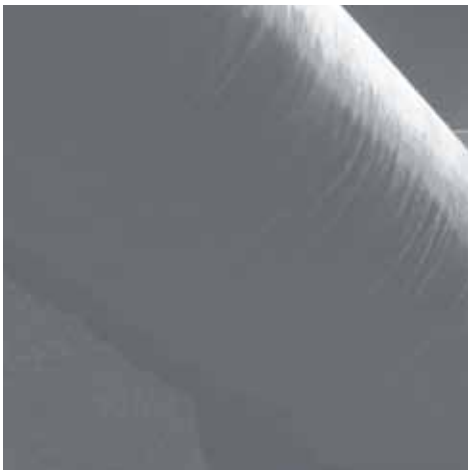
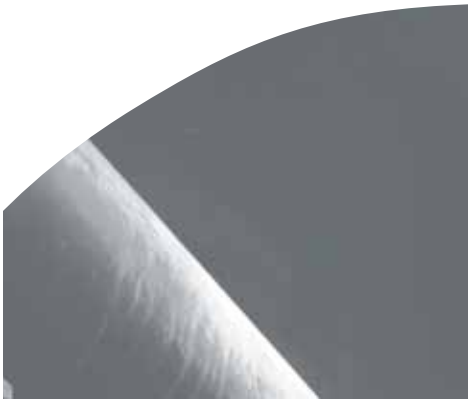




Annual Report 2011





# VISION

To be the leading mid-tier, lowest unit-cost, platinum group metals ("PGMs") mining company.

# OUR MISSION

We generate wealth for all of our stakeholders using safe and innovative processes with a focus on PGMs whilst exploiting any value-adding associated minerals.

# OUR 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 whilst honouring their heritage and traditions.

# CONTENTS & CORPORATE DIRECTORY



## CORPORATE DIRECTORY

|                                               |                                                                                                                                                           |                                                                                            |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>Directors</b>                              | TM McConnachie - Chief Executive Officer<br>RD Rossiter - Non-Executive Chairman<br>LM Carroll - Finance Director<br>GM Button - Executive Director       |                                                                                            |
| <b>Joint Company Secretary</b>                | LM Carroll/GM Button                                                                                                                                      |                                                                                            |
| <b>Principal registered office in Bermuda</b> | Clarendon House<br>2 Church Street<br>Hamilton HM11<br>Bermuda                                                                                            |                                                                                            |
| <b>Registrar</b>                              | Computershare Investor Services Pty Limited<br>Reserve Bank Building<br>Level 2<br>45 St George's Terrace<br>Perth<br>Western Australia<br>6000 Australia |                                                                                            |
| <b>Auditors</b>                               | Ernst & Young<br>11 Mounts Bay Road<br>Perth<br>Western Australia<br>6000 Australia                                                                       |                                                                                            |
| <b>Solicitors</b>                             | Allen & Overy<br>Level 27<br>Exchange Plaza<br>2 The Esplanade<br>Perth<br>Western Australia<br>6000 Australia                                            |                                                                                            |
| <b>Nominated Advisor and Joint Broker</b>     | Ambrian Partners Limited<br>Old Change House<br>128 Queen Victoria Street<br>London, EC4V 4BJ<br>United Kingdom                                           | RBC Europe Limited<br>Riverbank House<br>2 Swan Lane<br>London, EC4V 3BF<br>United Kingdom |
| <b>Stock Exchange Listings</b>                | Sylvania Platinum Limited is listed on the Australian Securities Exchange (Shares:SLP) and on the AIM market of the London Stock Exchange (Shares:SLP)    |                                                                                            |
| <b>Website</b>                                | <a href="http://www.sylvaniaplatinum.com">www.sylvaniaplatinum.com</a>                                                                                    |                                                                                            |

## Final Results

Audited Final Results for the year ended 30 June 2011

Sylvania Platinum, the low cost Platinum Group Metal ("PGM") processor and developer, today announces its audited final results for the year ended 30 June 2011. Unless otherwise stated, the financial information is presented in US Dollars.

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## SYLVANIA PLATINUM LIMITED

("Sylvania Platinum", "Sylvania" or the "Company")

(ASX: SLP, AIM: SLP)

# HIGHLIGHTS 2011

## FINANCIAL HIGHLIGHTS

- Revenue increased by 79% to \$46,872,232 (\$26,115,145 FY10),
- \$7,708,176 Net operating cash inflow (Outflow \$2,660,627 FY10) a 390% turnaround,
- Net profit after tax of \$1,608,126 (Loss after tax of \$7,781,911 in FY10),
- \$12,340,998 Group EBITDA, 547% turnaround (\$2,759,039 loss FY10),
- \$15,419,750 Sylvania dump operations ("SDO") EBITDA, 253% increase (\$4,370,742 FY10),
- PGM ounces sold increased by 61% to 42,232oz (from 26,205 oz in FY10),
- The average cost at operating level decreased by 2.3% to \$601/oz (\$615/oz FY10),
- Average basket price increased by 15% to \$1,166/oz (\$1,015 in FY10),
- PGE plant grade decreased by 9% to 4.55g/t (5.02g/t FY10),
- Group cash balance \$23,497,092 at 30 June 2011 (\$20,107,830 FY10),
- Group earnings per share increased to 0.39 cents (loss per share 3.11 cents FY10) a 113% turnaround.

## CORPORATE HIGHLIGHTS

- Re-domicile of Sylvania from Australia to Bermuda completed,
- Commencement of on market share buy-back.

## OPERATIONAL HIGHLIGHTS

- Appointment of deputy CEO Nigel Trevarthen to directly oversee all production operations,
- PGM production from five Sylvania Dump Operations ("SDO") tailings plants increased 67% to 41,013oz (24,605oz in FY10),
- Plant feed production increased by 56% to 1,410,883 tonnes (907,032 tonnes in FY10),
- PGM Plant feed tonnes increased by 62% to 652,597 tonnes (403,825 tonnes in FY10),
- PGM recoveries increased by 8% to 43% (40% in FY10),
- Volspruit (Southern section of Northern Limb) Measured, Indicated and Inferred resource of 5 million ounces and Cu/Ni credits,
- Mining license application on Volspruit section submitted to the Department of Mineral Resources ("DMR"),
- PGM production from SDO and Chrome tailings retreatment plant ("CTRP") for FY12 forecast to reach 60,000 ounces,
- Additional target areas identified for further exploration on the Northern Limb (Northern part) Platreef Project,
- Developing near surface mining and processing operations to exploit PGM's,
- First PGM alloy successfully produced during testing process.

## POST-PERIOD HIGHLIGHTS

The Board has resolved to pursue the disposal of the magnetite iron ore project located in the Bushveld region of South Africa. Proceeds from the sale are anticipated to be in the form of equity in a listed entity which Sylvania intends to distribute to Sylvania Platinum shareholders.

Commenting, Sylvania Platinum CEO Terry McConnachie said; "The year saw real tangible benefits of an on-going restructuring programme that Sylvania has undertaken over the previous 24 months. Every period during the year saw the Company exceed operational performance targets in total output, efficiency and enhanced margins. Under the guidance of our new Deputy CEO, Nigel Trevarthen, we look forward to building on that success and continue to deliver on production targets for next year. Despite the challenging economic situation globally Sylvania has demonstrated its robust economic model.

Despite the Company's robust performance, Sylvania's share price and the performance of the PGM sector in general has been disappointing. A range of factors including rising industry costs, a strong Rand, safety stoppages, the well-publicised nationalisation debate in South Africa, and on-going weakness in the global economy have continued to weigh heavily on the sector. We believe that investment interest in the PGM sector will recover in line with the global economy and forecast an improvement in PGM prices.

Our challenge is to take Sylvania to the next level of expansion through low cost PGM production and progress our near surface mining development programme within the Northern Limb of the Bushveld complex. The directors have decided to spin out the iron ore assets to Sylvania shareholders as a dividend (in specie). This is aligned with our vision of achieving consistent growth, being profitable and returning as much of the profits as we can to shareholders."





# CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REVIEW

## Group Overview and Strategy

The period covered within these results saw the first real benefits from a series of operational and strategic rationales that have been implemented over the last three years. The Board has committed to grow Sylvania to the next level by enhancing the Company's low cost platinum group metal production portfolio and deriving value from new surface or near surface resources.

Following a long term restructure of our tailings operations by Nigel Trevarthen who was appointed as deputy CEO following a career managing major precious metals mining and processing operations in Africa, Sylvania saw record production growth during this period with PGM ounces sold increasing by 61% to 42,232 (vs 26,205 in FY10). The record production results were as a result of the excellent foundation created by the original implementation team and a combination of optimised operational structures implemented by management at the plants and the commissioning of new plants. With improved elements within the production circuits at the Mooi-nooi and Lannex plants Sylvania has also been able to increase cost effective PGM recovery and lower operating costs to \$601/oz (vs \$615/oz in FY10) despite a negative Rand/Dollar exchange impact of \$54/oz. Further circuits and new plants are expected to be commissioned in the next twelve months that will allow Sylvania to significantly build PGM production.

The strong operating performance was reflected in the significantly improved financial results with revenue increasing by 79% to \$46,872,232 vs \$26,115,145 in FY10. This was in part bolstered by the average basket price received which increased by 15% to \$1,166/oz, compared to \$1,015/oz in FY10. EBITDA from the dump operations improved 253% to \$15,419,750 (vs \$4,370,742 in FY10) resulting in an overall turnaround of 547% in Group EBITDA to \$12,340,998 (vs negative \$2,759,039 in FY10). The Company remains debt free with the cash balance increasing marginally to \$23,497,092 (vs \$20,107,830 in FY10). Towards the end of the financial year, Sylvania announced that it would implement an on-market share buy-back of up to 10% of the issued share capital of the Company.

Sylvania Platinum has also used the preceding 12 months to make significant steps forward in developing its near surface mining operations in the Northern Limb area. Sylvania Platinum is compiling feasibility studies aimed at developing new, low cost PGM production mines in the Northern Limb of the Bushveld Igneous Complex ("BIC"). These deposits are "massive" type ore bodies and are ideal for open pit mining operations. Traditionally near surface PGM material located in the Northern Limb has not been treated by the Bushveld smelters due to low PGM grades and the presence of other difficulties to extract base metals. Ongoing studies conducted by Sylvania have identified an extraction process route utilising proven technologies to recover base metals, such as Nickel and Iron and a PGM product of sufficient grade and purity fit for sale. Other South African platinum producers traditionally mine the high grade PGM deposits located within reefs at depth and accessed through significant underground mining operations. Since these surface deposits were typically much lower grade, this has allowed Sylvania Platinum to secure prospecting rights over a 25km strike length in the Northern Limb and thus far over 8 million JORC compliant resource ounces (inferred) has been defined (at Volspruit as published in September 2010 and at the Northern Limb projects as published in March 2011). The Sylvania team is building a simple operational concept referred to as the "Ore to Metal" strategy for the recovery of low grade PGM ore. Following standard processing techniques such as crushing, milling and floatation the concentrate will be smelted through a standard DC Arc furnace to produce a metal alloy. Sylvania Platinum is working with alloy specialists and other specialist parties to upgrade the alloy using base metal refining techniques such that the remaining metals in the alloy will be acceptable to a standard PGM refinery. Sylvania Platinum is currently on schedule to begin production in FY14 from the first of their new mines in the Northern Limb at Volspruit. The study work concluded to date has produced physical alloy from the ore at Volspruit using a DC Arc furnace and this alloy was sent during February of this year for the final base metal extraction tests, which are extremely encouraging.



Terry McConnachie



Richard Rossiter

In the interim, the Company remains committed to growing shareholder value by optimising and expanding the PGM recovery operations from waste tailings and developing low cost near surface mining operations in the Bushveld Complex of South Africa.

## PGM Markets

The slow recovery in the global economy and demand for auto catalysts saw the average price of platinum increase by 17% to \$1,708/oz in FY11 (vs \$1,456/oz in FY10). Rand strength offset the gains for South African producers with the platinum price increasing marginally by 8% to R11,985/oz vs R11,072/oz in FY10. These gains were largely offset by increasing industry cost pressures resulting from rising power, water and labour costs as well as safety related stoppages.

Towards the end of the reporting period PGM prices weakened due to the deteriorating global economic outlook and the earthquake and tsunami in Japan which further delayed a demand driven recovery. Jewellery demand remains steady with China continuing to dominate. Investment demand for physically backed platinum and palladium exchange traded funds ("ETFs") continued to grow with many investors preferring to invest in ETFs rather than the underlying companies.

The constant talk of Nationalisation in South Africa has also negatively affected investors' appetite for South African mining operations.

## Corporate

The Company made significant progress consolidating and streamlining its business activities during the year:

- The Company raising its ownership in SDO to 100% (from 74%) via a transaction that saw Africa Asia Capital Limited become a 19.5% shareholder in Sylvania.
- Sylvania also has under Licence a large iron ore target in the Northern Limb which it plans to develop separately from the Company's core PGM business. Proceeds from any disposal will be passed to Sylvania shareholders.
- Shortly after the period end, on 4 July 2011 Sylvania appointed Royal Bank of Canada as joint broker to the company.

## Outlook

The Board and executive management remain focused on delivering value from low cost PGM operations. Five PGM tailings recovery plants are now commissioned and work continuously to ensure they deliver maximum value and margin. The Company is also on course to develop a new set of low cost PGM production operations by unlocking the significant potential of near surface, low grade PGM deposits that Sylvania has already secured. Sylvania is focussing on establishing an integrated processing, smelting and refining capability for low grade ores.

The production achievements this year have been excellent and we are excited about the prospects that lie ahead for Sylvania as the Company looks to the next phase of growth and development. Our production target for the next 12 months is to produce 60,000 PGM ounces.

Sylvania continues to consider logical value enhancing acquisitions, restructuring and industry consolidation opportunities aimed at transforming the company into a significant PGM producer in the future.

## Acknowledgements

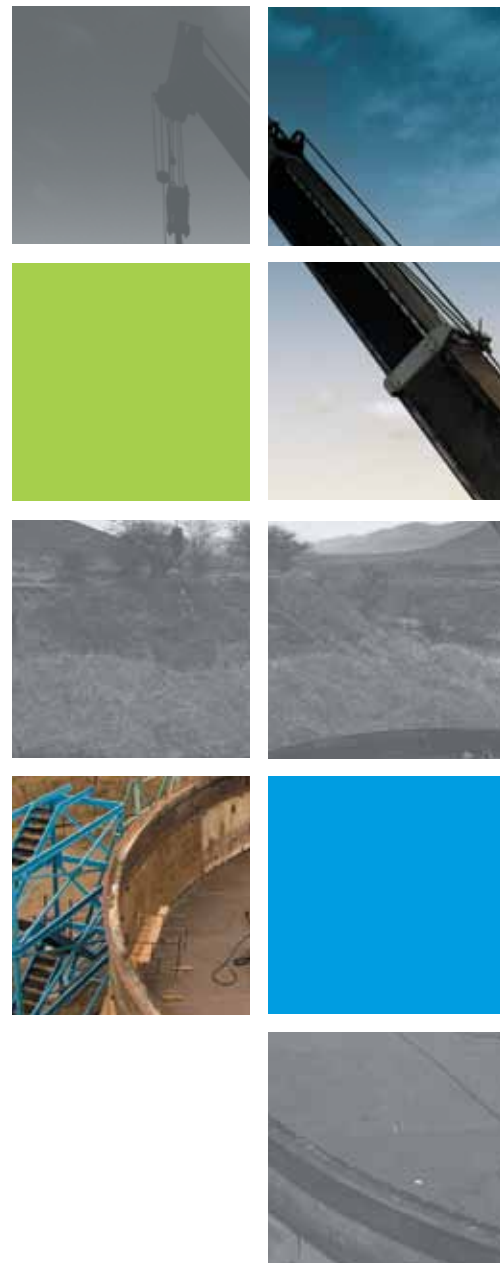
On behalf of the Sylvania Board we want to express our gratitude to our fellow Board members, Dr Alistair Ruiters who retired as non-executive Director, and pay tribute to the Sylvania executive management team and all employees for their contributions to the strong performance of our Company in what has been an eventful year. We would also like to thank our shareholders for their continuing support as we develop the potential this Company has for significant, low cost, PGM recovery operations.



Richard Rossiter  
Non-Executive Chairman



Terry McConnachie  
Chief Executive Officer





# DEPUTY CEO'S REVIEW

## Operating performance

A number of key initiatives intended to optimise performance at the plants were implemented during the 2011 financial year. Collectively, Sylvania's five operating plants have shown consistent improvements in production, outperforming targeted volumes and generating positive cash flow. The positive cash inflow from operating activities for the FY11 was \$7,708,176 (versus a cash outflow in FY10 of \$2,660,627) thanks to an increase in revenue and an unwavering focus on cost management which has made our 2011 financial period a record year in terms of tons processed, ounces sold increased by 61% and record Sylvania Dump Operations ("SDO") profits after tax of \$5,659,814, a turnaround of \$5,939,044.

Specifically the commissioning of the Doornbosch plant early in the year, the commissioning of the new tailings facility at Lannex and the heavy media separation ("HMS") plant at Mooi-nooi later in the year collectively contributed to the increased volumes and improved recoveries. Overall, PGM plant recoveries strengthened from 40% in FY10 to 43% in FY11 whilst PGM production for the year showed a marked increase from 24,605 oz in FY10 to 41,013 oz this year. The volumes of primary feed material and PGM feed were also pleasing with a 56% and 62% increase respectively for the year.

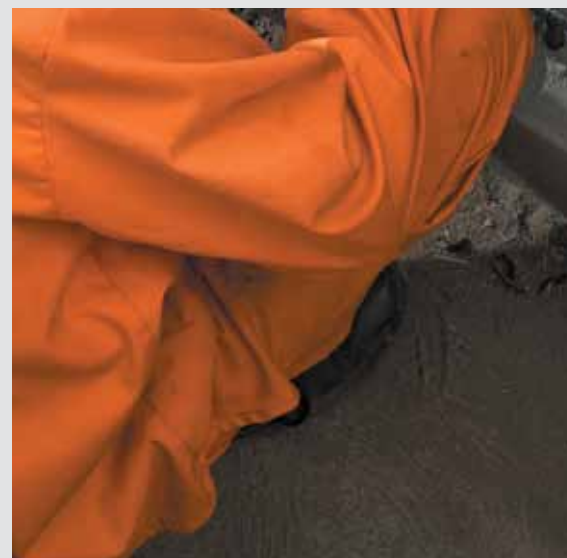
These pleasing results are a function of the first five plants approaching optimal operating performances. The plants are now performing at expected levels and unit costs will improve as various optimisation strategies come into play ensuring that we maintain our position as one of the lowest cost PGM producers.

## Sylvania Dump Operations

The SDO are operated by Sylvania Metals Proprietary Limited ("Sylvania Metals"), a wholly owned entity of Sylvania Platinum Limited.

During the year the Company restructured its BEE arrangement. As part of the restructure, Sylvania Platinum amended its service and supply agreement with Samancor Chrome Limited ("Samancor"). As a result of this contract amendment Africa Asia Capital Limited has taken a significant equity position in Sylvania Platinum and Samancor continues to receive all processed chrome extracted from the SDO on an exclusive basis.

The recently negotiated and amended contract will provide significant benefits for Sylvania and aligns the operational interests of both companies. The on-going relationship has also provided a platform to explore other opportunities with Samancor.





## Health, Safety and Environment

The first of Sylvania's values is that "We value the safety and Health of all" and believe that "Employees are at the heart of the Company, we place their safety and health above all else in all that we do." This has allowed the Company to work without a Lost Time Injury from October 2009 until April 2011 when an employee suffered an injury to one of his fingers. Safety is never compromised in the achievement of the record production achievements and the Company remains committed to maintaining a zero lost time injury rate and strives to achieve this through on-going and relevant education and improvements to safety procedures as guided by global best practice.

