



ANNUAL
REPORT 2014

REPORT PROFILE

This annual report presents a review of the operational and financial performance of Sylvania Platinum Limited (Sylvania or the Company) for the 12 months ended 30 June 2014. The report includes an analysis of the Company's material issues and the steps taken to operate successfully and sustainably within its governance and risk framework.

The consolidated financial statements, set out on pages 17 to 69, were approved on 29 October 2014. They include the Company's financial results and were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements represent the ongoing activities of the Sylvania Group.

Throughout the report, financial data is reported in US Dollars.

The Company, being listed on AIM, is not required to comply with the UK Corporate Governance Code (the Code) re-issued in September 2012. However, the Directors support the objectives of the Code and intend to comply with those aspects that they consider relevant to the Group's size and circumstances. The Corporate Governance statement can be found on page 16.

This annual report is available on <http://www.sylvaniaplatinum.com>

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This report, including the consolidated financial statements, represent the on-going activities of the Sylvania Group.



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CORPORATE PROFILE

Sylvania Platinum Limited is a low-cost producer of platinum group metals (PGMs) including platinum, palladium and rhodium.

Sylvania Platinum Limited is a low-cost producer of platinum group metals (PGMs) including platinum, palladium and rhodium. The Company's core business is the retreatment of PGM rich chrome tailings material. The Company also holds prospecting rights for a number of PGM projects on the Northern Limb of the Bushveld Igneous Complex.

Sylvania is listed on London's Alternative Investment Market (AIM: SLP).

In order to strengthen the Company's position as a low-risk specialist in the low-cost production of PGMs, Sylvania operates according to the following business priorities:

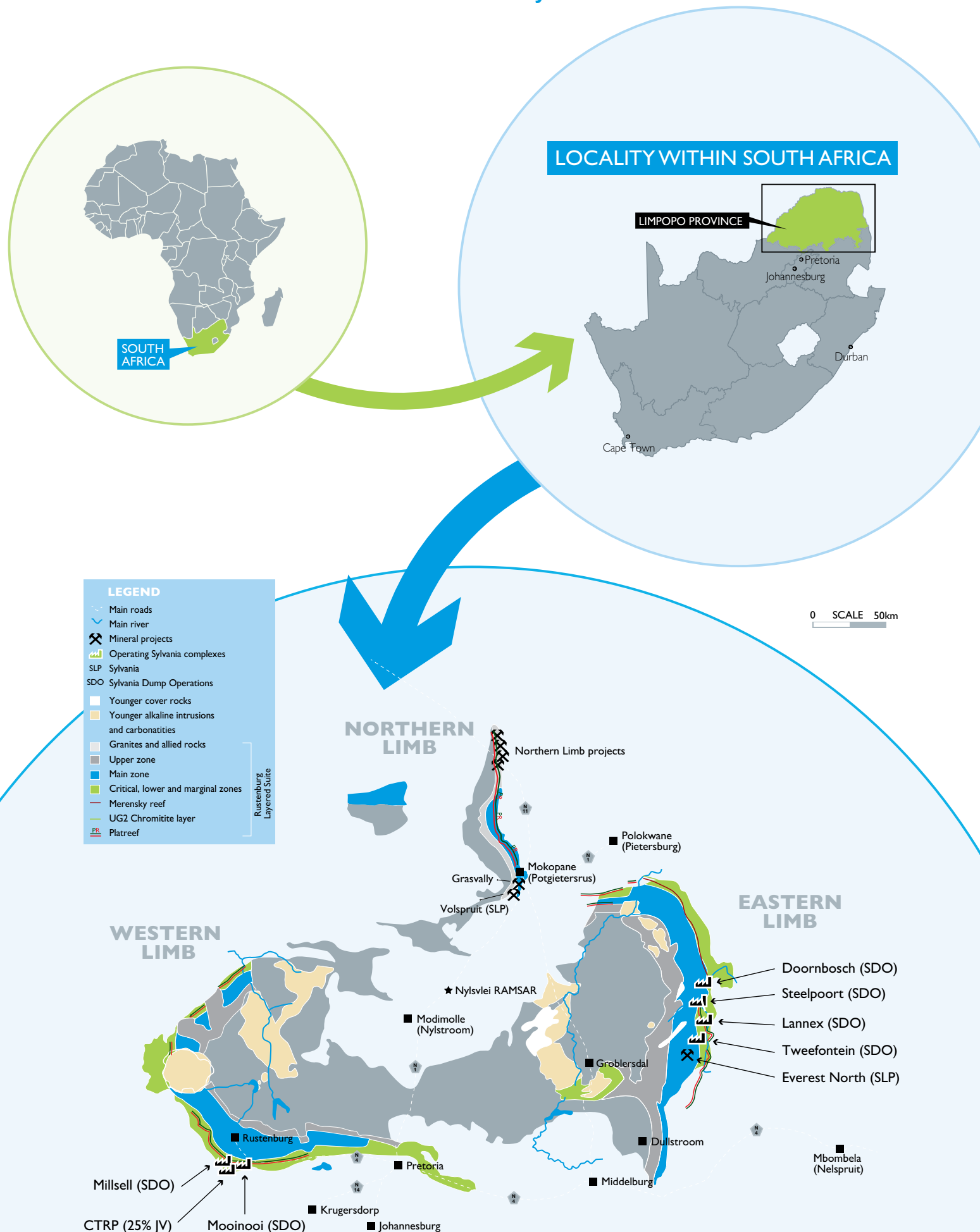
- identifying projects that balance minimal operational and financial risk with the potential for high margins;
- ensuring that the management teams are always well resourced with the right combination of skills;
- focus on cash generation during uncertain economic times; and
- continually apply appropriate practices/technology to maintain the Company as a lower quartile producer.

Following the completion of the seventh plant, the Company focus is on cash generation and will return dividends to shareholders according to the dividend policy.

The Company maintains a strong position as a low-risk specialist in low-cost production.



LOCATION OF OPERATIONS AND PROJECTS



OUR VISION, MISSION AND VALUES

VISION

TO BE THE LEADING MID-TIER, LOWEST UNIT COST, PLATINUM GROUP METALS (PGMS) MINING COMPANY.



MISSION

TO GENERATE WEALTH FOR ALL OF OUR STAKEHOLDERS USING SAFE AND INNOVATIVE PROCESSES WITH A FOCUS ON PGMS WHILE EXPLOITING ANY VALUE-ADDING ASSOCIATED MINERALS.

VALUES

WE VALUE THE SAFETY AND HEALTH OF ALL

Employees are at the heart of our company; we place their safety and health above all else in everything that we do.

WE VALUE THE FUNDAMENTAL RIGHTS OF PEOPLE

We treat all people with dignity and respect.

WE VALUE HONESTY AND INTEGRITY

We act honestly and show integrity by continually striving towards "doing what we say we are going to do" and showing commitment towards our accountabilities of delivering high performance outcomes, thus projecting an image of professionalism and meeting the expectations of our colleagues, investors, business partners and social partners.

WE RESPECT THE ENVIRONMENT

We act in a manner that is sustainable and environmentally friendly, applying professional and innovative methods.

WE VALUE THE CULTURE, TRADITIONAL RIGHTS AND SOCIETY IN WHICH WE OPERATE

Our actions will support the communities in which we work while honouring their heritage and traditions.

FINANCIAL AND OPERATING SNAPSHOT

We attribute the production results to increased and more consistent plant feed tons, improved plant stability and an increased technical focus on the operations.



FINANCIAL

- Revenue up 18% to \$47.2 million (FY2013: \$40.0 million)
- EBITDA increased 29% to \$11.2 million for the Sylvania Dump Operations (SDO) (FY2013: \$8.7 million)
- Group adjusted EBITDA increased by 121% to \$7.5 million (FY2013 \$3.4 million excluding the iron ore transaction)
- SDO capital expenditure down 83% to \$1.3 million (FY2013: \$7.6 million)
- Cash generated from operations up 24% to \$5.1 million (FY2013: \$4.1 million)
- Group cash decreased 20% year-on-year to \$5.3 million (FY2013: \$6.6 million); but up 36% from \$3.9 million in H1 to \$5.3 million in H2



OPERATIONS

- Total SDO production for the year up 22% to a record 53,808 ounces (FY2013: 44,095 ounces), modestly exceeding the 51,000 ounce production guidance given by the Company in the FY2013 annual report
- Group cash cost \$712/oz, marginally higher than the Company's guidance of \$700/oz



CORPORATE

- Consolidation of mining and surface rights over Zoetveld and Grasvally farms completed after Section 11 consent registered with mining titles office
- Key management changes: appointment of Jaco Prinsloo as MD of Sylvania Metals (Pty) Ltd; retirement of Nigel Trevvarthen, former deputy CEO

CHAIRMAN'S LETTER

PERFORMANCE



Annual production for the 2014 financial year reflects a new record performance, meeting the guidance given by the Company for the first time.

Stuart Murray
Chairperson

DEAR SHAREHOLDERS AND OTHER STAKEHOLDERS,

My call for Sylvania's executive to remain cautious in all their management actions – articulated in last year's annual report – has started to pay off. The Company has consistently improved production quarter-on-quarter for the past five quarters to 30 June 2014, and annual production for the 2014 financial year reflects a new record performance, meeting the guidance given by the Company for the first time. This was against a backdrop of unprecedented strike action in the platinum sector in the second half of the financial year. I am happy to note that no Sylvania employees were directly involved in any strike action which would have exacerbated the difficult operating conditions.

A year ago I said our focus would remain on the Sylvania Dump Operations (SDO), with exploration being placed on the backburner, without impacting the value of the Northern Limb projects. This we have done. The result is evident in our production figures with six of our seven plants running trouble-free and returning stable production. Our Mooinooi ROM operation still needs work, but overall we have seen costs and production stabilise, as well as capital expenditure and general and administration costs reduce dramatically. This focus on the core of our business will remain paramount during the 2015 financial year.

We have largely done what we set out to do last year, but I also see improved optionality in the Volspruit project as receipt of a decision on the mining licence application nears, and the environmental process satisfactorily progresses. As a Company we are committed to our health, safety and environmental obligations across all our operations and, as such, we have not spared any effort in ensuring that this proposed project is researched thoroughly and is not found to pose any significant and unmanageable risk. The monitoring efforts undertaken during the flooding of the Nyl River in February 2014 provided us and all interested parties with substantial information in this regard.

A new opportunity is the Grasvalley chromite project. It was through the pursuit of sound environmental practices at the Volspruit project and through the acquisition of the farms Zoetveld and Grasvalley in early 2013, that the Grasvalley opportunity presented itself. During the course of 2014 it became apparent that we would be in a strong position to acquire the mineral rights on these farms owing to the

Company's preferential position as the surface right holder. After some basic and minimal cost exploration work, a decision was taken to acquire all mineral rights for a payment of approximately \$2.5 million.

In 2015, the Company plans to further this exploration work and has already identified the opportunity to extract a bulk sample of chromite product, by way of a section 20 permit issued in terms of the Mineral and Petroleum Resources Development Act (MPRDA). This process will be pursued at a nominal capex of under \$1.0 million. This chrome project represents a potentially significant opportunity to mine the outcrop of the old Grasvalley chrome mine, a brown-fields operation situated on the aforementioned properties and which closed in 1988. The chromite is of unusually high quality by South African standards and we believe immediately saleable in the open market. At the time of purchase of the mineral rights it was believed that the chromite opportunity will not only pay for itself and the property acquisition costs, but we will also acquire potentially significant PGM resources. Exploration of the potential PGM resources is however not planned for the foreseeable future.

We recognised that Grasvalley is a departure from the Company strategy as outlined last year. Significant internal debate has seen a robust low capex option emerge for this opportunity and, as such, it is lucrative enough to warrant management's attention and time. We stress, however, that we are not about to seek capital from shareholders nor take on unwarranted debt in this climate. Looking at Volspruit we can see value in current markets, but we recognise that this project would be difficult to build and finance with our own balance sheet. As the project progresses we will explore opportunities to joint-venture, spin-off, float separately or project finance. For Sylvania's current size and given the state of the mining financial markets, it is probably not something we envision embarking upon ourselves and we are at best case at least 18-24 months away from finalising all the requisite licences necessary to start operations and construction.

Sylvania's position as a relatively low-cost producer of PGMs maintains our attractiveness as an investment proposition. In addition, our higher skilled workforce and significantly fewer numbers of employees have enabled us to continue to produce, and indeed thrive, through the five months of industrial action in the mining sector. As will be addressed in the CEO's review, production has improved and reached steady state, and this is a tribute to our management and

Location of operations and projects

Sylvania's tailings retreatment operations and shallow mining exploration interests are located on South Africa's PGM-rich Bushveld Igneous Complex.



workforce that we have been able to do this in the face of the strife around our western operations. Accordingly, management and operations must be commended for their performance in the face of what has been a highly adversarial environment on the ground. Due to the nature of our operations, however, which are not solely dependent on current mining operations at the SDO, and do not involve hazardous and difficult underground mining, we are a lower risk business model and in fact have begun to flourish despite the adversity experienced in the mining sector.

The metals market into which we as a Company sell is essentially split in two: the platinum market (more specifically platinum and rhodium) dominated by the South African industry, and the palladium market dominated by the Russians and North Americans. Given the importance of platinum and rhodium relative to palladium in South Africa, commentary on the market hereafter reflects a South African production basket as opposed to a North American one.

At the time of writing, the market, and consequently prices, largely remains hostage to financial speculators and the holders of financial and physical products, rather than a market focused on the fundamentals of gross supply and demand. Despite the industrial unrest in the industry, the platinum price reaction was muted due to the size and availability of above-ground stocks of metal. Prices have shown weakness into the 2015 financial year and I expect this situation to prevail for some time as improving automotive demand slowly draws down the excess above-ground stocks. The palladium market has powered ahead due to improved automotive demand in the areas where the palladium market dominates. This is primarily evident in North America and Asia.

Market research places global platinum supplies for 2014 down by 5% from 2013 figures to the mid to high 5 million ounce range. Market balances indicate a 940,000 ounce deficit in 2013, with this expected to increase to 1.2 million ounces in 2014. Surprising to many is the insignificant price impact on platinum and rhodium despite the near five-month stoppage at almost 40% of South African mining operations. This lack of price action must however be put in context that role-players appear to have entered the strike with significant refined and in-process stock of metals, which enabled them to continue to supply customers with limited impact.

Challenges during 2015 can no doubt be expected. Operating as we do on the fringes of the wider operating environment in the platinum industry, there remains cause for concern primarily as a result of the potential impact of industrial unrest on the chrome and platinum mines, which could spread to our operations. We remain concerned for the safety of our

staff due to the potential for intimidation and violence against working personnel.

Looking forward to the 2015 financial year, it is my view that some of the impact of the industrial action may manifest itself in further mothballing and closing of mines and shafts. This may result in a tighter fundamental market going forward which may bode well for the price of platinum and rhodium. The story of our SDO, however, is definitely promising as looking through the IFRS accounts for 2014, and stripping out exceptional items and non-cash impairments, the underlying SDO generated a positive cash flow after capital expenditure and tax paid. Not only do we expect this positive cash flow to continue, the Company anticipates that it may be in a position to declare a maiden dividend at the end of the 2015 financial year, barring any negative changes in the pricing of our major revenue earners – platinum and rhodium.

At the SDO, we will continue with the focus on maintaining operating performance and excellence as established in the latter quarters of 2014. We are furthermore continually looking for opportunities to improve, including cost-saving initiatives such as the implementation of hydro-mining. This comes with an initial capex increase to maintain the SDO's low-cost position, but will taper off as these operations are stabilised. We have furthermore recognised that the offtake agreements that the Company entered into at the inception of the SDO have run their course. The opportunity has consequently presented itself to potentially negotiate more competitive terms in respect of the 2015 financial year onwards. This has potential for higher payability for the major metals and allows for an improvement on the various penalties levied by smelters and refiners. It is envisaged that this will result in improved net payability from the smelters. The Company will continue with the legal and licencing expenditure on the Volspruit project and take the project up the value curve, with the view to then "dealing it" in an improved market.

Lastly, I would like to not only thank shareholders for their longstanding support, but also other stakeholders in our business, most importantly management, employees and contractors. I would like to especially thank our host mines on whose footprint we operate and on whose tailings and on-going cooperation we depend for the success of the SDO operations. Furthermore, we would not be where we are today without my colleagues on the Board, whose wise counsel has helped steer us towards achieving our goals and continued improvements. We endeavour to continue on this positive trend and hope to once again exceed guidance for 2015, being the production of 53,000 PGM ounces, while keeping costs below \$700/PGM ounce.

