	3,714,849
Direct operating costs	1,927,036	2,245,331	2,882,753	4,878,815	2,464,554	2,829,497	-	-	17,227,986
Interest revenue	-	-	-	-	-	-	-	102,601	102,601



## Sylvania Platinum Limited

### Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2013

#### 7. Segment information (continued)

	Millsell	Steelpoort	Lannex	Mooinooi	Doornbosch	Tweefontein	Exploration projects	Corporate/ unallocated	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>31 December 2012</b>									
Segment assets	5,167,254	5,996,150	16,346,997	24,657,135	11,959,784	14,266,128	77,075,019	16,949,499(a)	172,417,966
Segment liabilities	410,982	842,904	1,039,401	1,394,600	1,038,509	1,167,597	284,679	26,092,798(b)	32,271,470
Segment revenue	2,811,918	2,920,907	3,911,314	3,391,357	5,173,925	971,950	-	-	19,181,371
Segment result	638,938	161,609	242,329	(2,836,908)	2,166,549	(512,345)	-	7,043,015(c)	6,903,187
Net profit for the period before tax									6,903,187
Included within segment result:									
Depreciation	388,940	418,493	1,025,991	1,391,918	578,679	240,635	-	105,016	4,149,672
Direct operating costs	1,784,040	2,340,805	2,642,994	4,836,346	2,428,697	1,243,660	-	-	15,276,542
Interest revenue	-	-	-	-	-	-	-	205,320	205,320
Profit on sale of iron ore assets	-	-	-	-	-	-	-	9,999,314	9,999,314
<b>30 June 2013</b>									
Segment assets	5,228,036	4,726,749	13,201,962	22,109,205	9,898,292	12,340,560	70,132,057	12,263,759(a)	149,900,620
Segment liabilities	980,727	1,080,366	1,518,376	1,795,623	1,369,072	858,749	1,286,581	19,592,138(b)	28,481,632

## Sylvania Platinum Limited

### Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2013

#### 7. Segment information (continued)

	Half year ended 31 December 2013 \$	Half year ended 31 December 2012 \$	Year ended 30 June 2013 \$
<b>Major items included in corporate/unallocated</b>			
<b>(a) Capital expenditure and other assets</b>			
Exploration expenses Everest North	-	1,695,976	1,455,432
Other	<b>358,252</b>	132,985	440,197
Cash and cash equivalents	<b>3,844,927</b>	9,512,027	6,518,542
Equity accounted investments in associates	11	2,065,322	1,698,542
Current tax asset	<b>24,831</b>	303,836	49,846
Other financial assets	<b>2,547,183</b>	1,635,670	1,547,514
Other	<b>5,237,523</b>	1,603,683	553,686
	<b>12,012,727</b>	16,949,499	12,263,759
<b>(b) Liabilities</b>			
Deferred tax	<b>17,607,751</b>	22,814,069	18,728,253
Interest-bearing loans and borrowings	<b>73,268</b>	155,769	87,756
VAT/GST payable	<b>244,151</b>	209,237	63,863
Other	<b>219,451</b>	2,913,723	712,266
	<b>18,144,621</b>	26,092,798	19,592,138
<b>(c) Unallocated expenses/(income)</b>			
Administrative salaries and wages	<b>739,721</b>	1,022,974	
Auditors' remuneration	<b>133,869</b>	82,186	
Consulting fees	<b>305,074</b>	501,535	
Depreciation	<b>72,186</b>	37,265	
(Gain)/loss on financial assets at fair value through profit or loss	<b>12,897</b>	(8,310)	
Impairment on available-for-sale financial assets	-	18,031	
Impairment on exploration and evaluation assets	<b>1,444,000</b>	-	
Impairment on investment in associate	<b>1,328,091</b>	-	
Legal expenses	<b>101,626</b>	223,012	
Overseas travelling expenses	<b>126,796</b>	113,167	
Premises leases	<b>92,651</b>	115,895	
Profit on disposal of iron ore assets	-	(9,999,314)	
Share-based compensation expense	<b>517,296</b>	715,354	
Other	<b>5,146</b>	135,190	
	<b>4,879,353</b>	(7,043,015)	

## Sylvania Platinum Limited

### Notes to the Condensed Consolidated Financial Statements for the half year ended 31 December 2013

#### 8. Fair value of financial instruments

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The Group has no financial assets where the carrying amount exceeds the fair value at balance sheet 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 2013 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 (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>31 December 2013 Assets</b>				
Available-for-sale financial assets	65,001	-	-	65,001
Financial assets at fair value through profit or loss	5,355	-	-	5,355
	<b>70,356</b>	<b>-</b>	<b>-</b>	<b>70,356</b>
<b>31 December 2012 Assets</b>				
Available-for-sale financial assets	70,893	-	-	70,893
Financial assets at fair value through profit or loss	24,919	-	-	24,919
	<b>95,812</b>	<b>-</b>	<b>-</b>	<b>95,812</b>
<b>30 June 2013 Assets</b>				
Available-for-sale financial assets	29,100	-	-	29,100
Financial assets at fair value through profit or loss	18,266	-	-	18,266
	<b>47,366</b>	<b>-</b>	<b>-</b>	<b>47,366</b>

#### 9. Commitments and contingencies

##### *Acquisition of prospecting rights to PGMs and Chrome on farms Zoetveld and Grasvally*

On 3 December 2013 Sylvania announced that it has entered into an agreement to purchase the rights to PGM and chrome bearing minerals on certain key portions of the farms Grasvally and Zoetveld, properties on which the Group is already the owner of the surface rights.

The purchase price for the prospecting right is R25,000,000 (approximately \$2 million) and will be paid in two tranches; R5,000,000 (approximately \$0.5 million) within 14 days after lodgement of the application for ministerial consent to transfer the rights to Sylvania (Section 11 consent), and R20,000 000 on the registration of the transfer of the mineral rights.

**Notes to the Condensed Consolidated Financial Statements  
for the half year ended 31 December 2013**

**9. Commitments and contingencies (continued)**

*Summons received from Platmin South Africa (Pty) Ltd*

On 12 September 2012 Sylvania announced that a summons was received by the Company regarding a claim being brought by Platmin South Africa (Pty) Ltd ("Platmin") (previously known as Boynton Investments (Pty) Ltd ("Boynton")), a subsidiary of Platmin Limited. The summons declared that Platmin is the co-owner of the tailings, or, alternatively, the co-owner of the PGM's contained in the Lannex tailings dam situated on the Farm Grootboom in the District of Lydenburg, Mpumalanga, South Africa.

This claim is the same in nature as a motion put before the North Gauteng High Court, Pretoria by Boynton against Sylvania in 2009. On 14 April 2009, Boynton withdrew that application and was ordered by the North Gauteng High Court, Pretoria to pay Sylvania's legal costs including the costs of two legal counsels appointed by Sylvania to oppose the matter.

The Board of Sylvania continues to refute these claims and the matter is being vigorously opposed. The matter is set down for a hearing on 1 August 2014.