As a company that re-treats mine tailings, sound management of the natural environment is important to Sylvania. We measure our environmental performance against the highest international standards while ensuring that we are compliant with the host mine's environmental programmes and the National Environmental Management Act. During the year, the company only recorded two minor incidents.

### Millsell

The Millsell plant has had a good year with consistent performance. A series of production initiatives were successfully implemented to maintain plant feed grade. Management have known for some time that the dump immediately associated with the plant will complete its first pass treatment during 2011 and instituted a programme of identifying additional feed sources for the plant. Whilst it has always been SDO strategy to treat the dump material a second time, all be it at lower recoveries, new feed sources have been successfully identified. This action, combined with the current arisings fed from the Millsell mine will allow the plant to operate profitably for many years to come.

Further work is being done to evaluate the economics of feeding material from the Mooinooi float plant tailings to the Millsell operation. Should this strategy prove successful it will dramatically improve the future production profile for the Millsell plant, both in terms of ounce production and operational life. Initial results are extremely encouraging.

### Steelpoort

The Steelpoort plant has also had another good year with above expectation performances being recorded. The Steelpoort plant is approaching the end of the first pass treatment of its primary feed dump which is due to be completed towards the end of the 2012 financial year. Current arisings and second pass treatment of the new tailings dump will continue as planned. Potential feed of float plant tailings from the Lannex plant may further improve profitability and life of the plant. This action, will improve the latest life of plant position which sees the re-treatment of the Steelpoort dump and allows the plant to operate profitably for many years to come.

### Mooinooi

Sylvania entered into a joint investment project at the Mooinooi mine to expand the MG2 run of mine ("ROM") capability through the construction of an HMS plant at the Mooinooi complex, the first part of a three stage optimisation programme.

The plant was commissioned in May 2011, on time and in budget, and as expected, production slowed in the final quarter while resolving anticipated commissioning issues.

The ROM throughput increases from 15,000tpm to 40,000tpm as a result of the expansion with the ability to treat lumpy chrome ore directly from underground and effective waste separation. The life of the Mooinooi complex is thus extended from a 10 year dump retreatment project to a +15 year dump and ROM operation due to the displacement of the dump feed. While total plant feed remains at 40,000tpm, the increased ROM feed allows better recoveries and is expected to increase ounces produced by 220 oz per month.

Importantly, this project allows a second phase expansion at the Mooinooi floatation plant which involves the construction of additional chrome spiral capacity and a second PGM floatation plant. These improvements will see an increase in:

- the ROM feed by 50% to 60,000tpm
- the tailings retreatment, and thus the total plant feed to 75,000tpm
- PGM production to +1,600oz per month.

The second expansion phase was approved by the Board in FY11 and will be completed in the second quarter of the FY12 with capital expenditure budgeted at R54 million. This symbiotic relationship between chrome and PGM extraction we believe has huge merit, and as can be seen by recent results on this Mooinooi plant, the concept of chrome subsidising platinum and platinum subsidising chrome is an area Sylvania will be researching aggressively.

### Lannex

The water licence required for the construction of the new tailings dam was granted by the Department of Water Affairs in July 2010 and the facility was successfully completed in April 2011.

The tailings disposal facility is now fully operational and Lannex is ramping up production as it can now handle the deposition of the increased tonnes and is currently the largest PGM ounce producer amongst the five plants. This position should remain until the Mooinooi plant expansion is commissioned in Q2 of the FY12.

Various optimisation projects are underway to both improve plant and company performance. The backfilling of the underground workings below the plant to ensure safety has also been completed at a once off cost of R8m.

### Doornbosch

The Doornbosch PGM and chrome recovery plant was commissioned in July 2010 and the first saleable concentrate was produced during that month.

Designed to process 20,000tpm, the current feed consists of ore from dumps as well as tonnage from the underground operation which is still in development and below our production capacity. The feed and head grade is expected to improve as the underground mine builds up to full production.

To ensure that the Doornbosch plant is fully utilised, the float plant has introduced a system of recirculation which has seen an improved recovery thus allowing the plant to achieve better than expected performances.



### **Twefontein**

The final project study for the sixth SDO chrome and PGM plant at Twefontein mine was completed during FY11 and the project received Board approval. The project has a total capital expenditure budget of R94 million including an estimated, but still to be ratified, R10 million set aside for the power reticulation from national power utility, Eskom. Plant construction is to start imminently and be completed by June 2012.

Twefontein also has the possibility of a second phase of MG2 ore processing, similar to that at Mooiooi, where feed could be treated directly from underground. This symbiotic arrangement is currently being discussed with the host mine.

### **Chrome Tailings Retreatment Project (CTRP)**

The CTRP joint venture, in which Sylvania has a 25% interest and which is managed and operated by Aquarius Platinum, saw a year-on-year decrease in production. Total output dropped by 24% from 1,599 oz in FY10 to 1,219 oz in FY11. The low ounce production was largely as a result of low feed density and numerous line chokes in the course of the year. This project and investment is being reassessed and shareholders will be advised shortly of the outcome of this review.

### **Northern Limb Operations**

Since acquiring the important near-surface exploration assets in the Northern Limb of the Bushveld complex in 2010, we have been able to further evaluate the resources. An independent review provided a JORC compliant Inferred Resource on four geological targets identified for further exploration.

A four-phase drill programme was started in September 2011 aimed at upgrading components of the current declared Inferred Resource to Indicated category. Further drilling will be undertaken on two of the four areas which show an elevated PGM grade, with the intention of applying for a mining right in 2013.

### **Volspruit Mine and Smelter/Refinery Project**

The Volspruit Project has two distinct sections; the development of a mine and concentrator which will be run by Sylvania and the development of a smelter and refinery complex which is planned to be run in a joint venture in which Sylvania will have an equal share.

The Volspruit Mine has a "massive" (ore evenly distributed over a large volume) ore body located at the southern end of the Northern Limb of the Bushveld Igneous Complex ("BIC"), containing both PGMs and base metals accessible by open pit.

The smelter/refinery project will be built at the mine site and will allow the whole project to complete an "ore to metal" production line.

The project will comprise two open pit mines with combined production of 300,000 tonnes of ore per month, feeding into three modular flotation plants, each with a 100,000tpm ROM capacity. The first of these three plants will be built with the mine and the remaining two will be constructed to coincide with production ramp-up.

The smelter/refinery project will comprise a smelter complex with a 10MW DC arc furnace and base metal refining complex using a carbonyl vapour metal refining process.

The "ore to metal" process uses known technology constructed in a unique configuration pioneered by this project team. The concept trials conducted during the year have properly defined the process and have delivered pleasing results.



The major focus for the feasibility team for 2012 will be the completion of an Environmental Impact Assessment ("EIA"). The EIA process is well underway and this is expected to allow for submission of the Environmental Scoping Report in Q1 FY12.

### Everest North

Sylvania and Aquarius Platinum (South Africa) Proprietary Limited (AQPSA – a wholly-owned subsidiary of Aquarius Platinum Limited) entered into an agreement in June 2011 to investigate the viability of extracting and processing ore from the Everest North deposit (formerly the Vygenhoek prospecting area). A Feasibility Committee, assisted by DRA Mining, is in the process of updating the existing feasibility study, planned for completion by November 2011. The study is focusing on mining for PGMs at Everest North and then processing the ore at AQPSA's Everest South Metallurgical Plant to produce saleable PGM concentrate.

This Committee is determining the viability of mining for PGMs at Everest North, and it will also be responsible for preparing a Mining Right application, planned to be submitted in January 2012. Sylvania and AQPSA have agreed to form a joint venture company after the successful conclusion of the feasibility. Each party will hold an equal share and each party will appoint their own BEE partners to comply with legislation.

Whilst effectively reducing our exposure to the resource, the long-term benefits to Sylvania can be significant. Notwithstanding the partnership with the world's fourth largest platinum producer and an opportunity to reassess the PGM resource potential, by utilising existing plant capacity at Everest South, Sylvania has the advantage of a vastly reduced capex bill which will increase the IRR and NPV of the project significantly.

### Human Resources

In line with restructuring and growth in the organisation, the Company appointed three new executives to the Sylvania management team in January 2011. We welcome Michiel van der Merwe, Executive Officer Operations; Albert Jordaan, Executive Officer New Business; and Lewanne Carminati, Executive Officer Finance. We are confident that their combined experience and expertise will bring immense value to the company.

The Company sees it as an imperative that we continue to promote a workplace that is representative of the country's demographics and, at the same time, attracts and retains high calibre, high performing employees who subscribe to the vision and values of the company.

During the year, a recognition agreement was put in place with the National Union of Mineworkers ("NUM") which now enjoys majority recognition at the operations. We successfully concluded a wage agreement with the NUM in May 2011 for the 2012 financial year.

### Outlook

Sylvania is fully underway with the capital expansion projects at Mooiooi and Tweefontein that will allow the Sylvania Dump Operations and the CTRP to increase the total annual PGM production from 40,000oz to 60,000oz in the 2012 financial year and this level of production is planned to be maintained for at least 10 years.

Additional low cost PGM production should come from our Volspruit mine, the joint venture with Aquarius Platinum at Everest North and the development of our Northern Limb projects.

At the recent board meeting it was decided to sell off the Sylvania Iron ore assets. Any advantage derived from this asset sale will be distributed to shareholders.

Sylvania remains debt free with an increasing production portfolio from existing operations and a significant new route to increase growth.

**Nigel Trevarthen**  
**Deputy Chief Executive Officer**

All comments on resources were extracted from statements released during the year and the details of the competent persons that assisted with the compilation of these reports are shown in the Appendix to this document.



# 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 2011. Unless otherwise stated, the consolidated financial information contained in this report is presented in US Dollars.

On 26 November 2010, the directors of Sylvania Resources Ltd ("Sylvania Resources") announced the intention to redomicile the holding company of the Sylvania Group from Australia to Bermuda.

A resolution to approve a scheme of arrangement between Sylvania Resources and its shareholders ("Scheme") was put to the members of Sylvania Resources at the court ordered scheme meeting held on 2 March 2011 and was passed in accordance with section 411(4)(a)(ii) of the Corporations Act. The Supreme Court of Western Australia approved the Scheme and the Scheme subsequently became effective on 9 March 2011. Upon implementation of the Scheme, Sylvania Platinum Limited, a company incorporated in Bermuda, became the ultimate holding company of the Group.

In terms of the Scheme, Sylvania Platinum issued Sylvania Platinum Shares to Sylvania Resources' shareholders in exchange for their Sylvania Resources Shares and Sylvania Platinum DIs to holders of Sylvania Resources DIs in exchange for their Sylvania Resources DIs. Sylvania Resources shareholders received one Sylvania Platinum Share for each Sylvania Resources Share held at 7.00pm (WST) on 9 March 2011 and holders of Sylvania Resources DIs received one Sylvania Platinum DI for each Sylvania Resources DI held at 7.00am (GMT) on the same date.

Holders of Sylvania Resources Options entered into a binding agreement with Sylvania Resources and Sylvania Platinum in terms of which the holder agreed to the cancellation of the Sylvania Resources Options in consideration for the grant by Sylvania Platinum of an equivalent number of Sylvania Platinum Options on terms and conditions which replicate those of Sylvania Resources Options.

Holders of Sylvania Resources Loan Shares entered into a binding agreement with Sylvania Resources and Sylvania Platinum pursuant to which each Share Loan was assigned by Sylvania Resources to Sylvania Platinum.

Sylvania shares commenced trading on ASX on a normal settlement basis on 25 March 2011, and admission to trading of Sylvania shares on AIM was granted on the same date.

## 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.

TM McConnachie (*Chief Executive Officer*)

RD Rossiter (*Chairman*)

LM Carroll (*Finance Director*)

GM Button (*Executive Director*)

Dr AP Ruiters (*Non-executive Director,  
Resigned 2 October 2010*)

The Directors of Sylvania Resources were in office from 1 July 2010 and were appointed to the Board of Sylvania Platinum on 7 September 2010.

## Information on directors

**TM McConnachie** – Chief Executive Officer

### Experience and expertise

Mr McConnachie has over 25 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

**RD Rossiter BSc (Hons) MSc** – Non-Executive Chairman

### Experience and expertise

Mr Rossiter began his career as a geologist in the South African gold industry. He subsequently qualified in mine management and held various production management and business development roles. He then joined the financial sector as a mining analyst and later was responsible for corporate advisory, mergers, acquisitions, divestments and private equity investments. Mr Rossiter is the Non-executive Chairman of Sylvania Platinum Limited and Managing Director of Realm Resources Limited (both ASX listed) and runs his own consultancy firm operating within the mining sector. He holds a Bachelor of Science (Hons) in Geology from the University of Natal and a MSc in Mineral Exploration from Rhodes University in South Africa.

### Special responsibilities

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

**LM Carroll B Com, MAP, H. Dip. Corporate Law, H. Dip. Property Management, Dip Business Management** – Finance Director

### Experience and expertise

Mr Carroll was appointed in August 2007 and acts as Finance Director having worked for the Company previously in its South African operations, principally in developing and structuring financial reporting and systems. 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. He also served as COO of a listed oil and gas company.

### Special responsibilities

Finance Director and Joint Company Secretary  
Member of the Audit committee

**GM Button CPA** – Executive Director

### Experience and expertise

Mr Button was a director and company secretary of Sylvania Resources Limited for four years until June 2007. He rejoined 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 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 Company Secretary  
Chairman of the Audit committee

## Company secretary

The Company secretary role is jointly held by LM Carroll and GM Button, both directors of Sylvania Platinum Limited. Please refer to the above Information on directors section for further details.

## Principal activities

The principal activity of the Group during the financial year was investment in mineral exploration and mineral treatment projects. As new mineral treatment plants became operational, focus is being concentrated on operations. Operational focus during the financial year was concentrated on the five retreatment plants as well as the further exploration and feasibility studies on the Volspruit and Northern Limb projects.





## Dividends

No dividend has been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

## Group financial results

### Operating results for the year

The consolidated profit of the Group for the year before income tax expense and non-controlling interest was \$5,826,424 (2010: loss \$5,129,670).

Sylvania has had a record year in production and subsequently recorded a significant financial improvement over the prior year. Revenue increased 79% from \$26,115,145 to \$46,872,232 as a result of the increased ounce production as well as steadily improving commodity prices. A number of one-off costs impacted the profit and loss resulting in a net profit after tax of \$1,608,126 (2010: loss \$7,781,911). These costs include:

- Cost of the redomicile of the Group from Australia to Bermuda amounted to \$2,303,484,
- Termination of consulting contract \$1,470,942 (refer to note 4 for further details),
- Write off of loan to previous Black economic empowerment shareholder in Sylvania Metals Proprietary Limited of \$577,544.

The cash balance at 30 June 2011 was \$23,497,092 (2010: \$20,107,830). The Company has used its cash and assets in a way which is consistent with the objectives of the business.

## Review of operations

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

## Significant corporate changes

### Implementation of Scheme of Arrangement

Sylvania became the holding company of the Group as described at the beginning of the Directors' report.

## Share exchange agreement with Africa Asia Capital Limited

On 29 September 2010, Sylvania Resources Limited ("Sylvania Resources") announced that it had entered into a share exchange agreement with Africa Asia Capital Limited ("AACL"), to acquire AACL's 26% interest in Sylvania Metals (Pty) Ltd ("Sylvania Metals").

Sylvania Resources issued an initial tranche of 7,711,888 Sylvania Resources Shares to a nominee of AACL on 29 September 2010. The remaining tranche of 51,170,663 Sylvania Resources Shares was issued to AACL's nominee on 1 December 2010 upon receipt of the necessary shareholder approvals. The full consideration of 58,882,551 Sylvania Resources Shares has now been issued to AACL's nominee, Rene Nominees (IOM) Limited, pursuant to the terms of the Share Exchange Agreement.

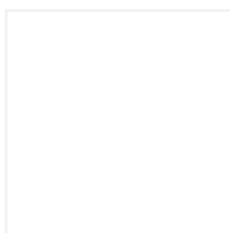
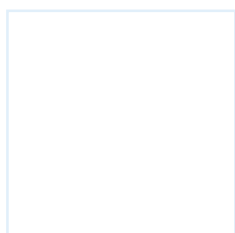
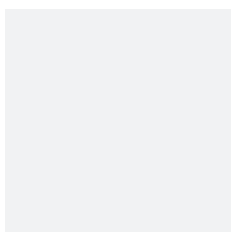
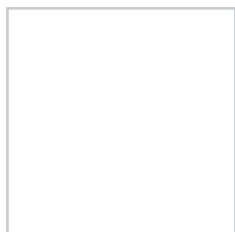
In accordance with the terms of the Share Exchange Agreement, AACL has agreed, subject to certain exceptions, that it will not dispose of 51,170,663 Sylvania Resources Shares issued to it under the Share Exchange Agreement for a period of 12 months from the date of issue, being 1 December 2010, without the prior written consent of Sylvania (which must not be unreasonably withheld or delayed). AACL subsequently agreed that, upon implementation of the Scheme of arrangement and the resulting redomicile of the Group to Bermuda and subject to the same exceptions that applied to the Sylvania Resources Shares under the Share Exchange Agreement, it will not sell 51,170,663 of its Sylvania Platinum Shares before 1 December 2011, without the prior written consent of Sylvania Platinum (which must not be unreasonably withheld or delayed).

The Share Exchange Agreement also gives AACL the right to nominate up to two individuals for appointment to the boards of each of Sylvania Resources and Sylvania Metals. Sylvania Platinum has agreed that AACL has the right to nominate for appointment up to two directors to fill casual vacancies on the board of Sylvania Platinum. AACL has advised Sylvania Platinum that it has no current intention to exercise its right to nominate for appointment any directors to the board of Sylvania Platinum.

## Jubilee/Sylvania alliance

Steady progress is being made by Sylvania and Jubilee Platinum Plc ("Jubilee") on the feasibility studies for the design and construction of a smelter and refinery complex which will process concentrate from the Volspruit mine which will be developed by Sylvania.

The studies are being undertaken in terms of the provisions of the Smelting and Refining Agreement entered into between Sylvania and Jubilee during the latter part of 2010. Under the Smelting and Refining Agreement, the parties agreed that the study work will be undertaken and if satisfied with the outcome, Sylvania and Jubilee will incorporate a new company, and subscribe equally for shares in that company, which will then conduct the smelting and refining of the ore from Sylvania's Volspruit mine.





### Vygenhoek mining application (Everest North)

On 24 May 2005, Sylvania South Africa (Pty) Ltd ("Sylvania SA") entered into an agreement with Aquarius Platinum (SA) (Pty) Ltd ("AQPSA"), pursuant to which Sylvania SA agreed to act as independent contractor to manage and carry out prospecting work at Everest North. Upon completion of the required exploration work, Sylvania SA submitted an application for the mining right for PGMs over Mineral Area 2 of the Vygenhoek 10TJ farm in the Lydenburg magisterial district. However, AQPSA disputed Sylvania SA's right to do so and the matter was referred to arbitration.

While an arbitration hearing date was initially set for July 2010, both parties agreed in June 2010 to explore the possibility of a commercial settlement. On 3 June 2011 Sylvania and AQPSA announced that they have entered into an agreement on the PGM bearing ore on the Vygenhoek farm. A feasibility committee has been appointed to assess and update the existing data available for the processing of the PGM bearing ore from Everest North. This information will enable the Committee to determine the viability of mining for PGMs and producing a saleable concentrate. All costs related and incidental to the engagement of independent third party experts appointed by the feasibility committee to assist with achieving its objectives will be borne by Sylvania. Should AQPSA engage additional third party experts to independently verify the feasibility study, AQPSA shall bear the costs of all such experts employed by AQPSA to achieve those objectives.