CEO's REVIEW

GROWTH



We can thankfully report that none of our employees were involved in this industrial action. However, the effects of the strike were far reaching.

T. McConnachie
TM McConnachie
 Chief Executive Officer

In my report of 2013, I acknowledged the disruptive events evidenced in the platinum sector during 2012 and how this had spilt over into the following year. The hope that this would taper off, however, was short-lived as another five-month strike in the first half of 2014 was evidence that the disruption was far from over. Again, we can thankfully report that none of our employees were involved in this industrial action. However, the effects of the strike were far reaching. Further challenges were experienced with the weakening of the Rand against the US Dollar during the year. As a result, the Company's focus shifted towards increased feed tons and improved recovery efficiencies to reduce our cost per ounce. The future price of platinum is still somewhat uncertain and, for this reason, the Company will continue to exercise caution in all its dealings.

2014 FINANCIAL PERFORMANCE

In line with our commitments made last year, SDO capital expenditure is down by 83% to \$1.3 million from \$7.6 million in 2013, and our revenue is up by 18% to \$47.2 million (FY2013: \$40.0 million). The Group's cash balance at 30 June 2014 was \$5.3 million, which is a \$1.3 million (20%) drop from \$6.6 million in 2013. The reduction is largely as a result of the acquisition of the Grasvally exploration rights. However, due to capital control in the last two quarters of the year, the cash balance has grown by 36% from \$3.9 million reported at the end of H1 to \$5.3 million in H2.

Although the company reported a loss before income tax of \$2.9 million, it is important to point out that this was exacerbated by the impairment costs of exploration and evaluation assets, and investment in the Chrome Tailings Retreatment Project (CTRP). If the Ironveld transaction of last year was removed from the equation, the comparable Group adjusted EBITDA year-on-year would be \$3.4 million in 2013 against \$7.5 million for 2014. General and administrative costs are also down by 27% from \$5.5 million in 2013 to \$4.0 million this year, with gross profit showing a 412% growth year-on-year from \$0.8 million in 2013 to \$4.3 million.

2014 OPERATIONAL PERFORMANCE

With the increased technical focus on operations this year, total SDO production set a Company record at 53,808 ounces, up by 22% from the 44,095 ounces recorded in 2013 and in excess of the 51,000 ounce guideline provided by the Company in the

previous year. This we achieved despite the labour unrest in the sector, particularly around our western operations.

The production results can be attributed to increased and more consistent plant feed tons, improved plant stability and an increased technical focus on the operations. Despite a 3% drop in the gross basket price from \$1,000/oz to \$970/oz in 2014, revenue increased by 18% to \$47.2 million in 2014, up from \$40.0 million in the prior year, with annual cash costs for the SDO down 6% to \$665/oz (R6,896/oz) from \$708/oz (R6,253/oz) in 2013. SDO EBITDA also improved by 29% to \$11.2 million (FY2013: \$8.7 million), with cash costs decreasing by 6% both per PGM feed ton as well as per 3E and Au ounce. These figures were recorded as \$31/ton (FY2013: \$33/ton) and \$665/oz (FY2013: \$708/oz) respectively.

In addition to realising the new annual production record, the consistent increase in quarterly production performance for the past five quarters further demonstrates the stability of our operations. This is a significant milestone indicating our ability to sustain our operations, building confidence within our respective plant operation and management teams, and gaining credibility with our Board and investors.

EMPLOYEE SAFETY, HEALTH AND THE ENVIRONMENT

Overall, the Company demonstrated a good health, safety and environmental record during the financial year. One lost time injury (LTI) occurred during the year at the Mooiooi plant, where an employee sprained his wrist and was absent from work for 12 days. All other operations were LTI-free. Particularly notable is the Steelpoort plant which has been LTI-free for six years, and both Lannex and Millsell plants have exceeded three LTI-free years as at 30 June 2014. These are significant achievements by industry standards and I wish to encourage all employees to continue to strive for this level of excellence.

There was one Section 54 stoppage notice issued by the Department of Mineral Resources (DMR) at the Mooiooi plant during the second quarter, as discussed under the Mooiooi section below.

The Company remains committed to zero harm, and we will continue to focus on health and safety compliance at all operations in order to eliminate safety deviations.

EMPOWERMENT AND SOCIAL RESPONSIBILITY

The Company is committed to its transformation and social responsibility commitments as prescribed in legislation and guidelines in the mining sector, as well as our corporate vision, mission and goals. We are proud to report that we have a 72% employment equity representation throughout the organisation, with good representation at all levels at the operations. We are incredibly proud of the calibre of our employees and believe that the results presented in this annual report are testament to this fact.

DUMP AND RUN-OF-MINE (ROM) OPERATIONS

Millsell

I mentioned in the FY2013 report that Millsell is one of our most consistent production plants, and by reporting an 18% increase on the 6,727 ounces produced in 2013, putting production figures at 7,908 ounces for the year, the plant has retained this status. Although recovery efficiencies were slightly lower than the previous year, associated with the final scrapings of the Waterkloof dump, the increase in production was primarily due to a combination of improved plant feed grades and high plant throughput rates. This has been further enabled by increased plant stability and running times. The second-pass treatment of the plus one million ton primary dump is planned to commence by early 2015, which will aid in maintaining consistent production levels at this mature plant.

The total cash cost equated to a 4% drop to \$516/oz (R5,354/oz), compared to the \$539/oz (R4,646/oz) for 2013.

Steelpoort

The Steelpoort plant is still processing second-pass treatment material from the old Steelpoort tailings dams, producing 7,751 ounces during the year. This is a 12% increase on the previous year's 6,943 ounces because of a combination of 3% higher PGM feed tons and an 8.5% improvement in recovery efficiency for the year. The primary focus for the plant during the year ahead will remain on higher feed rates and improving recovery efficiencies to increase production ounces, and to lower the unit costs, while continuing to treat the lower grade second-pass material.

The cash cost per ounce for the year was 12% lower, from \$673/oz (R5,801/oz) in 2013 to \$591/oz (R6,130/oz) in 2014.

Lannex

Our Lannex plant faced a very challenging year with unexpected maintenance costs and low PGM feed grades to the plant. Cash costs were 6% higher, rising from \$686/oz (R5,918/oz) in the previous year to \$725/oz (R7,523/oz). This is because of increased maintenance costs associated with major abnormal mill repairs during the fourth quarter of the year.

The Lannex operation treats a combination of dump material from the old Lannex tailings dam complex and current arisings from the host mine's Lannex operation. Even though the plant experienced lower feed grades associated with the coarser outer walls of these tailings dams, which were 20% lower during 2014 than 2013, the operation produced 8,028 ounces during the year. This is a 2% improvement on the previous year's 7,850 ounces.

The plant showed a significant increase in PGM plant throughput tonnages, equating to a 9.3% increase on the previous year, as well as a 1% improvement in PGM recovery efficiency. Plans for the plant in the upcoming year are to commence second-pass treatment of the new Lannex tailings dam, and continue to treat current arisings from the host mine.

Mooi-nooi dump

Despite having experienced a few production issues throughout the year, Mooi-nooi dump operation managed a 54% increase in production from 4,480 ounces in 2013 to 6,918 ounces in 2014. This performance is attributable to a 32% improvement in PGM plant feed tons and 5.6% improvement in PGM recovery efficiency, as well as higher plant feed grades.

A Section 54 stoppage notice issued by the DMR in the second quarter resulted in a 21-day production down-time at both the dump and ROM plants.

Subsequently, various improvements and behavioural interventions were implemented to fully resolve all safety aspects identified by the inspector of mines. Following a strengthening in management structure, the plant showed an 18% improvement in ounces for the six-month period between January and June 2014, compared to the previous six months.

At a cost of \$764/oz (R7,927/oz) for the year, 27% lower than \$1,042/oz (R8,984/oz) in the previous year, the Mooi-nooi dump plant continues to show improvement. The plant treats material from the old Mooi-nooi dumps and current arisings from the host mine's Mooi-nooi plant. The higher production levels and plant efficiencies offset the higher mechanical mining rates resulting in the decrease in costs.

Mooi-nooi

As the Mooi-nooi ROM and dump operations are both situated on the same property, the Section 54 stoppage notice issued during the second quarter also affected this plant. Accordingly, behavioural interventions and improvements that were implemented at the dump plant were also employed here, with the result that production for the year was 4,953 ounces, a 27% improvement on the previous year's 3,894 ounces.

The ROM plant treats MG2 material from the host mine's Mooi-nooi and Buffelsfontein underground mines, and we achieved the optimisation of an ultra-fine grinding toll milling circuit during the third quarter, following the successful implementation of this process at the dump plant during the first quarter.

The cash cost per ounce was \$1,084 /oz (R11,243/oz) for the year; 17% lower than the \$1,313/oz (R11,321/oz) in 2013, this is still well above the operation's target level. The reduction in costs remains a priority focus area for the operation during the next year, and higher plant throughput tons will have the greatest impact towards achieving this.

Doornbosch

The Doornbosch operation transferred its focus in the second half of the year to treating lower grade second-pass material from the old Doornbosch dump, together with final scrapings from the old Montrose areas. These sources are expected to be depleted during the first half of 2015. However, with the final scrapings of the Montrose footprint and other surface dumps, high-grade pockets of material have been uncovered and have already assisted in boosting production during the fourth quarter.

CEO's REVIEW

continued

During the year, Doornbosch produced 9,919 ounces, marginally lower than the 10,384 ounces produced during 2013. This is attributable to the lower grade feed tons mentioned above. However due to the higher grade pockets boosting production, the plant recorded a new quarterly record for the operation at 3,390 ounces in the fourth quarter, compared to an average of approximately 2,200 ounces per quarter for earlier quarters.

The plant feed grade should reduce and normalise once the operation converts to a combination of full second-pass treatment of the current Doornbosch tailings dam and current arisings from the host mine during the next six months. The primary metallurgical focus will then be on increasing plant feed tons, improving PGM concentrate grade and reducing chrome in concentrate in order to reduce smelter penalties, as well as on improving plant recovery efficiency in order to improve PGM ounces and to maintain operating unit costs.

Total cash costs were 8% higher, totalling \$516/oz (R5,350/oz) against the \$480/oz (R4,143/oz) recorded for 2013. This was because of significant maintenance repair costs associated with an abnormal breakdown on the primary mill during the third quarter.

Twefontein

The Twefontein operation produced 8,331 ounces for the year, which was 118% higher than the 3,816 ounces in 2013. With first ounces delivered in September 2012, the higher ounce yields are a result of ramped up production and increased plant stability. Twefontein is treating a blend of MGI-MG4 ROM fines from the host mine's Klarinet opencast mine, current arisings from the host mine's Twefontein operation, and old dump material from the Twefontein paddocks.

The primary focus during the past year was to stabilise production and to optimise process parameters and recovery efficiencies. The operations team at the plant has proven during the past year that the expected targets can be met, and production levels are expected to improve further during the next financial year.

The total cost for the year was \$648/oz (R6,718/oz), compared to \$869/oz (R7,491/oz) in 2013, primarily as a result of higher production volumes and ounce production. In addition, the upgrade of the power supply infrastructure in the first quarter eliminated the need to run the diesel generators for extended periods.

Chrome Tailings Retreatment Project

Discussions to restart the CTRP were unfortunately not fruitful and the Company accordingly took the decision to impair the project as at 31 December 2013. Sylvania has a 25% interest in the project, which is operated by 50% shareholder Aquarius Platinum South Africa Proprietary Limited (AQPSA). The plant remains on care and maintenance with no agreement or plan between the parties to restart the operation.

FAR NORTHERN LIMB OPERATIONS

Harriet's Wish, Aurora and Cracouw exploration

The Company still awaits the outcome of the mining right application (MRA) for this project, and will take a decision on the best way to advance once the mining right has been received. In accordance with the Board decision to scale down exploration, only essential exploration activity has been conducted, with no further activities envisioned in the short term.

Volspruit

Following the decision to withdraw and resubmit the MRA in the third quarter of FY2013, as well as undertaking an extensive public participation process, we submitted the environmental impact assessment (EIA) to the MRA on Volspruit on 28 January 2014.

The decision to withdraw the first application was taken as crucial data pertaining to environmental and hydrological impacts of the proposed mining activity could not be obtained, as the Nyl River did not flood in 2013. A flood event had still not occurred by the time we submitted the subsequent MRA, however studies were refined and the application



was submitted on the basis of postulated findings by various independent specialists.

A flood event was however witnessed in the third quarter of the financial year, providing essential data to confirm these findings. The report thereon was submitted as an addendum to the application and was independently reviewed by various specialists, including those from the Institute for Groundwater Studies at the University of the Free State. All are in agreement with the environmental assessment practitioner (EAP) that the proposed activity does not pose any significant risk to the environment, which we cannot effectively manage through mitigatory measures. Accordingly, the EAP recommended that the project proceed.

Enquiries have furthermore been made into the eventual application for a water use license (WULA) and it has been noted that the flood data may enhance this process. This shall, however, only proceed upon the receipt of the mining right, and a decision from the DMR is understood to be imminent.

Grasvally chrome operation

As a critical extension, and envisaged as part of the Volspruit project, the Company purchased the surface rights to the Grasvally and Zoetveld farms, adjacent to Volspruit, during the third quarter of 2013. During the second quarter of 2014, the Company entered into an agreement to purchase the prospecting right over this land, thereby consolidating the surface and mineral rights. The consideration for the acquisition of the prospecting right was settled in cash in two instalments, firstly ~\$0.5 million (R5.0 million) paid upon submission of the Section 11 application for the DMR's consent to transfer the right to the Company's subsidiary. The second payment of ~\$2.0 million (R20.0 million) was made upon registration of this consent at the mining titles office in the fourth quarter.

Surface exploration and analysis of the Grasvally upper chrome seam outcrop have indicated Cr_2O_3 values of 46.4% Cr_2O_3 *in situ*, with a chrome iron ratio of 2.45:1. However, further

studies undertaken at an independent laboratory indicated that the main seam could be upgraded to 55.5% Cr_2O_3 , with 62% recovery after only one washing pass. Although the results of some 28 vertically inclined percussion holes indicated that the crown pillar in some of the previously mined areas is shallower than first expected, the results show that high chrome grades and chrome to iron ratios are located on the property as expected. Furthermore, with focus shifting in the fourth quarter of the year towards the lower chrome layer, initial investigations here indicate the chrome to be of a higher grade than originally anticipated.

The Company has commenced with exploring the eventual application for a mining right on the property and has spent approximately \$0.25 million on this project thus far, excluding the acquisition costs mentioned above.

Everest North

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 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 is not aware of any plans to restart this operation in the foreseeable future.

OUTLOOK

We are confident that as a low-cost producer our business will continue to perform despite adverse economic circumstances. In the upcoming year, our focus will be on value creation through free cash flow generation and maintaining the consistent production of 53,000 PGM ounces in FY2015. We will also pursue shareholder-friendly uses of cash. We aim to drive growth in equity value through cash flow generation, allowing a return of capital to shareholders through our dividend policy.



DIRECTORS' REPORT

Your directors present their report on the consolidated entity (the Group) consisting of Sylvania Platinum Limited (the Company or Sylvania) and the entities it controlled at the end of, or during, the financial year ended 30 June 2014. Unless otherwise stated, the consolidated financial information contained in this report is presented in US Dollars.

DIRECTORS

The names of the directors who held office during or since the end of the year and until the date of this report are as follows:

SA Murray	(Non-executive Chairman)
TM McConnachie	(Chief Executive Officer)
GM Button	(Non-executive Director)
RA Williams	(Independent Non-executive Director)

The directors of Sylvania were in office from 1 July 2013 unless otherwise stated.

INFORMATION ON DIRECTORS

SA Murray

Mr Murray has over 25 years of executive experience in the Southern African platinum sector, commencing his career at Impala Platinum's Refineries in 1984. He held a number of positions at Impala Platinum, Rhodium Refs Ltd, Barplats, and Middelburg Steel and Alloys, before joining Aquarius Platinum Limited in 2001 as Chief Executive Officer, holding that position until 2012. He is currently a non-executive director of Talvivaara Mining Company Plc, the Finnish nickel miner.

Special responsibilities

Non-executive Chairman of the Board
Member of the Remuneration Committee

TM McConnachie

Mr McConnachie has over 26 years of experience in mining, beneficiation of ferroalloys and precious metals. He was the founder of Merafe Resources Limited (formerly South African Chrome & Alloys Limited), a successful chrome mining company, black empowered and listed on the Johannesburg Stock Exchange. He is well known for identifying mining opportunities and has started many new green-field operations in gold, manganese, aluminium, graphite and tantalite. He has been CEO of a number of mining, mining services and smelting companies in South Africa.