An unincorporated joint venture ("JV") will be formed in which Sylvania and AQPSA will each hold a 50% share and both parties will have equal representation on the management committee that will manage and oversee the implementation of the project. Upon receipt of the mining right by the Department of Mineral Resources to AQPSA and AQPSA contributing the right to the JV, Sylvania will pay \$880,000 to AQPSA.

### Share buy back

On 20 June 2011 Sylvania announced that it would implement an on-market share buy-back of up to 10% of the issued share capital of the Company. The share buy-back commenced on 21 June 2011 and has a maximum duration of 12 months. The buy-back is limited to 10% of the Company's issued share capital and will consist of fully paid up common shares ("Shares") on ASX and depository interests representing beneficial interests in Shares ("DIs") on AIM. The price will be limited to a maximum of 5% above the average market price paid for Shares or DIs over the preceding five days on which sales were recorded.

Existing cash reserves will fund the share buy-back and will cost the Company approximately A\$16.76 million (based on the market value of Shares and DIs on 17 June 2011) should the full 10% be acquired. The buy-back will benefit shareholders through enhanced liquidity and forms part of the Board's on-going capital management strategy.

At 30 June 2011 the Company had bought back a total of 10,000 Shares and 700,000 DIs with a market value of A\$405,031.

### Change in presentation currency of the Group

Following the redomicile of the holding company, and recognising that most of the Group's revenue is determined in US dollars, the Group has elected to change its presentation currency from Australian dollars to US dollars.

The majority of the Group's sales and earnings originate in US Dollars or US Dollar linked currencies and the change of presentation currency to the US Dollar more closely aligns the Group's external financial reporting with the profile of the Group. The change of the Group's presentation currency has been accounted for in accordance with IAS21, The Effects of Changes in Foreign Exchange Rates.

The following methodology has been used to re-present the 2010 results, originally reported in Australian Dollar, into US Dollar:

- Income and expenses have been translated at the exchange rates at the date of the transactions,
- Assets and liabilities have been translated at the closing exchange rate for each balance sheet date,
- Share capital, reserves and retained earnings/accumulated losses were converted at applicable historical rates, and
- All resulting exchange differences have been recognised in other comprehensive income.

### Likely developments and expected results

Additional comments on expected results of certain operations of the Group are included in the review of operations and activities in the Chairman and CEO review and the deputy CEO 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 there were 4 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.



The number of meetings of the Company's Board of Directors attended by each director were:

|                | Board Meetings                        |                             | Audit Committee Meetings              |                             | Remuneration Committee Meetings       |                             | Other                                 |                             |
|----------------|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
|                | 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 | Number of meetings eligible to attend | Number of meetings attended |
| TM McConnachie | 4                                     | 4                           | -                                     | -                           | 1                                     | 1                           | 3                                     | 3                           |
| RD Rossiter    | 4                                     | 4                           | 2                                     | 2                           | 1                                     | 1                           | 3                                     | 3                           |
| LM Carroll     | 4                                     | 4                           | 2                                     | 2                           | 1                                     | 1                           | 3                                     | 3                           |
| GM Button      | 4                                     | 4                           | 2                                     | 2                           | 1                                     | 1                           | 3                                     | 3                           |
| Dr AP Ruiters  | 1                                     | -                           | 1                                     | -                           | -                                     | -                           | -                                     | -                           |

## 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 date of this report:

### Shares

| 2011           | Common Shares |
|----------------|---------------|
| TM McConnachie | 500,000       |
| RD Rossiter    | 1,032,000     |
| GM Button      | 300,000       |

### Options

No share options were held by Directors' and key management at year end.

## 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 executives' remuneration

| 2011                   | Short Term Benefits                   |                |                       | Post-employment benefits | Share-based payment              | TOTAL            |
|------------------------|---------------------------------------|----------------|-----------------------|--------------------------|----------------------------------|------------------|
|                        | Cash salary/<br>consulting fees<br>\$ | Bonus*<br>\$   | Directors' fees<br>\$ | Super-annuation<br>\$    | Equity shares/<br>options#<br>\$ | \$               |
| <b>Directors</b>       |                                       |                |                       |                          |                                  |                  |
| TM McConnachie         | 423,054                               | 31,278         | 59,334                | -                        | -                                | 513,666          |
| RD Rossiter            | 282,597                               | 23,550         | 59,334                | 5,340                    | -                                | 370,821          |
| LM Carroll             | 282,793                               | -              | 59,334                | -                        | -                                | 342,127          |
| Dr AP Ruiters          | -                                     | -              | 20,154                | -                        | -                                | 20,154           |
| GM Button              | 265,528                               | 22,078         | 59,334                | 5,340                    | -                                | 352,280          |
|                        | <b>1,253,972</b>                      | <b>76,906</b>  | <b>257,490</b>        | <b>10,680</b>            | <b>-</b>                         | <b>1,599,048</b> |
| Other key management @ | 1,130,069                             | 62,533         | -                     | 39,852                   | -                                | 1,232,454        |
|                        | <b>2,384,041</b>                      | <b>139,439</b> | <b>257,490</b>        | <b>50,532</b>            | <b>-</b>                         | <b>2,831,502</b> |

\* Cash bonuses were awarded to Directors and key personnel based on individual performance.

# Equity shares/options awarded to Directors and executive management are disclosed as part of remuneration in total in the reporting period granted.

@ Excludes terminated consultants previously considered key management.



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

## Events after the reporting period

On 8 July 2011 Sylvania announced its decision to dispose of a significant portion of its magnetite iron ore assets, subject to shareholder and regulatory approvals. SA Metals Pty Ltd ("SA Metals"), a wholly owned subsidiary of Sylvania currently owns the iron assets which are located on the Northern Limb of the Igneous Bushveld Complex.

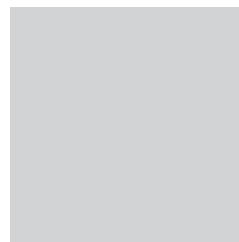
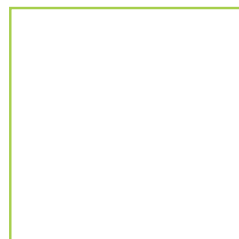
A review of the Northern Limb assets has shown that magnetite layers are present across the entire northern limb properties held by Sylvania. In those areas where Sylvania does not hold prospecting rights for the iron ore, it has submitted applications which have since been accepted. This gives Sylvania a potential +20 kilometre strike of the magnetite layers as indicated by an airborne magnetic survey undertaken by SA Metals.

Subsequent to the financial year end a decision was taken by the Sylvania Board to separate the iron ore assets from the existing Sylvania Dump Operations, and to further develop the Volspruit open cast mine. The directors believe that the decision to divest its iron assets will allow the Company to fully focus on reaching its 2012 financial year production targets which will include successful optimisation of two existing plants, Lannex and Mooiooi, and development of the Company's sixth plant, Tweefontein. Sylvania also expects to make significant progress at its Northern Limb near surface PGM and base metal operation.

Signed in accordance with a resolution of the directors.

**TM McConnachie**  
**Chief Executive Officer**

Johannesburg, South Africa  
30 September 2011





# CORPORATE GOVERNANCE STATEMENT

## Approach to Corporate Governance

Sylvania Platinum Limited (**Company**) has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition (**Principles & Recommendations**), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

Further information about the Company's corporate governance practices may be found on the Company's website at [www.sylvaniaplatinum.com](http://www.sylvaniaplatinum.com), under the section marked "Corporate Governance".

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2010/2011 financial year (**Reporting Period**). The Principles & Recommendations were amended in 2010, and these amendments apply to the Company's first financial year commencing on or after 1 January 2011. Accordingly, disclosure against the Principles & Recommendations as amended in 2010 will be made in relation to the Company's financial year ending 30 June 2012. The report below is made against the Principles & Recommendations prior to their amendment in 2010.

However, the Company has made a partial early transition to the amended Principles and Recommendations by adopting a Diversity Policy in accordance with the new Recommendation 3.2. A copy of the Diversity Policy is available on the Company's website. The Board is in the process of establishing measurable objectives for achieving gender diversity and will disclose the objectives, and its progress towards achieving them, in its 2012 annual report.

## Board

### **Roles and responsibilities of the Board and Senior Executives**

#### **(Recommendations: 1.1, 1.3)**

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Chief Executive Officer ("CEO") and assisting the CEO in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the CEO or, if the matter concerns the CEO, directly to the Chair or the lead independent director, as appropriate.

The Company's Board Charter is available on the Company's website.

### **Skills, experience, expertise and period of office of each Director**

#### **(Recommendation: 2.6)**

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.



### **Director independence (Recommendations: 2.1, 2.2, 2.3, 2.6)**

The Board does not have a majority of directors who are independent. Only one of the four directors is independent. The Board is of the view that it is currently structured so as to add value, and is appropriate for the complexity of the business at this time. The Board is aware of the importance of independent judgement, and will consider independence, amongst other things, when any new appointments to the Board are made.

The sole independent director of the Company is Richard Rossiter, who is Chair of the Board. Mr Rossiter is independent as he is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgment.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds.

The Board has agreed on, and set out in the Company's Board Charter, the following guidelines for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The non-independent directors of the Company are Terry McConnachie, Grant Button and Louis Carroll.

The CEO is Terry McConnachie, who is not Chair of the Board.

### **Independent professional advice (Recommendation: 2.6)**

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

### **Selection and (Re)Appointment of Directors (Recommendation: 2.6)**

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the CEO, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

| <b>Name of Director in office at the date of this report*</b> | <b>Date appointed to office</b> |
|---------------------------------------------------------------|---------------------------------|
| TM McConnachie                                                | 22 June 2005                    |
| RD Rossiter                                                   | 15 August 2007                  |
| LM Carroll                                                    | 15 August 2007                  |
| GM Button                                                     | 4 May 2009                      |

\* All directors of Sylvania Platinum were previously directors of Sylvania Resources and were appointed as directors of Sylvania Platinum 7 September 2010.

The Company's Policy and Procedure for the Selection and (Re) Appointment of Directors is available on the Company's website.



## Board committees

### **Nomination Committee** **(Recommendations: 2.4, 2.6)**

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board did not officially convene as a Nomination Committee during the Reporting Period, however nomination related discussions occurred as required.

To assist the Board to fulfil its function as a Nomination Committee, it has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee. A copy of the Nomination Committee Charter is available on the Company's website.

### **Audit Committee** **(Recommendations: 4.1, 4.2, 4.3, 4.4)**

The Board has established an Audit Committee. Given the size and composition of the Board, the Company is unable to meet the structural requirements of Recommendation 4.2. The members of the Audit Committee are Richard Rossiter (independent non-executive), Louis Carroll (non-independent executive) and Grant Button (non-independent executive). Grant Button, who is not Chair of the Board, chairs the Audit Committee. The Company considers that the members of the Audit Committee are the most appropriate, given their respective experience and qualifications, for the Company's current needs.

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee.

The Audit Committee held two meetings during the Reporting Period. Details of the directors' attendance at Audit Committee meetings are set out in the Directors' Report.

Details of each of the director's qualifications are set out in the Directors' Report. All Audit Committee members possess industry knowledge and consider themselves to be financially literate. Mr Button is a qualified Certified Practising Accountant and provides the financial expertise required for the Audit Committee. Mr Carroll is a qualified accountant with over 40 years industry experience. Mr Button and Mr Carroll provide the necessary and relevant expertise to enable the Audit Committee to fulfil its responsibilities.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances.

The performance of the external auditor is reviewed on an annual basis by the Audit Committee and any recommendations are made to the Board.

The Company's Audit Committee Charter and the Company's Procedure for Selection, Appointment and Rotation of External Auditor are available on the Company's website.

### **Remuneration Committee** **(Recommendations: 8.1, 8.2, 8.3)**

The Board has not established a separate Remuneration Committee. Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board, in its capacity as the Remuneration Committee, held one meeting during the Reporting Period. Details of the directors' attendance at the Remuneration Committee meeting are set out in the Directors' Report. To assist the Board to fulfil its function as the Remuneration Committee, the Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report. The Company's policy is to remunerate non-executive directors at market rates (for comparable companies) for time, commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the Company. Given the Company's stage of development, activities and financial restrictions, the Company may consider it appropriate to issue unlisted options to non-executive directors, subject to obtaining the relevant approvals. This policy is subject to annual review. All of the directors' option holdings are fully disclosed. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a general meeting.

Executive pay and reward consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter is available on the Company's website.



## Performance evaluation

### Senior executives

#### (Recommendations: 1.2, 1.3)

The CEO is responsible for evaluating the performance of senior executives. The evaluation is undertaken by the CEO (together with the other executive directors of the Company) at quarterly management meetings held with each senior executive. At the meetings, the senior executive's targets are reviewed. In addition, regular informal feedback is provided to senior executives.

During the Reporting Period an evaluation of senior executives took place in accordance with the process disclosed above.

### Board, its committees and individual directors

#### (Recommendations: 2.5, 2.6)

The Chair is responsible for evaluation of the Board and, when appropriate, Board committees and individual directors deemed. The Nomination Committee is responsible for evaluating the Managing Director.

The Chair reviews the performance of the Board as a whole, and individual directors through formal performance evaluation questionnaires completed by individual directors. The Chair is responsible for collating the information from the questionnaires and taking action if there are any issues raised in the questionnaires. The Chair provides informal performance feedback to the directors through regular discussion on an ongoing basis.

The Nomination Committee (or equivalent) evaluates the CEO annually by way of questionnaire. Further, at quarterly Board meetings the Managing Director's objectives are reviewed, and then at an annual strategic planning session the Managing Director's key performance indicators are reviewed and set.

During the Reporting Period an evaluation of the Board and individual directors took place in accordance with the process disclosed above. During the Reporting Period a formal evaluation of the Board Committees did not occur.

## Ethical and responsible decision making

### Code of Conduct

#### (Recommendations: 3.1, 3.3)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company's Code of Conduct is available on the Company website.

### Policy for Trading in Company Securities

#### (Recommendations: 3.2, 3.3)

The Company has established a Policy for Trading in Company Securities by restricted persons (and their associates).

A copy of the Company's Policy for Trading in Company Securities is available on the Company's website.

### Continuous Disclosure

#### (Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

The Company's Policy on Continuous Disclosure is available on the Company's website.

### Shareholder Communication

#### (Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is available on the Company's website.

### Risk Management

#### (Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegate's day-to-day management of risk to the CEO, who is responsible for identifying, assessing, monitoring and managing risks. The CEO is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

The responsibility for undertaking and assessing risk management and internal control effectiveness is the responsibility of the CEO and the Risk Management Group. The Risk Management Group comprises senior employees and is chaired by the Finance Director.

Management is required to assess risk management and associated internal compliance and control procedures. Management is responsible for ensuring the process of managing risks is integrated within business planning and management activities.

In fulfilling the duties of risk management, the CEO may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a subcommittee of the Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems. The Board has also established a risk committee as a sub-committee of the Audit Committee, which is chaired by the Finance Director.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.



The Board has formalised and documented the management of its material business risks. The Company's risk management system includes the preparation of a risk report which identifies the Company's material business risks, prioritises those risks and identifies strategies to deal with those risks. The risk report is prepared by the risk committee. The risk committee meets annually to review and if necessary, update the Company's risks. The risk committee reports to the executive directors, who in turn report to the full Board as required.

As part of the Company's systems and processes for managing material business risk, the Board considers the following risk areas and has developed risk management strategies for each area. The major areas of risks identified by the Board and management were: operational risk; strategic risk; commodity prices; exchange rates; financial reporting risks; environmental risk; sustainability; company specific risk; compliance; people and market-related risk.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The CEO and the Finance Director have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company's Risk Management Policy is available on the Company's website.

## Notification of departure

### Disclosure of remuneration policy and procedures (Recommendation 8.3)

The Group operates in an industry that has a limited number of participants. The industry is under constant pressure from skills shortages and is exposed to a high level of staff poaching. To protect against this, the Company considers it imprudent to disclose the names and the exact value of remuneration received by each of key management personnel. However, in accordance with the ASX Principles of Good Corporate Governance, the Company advises that the total amount paid, as set out in the Directors report, to the key continuing management personnel includes payments in respect of salaries, non-cash benefits such as motor vehicles and superannuation contributions.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011



|                                                                                              |       | 2011                | 2010         |
|----------------------------------------------------------------------------------------------|-------|---------------------|--------------|
|                                                                                              | Notes | \$                  | \$           |
| Revenue                                                                                      | 4(a)  | <b>46,872,232</b>   | 26,115,145   |
| Cost of sales                                                                                |       | <b>(27,571,641)</b> | (15,550,631) |
| <b>Gross profit</b>                                                                          |       | <b>19,300,591</b>   | 10,564,514   |
| Other income                                                                                 | 4(b)  | <b>465,604</b>      | 296,181      |
| Gains/(losses) on sale of property, plant and equipment                                      |       | <b>1,489</b>        | (48,761)     |
| Foreign exchange loss                                                                        |       | <b>(8,358)</b>      | (3,030,175)  |
| Loss on revaluation of assets at fair value through profit and loss                          |       | <b>(39,556)</b>     | (79,353)     |
| Transfer of gains on investment from equity upon acquisition of subsidiary                   |       | -                   | 4,800,478    |
| Impairment of mining property                                                                |       | -                   | (4,313,495)  |
| Share based payment expense                                                                  |       | <b>(1,395,488)</b>  | (4,480,318)  |
| Share of equity accounted jointly controlled entities net profit/(loss)                      |       | <b>(76,900)</b>     | 758,562      |
| General and administrative costs                                                             |       | <b>(13,430,093)</b> | (10,192,543) |
| <b>Operating profit/(loss) before finance costs and tax expense</b>                          |       | <b>4,817,289</b>    | (5,724,910)  |
| Finance revenue                                                                              |       | <b>1,123,612</b>    | 732,973      |
| Finance costs                                                                                |       | <b>(114,477)</b>    | (137,733)    |
| <b>Profit/(loss) before income tax expense</b>                                               |       | <b>5,826,424</b>    | (5,129,670)  |
| Income tax expense                                                                           | 5     | <b>(4,218,298)</b>  | (2,652,241)  |
| <b>Profit/(loss) from continuing operations</b>                                              |       | <b>1,608,126</b>    | (7,781,911)  |
| <b>Net profit/(loss) for the year</b>                                                        |       | <b>1,608,126</b>    | (7,781,911)  |
| <b>Other comprehensive income/(loss)</b>                                                     |       |                     |              |
| Unrealised gains reserve                                                                     |       | <b>(48,484)</b>     | (4,825,555)  |
| Foreign currency translation                                                                 |       | <b>21,209,407</b>   | 4,341,500    |
| <b>Total comprehensive income/(loss) for the year</b>                                        |       | <b>22,769,049</b>   | (8,265,966)  |
| <b>Profit/(Loss) attributable to:</b>                                                        |       |                     |              |
| Owners of the parent                                                                         |       | <b>1,094,260</b>    | (6,981,688)  |
| Non-controlling interest                                                                     |       | <b>513,866</b>      | (800,223)    |
|                                                                                              |       | <b>1,608,126</b>    | (7,781,911)  |
| <b>Total comprehensive income/(loss) attributable to:</b>                                    |       |                     |              |
| Owners of the parent                                                                         |       | <b>22,769,049</b>   | (7,517,726)  |
| Non-controlling interest                                                                     |       | -                   | (748,240)    |
|                                                                                              |       | <b>22,769,049</b>   | (8,265,966)  |
|                                                                                              |       | <b>Cents</b>        | Cents        |
| Profit/(loss) per share for loss attributable to the ordinary equity holders of the Company: |       |                     |              |
| Basic earnings/(loss) per share                                                              | 6     | <b>0.39</b>         | (3.11)       |
| Diluted earnings/(loss) per share                                                            | 6     | <b>0.39</b>         | (3.11)       |

The accompanying notes form part of these financial statements.





# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

|                                                        |       | 2011               | 2010         | 2009         |
|--------------------------------------------------------|-------|--------------------|--------------|--------------|
|                                                        | Notes | \$                 | \$           | \$           |
| <b>Assets</b>                                          |       |                    |              |              |
| <b>Non-current assets</b>                              |       |                    |              |              |
| Equity accounted investments in joint ventures         | 7     | 2,814,813          | 3,252,972    | 3,179,469    |
| Other financial assets                                 | 8     | 500,548            | 374,456      | 6,500,319    |
| Exploration and evaluation assets                      | 9     | 76,123,444         | 59,388,835   | 1,464,221    |
| Property, plant and equipment                          | 10    | 72,843,970         | 65,964,307   | 52,306,514   |
| <b>Total non-current assets</b>                        |       | <b>152,282,775</b> | 128,980,570  | 63,450,523   |
| <b>Current assets</b>                                  |       |                    |              |              |
| Cash and cash equivalents                              | 11    | 23,497,092         | 20,107,830   | 25,895,421   |
| Trade and other receivables                            | 12    | 20,141,830         | 11,616,944   | 6,309,807    |
| Inventories                                            | 13    | 628,065            | 645,655      | 353,851      |
| Current tax asset                                      |       | 2,591,580          | 2,242,090    | 1,766,163    |
| <b>Total current assets</b>                            |       | <b>46,858,567</b>  | 34,612,519   | 34,325,242   |
| <b>Total assets</b>                                    |       | <b>199,141,342</b> | 163,593,089  | 97,775,765   |
| <b>Equity and liabilities</b>                          |       |                    |              |              |
| <b>Shareholders' equity</b>                            |       |                    |              |              |
| Issued capital                                         | 14    | 29,639,275         | 147,266,101  | 92,955,717   |
| Reserves                                               | 15    | 114,602,077        | 11,376,340   | 6,990,214    |
| Retained profit/(Accumulated losses)                   | 16    | 20,450,460         | (20,061,009) | (13,079,321) |
| <b>Equity attributable to the owners of the parent</b> |       | <b>164,691,812</b> | 138,581,432  | 86,866,610   |
| Non-controlling interest                               |       | -                  | -            | 748,240      |
| <b>Total equity</b>                                    |       | <b>164,691,812</b> | 138,581,432  | 87,614,850   |
| <b>Non-current liabilities</b>                         |       |                    |              |              |
| Interest bearing loans and borrowings                  | 17    | 298,156            | 378,670      | 187,997      |
| Provisions                                             | 18    | 974,832            | 801,732      | 731,441      |
| Deferred tax liability                                 | 5     | 27,448,194         | 18,675,536   | 3,288,382    |
| <b>Total non-current liabilities</b>                   |       | <b>28,721,182</b>  | 19,855,938   | 4,207,820    |
| <b>Current liabilities</b>                             |       |                    |              |              |
| Trade and other payables                               | 19    | 5,550,646          | 4,879,653    | 5,823,450    |
| Interest bearing loans and borrowings                  | 17    | 166,522            | 266,066      | 119,936      |
| Current tax liability                                  |       | 11,180             | 10,000       | 9,709        |
| <b>Total current liabilities</b>                       |       | <b>5,728,348</b>   | 5,155,719    | 5,953,095    |
| <b>Total liabilities</b>                               |       | <b>34,449,530</b>  | 25,011,657   | 10,160,915   |
| <b>Total liabilities and shareholders' equity</b>      |       | <b>199,141,342</b> | 163,593,089  | 97,775,765   |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011



|                                                | Issued capital | Accumulated losses | Net unrealised gains reserve | Share based payment reserve | Foreign currency translation reserve | Non-controlling interest reserve | Owners of the parent | Non-controlling interest | Total equity |
|------------------------------------------------|----------------|--------------------|------------------------------|-----------------------------|--------------------------------------|----------------------------------|----------------------|--------------------------|--------------|
|                                                | \$             | \$                 | \$                           | \$                          | \$                                   | \$                               | \$                   | \$                       | \$           |
| <b>Balance as at 1 July 2009</b>               | 92,955,717     | (13,079,321)       | 4,678,925                    | 2,579,798                   | (2,408,951)                          | 2,140,442                        | 86,866,610           | 748,240                  | 87,614,850   |
| Loss for the year                              | -              | (6,981,688)        | -                            | -                           | -                                    | -                                | (6,981,688)          | (800,223)                | (7,781,911)  |
| Other comprehensive income                     | -              | -                  | (4,825,555)                  | -                           | 4,289,517                            | -                                | (536,038)            | 51,983                   | (484,055)    |
| <b>Total comprehensive income for the year</b> | -              | (6,981,688)        | (4,825,555)                  | -                           | 4,289,517                            | -                                | (7,517,726)          | (748,240)                | (8,265,966)  |
| Share transactions                             |                |                    |                              |                             |                                      |                                  | -                    |                          |              |
| - Shares issued                                | 55,109,297     | -                  | -                            | -                           | -                                    | -                                | 55,109,297           | -                        | 55,109,297   |
| - Employee share plan loan repaid - proceeds   | 211,868        | -                  | -                            | -                           | -                                    | -                                | 211,868              | -                        | 211,868      |
| Share based payment reserve                    | 73,063         | -                  | -                            | (73,063)                    | -                                    | -                                | -                    | -                        | -            |
| Capital raising costs                          | (1,083,844)    | -                  | -                            | -                           | -                                    | -                                | (1,083,844)          | -                        | (1,083,844)  |
| Share based payments                           | -              | -                  | -                            | 4,995,227                   | -                                    | -                                | 4,995,227            | -                        | 4,995,227    |
| <b>Balance at 30 June 2010</b>                 | 147,266,101    | (20,061,009)       | (146,630)                    | 7,501,962                   | 1,880,566                            | 2,140,442                        | 138,581,432          | -                        | 138,581,432  |

|                                                                      | Issued capital | Share Premium Reserve | Retained profits/ (Accumulated losses) | 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 |
|----------------------------------------------------------------------|----------------|-----------------------|----------------------------------------|------------------------------|-----------------------------|--------------------------------------|----------------------------------|----------------|----------------------|--------------------------|--------------|
|                                                                      | \$             | \$                    | \$                                     | \$                           | \$                          | \$                                   | \$                               | \$             | \$                   | \$                       | \$           |
| <b>Balance as at 1 July 2010</b>                                     | 147,266,101    | -                     | (20,061,009)                           | (146,630)                    | 7,501,962                   | 1,880,566                            | 2,140,442                        | -              | 138,581,432          | -                        | 138,581,432  |
| Profit for the year                                                  | -              | -                     | 1,094,260                              | -                            | -                           | -                                    | -                                | -              | 1,094,260            | 513,866                  | 1,608,126    |
| Other comprehensive income                                           | -              | -                     | -                                      | (48,484)                     | -                           | 21,723,273                           | -                                | -              | 21,674,789           | (513,866)                | 21,160,923   |
| <b>Total comprehensive income for the year</b>                       | -              | -                     | 1,094,260                              | (48,484)                     | -                           | 21,723,273                           | -                                | -              | 22,769,049           | -                        | 22,769,049   |
| Shares transactions                                                  |                |                       |                                        |                              |                             |                                      |                                  |                |                      |                          |              |
| - Shares issued                                                      | 42,085,151     | -                     | -                                      | -                            | -                           | -                                    | -                                | -              | 42,085,151           | -                        | 42,085,151   |
| - Share buy back                                                     | (71,000)       | (354,461)             | -                                      | -                            | -                           | -                                    | -                                | -              | (425,461)            | -                        | (425,461)    |
| - Capital raising costs                                              | (305,151)      | -                     | -                                      | -                            | -                           | -                                    | -                                | -              | (305,151)            | -                        | (305,151)    |
| - Share based payments                                               | -              | -                     | -                                      | -                            | 1,395,488                   | -                                    | -                                | -              | 1,395,488            | -                        | 1,395,488    |
| - Minex share issue                                                  | 2,511,039      | -                     | -                                      | -                            | -                           | -                                    | -                                | -              | 2,511,039            | -                        | 2,511,039    |
| Acquisition of non-controlling interest                              | -              | -                     | -                                      | -                            | -                           | -                                    | (41,919,735)                     | -              | (41,919,735)         | -                        | (41,919,735) |
| Restructure of the Group with the establishment of new parent entity | (161,846,865)  | 160,398,686           | 39,417,209                             | -                            | (8,227,817)                 | -                                    | -                                | (29,741,213)   | -                    | -                        | -            |
| <b>Balance at 30 June 2011</b>                                       | 29,639,275     | 160,044,225           | 20,450,460                             | (195,114)                    | 669,633                     | 23,603,839                           | (39,779,293)                     | (29,741,213)   | 164,691,812          | -                        | 164,691,812  |

The accompanying notes form part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

|                                                            |       | 2011               | 2010         |
|------------------------------------------------------------|-------|--------------------|--------------|
|                                                            | Notes | \$                 | \$           |
| <b>Cash flows from operating activities</b>                |       |                    |              |
| Receipts from customers                                    |       | 39,711,612         | 20,596,586   |
| Payments to suppliers and employees                        |       | (32,799,122)       | (25,216,217) |
| Finance income                                             |       | 1,169,044          | 726,495      |
| Other revenue                                              |       | -                  | 568,705      |
| Exploration expenditure                                    |       | (41,064)           | -            |
| Finance costs                                              |       | (114,477)          | -            |
| Taxation paid                                              |       | (217,817)          | 663,804      |
| <b>Net cash inflow/(outflow) from operating activities</b> | 20    | <b>7,708,176</b>   | (2,660,627)  |
| <b>Investing activities</b>                                |       |                    |              |
| Purchase of plant and equipment                            |       | (6,641,194)        | (19,475,795) |
| Payments for available-for-sale financial assets           |       | -                  | (1,541)      |
| Payments for exploration and evaluation                    |       | (986,365)          | (1,207,030)  |
| Proceeds from equity accounted investments                 |       | 724,942            | 639,794      |
| Proceeds from sale of plant and equipment                  |       | 4,275              | 106,340      |
| <b>Net cash outflow from investing activities</b>          |       | <b>(6,898,342)</b> | (19,938,232) |
| <b>Financing activities</b>                                |       |                    |              |
| Proceeds from borrowings                                   |       | -                  | 332,488      |
| Repayment of borrowings                                    |       | (249,848)          | -            |
| Repayment of loan from related parties                     |       | (153,675)          | -            |
| Proceeds from loans from related parties                   |       | 3,105              | 65,102       |
| Proceeds from issue of shares                              |       | -                  | 16,361,200   |
| Payment for share buy back                                 |       | (425,382)          | -            |
| Capital transaction costs                                  |       | (305,151)          | (1,083,843)  |
| <b>Net cash (outflow)/inflow from financing activities</b> |       | <b>(1,130,951)</b> | 15,674,947   |
| Net decrease in cash and cash equivalents                  |       | (321,117)          | (6,923,912)  |
| <b>Effect of exchange fluctuations on cash held</b>        |       | <b>3,710,379</b>   | (3,148,680)  |
| <b>Cash acquired through business combination</b>          |       | <b>-</b>           | 2,593,528    |
| <b>Cash and cash equivalents beginning of period</b>       |       | <b>20,107,830</b>  | 27,586,894   |
| <b>Cash and cash equivalents, end of period</b>            | 11    | <b>23,497,092</b>  | 20,107,830   |

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011



## 1. Corporate information

The consolidated financial statements of Sylvania Platinum Limited ("Sylvania") for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 30 September 2011. Sylvania is a limited company incorporated and domiciled in Bermuda whose shares are publicly traded.

The principal activity of the Group during the financial year was investment in mineral exploration and mineral treatment projects. As new mineral treatment plants became operational, focus is being concentrated on operations. Operational focus during the financial year was concentrated on the five retreatment plants as well as the further exploration and feasibility studies on the Volspruit and Northern Limb projects.

On 26 November 2010, Sylvania Resources Ltd announced the intention to redomicile the holding company of the Sylvania Group from Australia to Bermuda.

A resolution to approve a scheme of arrangement between Sylvania Resources and its shareholders ("Scheme") was put to members of Sylvania Resources at the court ordered scheme meeting held on 2 March 2011 and was passed in accordance with section 411(4)(a)(ii) of the Corporations Act. The Supreme Court of Western Australia approved the Scheme and the Scheme subsequently became effective on 9 March 2011. Upon implementation of the Scheme Sylvania Platinum Limited, a company incorporated in Bermuda, Sylvania Resources became a wholly owned subsidiary of Sylvania Platinum and Sylvania Platinum became the ultimate holding company of the Group.

In terms of the Scheme Sylvania Platinum issued Sylvania Platinum Shares to Sylvania Resources' shareholders (other than Ineligible Foreign Holders) in exchange for their Sylvania Resources Shares and Sylvania Platinum DIs to holders of Sylvania Resources DIs (other than Ineligible Foreign Holders) in exchange for their Sylvania Resources DIs. Sylvania Resources shareholders (other than Ineligible Foreign Holders) received one Sylvania Platinum Share for each Sylvania Resources Share held at 7.00pm (WST) on 9 March 2011 and holders of Sylvania Resources DIs (other than Ineligible Foreign Holders) received one Sylvania Platinum DI for each Sylvania Resources DI held at 7.00am (GMT) on the same date.

Holders of Sylvania Resources Options entered into a binding agreement with Sylvania Resources and Sylvania Platinum in terms of which the holder agreed to the cancellation of the Sylvania Resources Options in consideration for the grant by Sylvania Platinum of an equivalent number of Sylvania Platinum Options on terms and conditions which replicate those of Sylvania Resources Options.

Holders of Sylvania Resources Loan Shares entered into a binding agreement with Sylvania Resources and Sylvania Platinum pursuant to which each Share Loan was assigned by Sylvania Resources to Sylvania Platinum.

Sylvania shares commenced trading on ASX on a normal settlement basis on 25 March 2011, and admission to trading of Sylvania shares on AIM was granted on the same date.

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 and investments carried at fair value through profit and loss, which have been measured at fair value. The consolidated financial information is presented in US Dollars.

#### **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 and disclosures**

In the current year, the Group has adopted all new and revised Standards and Interpretations issued by the International Accounting Standards Board ("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 after 1 July 2010. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies.

The Group has changed its presentation currency from Australian dollars to US dollars as detailed at note 28.

## 2. Significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2011.

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, 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,
- Reclassifies the parent's share of the components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate.

### 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 reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and 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.

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(a). The determination of revenue from the time of initial recognition of the sale through to final pricing requires management to continuously re-estimate the fair value of the price adjustment feature. Management determines this with reference to estimated forward prices using consensus forecasts.

#### *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 and Scholes model, using the assumptions detailed in note 21.

#### *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.





## 2. Significant accounting policies (continued)

### 2.2 Significant accounting judgements, estimates and assumptions (continued)

#### *Exploration and evaluation carrying values*

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that 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 Joint Ore Reserves Committee (JORC) resource 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.

#### *Recovery of deferred tax assets*

Judgment is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate 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.

#### *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.

#### *Impairment of assets*

The Group assesses each cash generating unit annually 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 to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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, which is the lowest level for which cash inflows are largely independent of those of other assets.

#### *Contingencies*

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

#### *Production start date*

The Group assesses the stage of each plant under construction to determine when a mine 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'. 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),
- Ability to sustain ongoing production of concentrate.

## 2. Significant accounting policies (continued)

### 2.2 Significant accounting judgements, estimates and assumptions (continued)

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.

#### *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.

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

Stockpile tonnages are verified by periodic surveys.

#### *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 discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments 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) 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 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 2 and 4 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 the statement of comprehensive income and trade debtors in the statement of financial position. In all cases, fair value is determined with reference to estimated forward prices using consensus forecast.

##### *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 income in profit or loss.

#### (b) 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.

The Group capitalises borrowing costs for all eligible assets where construction was commenced on or after 1 January 2009. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. 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.



## 2. Significant accounting policies (continued)

### 2.3 Summary Significant accounting policies (continued)

#### (c) 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.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4 'Determining whether an Arrangement contains a Lease'.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income, 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(b).

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### *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.

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.

#### (d) Cash and cash equivalents

Cash comprises cash at bank and in 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 purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (e) 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 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.

#### (f) Inventories

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

Costs incurred in bringing each product to its present location and conditions 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.

## 2. Significant accounting policies (continued)

### 2.3 Summary Significant accounting policies (continued)

#### (g) Foreign currency translation

The consolidated financial statements are stated in US Dollars. Each entity in the Group determines its own functional currency and items included in each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

As at the reporting date, the assets and liabilities of the subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance 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 are taken directly to a separate component of equity.

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.

#### (h) Interest in jointly controlled entities

A jointly controlled entity is a corporation, partnership or other entity in which each venturer holds an interest. A jointly controlled entity operates in the same way as other entities, except that a contractual arrangement establishes joint control. A jointly controlled entity controls the assets of the joint venture, earns its own income and incurs its own liabilities and expenses. Interests in jointly controlled entities are accounted for using the equity method.

Under the equity method, the investment in the joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the joint venture. Where there has been a change recognised directly in other comprehensive income or equity of the joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of comprehensive income or the statement of changes in equity, as appropriate. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The share of the joint venture's net profit/(loss) is shown on the face of the Statement of comprehensive income. The financial statements of the jointly controlled entity are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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.

#### (i) Income tax

##### *Current income tax*

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 provided using the balance sheet method on temporary differences at the reporting date 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:

- Where the deferred income tax liability arises from the initial recognition of goodwill or 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; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where 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.



## 2. Significant accounting policies (continued)

### 2.3 Summary Significant accounting policies (continued)

#### (i) Income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and 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.

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 profit 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 to 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. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or in profit or loss.

#### *Royalties, resource rent tax 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 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 cost of sales.

#### *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.
- 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.

#### (j) Business combinations

Business combinations are accounted for using the acquisition method. 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 which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as 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.



## 2. Significant accounting policies (continued)

### 2.3 Summary Significant accounting policies (continued)

#### (j) Business combinations (continued)

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.

#### (k) Property, plant and equipment

Upon completion of mine construction, the assets are transferred into property, plant and equipment or mine properties. Items of property, plant and equipment and mine properties are stated at cost, less accumulated depreciation and accumulated impairment losses.

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.

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*

Accumulated mine/plant development costs are depreciated/amortised on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied. The unit of account for run of mine (ROM) costs are tonnes of ore whereas the unit of account for post-ROM costs are recoverable ounces of platinum group metals and recoverable tonnes of copper. Rights and concessions are depleted on the unit-of-production basis over the total reserves of the relevant area. The unit-of-production rate for the depreciation/amortisation of mine development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

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

Other plant and equipment such as mobile mine equipment is generally depreciated on a straight-line basis over their estimated useful lives as follows:

- Mining properties, plant and equipment - 10 years
- Motor vehicles - 5 years
- Office equipment - 5 years
- Computer equipment and software - 3 years
- Leasehold improvements - 3 years
- Furniture and fittings - 6 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 item will flow to the Group through an extended life, 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.



## 2. Significant accounting policies (continued)

### 2.3 Summary Significant accounting policies (continued)

#### (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 investments 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 at fair value through profit or loss*

Financial assets at fair value through profit or loss includes 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. 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 finance income or finance costs 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 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 in rare circumstances. 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.