Special responsibilities

Chief Executive Officer

GM Button

Mr Button was a director and company secretary of Sylvania Resources Limited for four years until June 2007. He re-joined the Sylvania Group as company secretary in January 2009 and was appointed to the Board in May 2009. Mr Button is a qualified accountant with over 20 years' experience at a senior management level in the resources industry. He has acted as an executive director, managing director, finance director, chief financial officer and company secretary for a range of publicly listed companies.

Special responsibilities

Joint assistant Company Secretary
Member of the Audit and Remuneration Committees

RA Williams

Mr Williams was appointed to the Board on 29 December 2011. He is a Chartered Accountant with over 20 years' international experience in mining finance, and with an honours degree in French and Spanish. After joining Randgold Resources in 1997, he was appointed group finance director in 2002. Mr Williams went on to become chief financial officer of JSE-listed AECI Limited before moving to BSG Resources Limited. He is currently a director of Taurus Gold and co-founder and director of MineFood Corporation.

Special responsibilities

Chairman of the Audit and Remuneration Committees

COMPANY SECRETARY

The Company Secretary role is held by Codan Services Limited and they are jointly assisted by LM Carroll and GM Button. Mr Carroll was a Director of Sylvania until 14 January 2013. He has over 40 years' experience in the resources industry and has served as executive and non-executive director on a number of private and publicly listed companies. Please refer to the above 'information on directors' section for further details on Mr Button.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was the low-cost extraction of platinum group metals from chrome dumps and current arisings as well as investment in mineral exploration. Further information on this is provided in the CEO's review.

BUSINESS REVIEW

Principal risks and uncertainties

The Group is subject to a variety of risks, specifically those relating to the mining and exploration industry. The Executive Director assisted by senior management undertakes on-going risk assessments to identify and consider major internal and external risks to the business model of the Group. Risks identified are linked to the Group deliverables in order to ensure continuous mitigation of these risks, which is aligned with corporate objectives.

Outlined below is a description of the principal risk factors that the Board feel may affect performance. The risks detailed below are not exhaustive and further risks and uncertainties may exist which are currently unidentified or considered to be immaterial. The risks are not presented in any order of priority.

Commodity price

Risk and impact:

Commodity prices are subject to high levels of volatility and are impacted by a number of factors that are outside of the control of the Group. Low PGM prices may affect the ability of the Group to fund any future growth. Given the contractions in the world economies over the last few years and changes

in the market sentiment towards the resources industry, the Groups' ability to raise sufficient capital, through debt or equity, for further exploration, investment or development is limited.

Mitigation:

Directors and management constantly monitor the market in which the Group operates. Long term financial planning is undertaken on a regular basis and production is focused on the extraction of low-cost ounces. The Group has completed and financed all capital plants and is not planning to construct any new retreatment plants. Any major development capital for the Northern Limb and Volspruit projects remains on hold until mining rights are obtained and will be reassessed by the Board on an on-going basis.

Sustained Resources

Risk and impact:

The retreatment of dump material has a finite life and it is essential for the long-term continuation of the Sylvania Dump Operations (SDO) that additional feed material is found and committed to the plants.

Mitigation:

The majority of operations have dump resources, which will provide several years of production. The risk is further mitigated by the current arisings from the host mines, which are fed through the SDO. These feed sources will be available to the Group for the life of the mine and are currently not at risk. Opportunities to acquire additional resources and the ability to expand the life of the SDO are continually being investigated by the Board and senior management.

Failure to attract and retain key staff

Risk and impact:

The Group relies on a small team of experienced professionals for its success. The loss of key personnel and the failure to attract appropriate staff may cause short-term disruption to the business.

Mitigation:

In order to reduce this risk, key employees have been given longer notice periods and a share option scheme. Succession planning also features on the agenda at Board meetings.

Country Risk

Risk and impact:

The Groups' operations are all in South Africa where the mining labour environment continues to be a concern for the sector in general.

Mitigation:

Directors and management place great emphasis on maintaining constructive relations with labour.

GROUP FINANCIAL RESULTS

Results for the year

The consolidated loss of the Group for the year before income tax expense was \$2.9 million (2013: profit \$5.4 million). This loss is primarily due to the impairment of Everest North and CTRP of \$1.4 million and \$1.3 million respectively. Further non-cash expenses include depreciation of \$7.2 million, share-based payments of \$1.4 million and a foreign exchange loss of

\$0.4 million. The Group adjusted EBITDA (earnings before interest, tax, depreciation, amortisation and impairment) for the year was \$7.5 million.

Production throughput increased by 25% from 2,012,633 tonnes to 2,510,029 tonnes and total ounces produced increased by 22% to 53,808 PGM ounces for the year from 44,095 in the prior year. Revenue increased by 18% from \$40.0 million in FY2013 to \$47.2 million for the current year. Cost of sales (direct and indirect costs of production) increased 10% due to the increased volumes, countered by the drop in general and administrative costs.

Capital spend decreased during the current financial year and consists of \$3.4 million exploration expenditure, including \$2.5 million spent on the acquisition of the Grasvally prospecting right, and \$2.1 million additions to property, plant and equipment.

The cash balance at 30 June 2014 was \$5.3 million (2013: \$6.6 million). The Group has generated a net cash inflow from operating activities of \$5.1 million.

REVIEW OF OPERATIONS

A detailed review of operations has been included in the CEO's review.

CORPORATE MATTERS

Key management changes

As at the end of March 2014, Nigel Trevarthen retired from his position as Deputy CEO. Jaco Prinsloo, previously Executive Officer: Operations, was appointed Managing Director of Sylvania Metals (Pty) Ltd.

Exploration and opencast mining projects

The Group awaits the outcome of the MRA for PGMs on the Harriett's Wish farm, which was submitted to the DMR by Hacra Mining and Exploration Company (Pty) Ltd, a Sylvania subsidiary.

Following an extensive public participation process, the EIA to the MRA on Volspruit was submitted on 28 January 2014. A flood event occurred on the Nyl River in the third quarter of FY2014, which provided crucial data to confirm the expected environmental and hydrological impacts of the proposed mining activity. These findings were assessed and submitted as an addendum to the MRA and independently reviewed by various specialists, including those from the Institute for Groundwater Studies at the University of the Free State. The data and subsequent modelling will also enhance the WULA process envisioned to proceed upon the receipt of the mining right. The Group still awaits the outcome of this but expects further communication from the DMR in the imminent future.

As a critical extension and envisioned as part of the Volspruit Project, the Group purchased the surface rights to the Grasvally and Zoetveld farms adjacent to Volspruit during the third quarter of FY2013. During the second quarter of FY2014, the Group entered into an agreement to purchase the prospecting right over this land, thereby consolidating the surface and mineral rights. The DMR's consent in terms of Section 11 of the MPRDA

DIRECTORS' REPORT

continued

to transfer the prospecting right to the Groups' subsidiary was registered at the mining titles office in the fourth quarter of FY2014 and work has begun towards the eventual application for a mining right on the property. Continuation of mapping and exposing of the old adits is on-going, with focus shifting towards the lower chrome layer, which initial investigations indicate to be of a higher grade than that currently exposed.

Share buy-back and issue of bonus shares

On 4 September 2013, 1.7 million ordinary shares of \$0.10 each in Sylvania Platinum Limited were repurchased at 8.15 pence per share. On 5 March 2014 these shares were allocated to senior management in recognition of the achievement of performance criteria. These shares vested on 30 June 2014.

Grant of options

On 29 August 2013, 1.6 million options were issued in terms of the Sylvania option plan approved by the shareholders on 29 December 2011.

Summons received from Platmin South Africa (Pty) Ltd

The Company, through its legal representatives, received notification on 11 July 2014 that Platmin South Africa (Pty)

Ltd (Platmin), previously Boynton Investments (Pty) Ltd, had removed the matter for hearing as set down for 1 August 2014. In this matter, Platmin claims co-ownership of the tailings, alternatively of the PGMs contained in the Lannex tailings dam. This is a similar claim to that which Platmin has previously brought, with such previous claim being later withdrawn in its entirety and with Platmin required to pay all costs. The withdrawal in this instance merely relates to the date the matter was set to proceed to trial, although it appears that Platmin still intends to proceed at a later date. The Company, having consulted its legal advisers, accordingly continues to refute these claims and will keep shareholders apprised of any developments as they arise.

Likely developments and expected results

Additional comments on expected results of operations of the Group are included in the review of operations and activities in the CEO's review.

Environmental legislation

The Group is subject to significant environmental legal regulations in respect of its exploration and evaluation activities in South Africa. There have been no known significant breaches of these regulations and principles by the Group.

MEETINGS OF DIRECTORS

During the financial year under review there were three formal directors' meetings. All other matters that required formal Board resolutions were dealt with via written circular resolutions and through the holding of conference calls. In addition, the directors met on an informal basis at regular intervals during the year to discuss the Group's affairs, as well as held a formal strategy session and made annual plant visits.

The number of formal meetings of the Groups' Board attended by each director was:

	Board		Audit Committee		Remuneration Committee	
	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended
TM McConnachie	3	3	—	—	—	—
SA Murray	3	3	—	—	2	2
GM Button	3	3	2	2	2	2
RA Williams	3	3	2	2	2	2

DIRECTORS' INTEREST IN SHARES AND OPTIONS

The following relevant interests in the shares and options of the Company or related body corporate were held by the directors as at the reporting date:

Shares and options

2014	Common shares	Share options
TM McConnachie	1,365,000 *	2,500,000
SA Murray	—	1,000,000
GM Button	500,000	1,100,000
RA Williams	367,000	700,000

* Includes 865,000 treasury shares granted as bonus award, vested but not yet transferred on 30 June 2014.

DIRECTORS AND KEY MANAGEMENT PERSONNEL

The key management personnel of the Group are the directors of the Company and those executives that report directly to the Chief Executive Officer or as determined by the Board. Details of directors and key personnel remuneration is as follows:

Directors and key management remuneration

	Short-term benefits			Post-employment benefits	Share-based payment	Total
	Cash salary/ Consulting fees	Bonus ¹	Directors' fees	Super-annuation	Equity shares/ share options	
2014	\$	\$	\$	\$	\$	\$
DIRECTORS						
TM McConnachie	435,861	—	60,000	—	314,353	810,214
SA Murray	—	—	100,000	—	55,828	155,828
GM Button	127,825	—	60,000	—	96,837	284,662
RA Williams	—	—	89,623 ²	—	53,327	142,950
	563,686	—	309,623	—	520,345	1,393,654
OTHER KEY MANAGEMENT						
	1,452,076	107,796	—	—	786,419	2,346,291
	2,015,762	107,796	309,623	—	1,306,764	3,739,945

¹ Cash bonuses were awarded to directors and key personnel based on individual performance.

² Includes per diem fee for specific additional work undertaken as pre-agreed with the Board.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year, the Company paid premiums in respect of a contract insuring all directors and officers of the Company against liabilities incurred as directors or officers. Due to confidentiality clauses in the contract the amount of the premium has not been disclosed. The Company has no insurance policy in place that indemnifies the Company's auditors.

GOING CONCERN

The Board of directors is satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. It is for this reason that the consolidated annual financial statements have been prepared on the going concern basis.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affects the financial position of the Group or the results of its operations.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Signed in accordance with a resolution of the directors.



TM McConnachie

Chief Executive Officer

29 October 2014

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Company, being listed on AIM, is not required to comply with the UK Corporate Governance Code (the Code) re-issued in September 2012. However, the directors support the objectives of the Code and intend to comply with those aspects that they consider relevant to the Group's size and circumstances. Details of these are set out below.

THE BOARD OF DIRECTORS

The Board's role is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets corporate and operational strategy and holds regular Board meetings to review planning, operational and financial performance. The Board is responsible for setting the Groups' values and standards and ensuring that its obligations to shareholders and others are met.

The Board currently comprises four members being the independent non-executive Chairman, one independent non-executive director, one non-executive director and one executive director; the details of whom are outlined in the Directors' report. There is a clear division of responsibilities at the head of the Group through the separation of the positions of Chairman and the Chief Executive Officer.

The Board currently comprises:

SA Murray

Chairman and Independent Non-executive Director

TM McConnachie

Chief Executive Officer

RA Williams

Independent Non-executive Director

GM Button

Non-executive Director

RISK ASSESSMENT

The Board undertakes on-going risk assessments to identify and consider major internal and external risks to the business model of the Group. Principal risks and uncertainties are detailed in the Directors' report.

SHAREHOLDER RELATIONS

Management and the Chairman meet regularly with major shareholders to develop a balanced understanding of the issues and concerns of shareholders. The Chairman ensures that the views of shareholders are communicated to the board as a whole.

The directors have established Audit, Remuneration and Nominations Committees. Corporate governance and sustainability issues are dealt with by the full Board of directors.

AUDIT COMMITTEE

The membership of the Audit Committee comprises Roger Williams (chairperson), Grant Button and Louis Carroll. All members of the Audit Committee are qualified accountants.

The Audit Committee meets at least twice annually. The committee reviews the financial reports and accounts and the half-yearly and annual financial statements in light of the Groups' accounting policies to monitor the integrity

of the Groups' financial statements and announcements.

The committee reviews internal control and risk management systems and compliance procedures and makes any necessary recommendations to the Board.

In addition, the committee is charged with reviewing the independence, performance, terms of engagement and level of fees for the auditors, as well as monitoring the level of non-audit fees incurred with the audit firm. The Audit Committee invites representatives of the external auditor to all committee meetings. The Audit Committee is satisfied that the Groups' auditors are independent.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by Roger Williams and includes Stuart Murray and Grant Button as members. During 2014 the Remuneration Committee formally met twice and it is intended that the committee will meet twice in 2015.

Under its terms of reference, the Remuneration Committee assists the Board to determine the remuneration arrangements and contracts of the executive directors and senior employees. It also reviews the Board and executives' key performance indicators, as well as performance-related pay and option scheme allocations.

No director is involved in reviewing their own remuneration.

The directors' remuneration, which includes details of the directors' interests in options and shares is set out in the Directors' report.

The independent non-executive directors may, if needed, seek independent professional advice, at the Groups' expense, in the execution of their duties.

Refer to the Directors' report for the Board, Audit Committee and Remuneration Committee meetings attendance register table.

NOMINATIONS COMMITTEE

The role of the Nominations Committee is undertaken by the full Board of directors. Under its terms of reference, the Nominations Committee is charged with finding suitable candidates for nomination for appointment to the Board of directors.

INTERNAL CONTROLS

The Board is responsible for establishing the Group's system of internal controls and for reviewing the effectiveness of such controls. The controls have been designed to safeguard the assets of the Group and to ensure the reliability of financial information both for internal use and external publication. Controls cover the financial, operational, compliance and management functions and are reviewed on a regular basis. However, this can only provide reasonable and not absolute assurance against material errors, losses or fraud. Due to the relatively small size of the Group's operations, the directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The directors reviewed the effectiveness of the procedures presently in place and considered them appropriate to the nature and scale of the operations of the Group.

The financial data in this report is stated in US Dollars.

FINANCIAL STATEMENTS

Audited financial statements and notes.

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DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Directors have elected to prepare the Group financial statements under International Financial Reporting Standards (IFRSs).

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

The Directors are also responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the sections of the annual report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board



TM McConnachie
Chief Executive Officer
29 October 2014

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SYLVANIA PLATINUM LIMITED

We have audited the consolidated financial statements of Sylvania Platinum Limited, which comprise the consolidated statement of financial position at 30 June 2014, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 20 to 69.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of Sylvania Platinum Limited at 30 June 2014, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Inc.

Registered Auditor

Per Riaan Davel

Chartered Accountant (SA)

Registered Auditor

Director

29 October 2014

KPMG Crescent
85 Empire Road
Parktown, 2193
Johannesburg

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Revenue	4(a)	47,220,684	39,981,761
Cost of sales		(42,895,037)	(39,137,783)
Gross profit		4,325,647	843,978
Other income	4(b)	84,796	10,014,714
Losses on sale of property, plant and equipment		(3,725)	(1,629)
Foreign exchange (loss)/gain		(445,852)	165,164
(Loss)/gain on financial assets at fair value through profit and loss		(16,524)	4,106
Impairment of available-for-sale financial assets		–	(44,394)
Impairment of exploration and evaluation assets	9	(1,591,444)	–
Impairment of investments in associates	7	(1,290,604)	–
Share of loss of associates	7	(51,975)	(201,040)
General and administrative costs		(4,011,699)	(5,467,202)
Operating (loss)/profit before finance costs and tax expense		(3,001,380)	5,313,697
Finance revenue	4(e)	227,166	268,634
Finance costs	4(e)	(152,542)	(220,564)
(Loss)/profit before income tax expense		(2,926,756)	5,361,767
Income tax expense	5	(2,187,431)	(992,536)
Net (loss)/profit for the year		(5,114,187)	4,369,231
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Available-for-sale financial assets – net change in fair value	15	4,179	–
Foreign currency translation	15	(1,868,175)	(18,087,729)
Total other comprehensive income (net of tax)		(1,863,996)	(18,087,729)
Total comprehensive loss for the year		(6,978,183)	(13,718,498)
(Loss)/profit attributable to:			
Owners of the parent		(5,114,187)	4,369,231
		(5,114,187)	4,369,231
Total comprehensive loss attributable to:			
Owners of the parent		(6,978,183)	(13,718,498)
		(6,978,183)	(13,718,498)
		Cents	Cents
(Loss)/profit per share for (loss)/profit attributable to the ordinary equity holders of the Company:			
Basic (loss)/earnings per share	6	(1.70)	1.45
Diluted (loss)/earnings per share	6	(1.70)	1.39

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Notes	2014 \$	2013 \$	2012 \$
ASSETS				
Non-current assets				
Investments in associates	7	10	1,698,542	2,048,635
Other financial assets	8	2,551,296	1,547,514	93,235
Exploration and evaluation assets	9	70,220,438	67,276,715	75,602,341
Property, plant and equipment	10	51,070,245	60,289,304	68,492,697
Total non-current assets		123,841,989	130,812,075	146,236,908
Current assets				
Cash and cash equivalents	11	5,320,347	6,564,885	15,696,899
Trade and other receivables	12	16,696,829	11,860,948	12,942,343
Inventories	13	758,893	612,866	596,719
Current tax asset		–	49,846	403,527
Non-current assets classified as held-for-sale		–	–	1,343,889
Total current assets		22,776,069	19,088,545	30,983,377
Total assets		146,618,058	149,900,620	177,220,285
EQUITY AND LIABILITIES				
Shareholders' equity				
Issued capital	14	29,515,534	29,515,534	29,557,290
Reserves	15	70,419,757	71,055,566	98,204,246
Retained profits	16	15,733,701	20,847,888	16,478,657
Equity attributable to the owners of the parent		115,668,992	121,418,988	144,240,193
Non-controlling interest		–	–	–
Total equity		115,668,992	121,418,988	144,240,193
Non-current liabilities				
Interest-bearing loans and borrowings	17	205,948	170,287	256,063
Provisions	18	3,411,056	2,578,036	1,257,235
Deferred tax liability	5	19,424,960	18,728,253	23,623,156
Total non-current liabilities		23,041,964	21,476,576	25,136,454
Current liabilities				
Trade and other payables	19	7,745,669	6,828,169	7,623,192
Interest-bearing loans and borrowings	17	158,899	169,151	174,654
Current tax liability		2,534	7,736	9,317
Liabilities directly associated with the non-current assets classified as held-for-sale		–	–	36,475
Total current liabilities		7,907,102	7,005,056	7,843,638
Total liabilities		30,949,066	28,481,632	32,980,092
Total liabilities and shareholders' equity		146,618,058	149,900,620	177,220,285

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Issued capital	Share premium reserve	Reserve for own shares	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 interest	Total equity
	\$	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2012	29,557,290	159,938,383	–	16,478,657	–	1,394,114	6,392,255	(39,779,293)	(29,741,213)	144,240,193	–	144,240,193
Profit for the year	–	–	–	4,369,231	–	–	–	–	–	4,369,231	–	4,369,231
Other comprehensive income	–	–	–	–	–	–	(18,087,729)	–	–	(18,087,729)	–	(18,087,729)
Total comprehensive income for the year	–	–	–	4,369,231	–	–	(18,087,729)	–	–	(13,718,498)	–	(13,718,498)
Share transactions												
– Share buy- back	(40,000)	(21,992)	–	–	–	–	–	–	–	(61,992)	–	(61,992)
– Capital raising costs	(1,756)	–	–	–	–	–	–	–	–	(1,756)	–	(1,756)
– Share-based payments	–	–	–	–	–	1,269,239	–	–	–	1,269,239	–	1,269,239
In specie distribution	–	(10,308,198)	–	–	–	–	–	–	–	(10,308,198)	–	(10,308,198)
Balance as at 30 June 2013	29,515,534	149,608,193	–	20,847,888	–	2,663,353	(11,695,474)	(39,779,293)	(29,741,213)	121,418,988	–	121,418,988
Balance as at 1 July 2013	29,515,534	149,608,193	–	20,847,888	–	2,663,353	(11,695,474)	(39,779,293)	(29,741,213)	121,418,988	–	121,418,988
Loss for the year	–	–	–	(5,114,187)	–	–	–	–	–	(5,114,187)	–	(5,114,187)
Other comprehensive income	–	–	2,775	–	4,179	–	(1,870,950)	–	–	(1,863,996)	–	(1,863,996)
Total comprehensive income for the year	–	–	2,775	(5,114,187)	4,179	–	(1,870,950)	–	–	(6,978,183)	–	(6,978,183)
Share transactions												
– Treasury shares acquired	–	–	(220,654)	–	–	–	–	–	–	(220,654)	–	(220,654)
– Share-based payments	–	–	217,879	–	–	1,230,962	–	–	–	1,448,841	–	1,448,841
Balance as at 30 June 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	–	115,668,992

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		41,758,143	37,921,910
Payments to suppliers and employees		(36,802,918)	(34,222,019)
Finance revenue		173,482	255,111
Realised foreign exchange (loss)/gain		(27,110)	165,164
Exploration expenditure		(7,437)	(11,488)
Finance costs		(20,413)	(60,687)
Taxation (paid)/received		(10,513)	5,092
Net cash inflow from operating activities	20	5,063,234	4,053,083
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,243,472)	(10,310,413)
Payments for exploration and evaluation		(3,458,778)	(549,463)
Payment of loans to Ironveld Holdings		(1,091,107)	(495,945)
Cash attributable to disposal of non-current assets held-for-sale		–	(19,313)
Receipts/(payments) for equity accounted investments		277,150	(198,275)
Net cash outflow from investing activities		(5,516,207)	(11,573,409)
Cash flows from financing activities			
Repayment of borrowings		(201,656)	(235,361)
Repayment of loans from related parties		(20,461)	(5,271)
Payment for treasury shares		(220,654)	–
Payment for share buy-back		–	(61,992)
Capital transaction costs		–	(1,756)
Net cash outflow from financing activities		(442,771)	(304,380)
Net decrease in cash and cash equivalents		(895,744)	(7,824,706)
Effect of exchange fluctuations on cash held		(348,794)	(1,327,089)
Cash and cash equivalents, beginning of period		6,564,885	15,716,680
Cash and cash equivalents, end of period	11	5,320,347	6,564,885

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

I. CORPORATE INFORMATION

The consolidated financial statements of Sylvania Platinum Limited (Sylvania or the Company) for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Directors on 29 October 2014. Sylvania is a limited company incorporated and domiciled in Bermuda whose shares are publicly traded. Sylvania's registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. These consolidated financial statements comprise the Company and its subsidiaries and investments in associates (collectively the Group).

The principal activity of the Group during the financial year was investment in mineral exploration and mineral treatment projects. Operational focus during the financial year was concentrated on the retreatment plants.

The consolidated financial statements represent the ongoing activities of the Sylvania Group.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated 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.

Functional and presentation currency

The consolidated financial information is presented in US Dollars and the parent's functional currency is Australian Dollars. The presentation currency differs from the functional currency of the parent as the sales of platinum metals are denominated in US Dollars; and alignment of the functional currency with the sales price is considered to provide more useful information to the users of the financial statements. All amounts have been rounded to the nearest US Dollar, unless otherwise indicated.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Changes in accounting policies

The accounting policies adopted are consistent with those in the previous financial year except that in the current year, the Group has adopted all new and revised Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretation Committee (IFRIC) of the IASB that are relevant to its operations and effective for the accounting periods beginning on or before 1 July 2013, including:

- *IFRS 7 Financial Instruments: Disclosures (amendments) – offsetting financial assets and liabilities*
- *IFRS 10 Consolidated Financial Statements (new standard)*
- *IFRS 11 Joint Arrangements (new standard)*
- *IFRS 12 Disclosure of Interests in Other Entities (new standard)*
- *IFRS 13 Fair Value Measurement (new standard)*
- *IAS 1 Presentation of Financial Statements (amendments) – comparative information requirements*
- *IAS 16 Property, Plant and Equipment (amendments) – recognition and classification of servicing equipment*
- *IAS 19 Employee benefits – short-term and long-term benefits*
- *IAS 28 Investments in Associates and Joint Ventures (amendments)*

The nature and effects of the changes that have a material effect on the annual financial statements are explained below:

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

As a result of the application of IFRS 10 and IFRS 11, the Group has changed its accounting policy for determining whether it has control, joint control or significant influence over its investees. In terms of IFRS 10, there has been no change in the conclusion of control over its subsidiaries. In accordance with the transitional provisions of IFRS 11, the Group reassessed its level of joint control or significant influence over its investees and when making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

The application of IFRS 11 affected the Group's accounting of its 25% interest in Chrome Tailings Retreatment Project (CTRP), which operated a chrome tailings retreatment plant at Kroondal in South Africa. The investment in CTRP has been reclassified 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. The Group applied this change in classification retrospectively.

The following table summarises the quantitative impacts of the above change on the Group's financial position. The Group has taken advantage of the transitional provisions of Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transitional Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12), and has not included in the following table, the impact of reclassifying CTRP from 'Equity accounted investments in joint ventures' to 'Investments in associates' as at and for the year ended 30 June 2014.

Consolidated statement of financial position

	Impact of changes in accounting policies	
	As previously reported	As restated
	\$	\$
At 1 July 2012		
Equity accounted investments in joint ventures	2,048,635	–
Investments in associates	–	2,048,635
At 30 June 2013		
Equity accounted investments in joint ventures	1,698,531	–
Investments in associates	11	1,698,542

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements. As a result of IFRS 12, the Group has expanded its disclosures about its interests in subsidiaries (see Note 25) and equity-accounted investees (see Note 7).

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single 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. As a result, the Group has included additional disclosures in this regard (see Note 22).

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.

IAS 1 Presentation of Financial Statements

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 July 2012. The amendments affect presentation only and have no impact on the Group's financial position or performance.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period.

Estimates and underlying assumptions are continuously evaluated, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is described herewith.

Production start date

The Group assesses the stage of each plant under construction to determine when it moves into the production stage being when the plant is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each plant construction project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the production phases are considered to commence and all related amounts are reclassified from 'construction in progress' to 'plant and equipment'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

2. SIGNIFICANT ACCOUNTING POLICIES *continued*

2.2 Significant accounting judgements, estimates and assumptions *continued*

Judgements *continued*

Some of the criteria used will include, but are not limited to, the following:

- level of capital expenditure incurred compared to the original construction cost estimates;
- completion of a reasonable period of testing of the plant and equipment;
- ability to produce concentrate in saleable form (within specifications); and
- ability to sustain ongoing production of concentrate.

When a construction project moves into the production stage, the capitalisation of certain construction costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to asset additions or improvements, or reserve development. It is also at this point that depreciation/amortisation commences.

Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 Financial Instruments: Recognition and Measurement to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Assessment of inter-company loans as net investments in foreign operations

Settlement of certain inter-company loans to South African entities denominated in Australian Dollars is neither planned nor likely to occur in the foreseeable future and the loans are therefore considered to be in substance, part of the Group's net investment in the foreign operations. The exchange differences arising on these loans are recognised in the Group's other comprehensive income.

Investments in associates and joint arrangements

The Group has a 25% interest in Chrome Tailings Retreatment Project (CTRP), which was previously classified as a joint venture and due to the application of IFRS 11, is now classified as an investment in associate. In making this judgement, the Group evaluated the definition of joint control as set out in IFRS 10 and IFRS 11, and determined that the Group does not have joint control over CTRP but has significant influence. Refer to note 2.1.

Estimation uncertainty and assumptions

Information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below.

Revenue recognition

The accounting policy for sale of PGM concentrates is set out in note 2.3(b). The determination of revenue from the time of initial recognition of the sale through to final pricing requires management to re-estimate the fair value of the price adjustment feature continuously. Management determines this with reference to estimated forward prices.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes-Merton model, using the assumptions detailed in note 21.

Exploration and evaluation carrying values

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a Joint Ore Reserves Committee (JORC) resource or South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC) is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available that suggests that the recovery of expenditure is unlikely, the amount capitalised is written off to profit or loss in the period in which the new information becomes available.

Provision for restoration and rehabilitation and decommissioning of plant and equipment

The Group assesses its restoration and rehabilitation and decommissioning of plant and equipment provision annually. Significant estimates and assumptions are made in determining the provision as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

If the change in estimate results in an increase in the restoration and rehabilitation liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36.

The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Impairment of assets

The Group assesses each asset or cash generating unit (CGU) every reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, future capital requirements, exploration potential, closure and rehabilitation costs and operating performance. These estimates and assumptions are inherently uncertain and could change over time, which may impact the recoverable amount of assets and/or CGUs.

Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants at measurement date. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash generating units as being an individual mine site or retreatment plant, which is the lowest level for which cash inflows are largely independent of those of other assets.

Key assumptions used in the assessment of impairment of assets

The recoverable amounts of the Group's retreatment plants have been based on cash flow projections as at 30 June 2014. The internal financial model is based on the known and confirmed resources for each plant, and no allowance has been made for expansion capital in accordance 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 7.5% is the risk free rate as determined by five year South African retail bonds and this has been increased by a risk premium of 5%.

Commodity price – The Group has used forecast commodity prices obtained from reputable financial institutions and these range for years from 2015 – 2018 between \$1,721 and \$2,100/oz for platinum and \$877 to \$1,100 for palladium.

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

Exchange rates – Platinum group metals are priced in USD. The USD/Rand exchange rate used in the discounted cash flow model ranges for years from 2015 – 2018 from 9.56 ZAR/\$1 to 10.50 ZAR/\$1.

Recovery of deferred income tax assets

Judgement is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Inventories

Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained PGM ounces based on assay data, and the estimated recovery percentage based on the expected processing method.

Stockpile tonnages are verified by periodic surveys.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

2. SIGNIFICANT ACCOUNTING POLICIES *continued*

2.2 Significant accounting judgements, estimates and assumptions *continued*

Fair value hierarchy

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the use of discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.3 Summary of significant accounting policies

(a) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, transactions and any unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where ownership of a subsidiary is less than 100%, and therefore a non-controlling interest/s exists, any losses of that subsidiary are attributed to the non-controlling interest/s even if that results in a deficit balance. A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences, recognised in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of the components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Interests in equity-accounted entities

The Group's interests in equity-accounted entities comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Investments in associates are accounted for using the equity method. Under the equity method, the investment is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate, until the date on which significant influence ceases.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate. Where there has been a change recognised directly in other comprehensive income or equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in other comprehensive income and the statement of changes in equity. Unrealised gains resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The Group's share of profit or loss of an associate is shown on the face of the statement of comprehensive income. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(b) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered to be passed to the buyer at the time of delivery of the goods to the customer.

For PGM concentrate sales, the sales are initially recognised at the date of delivery. Adjustments to the sale price occur based on movements in the metal market price up to the date of final pricing. Final pricing is based on the monthly average market price in the month of settlement. The period between initial recognition and final pricing is typically between two and four months. Revenue is initially recorded at the estimated fair value of the consideration receivable. The revenue adjustment mechanism embedded within sales arrangements has the characteristics of a commodity derivative. Accordingly the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value recognised as an adjustment to revenue in profit or loss and trade debtors in the statement of financial position. In all cases, fair value is determined with reference to estimated forward prices.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance revenue in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

2. SIGNIFICANT ACCOUNTING POLICIES *continued*

2.3 Summary of significant accounting policies *continued*

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where surplus funds are available for a short term, out of money borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

(d) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs - refer note 2.3(c).

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in other income in profit or loss.

(e) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave due to be settled wholly within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(f) Share-based payment transactions

Equity settled transactions

The Group provides benefits to employees and consultants (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The charge or credit recognised in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition or non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding shares and options issued is reflected as additional share dilution in the computation of earnings per share (see note 6).

(g) Foreign currency translation

The Group's consolidated financial statements are presented in US dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency by applying the exchange rates ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

All resulting exchange differences are taken to profit and loss.