##### *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 effective interest rate method (EIR), 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 income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs.

##### *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.
- 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.

## 2. Significant accounting policies (continued)

### 2.3 Summary Significant accounting policies (continued)

#### (I) Financial instruments – initial recognition and subsequent measurement (continued)

##### **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 income 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 and in the case of loans and borrowings, plus 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.

##### **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.



## 2. Significant accounting policies (continued)

### 2.3 Summary Significant accounting policies (continued)

#### (I) Financial instruments – initial recognition and subsequent measurement (continued)

##### *Interest-bearing loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

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, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

##### *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).

- Where 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.
- 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 quotational period clauses, which result in the recognition of an embedded derivative. Refer note 2.3(k) for more information). For these contracts and the host part of the contracts containing embedded derivatives, they 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.

## 2. Significant accounting policies (continued)

### 2.3 Summary Significant accounting policies (continued)

#### (m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell 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. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing 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. In determining fair value less costs to sell, 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 cash-generating units 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, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 cash-generating unit'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 unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase and is recognised through other comprehensive income.

#### (n) 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.

#### (o) 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.

The periodic unwinding of the discount is recognised in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

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





## 2. Significant accounting policies (continued)

### 2.3 Summary Significant accounting policies (continued)

#### (p) Employee leave 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 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.

#### (q) 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 these equity-settled transactions with employees and consultants is measured 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 the Black and Scholes model, further details of which are given in note 21.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

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 income statement charge or credit 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.

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. 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 award 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).

#### (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; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares,
- Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

## 2. Significant accounting policies (continued)

### 2.3 Summary Significant accounting policies (continued)

#### (t) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

#### (u) Exploration and evaluation

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 where 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 balance 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, 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.

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.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to mine property in development.

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

Once JORC compliant reserves are established and development is sanctioned, exploration and evaluation assets are tested for impairment and transferred to 'Mines under construction'. No amortisation is charged during the exploration and evaluation phase.



## 2. Significant accounting policies (continued)

### 2.4 New Standards and Interpretations

#### Future Accounting Standards

Certain International Financial Reporting Standards and IFRIC Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group from the annual reporting period ended on 30 June 2011. The Directors have not assessed the impact of the new or revised standards and interpretations.

| Reference        | Title                                     | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Application date of standard* | Application date for Group* |
|------------------|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|
| IFRS 9           | Financial Instruments                     | <p>IFRS 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase I of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. The main changes from IAS 39 are described below.</p> <p>(a) Financial assets are classified 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.</p> <p>(b) 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.</p> <p>(c) 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.</p> | 1 January 2013                | 1 July 2013                 |
| IAS 24 (Revised) | Related Party Disclosures (December 2009) | <p>The revised IAS 24 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:</p> <p>(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other.</p> <p>(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other.</p> <p>(c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.</p> <p>A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1 January 2011                | 1 July 2011                 |

## 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 | Further Amendments to International Accounting Standards arising from the Annual Improvements Project [IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13] | <p>Emphasises the interaction between quantitative and qualitative IAS 7 disclosures and the nature and extent of risks associated with financial instruments.</p> <p>Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.</p> <p>Provides guidance to illustrate how to apply disclosure principles in IAS 34 for significant events and transactions.</p> <p>Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.</p>                                                            | 1 January 2011                | 1 July 2011                 |
| IFRS 7 (Revised)     | Disclosures                                                                                                                                        | The amendments increase the disclosure requirements for transactions involving transfers of financial assets. <i>Disclosures</i> require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1 July 2011                   | 1 July 2011                 |
| IFRS 10              | Consolidated Financial Statements                                                                                                                  | <p>IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p>                                                                                                                                                                                                                | 1 January 2013                | 1 July 2013                 |
| IFRS 11              | Joint Arrangements                                                                                                                                 | IFRS 11 replaces IAS 31 <i>Interests in Joint Ventures</i> and SIC-13 <i>Jointly-controlled Entities – Non-monetary Contributions by Ventures</i> . IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. | 1 January 2013                | 1 July 2013                 |
| IFRS 12              | Disclosure of Interests in Other Entities                                                                                                          | IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about any joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.                                                                                                                                                                                                                                                                                                                                                                                                                                               | 1 January 2013                | 1 July 2013                 |



## 2. Significant accounting policies (continued)

### 2.4 New Standards and Interpretations (continued)

| Reference           | Title                                | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Application date of standard* | Application date for Group* |
|---------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|
| IFRS 13             | Fair Value Measurement               | <p>IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p>                                                                                                                                                                                                                                                    | 1 January 2013                | 1 July 2013                 |
| Amendments to IAS 1 | Presentation of Financial Statements | The amendments to IAS 1 <i>Presentation of Financial Statements</i> require companies preparing financial statements in accordance with IFRSs to group together items within OCI that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1 July 2012                   | 1 July 2012                 |
| IAS 19 (Revised)    | Employee Benefits                    | <p>The main amendments to the standard relating to defined benefit plans are as follows:</p> <ul style="list-style-type: none"> <li>(a) Elimination of the option to defer the actuarial gains or losses (the 'corridor method');</li> <li>(b) Remeasurements (essentially actuarial gains and losses) to be presented in other comprehensive income;</li> <li>(c) Past service costs will be expensed when the plan amendments occur regardless of whether or not they are vested; and</li> <li>(d) Enhanced disclosure for Tier 1 entities.</li> </ul> <p>The distinction between short-term and other long-term employee benefits under the revised standard is now based on expected timing of settlement rather than employee entitlement.</p> <p>The revised standard also requires termination benefits (outside of a wider restructuring) to be recognised only when the offer becomes legally binding and cannot be withdrawn.</p> | 1 January 2013                | 1 July 2013                 |



### 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:

- five operational retreatment processing plants:
  - Millsell
  - Steelpoort
  - Lannex
  - Mooinooi
  - Doornbosch
- an open cast mining exploration project and a northern limb exploration project which is currently in the drilling stage.

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

The following table's present revenue and profit information and certain asset and liability information regarding business segments for the years ended 30 June 2011 and 30 June 2010.

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

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

| 2011                                 | Millsell   | Steelpoort | Lannex     | Mooinooi   | Doornbosch | Exploration projects | Corporate/<br>Unallocated | Consolidated |
|--------------------------------------|------------|------------|------------|------------|------------|----------------------|---------------------------|--------------|
|                                      | \$         | \$         | \$         | \$         | \$         | \$                   | \$                        | \$           |
| Segment assets                       |            |            |            |            |            |                      |                           |              |
| Capital expenditure                  | 5,937,675  | 6,748,337  | 20,713,663 | 23,405,248 | 12,320,918 | 74,373,457           | 5,468,115 (a)             | 148,967,413  |
| Other assets                         | 3,705,840  | 4,513,557  | 4,206,086  | 3,351,443  | 3,299,122  | 550,306              | 30,547,575 (b)            | 50,173,929   |
| Segment liabilities                  | 560,134    | 636,652    | 1,040,858  | 1,008,771  | 572,061    | 679,250              | 29,951,804 (c)            | 34,449,830   |
| Segment revenue                      | 10,751,068 | 13,109,859 | 7,948,114  | 7,949,646  | 7,113,545  | -                    | -                         | 46,872,232   |
| Segment result                       | 6,757,580  | 7,318,893  | 1,604,510  | 1,003,665  | 2,703,965  | -                    | (88,022)                  | 19,300,591   |
| Unallocated expenses                 |            |            |            |            |            |                      | (17,692,465) (d)          | (17,692,465) |
| Total segment profit                 |            |            |            |            |            |                      |                           | 1,608,126    |
| Included within the segment results: |            |            |            |            |            |                      |                           |              |
| Depreciation                         | 880,879    | 921,333    | 2,028,515  | 2,281,934  | 1,230,475  | -                    | 180,573                   | 7,523,709    |
| Direct operating costs               | 3,112,609  | 4,869,633  | 4,315,089  | 4,664,046  | 3,179,105  | -                    | -                         | 20,140,482   |
| Impairment of loan                   | -          | -          | -          | -          | -          | -                    | 577,544                   | 577,544      |
| Interest revenue                     | -          | -          | -          | -          | -          | -                    | 1,123,612                 | 1,123,612    |
| Income tax expense                   | -          | -          | -          | -          | -          | -                    | 4,218,298                 | 4,218,298    |



## 3. Segment reporting (continued)

| 2010                                                                      | Millsell   | Steelpoort | Lannex      | Mooi-nooi  | Doornbosch | Exploration projects | Corporate/<br>Unallocated | Consolidated |
|---------------------------------------------------------------------------|------------|------------|-------------|------------|------------|----------------------|---------------------------|--------------|
|                                                                           | \$         | \$         | \$          | \$         | \$         | \$                   | \$                        | \$           |
| Segment assets                                                            |            |            |             |            |            |                      |                           |              |
| Capital expenditure                                                       | 5,935,225  | 6,727,941  | 18,397,484  | 20,837,857 | 11,889,583 | 54,736,566           | 6,828,486 (a)             | 125,353,142  |
| Other assets                                                              | 3,701,131  | 3,996,466  | 776,589     | 1,950,640  | 99         | 1,602,862            | 26,212,160 (b)            | 38,239,947   |
| Segment liabilities                                                       | 1,042,867  | 1,182,153  | 3,232,587   | 3,661,380  | 2,089,095  | 1,193,878            | 12,609,697 (c)            | 25,011,657   |
| Segment revenue                                                           | 10,446,058 | 10,184,906 | 2,872,666   | 2,611,515  | -          | -                    | -                         | 26,115,145   |
| Segment result                                                            | 6,487,837  | 5,541,067  | (1,138,892) | 790,541    | (20,669)   | -                    | (1,095,370)               | 10,564,514   |
| Unallocated expenses                                                      |            |            |             |            |            |                      | (18,346,425) (d)          | (18,346,425) |
| Total segment loss                                                        |            |            |             |            |            |                      |                           | (7,781,911)  |
| Included within the segment results:                                      |            |            |             |            |            |                      |                           |              |
| Depreciation                                                              | 792,178    | 831,231    | 914,822     | 263,186    | 18,285     | -                    | 146,169                   | 2,965,871    |
| Direct operating costs                                                    | 2,567,526  | 3,771,514  | 3,212,194   | 1,460,713  | 2,384      | -                    | 1,653,764                 | 12,668,095   |
| Interest revenue                                                          | -          | -          | -           | -          | -          | -                    | 732,973                   | 732,973      |
| Income tax expense                                                        | -          | -          | -           | -          | -          | -                    | 2,652,241                 | 2,652,241    |
| Impairment of mining property                                             | -          | -          | -           | -          | -          | -                    | 4,313,495                 | 4,313,495    |
| Transfer of gain on investment from equity upon acquisition of subsidiary | -          | -          | -           | -          | -          | -                    | 4,800,478                 | 4,800,478    |

### 3. Segment reporting (continued)

|                                                                                                                                                                                                                                                                                                         | 2011        | 2010        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
|                                                                                                                                                                                                                                                                                                         | \$          | \$          |
| <b>Major items included in Corporate/Unallocated</b>                                                                                                                                                                                                                                                    |             |             |
| (a) Capital expenditure                                                                                                                                                                                                                                                                                 |             |             |
| Property                                                                                                                                                                                                                                                                                                | 1,190,780   | -           |
| Fixed assets for Tweefontein                                                                                                                                                                                                                                                                            | 624,131     | 443,102     |
| Fixed assets for Elandsdrift                                                                                                                                                                                                                                                                            | 1,449,592   | 1,296,659   |
| Exploration expenses Vygenhoek/Everest North                                                                                                                                                                                                                                                            | 1,695,565   | 1,516,596   |
| Other                                                                                                                                                                                                                                                                                                   | 508,047     | 3,572,129   |
|                                                                                                                                                                                                                                                                                                         | 5,468,115   | 6,828,486   |
| (b) Other assets                                                                                                                                                                                                                                                                                        |             |             |
| Cash & cash equivalents                                                                                                                                                                                                                                                                                 | 23,497,092  | 20,107,830  |
| Investment in jointly controlled entity                                                                                                                                                                                                                                                                 | 2,591,580   | 2,242,090   |
| Current tax asset                                                                                                                                                                                                                                                                                       | 2,814,813   | 3,252,972   |
| Other                                                                                                                                                                                                                                                                                                   | 1,644,090   | 609,268     |
|                                                                                                                                                                                                                                                                                                         | 30,547,575  | 26,212,160  |
| (c) Liabilities                                                                                                                                                                                                                                                                                         |             |             |
| Deferred tax                                                                                                                                                                                                                                                                                            | 16,058,087  | 11,946,636  |
| Interest bearing loans and borrowings                                                                                                                                                                                                                                                                   | 464,677     | 378,670     |
| VAT/GST payable                                                                                                                                                                                                                                                                                         | 369,563     | 156,128     |
| Other                                                                                                                                                                                                                                                                                                   | 13,059,477  | 128,263     |
|                                                                                                                                                                                                                                                                                                         | 29,951,804  | 12,609,697  |
| (d) Unallocated expenses                                                                                                                                                                                                                                                                                |             |             |
| Administrative Salaries & Wages                                                                                                                                                                                                                                                                         | 2,553,731   | 1,280,654   |
| Auditors' remuneration                                                                                                                                                                                                                                                                                  | 476,373     | 354,872     |
| Consulting fees                                                                                                                                                                                                                                                                                         | 2,026,518   | 2,817,897   |
| Legal expenses                                                                                                                                                                                                                                                                                          | 562,987     | 749,005     |
| Oversees travelling expenses                                                                                                                                                                                                                                                                            | 360,577     | 375,449     |
| Premises leases                                                                                                                                                                                                                                                                                         | 241,946     | 261,518     |
| Share based compensation expense                                                                                                                                                                                                                                                                        | 1,395,488   | 4,480,318   |
| Termination of consultancy agreements                                                                                                                                                                                                                                                                   | 1,470,942   | -           |
| Tax expense                                                                                                                                                                                                                                                                                             | 4,218,298   | 2,652,241   |
| Other                                                                                                                                                                                                                                                                                                   | 4,385,605   | 5,374,471   |
|                                                                                                                                                                                                                                                                                                         | 17,692,465  | 18,346,425  |
| <b>Total segment revenue</b>                                                                                                                                                                                                                                                                            |             |             |
| Inter-segment sales elimination                                                                                                                                                                                                                                                                         | 46,872,232  | 26,115,145  |
| Other revenue from continuing activities                                                                                                                                                                                                                                                                | -           | -           |
| Total revenue                                                                                                                                                                                                                                                                                           | 46,872,232  | 26,115,145  |
| Revenue from external customers by geographical locations is detailed below. Revenue is attributed to geographic location based on the location of the customers. The company does not have external revenues from external customers that are attributable to any foreign country other than as shown. |             |             |
| South Africa                                                                                                                                                                                                                                                                                            | 46,872,232  | 26,115,145  |
| Total revenue                                                                                                                                                                                                                                                                                           | 46,872,232  | 26,115,145  |
| Interest revenue by geographical location is detailed below:                                                                                                                                                                                                                                            |             |             |
| South Africa                                                                                                                                                                                                                                                                                            | 486,202     | 388,138     |
| Australia                                                                                                                                                                                                                                                                                               | 637,410     | 344,835     |
|                                                                                                                                                                                                                                                                                                         | 1,123,612   | 732,973     |
| The majority of sales of concentrate are to two specific customers. Revenue is split according to segment as detailed below:                                                                                                                                                                            |             |             |
| Customer 1 (Steelpoort, Lannex, Doombosch)                                                                                                                                                                                                                                                              | 28,171,519  | 13,057,573  |
| Customer 2 (Millsell, Mooinooi)                                                                                                                                                                                                                                                                         | 18,700,713  | 13,057,572  |
|                                                                                                                                                                                                                                                                                                         | 46,872,232  | 26,115,145  |
| <b>Analysis of location of non-current assets:</b>                                                                                                                                                                                                                                                      |             |             |
| Australia                                                                                                                                                                                                                                                                                               | 66,881,613  | 52,026,973  |
| South Africa                                                                                                                                                                                                                                                                                            | 85,401,162  | 76,953,597  |
| Total non-current assets                                                                                                                                                                                                                                                                                | 152,282,775 | 128,980,570 |



#### 4. Revenue and expenses

|                                                                                                   | 2011       | 2010       |
|---------------------------------------------------------------------------------------------------|------------|------------|
|                                                                                                   | \$         | \$         |
| (a) <b>Revenue</b>                                                                                |            |            |
| Sale of goods                                                                                     | 43,692,154 | 21,383,871 |
| PGM price adjustment                                                                              | 3,180,078  | 4,731,274  |
|                                                                                                   | 46,872,232 | 26,115,145 |
| (b) <b>Other income</b>                                                                           |            |            |
| Scrap sales                                                                                       | 40,679     | 31,310     |
| Recoveries                                                                                        | 14,562     | 44,446     |
| Royalty termination                                                                               | -          | 220,425    |
| Derecognition of loan payable                                                                     | 410,363    | -          |
|                                                                                                   | 465,604    | 296,181    |
| (c) <b>Expenses</b>                                                                               |            |            |
| Loss from ordinary activities before income tax expense includes the following specific expenses: |            |            |
| Consulting                                                                                        | 2,026,518  | 2,189,897  |
| Depreciation – plant and equipment                                                                | 7,431,159  | 2,865,672  |
| Depreciation – other assets                                                                       | 92,550     | 100,199    |
| Finance costs                                                                                     | 114,477    | 137,733    |
| Foreign exchange loss                                                                             | 8,522      | 3,030,175  |
| Operating lease payments                                                                          | 265,819    | 297,042    |
| Devaluations of fair value through profit or loss financial assets                                | 39,556     | 79,353     |
| Share based payments expense                                                                      | 1,395,488  | 4,480,318  |
| Superannuation expense                                                                            | 18,961     | 18,935     |
| Impairment of loan (4.1)                                                                          | 577,544    | -          |
| Impairment of mining properties (4.2)                                                             | -          | 4,313,495  |
| Net loss on disposal of non-current asset                                                         | -          | 48,761     |
| Exploration and evaluation costs written off                                                      | 41,064     | 110,549    |
| Termination of consultancy contracts (4.3)                                                        | 1,470,942  | -          |
| (d) <b>Staff costs</b>                                                                            |            |            |
| Salaries and wages                                                                                | 3,832,965  | 2,077,832  |
| Superannuation                                                                                    | 18,751     | 17,051     |
| Share based payments                                                                              | 1,173,786  | 3,890,728  |
|                                                                                                   | 5,025,502  | 5,985,611  |

##### 4.1 Impairment of loan

Ehlobo Metals (Pty) Ltd ("Ehlobo") disposed of its 26% shareholding in Sylvania Metals (Pty) Ltd and Sylvania Minerals (Pty) Ltd to Africa Asia Capital Ltd ("AACL") during the financial year ended 30 June 2011. A loan of R2,900,000 (\$423,661) attracting interest at the prime lending rate in South Africa had been advanced to Ehlobo in R100,000 (\$14,609) increments by Sylvania Metals as a form of assistance to Ehlobo in order to establish its business. Upon the disposal of Ehlobo's 26% shareholding in Sylvania Metals the loan was determined to be irrecoverable by the Directors of Sylvania and subsequently written off.

##### 4.2 Impairment of mining properties

Refer to note 10 for details on the impairment of mining properties.

##### 4.3 Termination of consultancy contracts

In the prior financial years the Group was focused on identifying and pursuing investment opportunities in mineral exploration and mineral treatment projects. Key management were contracted through fixed term consultancy agreements so as to reduce the administration of the Group. As a result of the Group moving into a more operational phase, permanent employees have been appointed by the Board and the consulting agreements terminated. This has resulted in a termination fee of \$1,470,942 for the year ended 30 June 2011.

## 5. Income tax

|                                                                                                                                                                     | 2011             | 2010             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                                                                                                     | \$               | \$               |
| <b>Major components of tax expense for the years ended 30 June 2010 and 2009</b>                                                                                    |                  |                  |
| <b>Income tax recognised in profit or loss</b>                                                                                                                      |                  |                  |
| Current income tax charge/(benefit)                                                                                                                                 | 80,501           | 110,959          |
| Adjustments in respect of current income tax of previous year                                                                                                       | 54,496           | -                |
| Deferred tax expense relating to origination and reversal of temporary differences                                                                                  | 4,083,301        | 2,541,282        |
| <b>Total tax expense</b>                                                                                                                                            | <b>4,218,298</b> | <b>2,652,241</b> |
| <b>The prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax expense in the financial statements as follows:</b> |                  |                  |
| Accounting profit/(loss)                                                                                                                                            | 5,826,424        | (5,129,670)      |
| Tax expense/(benefit) at rate of 30%                                                                                                                                | 1,747,927        | (1,538,901)      |
| Non-deductible expenses                                                                                                                                             | 2,192,019        | 650,385          |
| Benefit of tax losses and timing differences not brought to account                                                                                                 | 274,640          | 3,540,757        |
| Benefit of tax losses not brought to account                                                                                                                        | 3,712            | -                |
| Income tax expense                                                                                                                                                  | 4,218,298        | 2,652,241        |
| <b>Income tax recognised directly in equity:</b>                                                                                                                    |                  |                  |
| The following amounts were charged/(credited) directly to equity during the period:                                                                                 |                  |                  |
| Current tax                                                                                                                                                         |                  |                  |
| - translation of foreign operation                                                                                                                                  | -                | -                |
| Deferred tax                                                                                                                                                        |                  |                  |
| - revaluation of financial assets                                                                                                                                   | -                | (12,988)         |

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

|                                                           | 2011        | 2010        |
|-----------------------------------------------------------|-------------|-------------|
|                                                           | \$          | \$          |
| <b>Deferred tax assets comprise:</b>                      |             |             |
| Losses available for offset against future taxable income | 6,136,901   | 6,001,062   |
|                                                           | 6,136,901   | 6,001,062   |
| Set-off against deferred tax liabilities                  | (6,136,901) | (6,001,062) |
|                                                           | -           | -           |
| <b>Deferred tax liabilities comprise:</b>                 |             |             |
| Exploration and evaluation                                | 21,509,772  | 17,806,803  |
| Plant and equipment                                       | 11,017,444  | 5,955,676   |
| Other                                                     | 1,057,879   | 914,119     |
|                                                           | 33,585,095  | 24,676,598  |
| Set-off deferred tax assets                               | (6,136,901) | (6,001,062) |
|                                                           | 27,448,194  | 18,675,536  |





## 5. Income tax (continued)

The Group has estimated tax losses arising in Australia of \$18,678,899 (2010: \$13,619,157) 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 \$3,718,089 (2010: \$2,360,906) that are available indefinitely for offset against future taxable profits of the company in which the losses arose.

|                                                                                 | 2011              | 2010       |
|---------------------------------------------------------------------------------|-------------------|------------|
|                                                                                 | \$                | \$         |
| <b>Unrecognised deferred tax assets</b>                                         |                   |            |
| Deferred tax assets have not been recognised in respect of the following items: |                   |            |
| Deductible temporary differences                                                | <b>16,741,875</b> | 12,920,637 |
| Tax losses                                                                      | <b>5,283,236</b>  | 4,135,980  |
| Capital losses                                                                  | <b>1,356,283</b>  | 1,096,204  |
|                                                                                 | <b>23,381,394</b> | 18,152,821 |

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 Limited and its 100% owned Australian resident controlled entities have formed a tax consolidated group with effect from 1 July 2003. Sylvania Resources Pty Ltd 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 balance date, the possibility of default is remote.

### Reconciliation of deferred tax assets/(liabilities):

| 2011                       | Opening balance | Charged to Income Statement | Charged to equity | Acquisition/disposal | Exchange Difference | Closing Balance     |
|----------------------------|-----------------|-----------------------------|-------------------|----------------------|---------------------|---------------------|
|                            | \$              | \$                          | \$                | \$                   | \$                  | \$                  |
| Temporary differences      | (914,119)       | 210,488                     | -                 | -                    | (354,248)           | <b>(1,057,879)</b>  |
| Plant and equipment        | (5,955,676)     | (4,306,054)                 | -                 | -                    | (755,714)           | <b>(11,017,444)</b> |
| Exploration and evaluation | (17,806,803)    | -                           | -                 | -                    | (3,702,969)         | <b>(21,509,772)</b> |
| Tax losses                 | 6,001,062       | 12,265                      | -                 | -                    | 123,574             | <b>6,136,901</b>    |
|                            | (18,675,536)    | (4,083,301)                 | -                 | -                    | (4,689,357)         | <b>(27,448,194)</b> |

| 2010                       | Opening balance | Charged to Income Statement | Charged to equity | Acquisitions/ Disposals | Exchange Difference | Closing Balance |
|----------------------------|-----------------|-----------------------------|-------------------|-------------------------|---------------------|-----------------|
|                            | \$              | \$                          | \$                | \$                      | \$                  | \$              |
| Temporary differences      | (1,916,517)     | (199,479)                   | (12,988)          | 1,177,631               | 37,234              | (914,119)       |
| Plant and equipment        | (3,611,607)     | (2,256,594)                 | -                 | -                       | (87,475)            | (5,955,676)     |
| Exploration and evaluation | -               | -                           | -                 | (17,270,750)            | (536,053)           | (17,806,803)    |
| Tax losses                 | 2,239,742       | (85,209)                    | -                 | 3,817,018               | 29,511              | 6,001,062       |
|                            | (3,288,382)     | (2,541,282)                 | (12,988)          | (12,276,101)            | (556,783)           | (18,675,536)    |

## 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.

|                                                     | 2011            | 2010            |
|-----------------------------------------------------|-----------------|-----------------|
|                                                     | Cents per share | cents per share |
| Basic earnings/(loss) per share - cents per share   | <b>0.39</b>     | (3.11)          |
| Diluted earnings/(loss) per share - cents per share | <b>0.39</b>     | (3.11)          |

|                                                                                                                                                   | 2011               | 2010        |
|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------|
|                                                                                                                                                   | \$                 | \$          |
| <b>Reconciliations of loss used in calculating loss per share</b>                                                                                 |                    |             |
| Earnings/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings/(loss) per share                    | <b>1,094,260</b>   | (6,981,688) |
| Earnings/(loss) attributable to the ordinary equity holders of the company used in calculating diluted earnings/(loss) per share                  | <b>1,094,260</b>   | (6,981,688) |
| <b>Weighted average number of shares used as the denominator</b>                                                                                  |                    |             |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share                                 | <b>279,157,428</b> | 224,724,096 |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings/(loss) per share | <b>279,157,428</b> | 224,724,096 |

### Diluted earnings/(loss) per share

At 30 June 2011 the Sylvania shares exercisable through the Share option scheme (6,000,000 options) were not considered to be "in the money" and therefore are not dilutive.

At 30 June 2010 the Group recorded a loss. Therefore, potential ordinary shares on issue in relation to options (15,375,909 options) are not dilutive.

In the prior financial year SA Metals Pty Ltd ("SA Metals"), a wholly owned subsidiary of Sylvania Platinum negotiated the cancellation of a royalty agreement between SA Metals 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 completion of these financial statements.

## 7. Interest in jointly controlled entity

The Group has a 25% interest in the assets, liabilities and output of an un-incorporated joint venture, CTRP, which operates a chrome tailings retreatment plant at Kroondal in South Africa (2010: 25%).

|                                                                                        | 2011             | 2010      | 2009        |
|----------------------------------------------------------------------------------------|------------------|-----------|-------------|
|                                                                                        | \$               | \$        | \$          |
| <b>Carrying amount of investment in jointly controlled entity</b>                      |                  |           |             |
| Balance at beginning of the financial period                                           | <b>2,349,723</b> | 2,371,590 | 3,290,607   |
| Distribution received from jointly controlled entity                                   | <b>(724,932)</b> | (780,429) | (1,154,130) |
| Share of jointly controlled entity's profit from ordinary activities, after income tax | <b>(76,900)</b>  | 758,562   | 235,112     |
| Balance at end of financial period                                                     | <b>1,547,891</b> | 2,349,723 | 2,371,589   |



## 7. Interest in jointly controlled entity (continued)

|                                                                       | 2011        | 2010        | 2009      |
|-----------------------------------------------------------------------|-------------|-------------|-----------|
|                                                                       | \$          | \$          | \$        |
| <b>Foreign currency translation movements</b>                         |             |             |           |
| Balance at beginning of financial period                              | 903,249     | 807,879     | 886,317   |
| Movement during the financial period                                  | 363,673     | 95,370      | (78,437)  |
| Balance at end of financial period                                    | 1,266,922   | 903,249     | 807,880   |
|                                                                       | 2,814,813   | 3,252,972   | 3,179,469 |
| <b>Share of joint venture entity's results and financial position</b> |             |             |           |
| Current assets                                                        | 987,305     | 1,704,361   | 1,526,444 |
| Non-current assets                                                    | 827,002     | 720,957     | 786,630   |
| Total assets                                                          | 1,814,307   | 2,425,318   | 2,313,074 |
| Current liabilities                                                   | 292,356     | 274,039     | 204,666   |
| Non-current liabilities                                               | -           | 1,449       | -         |
| Total liabilities                                                     | 292,356     | 275,488     | 204,666   |
| Revenue                                                               | 1,291,845   | 1,830,863   | 942,449   |
| Expenses                                                              | (1,368,745) | (1,072,301) | (707,337) |
| Profit from ordinary activities before income tax                     | (76,900)    | 758,562     | 235,112   |
| Income tax expense                                                    | -           | -           | -         |
| Profit from ordinary activities after income tax                      | (76,900)    | 758,562     | 235,112   |

### Contingencies & commitments

The jointly controlled entity does not have any contingencies or capital commitments.

## 8. Other financial assets

|                                                               | 2011    | 2010    | 2009      |
|---------------------------------------------------------------|---------|---------|-----------|
|                                                               | \$      | \$      | \$        |
| <i>Available for sale investments carried at fair value</i>   |         |         |           |
| Listed shares                                                 | 458,168 | 305,949 | 6,500,319 |
| <i>Financial assets at fair value through profit and loss</i> |         |         |           |
| Listed shares                                                 | 42,380  | 68,507  | -         |
| Total                                                         | 500,548 | 374,456 | 6,500,319 |

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

## 9. Exploration and evaluation assets

| 2011                                                                                                                 | Mineral rights | Deferred exploration expenditure | Total      |
|----------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------|------------|
|                                                                                                                      | \$             | \$                               | \$         |
| Balance at beginning of financial year                                                                               | 310,017        | 59,078,819                       | 59,388,836 |
| Foreign currency movements                                                                                           | 36,584         | 13,200,620                       | 13,237,204 |
| Consideration for the termination of future royalty agreement between SA Metals Pty Ltd and Minex Projects (Pty) Ltd | -              | 2,511,039                        | 2,511,039  |
| Direct expenditure for the year                                                                                      | -              | 986,365                          | 986,365    |
| Balance at end of financial year                                                                                     | 346,601        | 75,776,843                       | 76,123,444 |

## 9. Exploration and evaluation assets (continued)

| 2010                                   | Mineral rights | Deferred exploration expenditure | Total       |
|----------------------------------------|----------------|----------------------------------|-------------|
|                                        | \$             | \$                               | \$          |
| Balance at beginning of financial year | 253,740        | 1,218,752                        | 1,472,492   |
| Acquired through business combination  | 48,986         | 58,059,992                       | 58,108,978  |
| Foreign currency movements             | 7,291          | (1,541,064)                      | (1,533,773) |
| Direct expenditure for the year        | -              | 1,341,138                        | 1,341,138   |
| Balance at end of financial year       | 310,017        | 59,078,818                       | 59,388,835  |

| 2009                                   | Mineral rights | Deferred exploration expenditure | Total     |
|----------------------------------------|----------------|----------------------------------|-----------|
|                                        | \$             | \$                               | \$        |
| Balance at beginning of financial year | 251,120        | 1,100,107                        | 1,351,227 |
| Foreign currency movements             | 2,620          | 23,069                           | 25,689    |
| Direct expenditure for the year        | -              | 87,305                           | 87,305    |
| Balance at end of financial year       | 253,740        | 1,210,481                        | 1,464,221 |

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.

## 10. Property, plant and equipment

| 2011                                      | Property  | Mining Property | Const-<br>ruction<br>in progress | Plant and<br>equipment | Equipment | Leasehold<br>Improve-<br>ments | Computer<br>equipment<br>and<br>software | Furniture<br>and<br>fittings | Office<br>Equipment | Motor<br>vehicles | TOTAL               |
|-------------------------------------------|-----------|-----------------|----------------------------------|------------------------|-----------|--------------------------------|------------------------------------------|------------------------------|---------------------|-------------------|---------------------|
|                                           | \$        | \$              | \$                               | \$                     | \$        | \$                             | \$                                       | \$                           | \$                  | \$                | \$                  |
| <b>At 1 July 2010</b>                     |           |                 |                                  |                        |           |                                |                                          |                              |                     |                   |                     |
| Cost or fair value                        | -         | 8,599,079       | 19,962,995                       | 46,081,830             | 606,937   | 33,967                         | 209,574                                  | 60,340                       | 121,407             | 473,766           | <b>76,149,895</b>   |
| Accumulated Depreciation                  | -         | (4,313,151)     | -                                | (5,310,135)            | (131,062) | (17,132)                       | (100,130)                                | (29,017)                     | (60,748)            | (224,213)         | <b>(10,185,588)</b> |
| Net book value                            | -         | 4,285,928       | 19,962,995                       | 40,771,695             | 475,875   | 16,835                         | 109,444                                  | 31,323                       | 60,659              | 249,553           | <b>65,964,307</b>   |
| <b>Year ended<br/>30 June 2011</b>        |           |                 |                                  |                        |           |                                |                                          |                              |                     |                   |                     |
| Opening net book value                    | -         | 4,285,928       | 19,962,995                       | 40,771,695             | 475,875   | 16,835                         | 109,444                                  | 31,323                       | 60,659              | 249,553           | <b>65,964,307</b>   |
| Exchange differences                      | 29,262    | 494,917         | 2,035,597                        | 5,098,279              | 53,048    | 1,794                          | 11,614                                   | 3,427                        | 9,822               | 27,209            | <b>7,764,969</b>    |
| Additions                                 | 1,161,518 | -               | -                                | 5,442,328              | -         | -                              | 23,820                                   | 7,705                        | 5,823               | -                 | <b>6,641,194</b>    |
| Disposals                                 | -         | -               | -                                | -                      | -         | -                              | -                                        | (2,786)                      | -                   | -                 | <b>(2,786)</b>      |
| Reallocations<br>between asset<br>classes | -         | -               | (12,709,245)                     | 12,709,245             | -         | -                              | -                                        | -                            | -                   | -                 | <b>-</b>            |
| Depreciation charge                       | -         | (430,803)       | -                                | (6,762,442)            | (123,391) | (7,644)                        | (75,482)                                 | (15,586)                     | (19,452)            | (88,914)          | <b>(7,523,714)</b>  |
|                                           | 1,190,780 | 4,350,042       | 9,289,347                        | 57,259,105             | 405,532   | 10,985                         | 69,396                                   | 24,083                       | 56,852              | 187,848           | <b>72,843,970</b>   |
| <b>At 30 June 2011</b>                    |           |                 |                                  |                        |           |                                |                                          |                              |                     |                   |                     |
| Cost or fair value                        | 1,190,780 | 9,093,996       | 9,289,347                        | 69,331,682             | 659,985   | 35,761                         | 245,008                                  | 68,686                       | 137,052             | 500,975           | <b>90,553,272</b>   |
| Accumulated Depreciation                  | -         | (4,743,954)     | -                                | (12,072,577)           | (254,453) | (24,776)                       | (175,612)                                | (44,603)                     | (80,200)            | (313,127)         | <b>(17,709,302)</b> |
|                                           | 1,190,780 | 4,350,042       | 9,289,347                        | 57,259,105             | 405,532   | 10,985                         | 69,396                                   | 24,083                       | 56,852              | 187,848           | <b>72,843,970</b>   |



## 10. Property, plant and equipment (continued)

| 2010                                     | Mining<br>Property | Construction<br>in progress | Plant and<br>equipment | Equipment | Leasehold<br>Improvements | Computer<br>equipment<br>and software | Furniture<br>and fittings | Office<br>equipment | Motor<br>vehicles | TOTAL               |
|------------------------------------------|--------------------|-----------------------------|------------------------|-----------|---------------------------|---------------------------------------|---------------------------|---------------------|-------------------|---------------------|
|                                          | \$                 | \$                          | \$                     | \$        | \$                        | \$                                    | \$                        | \$                  | \$                | \$                  |
| <b>At 1 July 2009</b>                    |                    |                             |                        |           |                           |                                       |                           |                     |                   |                     |
| Cost or fair value                       | 8,322,578          | 30,370,118                  | 15,624,679             | 205,967   | 30,847                    | 118,940                               | 44,783                    | 82,932              | 412,236           | <b>55,213,080</b>   |
| Accumulated<br>Depreciation              | -                  | -                           | (2,620,716)            | (41,465)  | (10,244)                  | (40,162)                              | (17,512)                  | (35,204)            | (141,263)         | <b>(2,906,566)</b>  |
| Net book value                           | 8,322,578          | 30,370,118                  | 13,003,963             | 164,502   | 20,603                    | 78,778                                | 27,271                    | 47,728              | 270,973           | <b>52,306,514</b>   |
| <b>Year ended<br/>30 June 2010</b>       |                    |                             |                        |           |                           |                                       |                           |                     |                   |                     |
| Opening net book<br>value                | 8,322,578          | 30,370,118                  | 13,003,963             | 164,502   | 20,603                    | 78,778                                | 27,271                    | 47,728              | 270,973           | <b>52,306,514</b>   |
| Acquired through<br>business combination | -                  | -                           | 74,219                 | -         | -                         | 899                                   | 2,510                     | -                   | -                 | <b>77,628</b>       |
| Exchange differences                     | 276,501            | 981,526                     | 215,590                | 2,982     | 645                       | 2,179                                 | 797                       | 1,172               | 8,304             | <b>1,489,696</b>    |
| Additions                                | -                  | 6,491,983                   | 12,355,537             | 397,988   | 2,475                     | 90,002                                | 3,068                     | 46,895              | 87,846            | <b>19,475,794</b>   |
| Disposals                                | -                  | -                           | (68,827)               | -         | -                         | (2,446)                               | (410)                     | -                   | (34,620)          | <b>(106,303)</b>    |
| Reallocations<br>between asset classes   | -                  | (17,880,632)                | 17,880,632             | -         | -                         | -                                     | 9,592                     | (9,592)             | -                 | <b>-</b>            |
| Impairment                               | (4,313,151)        | -                           | -                      | -         | -                         | -                                     | -                         | -                   | -                 | <b>(4,313,151)</b>  |
| Depreciation charge                      | -                  | -                           | (2,689,419)            | (89,597)  | (6,888)                   | (59,968)                              | (11,505)                  | (25,544)            | (82,950)          | <b>(2,965,871)</b>  |
|                                          | 4,285,928          | 19,962,995                  | 40,771,695             | 475,875   | 16,835                    | 109,444                               | 31,323                    | 60,659              | 249,553           | <b>65,964,307</b>   |
| <b>At 30 June 2010</b>                   |                    |                             |                        |           |                           |                                       |                           |                     |                   |                     |
| Cost or fair value                       | 8,599,079          | 19,962,995                  | 46,081,830             | 606,937   | 33,967                    | 209,574                               | 60,340                    | 121,407             | 473,766           | <b>76,149,895</b>   |
| Accumulated<br>Depreciation              | (4,313,151)        | -                           | (5,310,135)            | (131,062) | (17,132)                  | (100,130)                             | (29,017)                  | (60,748)            | (224,213)         | <b>(10,185,588)</b> |
|                                          | 4,285,928          | 19,962,995                  | 40,771,695             | 475,875   | 16,835                    | 109,444                               | 31,323                    | 60,659              | 249,553           | <b>65,964,307</b>   |