Group companies

As at the reporting date on consolidation, the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and their statements of comprehensive income are translated at the weighted average exchange rate for the year. The exchange differences arising on the translation for consolidation are recognised in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

Monetary assets and liabilities that are receivable from or payable to a foreign subsidiary and for which settlement is neither planned nor likely to occur in the foreseeable future, forms part of the net investment in a foreign operation and the resulting exchange differences are recognised in other comprehensive income. The repayment of such a balance is not considered to be a partial disposal and the cumulative exchange differences recognised in other comprehensive income is not reclassified to profit or loss, until the foreign entity is disposed of.

(h) Income tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

2. SIGNIFICANT ACCOUNTING POLICIES *continued*

2.3 Summary of significant accounting policies *continued*

(h) Income tax *continued*

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available to allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances arose of the situation at that date. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) or in profit or loss.

Royalties, resource rent taxes and revenue-based taxes

Royalties, resource rent taxes and revenue-based taxes are accounted for under IAS 12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income - rather than based on quantity produced or as a percentage of revenue - after adjustment for temporary differences. For such arrangements, current and deferred income tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements that do not satisfy these criteria are recognised as current provisions and included in expenses.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(i) Property, plant and equipment

Property, plant and equipment and mine properties are stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

Upon completion of mine construction, the assets are transferred into property, plant and equipment or mine properties. When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development.

Depreciation/amortisation

The premium paid in excess of the intrinsic value of land to gain access is amortised over the life of mine.

Depreciated is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- mining properties, plant and equipment – 10 years
- leasehold improvements – three years
- computer equipment and software – three years
- furniture and fittings – six years
- office equipment – five years
- equipment and motor vehicles – five years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period, and adjusted prospectively if appropriate.

Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the replacement item will flow to the Group, the expenditure is capitalised.

Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other day to day maintenance costs are expensed as incurred.

(j) Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred when the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, gathering exploration data through geophysical studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Where a decision has been made to proceed with development in respect of a particular area of interest and once JORC-compliant reserves are established, the relevant exploration and evaluation assets are tested for impairment and the balance is then transferred to mine 'construction in progress'. No amortisation is charged during the exploration and evaluation phase.

Upon transfer of 'exploration and evaluation assets' into 'construction in progress', all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value. They are subsequently measured at cost less accumulated impairment.

(k) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset (or cash-generating unit (CGU)) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment of inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

2. SIGNIFICANT ACCOUNTING POLICIES *continued*

2.3 Summary of significant accounting policies *continued*

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

(I) Financial instruments – initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 'Financial Instruments: Recognition and Measurement' are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes any derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss.

The Group evaluated its financial assets as held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and accumulated in the net unrealised gains reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR

amortisation is included in finance revenue in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; and
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance revenue in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

2. SIGNIFICANT ACCOUNTING POLICIES *continued*

2.3 Summary of significant accounting policies *continued*

Financial liabilities *continued*

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 22.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows):

- when the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item;
- embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract; and
- derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and a non-current portion only if a reliable allocation can be made.

Normal purchase or sale exemption

Contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements fall within the exemption from IAS 32 and IAS 39, which is known as the 'normal purchase or sale exemption' (with the exception of those with quotation period clauses, which result in the recognition of an embedded

derivative. Refer note 2.3(l) Financial assets –Financial assets at fair value through profit or loss for more information). These contracts and the host part of the contracts containing embedded derivatives are accounted for as executory contracts. The Group recognises such contracts in its statement of financial position only when one of the parties meets its obligation under the contract to deliver either cash or a non-financial asset.

(m) Cash and cash equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(n) Trade and other receivables

Trade receivables include actual invoiced sales of PGM concentrate as well as sales not yet invoiced for which deliveries have been made and the risks and rewards of ownership have passed. The receivable amount calculated for the PGM concentrate delivered but not yet invoiced is recorded at the fair value of the consideration receivable at the date of delivery. At each subsequent reporting date and at the date of settlement, the receivable is restated to reflect the fair value movements in the pricing mechanism which is considered to represent an embedded derivative.

Other receivables are stated at cost less any allowance for uncollectable amounts. An allowance is made when there is objective evidence that the Group will not be able to collect debts. Bad debts are written off when identified.

(o) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- raw materials – purchase cost on a first-in, first-out basis; and
- finished goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(p) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(q) Provisions

Where applicable, provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation provision

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development/construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

2. SIGNIFICANT ACCOUNTING POLICIES *continued*

2.3 Summary of significant accounting policies *continued*

(q) Provisions *continued*

The periodic unwinding of the discount is recognised in profit or loss as a finance cost. Changes in rehabilitation costs relating to the asset will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Additional disturbances as a result of producing inventories are treated as a cost of producing inventories and recognised in profit or loss when sold.

For closed sites, changes to estimated costs are recognised immediately in profit or loss.

(r) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares (employee share plan shares) are deducted from equity and no gain or loss is recognised in profit and loss on purchase, sale, issue or cancellation of the Groups' own equity instruments.

(s) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares.

Diluted earnings per share are calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

2.4 New Standards and Interpretations

Future Accounting Standards

Certain IFRS and IFRIC Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group as at the annual reporting period ended on 30 June 2014.

Reference	Title	Summary	Application date of standard	Application date for Group
Improvements to IFRS: IFRS 2	Share-based payments	The amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions. The impact of the amendments to this standard is currently being assessed, however it is unlikely that they will have a material impact on the Group's financial position or performance.	1 July 2014	1 July 2014
Improvements to IFRS: IFRS 3	Business combinations	The amendments include an amendment to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IAS 39, and an amendment to the scope paragraph for the formation of a joint arrangement. It is unlikely that the adoption of this amendment will have a material impact on the Group's financial position or performance.	1 July 2014	1 July 2014
Improvements to IFRS: IFRS 8	Operating segments	The amendments include some changes to disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as changes to disclosure of certain reconciliations. The adoption of this amendment will not impact the results of the Group, but may result in more disclosure than is currently provided.	1 July 2014	1 July 2014

Reference	Title	Summary	Application date of standard	Application date for Group
IFRS 9	Financial instruments	IFRS 9 Financial Instruments includes requirements for the classification, measurement and derecognition of financial assets and financial liabilities resulting from the first part of Phase I of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. These requirements improve and simplify the approach for classification and measurement of financial assets and liabilities compared with the requirements of IAS 39. The main changes from IAS 39 are described below. (a) IFRS 9 requires financial assets to be classified at initial recognition into two measurement categories: those measured at fair value and those measured at amortised cost. The classification is based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. (b) For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. The main change is that, for financial liabilities designated at fair value through profit or loss, the amount of fair value change attributable to the credit risk of the liability is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss. (c) IFRS 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. The impact of this standard is currently being assessed.	1 January 2018	1 July 2018
Amendments to IFRS 11	Joint arrangements	The amendment provides new guidance on how to account for the acquisition of an interest in a joint operation in which that activity constitutes a business. The impact of this standard is currently being assessed.	1 January 2016	1 July 2016
Improvements to IFRS: IFRS 13	Fair value measurement	The amendments include the clarification of the measurement requirements for short-term receivables and payables, and an amendment to clarify that the portfolio exemption applies to all contracts within the scope of, and accounted for in accordance with,	1 July 2014	1 July 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

2. SIGNIFICANT ACCOUNTING POLICIES *continued*

2.4 New Standards and Interpretations *continued*

Reference	Title	Summary	Application date of standard	Application date for Group
Improvements to IFRS: IFRS 13 continued	Fair value measurement continued	IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments. It is unlikely that the adoption of this amendment will have a material impact on the Group's financial position or performance.		
IFRS 15	Revenue from contracts with customers	IFRS 15 is a new standard that replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Arrangements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC Revenue: Barter Transactions. The standard requires entities to recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, which is achieved through a five step methodology. The impact of this standard is currently being assessed.	1 January 2017	1 July 2017
Amendments to IAS 16	Property, plant and equipment	The amendments establish the principle for the basis of depreciation as being the expected pattern of consumption of future economic benefits of an asset and clarifies that revenue is not an appropriate basis for measuring the consumption of future economic benefits of an asset. The impact of this amendment is currently being assessed.	1 January 2016	1 July 2016
Improvements to IFRS: IAS 24	Related party disclosures	The definition and disclosure requirements for key management personnel were amended. The adoption of this amendment will not impact the results of the Group, but may result in a change to the disclosure that is currently provided.	1 July 2014	1 July 2014
Amendments to IAS 32	Financial instruments – presentation	The amendment requires entities to disclose additional information relating to the offsetting of financial assets and financial liabilities. It is unlikely that the adoption of this amendment will have a material impact on the Group's financial position, performance or disclosure.	1 January 2014	1 July 2014
IFRIC Interpretation 21	Levies	The interpretation provides guidance on when to recognise a liability for a levy imposed by a government. It is unlikely that the adoption of this amendment will have a material impact on the Group's financial position or performance.	1 January 2014	1 July 2014

3. 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:
 - o Millsell
 - o Steelpoort
 - o Lannex
 - o Mooiooi (two plants reported as a single unit)
 - o Doornbosch
 - o Tweefontein; and
- 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 revenue) and income taxes are managed on a Group basis and are not allocated to operating segments.

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2.3 of the financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

- finance revenue;
- finance costs; and
- unallocated expenses (note 3(d)).

The following tables present revenue and profit information and certain asset and liability information regarding reportable segments for the years ended 30 June 2014 and 30 June 2013.

	Millsell	Steelpoort	Lannex	Mooinooi	Doornbosch	Tweefontein	Exploration projects	Corporate/unallocated	Consolidated
2014	\$	\$	\$	\$	\$	\$	\$	\$	\$
Segment assets	5,871,735	5,133,580	12,185,567	21,373,876	10,662,825	13,186,198	74,218,642	3,985,635	146,618,058
Capital expenditure*	2,369,533	2,845,168	9,568,938	15,659,140	5,837,358	10,407,827	74,156,954	445,765 (a)	121,290,683
Other assets	3,502,202	2,288,412	2,616,629	5,714,736	4,825,467	2,778,371	61,688	3,539,870 (b)	25,327,375
Segment liabilities	1,572,485	1,120,291	1,451,055	2,282,359	1,445,545	1,321,332	1,245,291	20,510,708 (c)	30,949,066
Segment revenue	7,208,504	6,377,617	6,577,705	10,796,991	9,146,892	7,112,975	–	227,166	47,447,850
Segment result	2,195,077	1,087,166	(689,490)	(1,826,552)	3,065,440	610,176	(1,836,239)	(7,719,765) (d)	(5,114,187)
Net loss for the year after tax									(5,114,187)
Included within the segment results:									
Depreciation	572,466	637,825	1,619,660	2,167,780	910,382	1,148,943	–	116,170	7,173,226 (e)
Direct operating costs	4,440,961	4,644,749	5,647,535	10,455,763	5,171,070	5,308,876	–	–	35,668,954 (f)
Write-off of property, plant and equipment	–	7,877	–	–	–	44,980	–	–	52,857 (f)
Impairment of exploration and evaluation assets	–	–	–	–	–	–	1,591,444	–	1,591,444
Other items	–	–	–	–	–	–	–	–	–
Income tax expense	–	–	–	–	–	–	–	2,187,431	2,187,431
Capital expenditure additions	137,076	250,889	143,243	301,070	142,928	882,445	3,461,393	211,435	5,530,479

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

3. SEGMENT REPORTING continued

Segment information continued

	Millsell	Steelpoort	Lannex	Mooinooi	Doornbosch	Tweefontein	Exploration projects	Corporate/unallocated	Consolidated
2013	\$	\$	\$	\$	\$	\$	\$	\$	\$
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	149,900,620
Capital expenditure*	2,997,907	3,471,660	11,828,031	18,772,339	7,070,879	11,489,772	70,039,802	1,895,629 (a)	127,566,019
Other assets	2,230,129	1,255,089	1,373,931	3,336,866	2,827,413	850,788	92,255	10,368,130 (b)	22,334,601
Segment liabilities	980,727	1,080,366	1,518,376	1,795,623	1,369,072	858,749	1,286,581	19,592,138 (c)	28,481,632
Segment revenue	6,204,724	6,071,221	6,986,313	7,787,492	9,665,053	3,266,958	–	268,634	40,250,395
Segment result	1,789,918	494,841	(144,672)	(3,529,145)	3,445,213	(905,456)	–	3,218,532 (d)	4,369,231
Net profit for the year after tax									4,369,231
Included within the segment results:									
Depreciation	711,194	754,458	1,725,683	2,543,924	1,049,490	891,339	–	103,583	7,779,671 (e)
Direct operating costs	3,703,612	4,821,922	5,405,302	8,772,713	5,170,350	3,281,075	–	–	31,154,974 (f)
Other items									
Income tax expense	–	–	–	–	–	–	–	992,536	992,536
Capital expenditure additions	54,883	22,669	54,577	1,380,291	272,038	6,098,513	4,404,755	245,082	12,532,808

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

	2014	2013
	\$	\$
Major items included in corporate /unallocated		
(a) Capital expenditure		
Exploration expenses Everest North	–	1,455,432
Other	445,765	440,197
	445,765	1,895,629
(b) Other assets		
Cash and cash equivalents	347,388	6,518,542
Investments in associates	10	1,698,542
Current tax asset	–	49,846
Other financial assets	2,551,296	1,547,514
Other	641,176	553,686
	3,539,870	10,368,130
(c) Liabilities		
Deferred tax	19,424,960	18,728,253
Interest-bearing loans and borrowings	212,795	87,756
VAT/GST payable	324,711	63,863
Current tax liability	2,534	–
Other	545,708	712,266
	20,510,708	19,592,138

	2014	2013
	\$	\$
(d) Unallocated expenses		
Administrative salaries and wages	886,600	1,781,294
Auditors' remuneration	66,289	324,543
Consulting fees	642,105	757,759
Depreciation	191,574	159,729
Finance costs	152,542	220,564
Foreign exchange loss/(gain)	445,852	(165,164)
Loss/(gain) on financial assets at fair value through profit or loss	16,524	(4,106)
Impairment of available-for-sale financial assets	–	44,394
Impairment of investments in associates	1,290,604	–
Write-off of property, plant and equipment	–	203,138
Legal expenses	159,434	480,010
Oversees travelling expenses	192,863	212,452
Premises leases	15,364	202,042
Profit on disposal (note 4(f))	–	(9,911,779)
Share-based payments	1,448,841	1,269,239
Share of loss of associates	51,975	–
Income tax expense	2,187,431	992,536
Other	(28,233)	214,817
	7,719,765	(3,218,532)
Reconciliations of total segment amounts to corresponding amount for the Group		
(e) Depreciation		
Included within segment results	7,173,226	7,779,671
Included within general and administrative costs	75,404	56,146
	7,248,630	7,835,817
(f) Cost of sales		
Direct operating costs	35,668,954	31,154,974
Depreciation	7,173,226	7,779,671
Write-off of property, plant and equipment	52,857	203,138
	42,895,037	39,137,783
Total segment revenue		
Sales	47,220,684	39,981,761
Finance revenue	227,166	268,634
Total revenue	47,447,850	40,250,395

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

3. SEGMENT REPORTING continued

Total segment revenue continued

	2014 \$	2013 \$
Revenue from external customers by geographical location is detailed below. Revenue is attributed to geographic location based on the location of the customers. The Group does not have external revenues from external customers that are attributable to any foreign country other than as shown.		
South Africa	47,220,684	39,981,761
Total revenue	47,220,684	39,981,761
Finance revenue by geographical location is detailed below:		
Australia	9,228	99,071
South Africa	217,938	169,563
Total finance revenue	227,166	268,634
Total revenue	47,447,850	40,250,395
The majority of sales of concentrate are to two specific customers. Revenue is split according to segment as detailed below:		
Customer 1	18,651,495	14,097,719
Customer 2	28,569,189	25,884,042
	47,220,684	39,981,761
Analysis of location of non-current assets:		
Australia	36,264	59,272
South Africa	123,805,725	130,752,803
Total non-current assets	123,841,989	130,812,075

4. REVENUE AND EXPENSES

	2014 \$	2013 \$
(a) Revenue		
Sale of goods	44,168,299	39,400,662
PGM price adjustment	3,052,385	581,099
	47,220,684	39,981,761
(b) Other income		
Scrap sales	18,412	12,119
Recoveries	37,502	83,630
Insurance claims	6,337	–
Rent received	22,545	7,186
Profit on disposal (f)	–	9,911,779
	84,796	10,014,714

	2014 \$	2013 \$
(c) Expenses		
(Loss)/profit from ordinary activities before income tax expense includes the following specific expenses:		
Included in cost of sales:		
Depreciation – plant and equipment	7,173,226	7,779,671
Write-off of property, plant and equipment	52,857	203,138
Included in general and administrative costs:		
Consulting	702,503	757,759
Depreciation – other assets	75,404	56,146
Write-off of property, plant and equipment	89	–
Operating lease payments	212,375	236,949
Prospecting expenses	7,437	11,488
(d) Staff costs		
Salaries and wages included in cost of sales	11,724,812	10,766,847
Salaries and wages included in general and administrative costs	1,591,510	1,781,294
Superannuation	7,351	8,479
Share-based payments	1,448,841	1,269,239
	14,772,514	13,825,859
(e) Net finance revenue		
Interest income on loans and receivables	227,166	268,634
Finance revenue	227,166	268,634
Interest expense on financial liabilities measured at amortised cost	(48,376)	(121,116)
Unwinding of discount on rehabilitation and restoration provision	(104,166)	(99,448)
Finance costs	(152,542)	(220,564)
Net finance revenue recognised in profit or loss	74,624	48,070

(f) On 16 August 2012, Sylvania disposed of a significant portion of its magnetite iron ore assets to Ironveld Plc (Ironveld) in exchange for 203,022,285 fully paid Ironveld shares (consideration shares). Distribution of the consideration shares to the Sylvania shareholders was also made on 16 August 2012 on the basis that for every Sylvania ordinary share held by Sylvania shareholders, 0.675 of an ordinary share in Ironveld was received.