| 2009                                   | Mining<br>Property | Construction<br>in progress | Plant and<br>equipment | Equipment | Leasehold<br>Improvements | Computer<br>equipment<br>and software | Furniture<br>and fittings | Office<br>equipment | Motor<br>vehicles | TOTAL              |
|----------------------------------------|--------------------|-----------------------------|------------------------|-----------|---------------------------|---------------------------------------|---------------------------|---------------------|-------------------|--------------------|
|                                        | \$                 | \$                          | \$                     | \$        | \$                        | \$                                    | \$                        | \$                  | \$                | \$                 |
| <b>At 1 July 2008</b>                  |                    |                             |                        |           |                           |                                       |                           |                     |                   |                    |
| Cost or fair value                     | 8,236,643          | 6,291,489                   | 14,333,848             | 207,802   | 31,311                    | 74,751                                | 46,906                    | 61,079              | 298,357           | <b>29,582,186</b>  |
| Accumulated<br>Depreciation            | -                  | -                           | (1,391,977)            | (12,279)  | (4,658)                   | (24,819)                              | (10,186)                  | (22,700)            | (65,050)          | <b>(1,531,669)</b> |
| Net book value                         | 8,236,643          | 6,291,489                   | 12,941,871             | 195,523   | 26,653                    | 49,932                                | 36,720                    | 38,379              | 233,307           | <b>28,050,517</b>  |
| <b>Year ended<br/>30 June 2009</b>     |                    |                             |                        |           |                           |                                       |                           |                     |                   |                    |
| Opening net book<br>value              | 8,236,643          | 6,291,489                   | 12,941,871             | 195,523   | 26,653                    | 49,932                                | 36,720                    | 38,379              | 233,307           | <b>28,050,517</b>  |
| Exchange differences                   | 85,935             | 2,880,121                   | 126,481                | (1,835)   | (464)                     | 3,476                                 | (769)                     | (931)               | 6,564             | <b>3,098,578</b>   |
| Additions                              | -                  | 21,198,508                  | 1,164,350              | -         | -                         | 43,698                                | -                         | 29,273              | 107,315           | <b>22,543,144</b>  |
| Disposals                              | -                  | -                           | -                      | -         | -                         | (2,985)                               | -                         | (7,843)             | -                 | <b>(10,828)</b>    |
| Reallocations<br>between asset classes | -                  | -                           | -                      | -         | -                         | -                                     | (1,354)                   | 1,354               | -                 | <b>-</b>           |
| Depreciation charge                    | -                  | -                           | (1,228,739)            | (29,186)  | (5,586)                   | (15,343)                              | (7,326)                   | (12,504)            | (76,213)          | <b>(1,374,897)</b> |
|                                        | 8,322,578          | 30,370,118                  | 13,003,963             | 164,502   | 20,603                    | 78,778                                | 27,271                    | 47,728              | 270,973           | <b>52,306,514</b>  |
| <b>At 30 June 2009</b>                 |                    |                             |                        |           |                           |                                       |                           |                     |                   |                    |
| Cost or fair value                     | 8,322,578          | 30,370,118                  | 15,624,679             | 205,967   | 30,847                    | 118,940                               | 44,783                    | 82,932              | 412,236           | <b>55,213,080</b>  |
| Accumulated<br>Depreciation            | -                  | -                           | (2,620,716)            | (41,465)  | (10,244)                  | (40,162)                              | (17,512)                  | (35,204)            | (141,263)         | <b>(2,906,566)</b> |
|                                        | 8,322,578          | 30,370,118                  | 13,003,963             | 164,502   | 20,603                    | 78,778                                | 27,271                    | 47,728              | 270,973           | <b>52,306,514</b>  |

## 10. Property, plant and equipment (continued)

### Impairment of mining properties

On 27 April 2008 Sylvania announced that it had signed an amendment to an existing Services and Supply Agreement to treat run of mine ("ROM") from the Brokenhill, Spitzkop and Buffelsfontein East mining operations. It was expected that attributable PGM production would increase by approximately 6,000 ounces per annum in the short term, increasing to approximately 33% of production in five to six years as current dumps were depleted. It was estimated that 300,000 tonnes of ROM material a year would be made available to Sylvania for treatment. This ROM was expected to have an average grade of 1.4 grams/ton and the chrome ore recovered from the treatment was to be returned to the supplier at a nominal charge.

First production of the PGM's from the ROM material retreatment was expected in the fourth quarter of 2008, ramping up to more than 200 ounces per month towards the end of the first quarter of 2009. Subsequent to the agreement being signed, the world economy went into a slump resulting in a change to the chrome market with the annual demand for chrome products being dramatically reduced. This resulted in the plans for mining of ROM material at Lannex plant serving Brokenhill and Spitzkop and the Mooi-nooi plant serving Buffelsfontein East being stopped. The Sylvania Board of Directors can in no way determine whether or not these mines will resume operations. This does not affect the carrying value of the Lannex plant as sufficient material has been identified for the Lannex plant to operate at design capacity.

The right to treat the ROM material from Brokenhill, Spitzkop and Buffelsfontein East Chrome mines cannot be sold to a third party and Sylvania is in no way entitled to any form of compensation for operations at these mines ceasing. Subsequent to the financial year end at 30 June 2010 the Mooi-nooi Mine has been supplying ROM material to the Sylvania Mooi-nooi plant and this mining property is being depreciated at the current estimated useful life of the Mooi-nooi plant.

Based on the above information it was resolved by the Directors of Sylvania Resources to impair the asset value attributable to this transaction at the Lannex plant at 30 June 2010, resulting in an impairment of R32,799,630 (\$4,313,495). A review was performed on the mining properties at 30 June 2011 and no change in impairment was identified.

### Leased assets

Equipment and motor vehicles include the following amounts where the Group is a lessee under a finance lease:

|                          | 2011      | 2010      | 2009     |
|--------------------------|-----------|-----------|----------|
|                          | \$        | \$        | \$       |
| <b>Equipment</b>         |           |           |          |
| Cost                     | 628,921   | 557,834   | 158,241  |
| Accumulated Depreciation | (269,588) | (133,905) | (57,948) |
|                          | 359,333   | 423,929   | 100,293  |
| <b>Motor vehicles</b>    |           |           |          |
| Cost                     | 187,825   | 318,688   | 259,179  |
| Accumulated Depreciation | (75,533)  | (107,694) | (50,088) |
|                          | 112,292   | 210,994   | 209,091  |

|                                | Future Minimum Lease Payments Due | Finance Charges | Present Value of Minimum Lease Payments Due |
|--------------------------------|-----------------------------------|-----------------|---------------------------------------------|
|                                | \$                                | \$              | \$                                          |
| <b>At 30 June 2011</b>         |                                   |                 |                                             |
| Due within one year            | 197,500                           | (30,978)        | 166,522                                     |
| Due between one and five years | 330,688                           | (32,532)        | 298,156                                     |
|                                | 528,188                           | (63,510)        | 464,678                                     |
| <b>At 30 June 2010</b>         |                                   |                 |                                             |
| Due within one year            | 314,661                           | (48,595)        | 266,066                                     |
| Due between one and five years | 444,470                           | (65,780)        | 378,690                                     |
|                                | 759,131                           | (114,375)       | 644,756                                     |
| <b>At 30 June 2009</b>         |                                   |                 |                                             |
| Due within one year            | 143,241                           | (23,305)        | 119,936                                     |
| Due between one and five years | 207,358                           | (19,361)        | 187,997                                     |
|                                | 350,599                           | (42,666)        | 307,933                                     |

### Non-current assets pledged as security

Leased assets are pledged as security for the related finance lease liability. No other non-current assets are pledged as security for any liabilities.





## 11. Cash and cash equivalents

|                          | 2011       | 2010       | 2009       |
|--------------------------|------------|------------|------------|
|                          | \$         | \$         | \$         |
| Cash at bank and on hand | 7,928,486  | 2,230,172  | 3,250,265  |
| Short term deposits      | 15,568,606 | 17,877,658 | 22,645,156 |
|                          | 23,497,092 | 20,107,830 | 25,895,421 |

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 \$15,568,606 (2010: \$17,877,658, 2009: \$22,645,156).

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

## 12. Trade and other receivables

|                   | 2011       | 2010       | 2009      |
|-------------------|------------|------------|-----------|
|                   | \$         | \$         | \$        |
| Trade receivables | 19,429,304 | 10,345,328 | 4,731,205 |
| Other receivables | 712,526    | 1,271,616  | 1,578,602 |
|                   | 20,141,830 | 11,616,944 | 6,309,807 |

Trade receivables are due from major minerals mining and processing companies. None of the amounts are past due or impaired. At 30 June 2011 gross sales of \$12,446,182 (2010: \$6,496,192) were subject to price adjustments. Refer to note 4. 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

|                      | 2011    | 2010    | 2009    |
|----------------------|---------|---------|---------|
|                      | \$      | \$      | \$      |
| Stores and materials | 628,065 | 645,655 | 353,851 |

### Stores and materials

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

## 14. Issued capital

### Authorised capital

|                                            | 2011          | 2011        |
|--------------------------------------------|---------------|-------------|
|                                            | No of shares  | \$          |
| Ordinary shares with a par value of \$0.10 | 1,000,000,000 | 100,000,000 |

### Issued capital

|                                                 | 2011         | 2010         | 2009         | 2011       | 2010        | 2009       |
|-------------------------------------------------|--------------|--------------|--------------|------------|-------------|------------|
|                                                 | No of shares | No of shares | No of shares | \$         | \$          | \$         |
| <b>Share capital</b>                            |              |              |              |            |             |            |
| <b>Ordinary shares</b>                          |              |              |              |            |             |            |
| Ordinary shares fully paid                      | 298,868,805  | 240,696,254  | 179,354,273  | 29,639,275 | 147,266,101 | 92,955,717 |
| Shares reserved for Employees share plan shares | 2,383,000    | 2,383,000    | 2,808,000    | -          | -           | -          |
|                                                 | 301,251,805  | 243,079,254  | 182,162,273  | 29,639,275 | 147,266,101 | 92,955,717 |

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.

#### 14. Issued capital (continued)

##### Movements in ordinary share capital

| Date         | Details                                                | Number of shares | Issue price |             |
|--------------|--------------------------------------------------------|------------------|-------------|-------------|
|              |                                                        |                  | \$          | \$          |
| 1 July 2009  | Opening balance                                        | 179,354,273      | (a)         | 92,955,717  |
| 5 Aug 2009   | First tranche of shares under GAU takeover             | 4,020,754        | 1.11        | 4,470,419   |
| 5 Aug 2009   | First tranche of shares under SA Metals takeover       | 22,562,120       | 1.11        | 25,085,377  |
| 21 Aug 2009  | Second tranche of shares under GAU takeover            | 3,729,475        | 0.93        | 3,483,656   |
| 21 Aug 2009  | Second tranche of shares under SA Metals takeover      | 2,623,903        | 0.93        | 2,450,955   |
| 31 Aug 2009  | Issue to ineligible overseas shareholders of SA Metals | 315,103          | 0.98        | 307,255     |
| 23 Sep 2009  | Final issue for compulsory takeover of SA Metals       | 1,541,636        | 1.08        | 1,657,934   |
| 9 Oct 2009   | Final issue for compulsory takeover of GAU             | 1,123,990        | 1.15        | 1,292,501   |
| 25 Nov 2009  | Transfer from employee share plan                      | 375,000          |             | 172,425     |
| 25 Nov 2009  | Transfer from share based payment reserve              | -                |             | 63,114      |
| 17 Dec 2009  | Issue through placement                                | 25,000,000       | 0.65        | 16,361,200  |
| 18 May 2010  | Shares issued from employee share plan                 | 50,000           |             | 39,443      |
| 18 May 2010  | Transfer from share based payment reserve              |                  |             | 9,948       |
|              | Transaction costs                                      |                  |             | (1,083,843) |
| 30 June 2010 | Closing balance                                        | 240,696,254      |             | 147,266,101 |

| Date              | Details                                                                                                           | Number of shares | Issue price |               |
|-------------------|-------------------------------------------------------------------------------------------------------------------|------------------|-------------|---------------|
|                   |                                                                                                                   |                  | \$          | \$            |
| 1 July 2010       | Opening balance                                                                                                   | 240,696,254      |             | 147,266,101   |
| 1 July 2010       | Consideration for the termination of royalty agreement between SA Metals Pty Ltd and Minex Projects (Pty) Ltd (b) | -                | 0.84        | 2,511,039     |
| 29 September 2010 | First tranche of shares issued to Africa Asia Capital Limited                                                     | 7,711,888        | 0.77        | 5,939,264     |
| 1 December 2010   | Second tranche of shares issued to Africa Asia Capital Limited                                                    | 51,170,663       | 0.71        | 36,145,887    |
|                   | Transaction costs                                                                                                 |                  |             | (57,547)      |
| 28 February 2011  | Restructure of Group with the establishment of new parent entity (c)                                              | -                |             | (161,846,865) |
|                   |                                                                                                                   | 299,578,805      |             | 29,957,879    |
| 22 June 2011      | Share buy back                                                                                                    | (200,000)        |             | (20,000)      |
| 28 June 2011      | Share buy back                                                                                                    | (100,000)        |             | (10,000)      |
| 29 June 2011      | Share buy back                                                                                                    | (400,000)        |             | (40,000)      |
| 30 June 2011      | Share buy back                                                                                                    | (10,000)         |             | (1,000)       |
|                   | Transaction costs                                                                                                 |                  |             | (247,604)     |
| 30 June 2011      | Closing balance                                                                                                   | 298,868,805      |             | 29,639,275    |

(a) The issue price has been rounded for presentation purposes.

(b) In the prior financial year SA Metals (Pty) Ltd ("SA Metals") a wholly owned subsidiary of Sylvania Platinum negotiated the cancellation of a royalty agreement between SA Metals and Minex Projects (Pty) Ltd ("Minex"), whereby Minex was to receive R5,000,000 (R1,000,000 payable as a non-refundable deposit in cash within 30 days of signature date, and the remaining R4,000,000 payable in cash by Sylvania to Minex on the closing date), as well as 3,000,000 shares in the listed parent entity. The agreement was subject to the suspensive condition that Sylvania conducted metallurgical test work in relation to the properties governed by the Contractor Agreement to its reasonable satisfaction and Sylvania gave to Minex a written notice that it has satisfied those conditions. The conditions have been met and the cash payments made. The shares will be issued after Minex has obtained South African Reserve Bank approval, which to date has not been obtained.



#### 14. Issued capital (continued)

The shares shall be issued to Minex as follows:

- 500,000 shares to be issued on the closing date,
- 5 further tranches of 500,000 shares each to be issued on the lapse of each 6 month period following successively after the closing date.

Each issue of Sylvania shares will be accompanied by share certificates. The benefit and risk in and to the Sylvania Shares shall be deemed to have passed to Minex with effect from the date of each relevant issue. Minex shall be entitled on written notice to Sylvania, to inform Sylvania that Minex wishes to defer a subsequent issue of shares to the next issue, provided that Sylvania consents in writing to such deferral.

The value of the shares at the date of signing the agreement was \$0.84.

- (c) Arising from the scheme of arrangement associated with the redomicile of Sylvania, Sylvania Platinum became the ultimate holding company of the group. The share capital of Sylvania Platinum was deemed to have been issued at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of reorganisation. The deemed issue price was allocated between issued capital at par value of \$0.10 per share and the share premium reserve.

#### Movements in shares reserved for employee share plan shares

| Date         | Details                                | Number of shares |
|--------------|----------------------------------------|------------------|
| 1 July 2010  | On issue at beginning of the year      | 2,383,000        |
| 30 June 2011 | <b>On issue at the end of the year</b> | <b>2,383,000</b> |

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

#### Share options

|                                                          | Number of options |            |
|----------------------------------------------------------|-------------------|------------|
|                                                          | 2011              | 2010       |
| Employee option plan options exercisable (refer note 21) |                   |            |
| - at \$1.63 per share on or before 30 June 2011          | -                 | 5,633,000  |
| - at \$1.05 per share on or before 30 June 2012          | <b>6,000,000</b>  | 6,000,000  |
| - at \$1.40 per share on or before 30 June 2011          | -                 | 359,909    |
| - at \$2.67 per share on or before 30 June 2011          | -                 | 600,000    |
| - at \$2.89 per share on or before 30 June 2011          | -                 | 400,000    |
|                                                          | <b>6,000,000</b>  | 12,992,909 |

## 15. Reserves

|                                                                  | Net<br>Unrealised<br>Gains Reserve | Share Based<br>Payments<br>Reserve | Foreign<br>Currency<br>Translation<br>Reserve | Non-controlling<br>interests<br>premium<br>reserve | Total              |
|------------------------------------------------------------------|------------------------------------|------------------------------------|-----------------------------------------------|----------------------------------------------------|--------------------|
|                                                                  | \$                                 | \$                                 | \$                                            | \$                                                 | \$                 |
| <b>At 1 July 2009</b>                                            | 4,678,925                          | 2,579,798                          | (2,408,951)                                   | 2,140,442                                          | <b>6,990,214</b>   |
| Unrealised gain/(loss) on<br>available-for-sale financial assets | (25,077)                           | -                                  | -                                             | -                                                  | <b>(25,077)</b>    |
| Transfer to profit and loss                                      | (4,800,478)                        | -                                  | -                                             | -                                                  | <b>(4,800,478)</b> |
| Currency translation differences                                 | -                                  | -                                  | 4,289,517                                     | -                                                  | <b>4,289,517</b>   |
| Share and option-based payments transferred<br>to share capital  | -                                  | (73,063)                           | -                                             | -                                                  | <b>(73,063)</b>    |
| Share and option-based payments expense                          | -                                  | 4,995,227                          | -                                             | -                                                  | <b>4,995,227</b>   |
| <b>At 30 June 2010</b>                                           | <b>(146,630)</b>                   | <b>7,501,962</b>                   | <b>1,880,566</b>                              | <b>2,140,442</b>                                   | <b>11,376,340</b>  |

|                                                                                | Share<br>Premium<br>Reserve | Net<br>Unrealised<br>Gains<br>Reserve | Share Based<br>Payments<br>Reserve | Foreign<br>Currency<br>Translation<br>Reserve | Non-<br>Controlling<br>Interest<br>Reserve | Equity<br>Reserve   | Total               |
|--------------------------------------------------------------------------------|-----------------------------|---------------------------------------|------------------------------------|-----------------------------------------------|--------------------------------------------|---------------------|---------------------|
|                                                                                | \$                          | \$                                    | \$                                 | \$                                            | \$                                         | \$                  | \$                  |
| <b>At 30 June 2010</b>                                                         | -                           | <b>(146,630)</b>                      | <b>7,501,962</b>                   | <b>1,880,566</b>                              | <b>2,140,442</b>                           | -                   | <b>11,376,340</b>   |
| Unrealised gain/(loss) on<br>available-for-sale financial assets               | -                           | (48,484)                              | -                                  | -                                             | -                                          | -                   | <b>(48,484)</b>     |
| Currency translation differences                                               | -                           | -                                     | -                                  | 21,723,273                                    | -                                          | -                   | <b>21,723,273</b>   |
| Non-controlling interest<br>acquisition reserve                                | -                           | -                                     | -                                  | -                                             | (41,919,735)                               | -                   | <b>(41,919,735)</b> |
| Share and option-based<br>payments expense                                     | -                           | -                                     | 1,395,488                          | -                                             | -                                          | -                   | <b>1,395,488</b>    |
| Restructure of the Group<br>with the establishment of new<br>parent entity (a) | 160,398,686                 | -                                     | (8,227,817)                        | -                                             | -                                          | (29,741,213)        | <b>122,429,656</b>  |
| Share buy back                                                                 | (354,461)                   | -                                     | -                                  | -                                             | -                                          | -                   | <b>(354,461)</b>    |
| <b>At 30 June 2011</b>                                                         | <b>160,044,225</b>          | <b>(195,114)</b>                      | <b>669,633</b>                     | <b>23,603,839</b>                             | <b>(39,779,293)</b>                        | <b>(29,741,213)</b> | <b>114,602,077</b>  |

- (a) As described in note 1 and 14, the accounting treatment associated with the insertion of Sylvania Platinum as the ultimate holding company required the issue price of the Sylvania Platinum shares to be deemed to have been issued at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of reorganisation. The deemed issue price was allocated between issued capital at par value of \$0.10 per share and the share premium reserve.