Profit on disposal
2013
\$

Ironveld shares transferred to Sylvania shareholders 203,022,285 shares at 3.25 pence	10,308,198
Plus/(minus) net liabilities of subsidiaries transferred to Ironveld (i)	73,270
Disposal costs incurred by Sylvania	(469,689)
Profit on disposal	9,911,779
(i) Net liabilities of subsidiaries transferred are reconciled as:	
Assets held for disposal at 30 June 2012	1,343,889
Liabilities held for disposal at 30 June 2012	(36,475)
Inter-company loans/liabilities at 30 June 2012 maintained in the companies on transfer to Ironveld	(1,234,921)
Movement in net liabilities from 1 July 2012 to 16 August 2012	777
	73,270

The Group has recognised a profit on disposal of \$9,911,779 on completion of the transaction, which was calculated based on the difference between the share price of Ironveld Plc multiplied by the number of shares received and the net liabilities transferred to Ironveld Plc plus costs incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

5. INCOME TAX

Major components of tax expense for the years ended 30 June 2014 and 2013

	2014 \$	2013 \$
Income tax recognised in profit or loss		
Current income tax:		
Current income tax charge	60,373	46,940
Adjustments in respect of current income tax of previous year	(7,376)	245,659
Deferred income tax:		
Relating to recognition, origination and reversal of temporary differences	2,139,642	699,937
Write-down of deferred tax assets	(5,208)	–
Total tax expense	2,187,431	992,536
The <i>prima facie</i> income tax expense on pre-tax accounting profit or loss from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting (loss)/profit before income tax	(2,926,756)	5,361,767
Tax (benefit)/expense at rate of 28%	(819,492)	1,501,295
Non-deductible expenses	1,799,472	1,228,454
(Over)/under provision in respect of prior year	(7,376)	253,644
Benefit of tax losses and temporary differences not brought to account	1,221,575	729,079
Non-assessable income	(1,540)	–
Recoupment of tax losses for current year taxable income	(5,208)	(2,719,936)
Income tax expense	2,187,431	992,536

Sylvania Platinum Limited is a Bermudan incorporated company and has no tax liability under that jurisdiction with respect to income derived. Certain foreign subsidiaries generated income that is subject to the applicable tax in the countries from which such income is derived.

The tax rate used in the above reconciliation is the corporate tax rate of 28% payable by South African entities on taxable profits under South African tax law.

	2014 \$	2013 \$
Deferred tax assets comprise:		
Unrealised gains and losses on foreign exchange	5,671,570	4,453,998
Provision for rehabilitation	638,584	202,907
Other	525,930	257,650
	6,836,084	4,914,555
Set-off against deferred tax liabilities	(6,836,084)	(4,914,555)
	–	–
Deferred tax liabilities comprise:		
Exploration and evaluation assets	14,674,085	14,235,764
Property, plant and equipment	11,207,000	9,395,356
Other	379,959	11,688
	26,261,044	23,642,808
Set-off deferred tax assets	(6,836,084)	(4,914,555)
Deferred tax liabilities net	19,424,960	18,728,253

The Group has estimated tax losses arising in Australia of \$18,307,056 (2013: \$8,472,778) and capital losses of \$2,309,516 (2013: \$2,240,529) that are available for offset against future taxable profits of the tax consolidated group in Australia. These losses are subject to specific tests under Australian tax legislation before they can be set off against future taxable income. In addition, the Group has estimated tax losses arising in South Africa of \$1,563,465 (2013: \$8,796,112) and capital losses of \$11,604,523 (2013: \$15,930,408) that are available indefinitely for offset against future taxable profits of the company in which the losses arose.

	2014 \$	2013 \$
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Deductible temporary differences	14,674,239	10,929,939
Tax losses	5,563,746	4,835,289
Capital losses	3,591,251	627,348
	23,829,236	16,392,576

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because at this time it is not probable that future tax profits will be available against which the Group can utilise the benefits thereof.

Tax consolidation

Sylvania Resources Pty Ltd and its 100% owned Australian resident controlled entities have formed a tax consolidated group with effect from 1 July 2003. Sylvania Resources is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned controlled entity on a *pro rata* basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the reporting date, the possibility of default is remote.

Reconciliation of deferred tax assets/(liabilities):

	Opening balance \$	Charged to profit or loss \$	Charged to equity \$	Exchange difference \$	Closing balance \$
2014					
Other temporary differences	245,964	(90,378)	–	(9,615)	145,971
Provision for rehabilitation	202,907	460,004	–	(24,327)	638,584
Unrealised gains and losses on foreign exchange	4,453,998	–	–	1,217,572	5,671,570
Plant and equipment	(9,395,358)	(2,509,268)	–	697,626	(11,207,000)
Exploration and evaluation	(14,235,764)	–	–	(438,321)	(14,674,085)
	(18,728,253)	(2,139,642)	–	1,442,935	(19,424,960)
2013					
Other temporary differences	96,897	199,204	–	(50,137)	245,964
Provision for rehabilitation	352,026	(113,884)	–	(35,235)	202,907
Unrealised gains and losses on foreign exchange	2,351,245	–	–	2,102,753	4,453,998
Plant and equipment	(10,471,687)	(785,257)	–	1,861,586	(9,395,358)
Exploration and evaluation	(15,951,637)	–	–	1,715,873	(14,235,764)
	(23,623,156)	(699,937)	–	5,594,840	(18,728,253)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

6. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year.

	2014 Cents per share	2013 Cents per share
Basic (loss)/earnings per share – cents per share	(1.70)	1.45
Diluted (loss)/earnings per share – cents per share	(1.70)	1.39

	2014 \$	2013 \$
Reconciliation of earnings used in calculating earnings per share		
Earnings attributable to the ordinary equity holders of the company used in calculating basic earnings per share	(5,114,187)	4,369,231
Earnings attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	(5,114,187)	4,369,231

	2014 Number of shares	2013 Number of shares
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	300,134,225	301,258,882
Effect of dilution:		
Share options	–	12,802,740
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	300,134,225	314,061,622

At 30 June 2014, 14,600,000 options (2013: Nil) were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

In the financial year to 30 June 2010, SA Metals Pty Ltd (SAM), a wholly owned subsidiary of Sylvania negotiated the cancellation of a royalty agreement between SAM and Minex Projects (Pty) Ltd (Minex), whereby Minex was to receive R5,000,000 (approximately \$657,000) in cash and 3,000,000 shares in the listed parent entity subject to certain conditions. The conditions have subsequently been met and the cash payment was made. The shares will only be issued when Minex obtain South African Reserve Bank approval, which to date has not been obtained. The value of the shares at the date of signing the agreement was \$0.84, and has been raised against share capital.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

7. INVESTMENTS IN ASSOCIATES

	2014 \$	2013 \$
Investments in associates	10	1,698,542

(a) Chrome Tailings Retreatment Project

The Group has a 25% interest in Chrome Tailings Retreatment Project (CTRP), which operates a chrome tailings retreatment plant at Kroondal in South Africa (2013: 25%). The Group's interest in CTRP is accounted for using the equity method in the consolidated financial statements.

The following table summarises the financial information of CTRP as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in CTRP.

	2014	2013
	\$	\$
Non-current assets	1,271,744	1,808,842
Current assets	196,047	1,423,579
Total assets	1,467,791	3,232,421
Non-current liabilities	4,177	4,482
Current liabilities	17,774	47,071
Total liabilities	21,951	51,553
Net assets (100%)	1,445,840	3,180,868
Group's share of net assets (25%)	361,460	795,217
Fair value adjustment	795,254	853,421
Net loss not recognised	59,297	–
Management fee distribution	46,493	49,893
Foreign currency movements	28,100	–
Impairment	(1,290,604)	–
Carrying amount of investment in associate	–	1,698,531
Revenue	–	632,607
Loss from continuing operations	(445,086)	(804,160)
Other comprehensive income	–	–
Total comprehensive income (100%)	(445,086)	(804,160)
Group's share of loss for the year (25%)	(111,272)	(201,040)
Group's share of losses recognised for the year	(51,975)	(201,040)
Group's share of losses unrecognised for the year	(59,297)	–
	(111,272)	(201,040)

Impairment of Chrome Tailings Retreatment Project

An impairment loss of \$1,290,604 on the Group's 25% investment in CTRP was recognised during the current financial year. The impairment was based on a recoverable amount of \$ Nil, estimated as its fair value. The plant remains on care and maintenance and there is no agreement between the parties or plan to restart the operation. The Group ceased to recognise its share of losses of CTRP from the date of impairment.

(b) Other associates

The Group also has interests in a number of individually immaterial associates. The following table analyses, in aggregate, the carrying amount and share of profit/(loss) from continuing operations and other comprehensive income of these associates.

	2014	2013
	\$	\$
Carrying amount of interests in associates	10	11
Share of:		
– Loss from continuing operations	(179,348)	(115,136)
– Other comprehensive income	–	–
	(179,348)	(115,136)

The Group has not recognised losses totalling \$238,644 (2013: \$115,136) in relation to its interests in associates, because the Group has no obligation in respect of these losses.

Contingencies and commitments

The associates had no contingent liabilities or capital commitments as at 30 June 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

8. OTHER FINANCIAL ASSETS

	2014 \$	2013 \$
Available-for-sale investments carried at fair value		
Listed shares	34,282	29,100
Financial assets at fair value through profit and loss		
Listed shares designated at fair value	1,883	18,266
Loans and receivables		
Loans receivable	2,515,131	1,500,148
Total	2,551,296	1,547,514

Available-for-sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

Loans and receivables consist of loans granted to Ironveld Holdings (Pty) Ltd from Sylvania South Africa (Pty) Ltd (Sylvania SA) and from Sylvania Metals (Pty) Ltd (Sylvania Metals), both South African subsidiaries of the Group. The loan from Sylvania SA is unsecured, bears no interest until 31 December 2013 and thereafter bears interest at the rate of 1% over Libor and is repayable on 31 December 2015. The loan from Sylvania Metals bears interest at the prime lending rate in South Africa and is repayable on 30 June 2016. Refer to note 22 for further details on the loan granted by Sylvania Metals.

9. EXPLORATION AND EVALUATION ASSETS

	Mineral rights \$	Deferred exploration expenditure \$	Total \$
2014			
Balance at beginning of financial year	239,838	67,036,877	67,276,715
Foreign currency movements	(81,344)	1,157,733	1,076,389
Direct expenditure for the year	3,076,798	381,980	3,458,778
Impairment	(228,711)	(1,362,733)	(1,591,444)
Balance at end of financial year	3,006,581	67,213,857	70,220,438
2013			
Balance at beginning of financial year	288,854	75,313,487	75,602,341
Foreign currency movements	(49,016)	(8,826,073)	(8,875,089)
Direct expenditure for the year	–	549,463	549,463
Balance at end of financial year	239,838	67,036,877	67,276,715

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.

Impairment of exploration and evaluation assets

Exploration and evaluation assets relating to the Group's Everest North project was impaired during the current financial year, resulting in an impairment loss of \$1,410,513. The impairment was based on a recoverable amount of \$Nil, estimated as its value in use. Everest North is a joint 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 restart this operation in the foreseeable future.

At 30 June 2014, a further \$180,931 was impaired on a prospecting right that expired and was not renewed.

10. 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
2014	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 July 2013											
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)
Net 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
Year ended 30 June 2014											
Opening net carrying value	4,214,524	2,340,487	–	53,126,284	186,197	5,033	195,565	6,558	42,856	171,800	60,289,304
Exchange differences	(287,254)	(153,253)	–	(3,508,395)	(13,389)	(263)	(12,329)	(368)	(1,989)	(11,944)	(3,989,184)
Additions	18,025	–	–	1,784,213	145,098	–	31,572	1,271	9,114	82,408	2,071,701
Disposals	–	–	–	–	–	–	–	–	–	–	–
Re-allocation between asset classes	–	13,501	–	(17,098)	–	–	90	–	3,507	–	–
Write-off	–	–	–	(42,077)	–	(2,625)	(4,384)	–	–	(3,860)	(52,946)
Depreciation charge	(17,786)	(288,146)	–	(6,656,241)	(114,487)	(895)	(71,120)	(4,724)	(26,948)	(68,283)	(7,248,630)
Closing net 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
At 30 June 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)
Net 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
2013											
At 1 July 2012											
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)
Net 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
Year ended 30 June 2013											
Opening net 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)
Closing net 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
At 30 June 2013											
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)
Net 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

10. PROPERTY, PLANT AND EQUIPMENT *continued*

Leased assets

Plant and equipment, motor vehicles and computer equipment include the following amounts where the Group is a lessee under a finance lease:

	2014 \$	2013 \$
Plant and equipment		
Cost	511,429	427,335
Accumulated depreciation	(322,932)	(258,144)
	188,497	169,191
Motor vehicles		
Cost	220,957	141,597
Accumulated depreciation	(63,598)	(28,044)
	157,359	113,553
Computer equipment		
Cost	44,457	47,709
Accumulated depreciation	(27,022)	(14,072)
	17,435	33,637

During the year, the Group acquired under finance lease plant and equipment of \$129,703 (2013: \$Nil), motor vehicles of \$77,250 (2013: \$124,721) and computer equipment of \$Nil (2013: \$53,471).

Non-current assets pledged as security

Leased assets are pledged as security for the related finance lease liability (refer to note 17). No other non-current assets are pledged as security for any liabilities.

11. CASH AND CASH EQUIVALENTS

	2014 \$	2013 \$
Cash at bank and on hand	3,128,835	6,379,887
Short-term deposits	2,191,512	184,998
	5,320,347	6,564,885

Cash at banks earns interest at floating rates on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is \$5,320,347 (2013: \$6,564,885).

At 30 June 2014, the Group had available \$3,362,827 (2013: \$3,538,150) of undrawn borrowing facilities.

The Group only deposits cash surpluses with major banks of high quality credit standing.

The Group has pledged part of its short-term deposits with a carrying value of \$1,161,017 (2013: \$1,267,459) in order to fulfil collateral requirements for the guarantees held below.

Bank guarantees are held as follows:

	2014 \$	2013 \$
Eskom	1,126,688	1,209,097
The Department of Mineral Resources	22,420	24,059

12. TRADE AND OTHER RECEIVABLES

	2014	2013
	\$	\$
Trade receivables	16,452,818	11,504,456
Other receivables	244,011	356,492
	16,696,829	11,860,948

Trade receivables are due from major minerals mining and processing companies. None of the amounts are past due or impaired. At 30 June 2014, gross sales of \$10,598,126 (2013: \$8,172,409) were subject to price adjustments.

Other receivables are non-interest bearing and are generally on 30-90 day terms. No other receivables are considered to be past due or impaired.

13. INVENTORIES

	2014	2013
	\$	\$
Stores and materials	758,893	612,866

Stores and materials

Spares are held in stock for engineering breakdowns. Stores and materials are carried at the lower of cost or net realisable value.

14. ISSUED CAPITAL**Authorised capital**

	2014	2014
	No of shares	\$
Ordinary shares with a par value of \$0.10	1,000,000,000	100,000,000

Issued capital

	2014	2013	2014	2013
	No of shares	No of shares	\$	\$
Share capital				
Ordinary shares				
Ordinary shares fully paid	297,981,896	297,981,896	29,515,534	29,515,534
	297,981,896	297,981,896	29,515,534	29,515,534

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the parent entity, ordinary shareholders rank after all creditors and are fully entitled to any proceeds on liquidation.

Movements in ordinary share capital

Date	Details	Number of shares	\$
1 July 2012	Opening balance	298,381,896	29,557,290
27 November 2012	Share buy-back	(150,000)	(15,000)
15 April 2013	Share buy-back	(250,000)	(25,000)
	Transaction costs	–	(1,756)
30 June 2013	Closing balance	297,981,896	29,515,534
1 July 2013	Opening balance	297,981,896	29,515,534
30 June 2014	Closing balance	297,981,896	29,515,534

On 4 September 2013, 1,700,000 ordinary shares of \$0.10 each in Sylvania Platinum Limited were repurchased at 8.15 pence per share. The Company announced on 5 March 2014 that these shares were allocated to senior management in recognition of the achievement of performance criteria. These shares vested on 30 June 2014. Refer to note 21 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

14. ISSUED CAPITAL continued

Share options

	2014 Number of options	2013 Number of options
Employee option plan options exercisable		
– At \$Nil per share on or before 29 December 2021	12,000,000	12,000,000
– At \$Nil per share on or before 11 June 2023	1,000,000	1,000,000
– At \$Nil per share on or before 29 August 2023	1,600,000	–
	14,600,000	13,000,000

Information relating to the employee option plan, including details of options issued under the plan, is set out in note 21.

15. RESERVES

	Share premium reserve	Net unrealised gains reserve	Reserve for own shares	Share-based payments reserve	Foreign currency translation reserve	Non- controlling interest reserve	Equity reserve	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2012	159,938,383	–	–	1,394,114	6,392,255	(39,779,293)	(29,741,213)	98,204,246
Included in other comprehensive income:								
Currency translation differences	–	–	–	–	(18,087,729)	–	–	(18,087,729)
Total other comprehensive income	–	–	–	–	(18,087,729)	–	–	(18,087,729)
Share-based payments	–	–	–	1,269,239	–	–	–	1,269,239
Share buy-back	(21,992)	–	–	–	–	–	–	(21,992)
In specie distribution	(10,308,198)	–	–	–	–	–	–	(10,308,198)
Balance as at 30 June 2013	149,608,193	–	–	2,663,353	(11,695,474)	(39,779,293)	(29,741,213)	71,055,566
Balance as at 1 July 2013	149,608,193	–	–	2,663,353	(11,695,474)	(39,779,293)	(29,741,213)	71,055,566
Included in other comprehensive income:								
Gain on available-for-sale financial assets	–	4,179	–	–	–	–	–	4,179
Currency translation differences	–	–	2,775	–	(1,870,950)	–	–	(1,868,175)
Total other comprehensive income	–	4,179	2,775	–	(1,870,950)	–	–	(1,863,996)
Share-based payments	–	–	217,879	1,230,962	–	–	–	1,448,841
Treasury shares acquired	–	–	(220,654)	–	–	–	–	(220,654)
Balance as at 30 June 2014	149,608,193	4,179	–	3,894,315	(13,566,424)	(39,779,293)	(29,741,213)	70,419,757

Nature and purpose of reserves

- Net unrealised gains reserve**

This reserve records fair value changes on available-for-sale investments.

- Reserve for own shares**

The reserve comprises the cost of the Company's shares held by the Group as treasury shares. Refer to notes 14 and 21 for further details.

- Foreign currency translation reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign controlled entities.

- Share-based payment reserve**

This reserve is used to record the value of equity benefits provided to employees, consultants and Directors as part of their remuneration. Refer note to 21.

- Non-controlling interests reserve**

This reserve is used to record differences between the carrying value of non-controlling interests and the consideration paid/received, where there has been a transaction involving non-controlling interests that do not result in a loss of control. The reserve is attributable to the equity of the parent.

- Equity reserve**

This reserve arises from the reinstatement of the recyclable reserves in the former parent (Sylvania Resources Proprietary Limited) as at the date of the insertion of Sylvania Platinum Limited as the ultimate holding company.

16. RETAINED PROFITS

	2014 \$	2013 \$
Balance as at 1 July	20,847,888	16,478,657
(Loss)/profit for the year	(5,114,187)	4,369,231
Balance as at 30 June	15,733,701	20,847,888

Repatriation of funds from South Africa is subject to regulatory approval.

17. INTEREST-BEARING LOANS AND BORROWINGS

	Future minimum lease payments due \$	Finance charges \$	Present value of minimum lease payments due \$
At 30 June 2014			
Due within one year	182,558	(23,659)	158,899
Due between one and five years	229,013	(23,065)	205,948
	411,571	(46,724)	364,847
At 30 June 2013			
Due within one year	187,846	(18,695)	169,151
Due between one and five years	179,877	(9,590)	170,287
	367,723	(28,285)	339,438

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for the year ended 30 June 2014

17. INTEREST-BEARING LOANS AND BORROWINGS continued

	2014 \$	2013 \$
Secured		
Current liabilities	158,899	169,151
Non-current liabilities	205,948	170,287

These loans are secured over various motor vehicles, plant and equipment and computer equipment and are repayable in monthly instalments of \$19,795 (2013: \$15,654) and bear interest at rates varying between 7.75% and 9.5% (2013: 7.25% and 8.5%) p.a. Refer to note 10 for further detail on non-current assets pledged as security.

18. PROVISIONS

	2014 \$	2013 \$
Provision for rehabilitation	3,411,056	2,578,036
Movement in provision		
Balance at beginning of financial year	2,578,036	1,257,235
Foreign currency movements	(199,270)	(252,122)
Unwinding of discount factor	104,166	99,448
Arising during the year	928,124	1,473,475
Balance at end of financial year	3,411,056	2,578,036

Provision is made for the present value of closure, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the reporting date. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual costs will ultimately depend on future market prices for the rehabilitation work required.

Rehabilitation is performed and paid for on an on-going basis as mining properties are depleted. The majority of the rehabilitation will be undertaken progressively over the life of the mine during the depletion of each respective mining property. It is expected that the life of each mine could vary between five and 50 years. The timing of rehabilitation work is therefore inherently uncertain.

19. TRADE AND OTHER PAYABLES

	2014 \$	2013 \$
Trade payables	5,329,954	5,111,385
Other payables	2,415,715	1,716,784
	7,745,669	6,828,169

Trade and other payables are non-interest bearing and are normally settled on 60 day terms, predominately payable in ZAR and located in South Africa.

20. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2014	2013
	\$	\$
(Loss)/profit before tax	(2,926,756)	5,361,767
Adjusted for:		
Share of loss of associates	51,975	201,040
Loss on sale of property, plant and equipment	3,725	1,629
Gain on disposal of iron ore assets	–	(9,911,779)
Write-off of property, plant and equipment	52,946	203,138
Loss/(gain) on financial assets at fair value through profit and loss	16,524	(4,106)
Impairment of available-for-sale financial assets	–	44,394
Impairment of exploration and evaluation assets	1,591,444	–
Impairment of investments in associates	1,290,604	–
Finance revenue	(227,166)	(268,634)
Finance costs	152,542	220,564
Depreciation	7,248,630	7,835,818
Provisions	305,369	125,381
Share-based payments	1,448,841	1,269,239
Net operating profit before working capital changes	9,008,678	5,078,451
Changes in working capital:		
Increase in trade receivables	(5,680,183)	(2,059,851)
Increase in inventories	(192,184)	(131,585)
Increase in trade and other payables	1,784,718	966,555
Cash generated from operating activities	4,921,029	3,853,570
Finance revenue received	173,131	255,111
Finance costs paid	(20,413)	(60,690)
Income tax (paid)/refunded	(10,513)	5,092
Net cash inflow from operating activities	5,063,234	4,053,083

21. SHARE-BASED PAYMENT PLAN

Expense recognised through profit and loss

	2014	2013
	\$	\$
Expense arising from equity-settled share-based payment transactions	1,448,841	1,269,239
Total expense	1,448,841	1,269,239

Employee option plan

On 29 December 2011, an employee incentive option plan (the Sylvania Platinum Option Plan) was approved by the shareholders at the AGM. This plan replaces the employee incentive option plan and employee incentive share plan as approved as part of the implementation of the Scheme of arrangement by the Group shareholders in 2007.

Participants of the option plan are determined by the Board and can be employees and Directors of, or consultants to, the Company or a controlled entity. The Board considers the length of service, seniority and position, record of employment, potential contribution and any other relevant matters in determining eligibility of potential participants. The Board has sole responsibility to determine the number of options and terms and conditions of options granted to any participant.

The options issued under the option plan will be granted free of charge. The exercise price (if any) for the options is to be determined by the Board at its absolute discretion.

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for the year ended 30 June 2014

21. SHARE-BASED PAYMENT PLAN *continued*

Employee option plan *continued*

The expiry date of the options, unless otherwise determined by the Board, is ten years after the grant date and will also lapse within one month of the participant ceasing to be a Director, employee or consultant of the Company or a controlled entity during the exercise period (subject to certain exceptions); or immediately if the participant ceases to be a Director, employee or consultant prior to the commencement of the exercise period. The Board at its discretion may apply certain vesting conditions upon any options issued under the plan.

Subject to any vesting conditions applied by the Board, the options can only be exercised after the expiry of the following periods:

- as regards 20% of those options granted, the date which is two years after the grant date;
- as regards 40% of those options granted, the date which is three years after the grant date; and
- as regards the remaining 40% of those options granted, the date which is four years after the grant date.

The options are not transferable without prior written approval from the Board.

On 29 December 2011, 13,000,000 share options were granted to Directors, employees and consultants under the Sylvania Platinum Option Plan with a nil exercise price and an expiry date of 29 December 2021. Exercise of the options is subject to time-based vesting with 20% of the options vesting on 30 December 2013, a further 40% of the options vesting on 30 December 2014 and the remaining 40% of the options vesting on 30 December 2015, subject to the participant's continued employment. On 11 June 2013, a further 1,000,000 share options were granted with a nil exercise price and an expiry date of 11 June 2023. Exercise of the options is subject to time-based vesting with 20% of the options vesting on 12 June 2015, a further 40% of the options vesting on 12 June 2016 and the remaining 40% of the options vesting on 12 June 2017, subject to the participant's continued employment. On 29 August 2013, 1,600,000 share options were granted with a nil exercise price and an expiry date of 29 August 2023. Exercise of the options is subject to time-based vesting with 20% of the options vesting on 30 August 2015, a further 40% of the options vesting on 30 August 2016 and the remaining 40% of the options vesting on 30 August 2017, subject to the participant's continued employment.

The fair values of the options granted are determined at the grant date using a Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted (the exercise price, the term of the option), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The following assumptions were used to estimate the fair value of the options granted during the year ended 30 June 2014:

	2014	2013
Expected volatility (%)	55.61	66.1
Risk-free rate (%)	5.75	5.5
Expected life (years)	10	10
Share price (\$)	0.13	0.17
Exercise price (\$)	Nil	Nil
Expected dividend yield (\$)	Nil	Nil

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term of the options.

Grant date	Expiry date	Exercise price	Fair value at grant date \$	Balance at start of the year Number	Granted during the year Number	Forfeited during the year Number	Balance at the end of the year Number	Vested and exercisable at end of year Number
Options 2014								
29 Dec 2011	29 Dec 2021	Nil	0.33	12,000,000	–	–	12,000,000	2,400,000
11 Jun 2013	11 Jun 2023	Nil	0.17	1,000,000	–	–	1,000,000	–
29 Aug 2013	29 Aug 2023	Nil	0.13	–	1,600,000	–	1,600,000	–
Total				13,000,000	1,600,000	–	14,600,000	2,400,000
Weighted average exercise price		–	–	–	–	–	–	–
Options 2013								
29 Dec 2011	29 Dec 2021	Nil	0.33	13,000,000	–	(1,000,000)	12,000,000	–
11 Jun 2013	11 Jun 2023	Nil	0.17	–	1,000,000	–	1,000,000	–
Total				13,000,000	1,000,000	(1,000,000)	13,000,000	–
Weighted average exercise price		–	–	–	–	–	–	–

The options outstanding at 30 June 2014 had an exercise price of \$Nil (2013: \$Nil) and a weighted average remaining contractual life of 8 years (2013: 10 years).

The weighted average share price at the date of exercise of options during the year ended 30 June 2014 was nil as no options were exercised during the current financial year (2013: \$Nil).

Share bonus award

On 4 September 2013, 1,700,000 ordinary of \$0.10 each in Sylvania Platinum Limited were repurchased at 8.15 pence per share. It was announced on 5 March 2014 that these shares were allocated to senior management in recognition of the achievement of performance criteria. These shares vested on 30 June 2014. The fair value is based on the share price at issue date.

Issue date	Fair value at issue date \$	Balance at start of the year Number	Issued during the year Number	Balance at the end of the year Number	Vested at end of year Number
5 March 2014	0.13	–	1,700,000	1,700,000	1,700,000

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade and other payables, loans, finance leases and other borrowings. The main purpose of these financial instruments is to manage short term cash flow and raise finance for the Group's capital expenditure program. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. The Group also holds available-for-sale investments and financial assets at fair value through profit or loss.

Risk exposures and responses

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are market risks (comprising commodity price risk, foreign currency risk, interest rate risk and equity price risk), liquidity risk and credit risk.

The Group's senior management oversees the management of financial risks. The Board ensures that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and the Group's risk appetite. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. At this stage, the Group does not currently apply any form of hedge accounting.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates on the debt and the proportion of financial instruments in foreign currencies are all constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

Risk exposures and responses *continued*

The following assumptions have been made in calculating the sensitivity analysis:

- The statement of financial position sensitivity relates to receivables subject to commodity price risk, available-for-sale financial assets and financial assets at fair value through profit or loss and interest-bearing loans and borrowings.
- The impact on equity is the same as the impact on profit before tax, unless stated otherwise.

Capital risk management

The Group manages its capital to ensure that all companies within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. Due to the inherent risks involved in mining, the Directors prefer not to utilise funding from financing institutions.

The Group's overall strategy remains unchanged during the years ended 30 June 2014 and 30 June 2013.

The capital structure of the Group consists of equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings/accumulated losses (Refer to notes 14, 15 and 16).

None of the Group's companies are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Categories of financial instruments

	2014 \$	2013 \$
Financial assets		
Loans and receivables		
Trade and other receivables *	16,549,759	11,726,101
Cash and cash equivalents	5,320,347	6,564,885
Loans receivable	2,515,131	1,500,148
Financial assets at fair value through profit and loss	1,883	18,266
Available-for-sale financial assets	34,282	29,100
	24,421,402	19,838,500
Financial liabilities		
Other financial liabilities at amortised cost		
Interest-bearing loans and borrowings	(364,847)	(339,438)
Trade and other payables	(7,745,669)	(6,828,169)
	(8,110,516)	(7,167,607)

* Prepayments are excluded from the trade and other receivables balance as this analysis is required only for financial instruments.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: commodity price risk, interest rate risk, equity price risk and currency risk. Financial instruments affected by market risk include receivables, loans, borrowings, deposits, available-for-sale financial instruments and financial assets at fair value through profit or loss.

There has been no change at the reporting date to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Commodity price risk

The Group is exposed to the risk of commodity price fluctuations, in particular movements in the price of PGMs. The Group regularly measures exposure to commodity price risk by stress testing the Group's forecast financial position to changes in PGM prices. The Group does not hedge commodity prices.

The financial instruments exposed to movements in metal prices are as follows:

	2014	2013
	\$	\$
Financial assets		
Trade receivables	10,598,126	8,172,409

These receivables contain quotational period embedded derivatives that are carried at fair value in accordance with the policy set out in Note 2.3(n).

The following table summarises the sensitivity of financial instruments held at reporting date to movements in the relevant forward commodity price, with all other variables held constant. The sensitivities are based on reasonably possible changes, over a financial year, using observed ranges of actual historical rates.

	2014		2013	
	Profit/(loss)	Equity increase/ (decrease)	Profit/(loss)	Equity increase/ (decrease)
10% (2013: 10%) increase in PGM prices	763,065	763,065	588,413	588,413
10% (2013: 10%) decrease in PGM prices	(763,065)	(763,065)	(588,413)	(588,413)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and AUD denominated inter-company loans that have become repayable and are therefore no longer considered to be part of the net investment in the foreign subsidiary.

		2014	2013
Australian dollar loan balance	AUD	6,837,664	–
Spot rate at 30 June	AUD:ZAR	9.99	9.05
Average rate	AUD:ZAR	9.53	9.07

The following table summarises the sensitivity of financial instruments held at reporting date to movements in the relevant currency exchange rate, with all other variables held constant. The sensitivities are based on reasonably possible changes, over a financial year, using observable ranges of actual historical rates.

	2014		2013	
	Profit/(loss)	Equity increase/ (decrease)	Profit/(loss)	Equity increase/ (decrease)
AUD:ZAR (15% strengthening)	(963,911)	(963,911)	–	–
AUD:ZAR (15% weakening)	966,483	966,483	–	–

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises from cash balances, loans receivable and interest-bearing loans and borrowings, relating to finance leases on motor vehicles and equipment.

Cash and cash equivalents are exposed to AUD, ZAR and GBP deposit rates.

The Group does not engage in any hedging transactions to manage interest rate risk. In conjunction with external advice, management consideration is given on a regular basis to alternative financing structures with a view to optimising the Groups' funding structure. The Group manages the risk by maintaining an appropriate mix between fixed and floating rate liquid funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

The financial instruments exposed to movements in variable interest rates are as follows:

	2014	2013
	\$	\$
Financial assets		
Cash and cash equivalents	2,191,512	6,564,885
Loans receivable	2,515,131	1,500,148
Financial liabilities		
Interest-bearing loans and borrowings	(364,847)	(339,438)

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates. At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, there would have been a decrease/increase in profit before tax of \$21,709 (2013: \$7,597). The impact on equity would have been the same.

Equity price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's Board of Directors reviews and approves all equity investment decisions. At the reporting date, the exposure to listed equity securities at fair value was \$36,165 (2013: \$47,366).

At reporting date, if the equity prices had been 5% higher or lower, the impact on net loss for the year ended 30 June 2014 and equity would have been immaterial.

Credit risk

Credit risk is the risk that a contracting entity will not meet its obligation under a financial instrument or customer contract that will result in a financial loss to the Group. The Group is exposed to credit risk from its financing activities, including deposits with banks and financial institutions and its operating activities, primarily for trade receivables. The carrying amount of these financial assets represents the maximum credit exposure. Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At reporting date there is a significant concentration of credit risk represented in the cash and trade receivables balance. With respect to trade receivables, this is due to the fact that the majority of sales are made to two specific customers as per contractually agreed terms. The two customers have complied with all contractual sales terms and have not at any stage defaulted on amounts due. The Group manages its credit risk on trade debtors, cash and financial instruments by predominantly dealing with counterparties with a credit rating equal to or better than the Group.

Included in loans receivable is a loan granted to Ironveld Holdings (Pty) Ltd, a subsidiary of Ironveld Plc (Ironveld) from Sylvania Metals (Pty) Ltd, a South African subsidiary of Sylvania. As security for the amount due, Ironveld issued to Sylvania warrants to subscribe for up to £1.5 million (\$2.3 million) of ordinary shares in Ironveld at a price equal to the 90 day VWAP on the business day preceding the exercise of the warrants. The warrants are exercisable only if the facility is not fully repaid by 30 June 2016 and may be exercised post 30 June 2016 up until the date that is five years from admission (although the warrants will lapse once repayment has been made). Any proceeds derived from the exercise of the warrants will be used by Ironveld to repay the facility.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

The following table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Carrying amount \$	Contractual cash flows \$	Less than 1 year \$	1 – 5 years \$	Total \$
2014					
Trade and other payables	7,745,669	7,745,669	7,745,669	–	7,745,669
Finance lease liability	364,847	411,571	182,558	229,013	411,571
	8,110,516	8,157,240	7,928,227	229,013	8,157,240
2013					
Trade and other payables	6,828,169	6,828,169	6,828,169	–	6,828,169
Finance lease liability	339,438	367,723	187,846	179,877	367,723
	7,167,607	7,195,892	7,016,015	179,877	7,195,892

Fair value of financial instruments

For financial assets and financial 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 carrying amount exceeds net 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 30 June 2014 the carrying amounts of such receivables and borrowings were not materially different from their calculated fair values.
- The fair values of listed shares is based on quoted prices at reporting date.

Fair value hierarchy

The table below presents the Group's financial assets 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 \$
2014 Financial Assets				
Available-for-sale financial assets	34,282	–	–	34,282
Financial assets at fair value through profit or loss	1,883	–	–	1,883
	36,165	–	–	36,165
2013 Financial Assets				
Available-for-sale financial assets	29,100	–	–	29,100
Financial assets at fair value through profit or loss	18,266	–	–	18,266
	47,366	–	–	47,366

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

23. COMMITMENTS AND CONTINGENCIES

	2014 \$	2013 \$
Operating lease commitments		
Future minimum lease payments (net of VAT or GST) under non-cancellable leases as at 30 June are as follows:		
Office premises		
The Group has a number of commercial lease arrangements whereby it leases its current office premises, in Johannesburg. These leases have an average life of five years with an option to renew at the end of the lease term and with rentals escalating at 9% per annum.		
Within one year	78,186	227,251
After one year but not more than five years	201,828	347,268
More than five years	–	–
	280,014	574,519
Office equipment		
The Group has a number of lease agreements during the period in respect to office equipment. These leases have an average life of five years and no renewal option included in the contract and with rentals escalating between 0% and 15% per annum.		
Within one year	31,279	27,794
After one year but not more than five years	41,056	55,302
More than five years	–	–
	72,335	83,096
Finance lease commitments		
The Group has instalment sale agreements for various items of motor vehicles, plant and equipment and computer equipment. Refer to notes 10 and 17 for further details on finance lease commitments.		
Commitments for plant construction		
At 30 June 2014, there were no commitments signed for continued improvements of Millsell, Steelpoort, Mooiooi, Lannex, Doornbosch and Tweefontein plants.		
Within one year	–	399,063
After one year but not more than five years	–	–
More than five years	–	–
	–	399,063

24. KEY MANAGEMENT DISCLOSURE

Shareholding of key management personnel

The number of shares in the Company held during the year by each director of the Group is set out below:

	Balance at the start of the year	Issued under share and option plan	Other changes during the year	Balance at the end of the year
Director 2014				
TM McConnachie	500,000	–	865,000*	1,365,000
GM Button	300,000	–	200,000	500,000
RA Williams	173,000	–	194,000	367,000
Director 2013				
TM McConnachie	500,000	–	–	500,000
RD Rossiter	1,032,000	–	(1,000,000)	32,000
GM Button	300,000	–	–	300,000
RA Williams	–	–	173,000	173,000

* Treasury shares granted as bonus award (see note 21 for further details)

All equity transactions with key management personnel other than those arising under the Group's Share Option Plan have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

The number of options in the Company held during the year by each Director of the Group is set out below:

	Balance at the start of the year	Issued under share and option plan	Other changes during the year	Balance at the end of the year
Director 2014				
TM McConnachie	2,000,000	500,000	–	2,500,000
GM Button	1,000,000	100,000	–	1,100,000
RA Williams	500,000	200,000	–	700,000
SA Murray	1,000,000	–	–	1,000,000
Director 2013				
TM McConnachie	2,000,000	–	–	2,000,000
RD Rossiter	1,000,000	–	–	1,000,000
GM Button	1,000,000	–	–	1,000,000
LM Carroll	1,500,000	–	–	1,500,000
RA Williams	500,000	–	–	500,000
SA Murray	–	1,000,000	–	1,000,000

Key management personnel compensation

	2014 \$	2013 \$
Short-term	2,433,181	2,626,763
Post-employment	–	–
Share-based payments	1,306,764	1,219,682
	3,739,945	3,846,445
Consultants previously considered key management:		
Share-based payments	–	49,557
Total	3,739,945	3,896,002

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

24. KEY MANAGEMENT DISCLOSURE *continued*

Compensation options: granted under the employee option plan

Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in note 21.

25. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of Sylvania Platinum Limited and the controlled entities listed in the following table:

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2014 %	2013 %
Sylvania Resources Pty Ltd	Australia	Ordinary	100	100
Twinloop Nominees Pty Ltd	Australia	Ordinary	100	100
Great Australian Resources Pty Ltd	Australia	Ordinary	100	100
SA Metals Pty Ltd	Australia	Ordinary	100	100
Sylvania Holdings Limited	Mauritius	Ordinary	100	100
Aralon Holdings Limited	Mauritius	Ordinary	100	100
Sylvania (Mauritius) Limited	Mauritius	Ordinary	100	100
Sylvania South Africa (Pty) Ltd	South Africa	Ordinary	74	74
Sylvania Metals (Pty) Ltd	South Africa	Ordinary	100	100
Sylvania Properties (Pty) Ltd	South Africa	Ordinary	100	100
Sylvania Mining (Pty) Ltd	South Africa	Ordinary	100	100
Great Australian Resources South Africa (Pty) Ltd	South Africa	Ordinary	100	100
Hacra Mining and Exploration Company (Pty) Ltd	South Africa	Ordinary	100	100
Pan Palladium South Africa (Pty) Ltd	South Africa	Ordinary	100	100
Volspruit Mining Company (Pty) Ltd	South Africa	Ordinary	100	100
Zoetveld Mining and Prospecting (Pty) Ltd	South Africa	Ordinary	100	100
Grasvally Chrome Mine (Pty) Ltd	South Africa	Ordinary	100	–

Sylvania Platinum Limited is the ultimate parent of the Group. Transactions between Sylvania Platinum Limited and its controlled entities during the year consisted of loan advances between Group companies. All intergroup transactions and balances are eliminated on consolidation.

Other related parties relationships

Entities controlled or significantly influenced by key management

Summer Sun Trading 210 (Pty) Ltd
Southridge Properties (Pty) Ltd

Terms and conditions with related parties

All loans were granted on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between related parties.

Outstanding balances are unsecured and are repayable in cash.

Investments in associates

The Group has a 25% interest in the assets, liabilities and output of an entity, CTRP, which operates a chrome tailings retreatment plant at Kroondal in South Africa (2013: 25%).

The Group also has a 26% (2013: 26%) interest in Lapon Mining (Pty) Ltd and a 29% (2013: 29%) interest in HW Iron (Pty) Ltd as a result of the sale of the future mining rights of the iron ore assets in the prior year to 30 June 2013.

Terms and conditions with investments in associates

Payments made on behalf of CTRP are made in arm's length transactions both at normal market prices and on normal commercial terms.

Transactions with related parties

Administration recoveries were received from and service fees paid to the following related parties during the year ended 30 June for expenses incurred on their behalf:

	2014	2013
	\$	\$
Service fees paid to related parties		
Realm Resources SA (Pty) Ltd	–	(27,192)
Summer Sun Trading 210 (Pty) Ltd	(7,352)	(21,736)
Southridge Properties (Pty) Ltd	(690)	(1,583)
Recoveries from related parties		
Realm Resources Ltd	–	4,408
Ferrum Crescent Ltd	–	69,864
	(8,042)	23,761

Loans to/(from) related parties

There are no outstanding balances with related parties as at 30 June 2014.

26. CLOSED GROUP CLASS ORDER DISCLOSURE

The consolidated financial statements of Sylvania Platinum Limited includes its wholly owned subsidiary Sylvania Resources Proprietary Limited (Sylvania Resources).

Name	Country of incorporation	Equity interest %	Investment \$
Sylvania Resources Proprietary Limited	Australia	100	179,201,671

Pursuant to Class Order 98/1418, relief has been granted to Sylvania Resources from the Corporations Act 2001 requirements for the preparation, audit and lodgement of their financial report.

As a condition of the Class Order, Sylvania and Sylvania Resources entered into a Deed of Cross Guarantee on 23 June 2011. The effect of the deed is that Sylvania has guaranteed to pay any deficiency in the event of winding up of a controlled entity or if they do not meet their obligations under the terms of overdraft, loans, leases or other liabilities subject to the guarantee. The controlled entity has also given a similar guarantee in the event that Sylvania is wound up or if it does not meet its obligations under the terms of the overdrafts, loans, leases or other liabilities subject to the guarantee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

26. CLOSED GROUP CLASS ORDER DISCLOSURE continued

The consolidated statement of comprehensive income and statement of financial position of the entities that are members of the Closed Group are as follows:

Consolidated Statement of Comprehensive Income	2014	2013
	\$	\$
Other income	–	9,912,732
Foreign exchange (loss)/gain	(29,738)	160,811
Impairment of available-for-sale financial assets	–	(44,394)
Share-based payment expense	(935,116)	(861,912)
General and administrative costs	(1,662,850)	(2,767,462)
Operating (loss)/profit	(2,627,704)	6,399,775
Finance revenue	6,875	90,708
(Loss)/profit before income tax expense	(2,620,829)	6,490,483
Income tax (expense) / benefit	–	–
Net (loss)/profit for the year	(2,620,829)	6,490,483
Consolidated Statement of Financial Position		
Assets		
Non-current assets		
Investments	91,817,916	89,075,277
Available-for-sale financial assets	34,282	29,100
Loans receivable	71,735,711	69,355,829
Property, plant and equipment	100	11,906
Total non-current assets	163,588,009	158,472,112
Current assets		
Cash and cash equivalents	275,666	1,814,745
Trade and other receivables	292,526	281,003
Total current assets	568,192	2,095,748
Total assets	164,156,201	160,567,860
Equity and liabilities		
Shareholders' equity		
Issued capital	29,515,539	29,515,539
Reserves	138,934,746	132,414,719
Accumulated losses	(4,571,047)	(1,950,218)
Equity attributable to the owners of the parent	163,879,238	159,980,040
Non-controlling interest	–	–
Total equity	163,879,238	159,980,040
Current liabilities		
Trade and other payables	276,963	587,820
Total current liabilities	276,963	587,820
Total liabilities	276,963	587,820
Total liabilities and shareholders' equity	164,156,201	160,567,860

27. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affects the financial position of the Group or the results of its operations.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Shareholders profile as at 5 September 2014

SHAREHOLDERS HOLDING 3% OR MORE FULLY PAID SHARES

	Shareholder	Number of shares	% shareholding
1	Africa Asia Capital	58,882,551	19.76
2	M&G Investment Management	28,797,500	9.66
3	Audley Capital	26,675,606	8.95
4	Odey Asset Management	15,227,252	5.11
5	Capital Research and Management	15,000,000	5.03
6	UBS collateral account	11,755,504	3.95
7	Miton Asset Management	11,375,000	3.82
		167,713,413	56.28

GLOSSARY OF TERMS 2014

THE FOLLOWING DEFINITIONS APPLY THROUGHOUT THE ANNUAL FINANCIAL STATEMENTS:

AGM	Annual General Meeting
AIM	Alternative Investment Market of the London Stock Exchange
AQPSA	Aquarius Platinum (South Africa) (Pty) Ltd
ASX	Australian Securities Exchange
AUD	Australian Dollar
BEE	Black Economic Empowerment
Boynton	Boynton Investments (Pty) Ltd
CGU	Cash generating unit
CTRP	Chrome Tailings Retreatment Plant
DI	Depository interests
DMR	Department of Mineral Resources
EBITDA	Earnings before interest, tax, depreciation and amortisation
EIA	Environmental Impact Assessment
EIR	Effective interest rate
EMPR	Environmental Management Programme Report
GAU	Great Australian Resources Pty Ltd (formerly Great Australian Resources Limited)
GBP	Great British Pound
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
Ironveld	Ironveld plc
JORC	Joint Ore Reserves Committee
JV	Joint venture
LSE	London Stock Exchange
LTI	Lost time injury
MPRDA	Mineral and Petroleum Resources Development Act
MRA	Mining Right Application
NOMR	New Order Mining Right
PGM	Platinum group metals comprising mainly platinum, palladium, rhodium and gold
Platmin	Platmin South Africa (Pty) Ltd
ROM	Run of mine
SAM	SA Metals Pty Ltd (formerly SA Metals Limited)
SDO	Sylvania dump operations
Shares	Common shares
Sylvania	Sylvania Platinum Limited, a company incorporated in Bermuda
The Code	UK Corporate Governance Code
USD	United States Dollar
WULA	Water use licence application
ZAR	South African Rand

CORPORATE DIRECTORY

DIRECTORS

SA Murray – Non-executive Chairman

TM McConnachie – Chief Executive Officer

GM Button – Non-executive Director

RA Williams – Independent Non-executive Director

COMPANY SECRETARY

Codan Services Limited

PRINCIPAL REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

REGISTRAR

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KPMG Incorporated

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Parktown, 2193

South Africa

SOLICITORS

Allen & Overy

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Perth, Western Australia, 6000

Australia

NOMINATED ADVISOR AND BROKER

Liberum Capital

Ropemaker Place

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London, EC2Y 9LY

United Kingdom

STOCK EXCHANGE LISTING

Sylvania Platinum Limited is listed on the AIM market of the London Stock Exchange (shares: SLP)

WEBSITE

www.sylvaniaplatinum.com