### Nature and purpose of reserves

- Net unrealised gains reserve**

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

- 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 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) as at the date of the insertion of Sylvania Platinum as the ultimate holding company.



## 16. Retained earnings/(Accumulated losses)

|                                                                                                                                                   | 2011         | 2010         | 2009         |
|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|
|                                                                                                                                                   | \$           | \$           | \$           |
| Balance as at 1 July                                                                                                                              | (20,061,009) | (13,079,321) | (9,047,661)  |
| Profit/(loss) for the year                                                                                                                        | 1,094,260    | (6,981,688)  | (4,031,660)  |
| Accumulated losses of former parent entity transferred to equity reserve following the insertion of Sylvania Platinum as ultimate holding company | 39,417,209   | -            | -            |
| Balance as at 30 June                                                                                                                             | 20,450,460   | (20,061,009) | (13,079,321) |

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

## 17. Interest bearing borrowings

|                                | 2011    | 2010    | 2009    |
|--------------------------------|---------|---------|---------|
|                                | \$      | \$      | \$      |
| <b>Secured</b>                 |         |         |         |
| <b>Current liabilities</b>     |         |         |         |
| Payable within 1 year          | 166,522 | 266,066 | 119,936 |
| <b>Non-current liabilities</b> |         |         |         |
| Payable within 1-5 years       | 298,156 | 378,670 | 187,997 |

## 18. Provisions

|                                        | 2011    | 2010    | 2009    |
|----------------------------------------|---------|---------|---------|
|                                        | \$      | \$      | \$      |
| <b>Provision for rehabilitation</b>    | 974,832 | 801,732 | 731,441 |
| <b>Movement in provision</b>           |         |         |         |
| Balance at beginning of financial year | 801,732 | 731,441 | 336,822 |
| Foreign currency movements             | 96,539  | 21,612  | 49,346  |
| Arising during the year                | 76,561  | 48,679  | 345,273 |
| Balance at end of financial year       | 974,832 | 801,732 | 731,441 |

Provision is made for close down, 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 balance date.

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 5 and 50 years.

## 19. Trade and other payables

|                | 2011      | 2010      | 2009      |
|----------------|-----------|-----------|-----------|
|                | \$        | \$        | \$        |
| Trade payables | 2,981,097 | 2,920,602 | 3,982,391 |
| Other payables | 2,569,549 | 1,959,051 | 1,841,059 |
|                | 5,550,646 | 4,879,653 | 5,823,450 |

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 profit after tax to net cash flow from operating activities

|                                                                | 2011               | 2010               |
|----------------------------------------------------------------|--------------------|--------------------|
|                                                                | \$                 | \$                 |
| Profit before tax                                              | <b>5,826,424</b>   | (5,129,670)        |
| Adjusted for:                                                  |                    |                    |
| Interest received                                              | <b>(1,169,044)</b> | (726,495)          |
| Joint venture cash distribution                                | <b>(724,942)</b>   | (639,794)          |
| Equity accounted net profit from joint venture                 | <b>(76,900)</b>    | 661,804            |
| Capital (gain)/loss on sale of non-current assets              | <b>(1,489)</b>     | 48,735             |
| Payments for exploration and evaluation                        | <b>41,066</b>      | 111,239            |
| Derecognition of loan payable                                  | <b>(167,181)</b>   | -                  |
| Bad debts                                                      | <b>577,544</b>     | -                  |
| Revaluation of assets at fair value through profit and loss    | <b>(39,556)</b>    | 79,353             |
| Impairment of mining property                                  | <b>-</b>           | 4,341,385          |
| Net foreign exchange difference                                | <b>164</b>         | 530,701            |
| Gain on investment through business combination                | <b>-</b>           | (4,800,478)        |
| (Increase)/decrease in prepayments and other debtors           | <b>(580,649)</b>   | 295,419            |
| (Increase)/decrease in accrued interest                        | <b>(45,432)</b>    | (9,017)            |
| (Increase)/decrease in GST/VAT recoverable                     | <b>(34,619)</b>    | 236,725            |
| (Increase)/decrease in tax assets                              | <b>349,489</b>     | (54,031)           |
| Net exchange differences on payment to suppliers and employees | <b>252,605</b>     | (878,104)          |
| Increase in income tax expense                                 | <b>1,566,057</b>   | 2,699,329          |
| Interest paid                                                  | <b>114,477</b>     | 137,733            |
| Depreciation                                                   | <b>7,523,714</b>   | 2,965,870          |
| Provisions                                                     | <b>76,561</b>      | -                  |
| Share based payments                                           | <b>1,395,488</b>   | 4,498,540          |
| Net operating loss before working capital changes              | <b>14,883,777</b>  | <b>4,369,244</b>   |
| Changes in working capital:                                    |                    |                    |
| Decrease/(increase) in trade receivables                       | <b>(7,864,186)</b> | (5,848,298)        |
| Decrease/(increase) in inventories                             | <b>17,590</b>      | (291,804)          |
| (Decrease)/increase in trade and other payables                | <b>670,995</b>     | (889,769)          |
|                                                                | <b>7,708,176</b>   | <b>(2,660,627)</b> |





## 21. Share based payment plan

### Employee option plan

An employee incentive option plan was approved as part of the implementation of the Scheme of arrangement. The terms of the Scheme replicated the terms of the former Scheme approved by Group shareholders in 2007. As a component of the Scheme, all existing option holders transferred their options in Sylvania Resources for options in Sylvania Platinum. The terms and conditions replicated the terms for the Sylvania Resources options. Disclosure below has been provided based on initial grant date from Sylvania Resources.

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 length of service, seniority, responsibilities, 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 for the options is to be not less than the weighted average share price for the last five trading days immediately preceding the options being offered to the participant.

The expiry date of the options will be determined by the Board 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 (subject to certain exceptions). 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:

- after 12 months have lapsed from the acceptance date, in respect of not more than one half of the total number of options; and
- after 24 months have lapsed from the acceptance date, in respect to the balance of those options.

The options are not transferable without prior written approval from the Board. The options will not be quoted on a publicly traded stock market; however application will be made for ASX/AIM quotation of the shares issued upon the exercise of the options.

### Options 2011

| Grant date                      | Expiry date | Exercise price* | Fair value at grant date* | Balance at start of the year | Granted during the year | Expired during the year | Balance at the end of the year | Vested and exercisable at end of year |
|---------------------------------|-------------|-----------------|---------------------------|------------------------------|-------------------------|-------------------------|--------------------------------|---------------------------------------|
|                                 |             |                 |                           | Number                       | Number                  | Number                  | Number                         | Number                                |
| 17 Mar 2008                     | 30 Jun 2011 | \$2.89          | \$1.09                    | 400,000                      | -                       | (400,000)               | -                              | -                                     |
| 17 Mar 2008                     | 30 Jun 2011 | \$2.67          | \$1.14                    | 600,000                      | -                       | (600,000)               | -                              | -                                     |
| 18 Aug 2008                     | 30 Jun 2011 | \$1.63          | \$1.33                    | 3,383,000                    | -                       | (3,383,000)             | -                              | -                                     |
| 18 Dec 2008                     | 30 Jun 2011 | \$1.63          | \$1.63                    | 2,250,000                    | -                       | (2,250,000)             | -                              | -                                     |
| 10 Jun 2009                     | 30 Jun 2012 | \$1.05          | \$1.55                    | 6,000,000                    | -                       | -                       | 6,000,000                      | 6,000,000                             |
| 31 Jul 2009                     | 30 Jun 2011 | \$1.40          | \$1.21                    | 359,909                      | -                       | (359,909)               | -                              | -                                     |
| Total                           |             |                 |                           | 12,992,909                   | -                       | (6,992,909)             | 6,000,000                      | 6,000,000                             |
| Weighted average exercise price |             |                 |                           | \$1.32                       | -                       | \$1.55                  | \$1.05                         | \$1.05                                |

\* Prices are in Australian dollars

The weighted average remaining contractual life of the share options is 1 year (2010: 1.47 years).

### Options 2010

| Grant date                      | Expiry date | Exercise price* | Fair value at grant date* | Balance at start of the year | Granted during the year | Expired during the year | Balance at the end of the year | Vested and exercisable at end of year |
|---------------------------------|-------------|-----------------|---------------------------|------------------------------|-------------------------|-------------------------|--------------------------------|---------------------------------------|
|                                 |             |                 |                           | Number                       | Number                  | Number                  | Number                         | Number                                |
| 17 Oct 2006                     | 30 Jun 2010 | \$0.75          | \$0.34                    | 600,000                      | -                       | (600,000)               | -                              | -                                     |
| 17 Mar 2008                     | 30 Jun 2011 | \$2.89          | \$1.09                    | 400,000                      | -                       | -                       | 400,000                        | 400,000                               |
| 17 Mar 2008                     | 30 Jun 2011 | \$2.67          | \$1.14                    | 600,000                      | -                       | -                       | 600,000                        | 600,000                               |
| 18 Aug 2008                     | 30 Jun 2011 | \$1.63          | \$1.33                    | 3,383,000                    | -                       | -                       | 3,383,000                      | 1,691,500                             |
| 18 Dec 2008                     | 30 Jun 2011 | \$1.63          | \$1.63                    | 2,250,000                    | -                       | -                       | 2,250,000                      | 1,125,000                             |
| 10 Jun 2009                     | 30 Jun 2012 | \$1.05          | \$1.55                    | 6,000,000                    | -                       | -                       | 6,000,000                      | 3,000,000                             |
| 31 Jul 2009                     | 30 Jun 2010 | \$1.40          | \$1.21                    | -                            | 457,435                 | (457,435)               | -                              | -                                     |
| 31 Jul 2009                     | 30 Jun 2010 | \$1.40          | \$1.21                    | -                            | 359,909                 | -                       | 359,909                        | 359,909                               |
| Total                           |             |                 |                           | 13,233,000                   | 817,344                 | (1,057,435)             | 12,992,909                     | 7,176,409                             |
| Weighted average exercise price |             |                 |                           | \$1.41                       | \$1.40                  | \$1.03                  | \$1.44                         | \$1.53                                |

\* Prices are in Australian dollars

The weighted average share price at the date of exercise of options during the year ended 30 June 2011 was nil as no options were exercised during the current financial year (2010: \$Nil, 2009: \$1.05).

## 21. Share based payment plan (continued)

### Employee share plan

An employee incentive share plan was approved as part of the implementation of the Scheme of arrangement. The terms of the Scheme replicated the terms of the former Scheme approved Group shareholders in 2007.

As a component of the Scheme, all existing share plan participants transferred their shares in Sylvania Resources for shares in Sylvania Platinum. The terms and conditions replicated the terms for the Sylvania Resources share plan. Disclosure below has been provided based on initial grant date from Sylvania Resources.

Participants of the plan are determined by the Board and can be employees, consultants and directors of, or consultants to, the Company or a controlled entity. The Board considers length of service, seniority, responsibilities, potential contribution and any other relevant matters in determining eligibility of potential participants.

The issue price for the shares issued under the plan are not less than the weighted average share price for the last five trading days immediately preceding the offer to the participant. A participant who is invited to subscribe for shares under the plan may also be invited to apply for a loan up to the amount payable in respect of the shares accepted by the participant. These loans are to be made on the following terms:

- Applied directly against the issue price of the shares to be acquired under the plan;
- For a term to be determined by the Board;
- Repayable to the extent of the lesser of the issue price of the relevant shares issued, less any cash dividends applied against the outstanding principal, and the last market sale price of the shares on the date of repayment of the loan;
- The loan must be repaid in full prior to expiry of the loan;
- The Company will have a lien over the shares in respect of which a loan is outstanding;
- Shares issued under the plan are not transferable while a loan amount in respect of those shares remains payable; and
- Shares issued under the share plan will not be quoted on a publicly traded stock market while a loan amount in respect of those shares remains payable.

The shares can only be transferred or otherwise dealt with until after the expiry of the following periods:

- After 12 months have lapsed from the acceptance date, in respect of not more than one half of the total number of shares; and
- After 24 months have lapsed from the acceptance date, in respect to the balance of those shares.

Set out below are summaries of shares (in substance options) issued under the plan:

### Shares 2011

| Issue Date   | Expiry Date | Exercise Price* | Balance at start of the year | Issued during the year | Expired during the year | Balance at the end of the year | Vested at the end of the year |
|--------------|-------------|-----------------|------------------------------|------------------------|-------------------------|--------------------------------|-------------------------------|
|              |             | \$              | Number                       | Number                 | Number                  | Number                         | Number                        |
| 20 Dec 2006  | 20 Dec 2010 | 0.90            | 200,000                      | -                      | (200,000)               | -                              | -                             |
| 17 Mar 2008  | 30 Jun 2011 | 2.89            | 500,000                      | -                      | (500,000)               | -                              | -                             |
| 17 Mar 2008  | 30 Jun 2011 | 2.67            | 33,000                       | -                      | (33,000)                | -                              | -                             |
| 18 Aug 2008  | 30 Jun 2011 | 1.63            | 950,000                      | -                      | (950,000)               | -                              | -                             |
| 23 Dec 2008  | 30 Jun 2011 | 1.63            | 700,000                      | -                      | (700,000)               | -                              | -                             |
| <b>Total</b> |             |                 | 2,383,000                    | -                      | (2,383,000)             | -                              | -                             |

\* Prices are in Australian dollars

### Shares 2010

| Issue Date   | Expiry Date | Exercise Price* | Balance at start of the year | Issued during the year | Exercised during the year | Balance at the end of the year | Vested at the end of the year |
|--------------|-------------|-----------------|------------------------------|------------------------|---------------------------|--------------------------------|-------------------------------|
|              |             | \$              | Number                       | Number                 | Number                    | Number                         | Number                        |
| 21 Dec 2005  | 21 Dec 2009 | 0.50            | 375,000                      | -                      | (375,000)                 | -                              | -                             |
| 20 Dec 2006  | 20 Dec 2010 | 0.90            | 250,000                      | -                      | (50,000)                  | 200,000                        | 200,000                       |
| 17 Mar 2008  | 30 Jun 2011 | 2.89            | 500,000                      | -                      | -                         | 500,000                        | 500,000                       |
| 17 Mar 2008  | 30 Jun 2011 | 2.67            | 33,000                       | -                      | -                         | 33,000                         | 33,000                        |
| 18 Aug 2008  | 30 Jun 2011 | 1.63            | 950,000                      | -                      | -                         | 950,000                        | 475,000                       |
| 23 Dec 2008  | 30 Jun 2011 | 1.63            | 700,000                      | -                      | -                         | 700,000                        | 350,000                       |
| <b>Total</b> |             |                 | 2,808,000                    | -                      | (425,000)                 | 2,383,000                      | 1,558,000                     |

\* Prices are in Australian dollars



## 21. Share based payment plan (continued)

### Expense recognised through profit and loss

|                                    | 2011             | 2010             |
|------------------------------------|------------------|------------------|
|                                    | \$               | \$               |
| Options under employee option plan | 1,317,085        | 4,290,096        |
| Shares under employee share plan   | 78,403           | 190,222          |
| <b>Total expense</b>               | <b>1,395,488</b> | <b>4,480,318</b> |

## 22. Financial instruments

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 accounts receivable and cash and short-term deposits, which arise directly from its operations.

### 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, interest rate risk, foreign currency risk, liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

The Group's senior management oversees the management of financial risks. The Board provides assurance to the Group's senior management 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 Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

### 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 from 2010.

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.

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

|                                                      | 2011        | 2010        |
|------------------------------------------------------|-------------|-------------|
|                                                      | \$          | \$          |
| <b>Financial assets</b>                              |             |             |
| Loans and receivables                                | 20,141,830  | 11,616,944  |
| Cash and cash equivalents                            | 23,497,092  | 20,107,830  |
| Financial assets at fair value through profit & loss | 42,380      | 68,507      |
| Available for sale financial assets                  | 458,168     | 305,949     |
|                                                      | 44,139,470  | 32,099,230  |
| <b>Financial liabilities</b>                         |             |             |
| Financial liabilities                                | (6,015,324) | (5,522,389) |
|                                                      | (6,015,324) | (5,522,389) |

### Market risk

Market risk is the risk that the fair value or 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.

## 22. Financial instruments (continued)

### Commodity price risk

The Group's revenues are exposed to commodity price fluctuations, in particular movements in the price of platinum group metals (PGM's). 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:

|                         | 2011       | 2010       |
|-------------------------|------------|------------|
|                         | \$         | \$         |
| <b>Financial assets</b> |            |            |
| Trade receivables       | 19,429,304 | 10,345,328 |

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

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.

|                                        | 2011          |                            | 2010          |                            |
|----------------------------------------|---------------|----------------------------|---------------|----------------------------|
|                                        | Profit/(loss) | Equity Increase/(decrease) | Profit/(loss) | Equity Increase/(decrease) |
| 10% (2010: 10%) increase in PGM prices | 1,398,910     | 1,398,910                  | 639,099       | 639,099                    |
| 10% (2010: 10%) decrease in PGM prices | (1,398,910)   | (1,398,910)                | (639,099)     | (639,099)                  |

### 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).

As at 30 June 2010 and 2011 the Group had no exposure to foreign currency risk.

### 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 and long term 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 or derivative 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 risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate liquid funds.

|                              | 2011       | 2010       |
|------------------------------|------------|------------|
|                              | \$         | \$         |
| <b>Financial assets</b>      |            |            |
| Cash and cash equivalents    | 23,497,092 | 20,107,830 |
| <b>Financial liabilities</b> |            |            |
| Interest bearing liabilities | (464,678)  | (644,736)  |

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 an decrease/increase in profit before tax of \$74,544 (2010: \$67,578). The impact on equity would have been the same.



## 22. Financial instruments (continued)

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

### 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. At the reporting date, the exposure to listed equity securities at fair value was \$500,548 (2010: \$374,456).

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

At reporting date, if the equity prices had been 5% higher or lower:

- Impact on net loss for the year ended 30 June 2011 would have been immaterial; and
- Other equity reserves would decrease/increase by \$16,036 (2010: decrease/increase by \$18,723) for the Group, mainly as a result of the changes in fair value of available-for-sale shares. To the extent a decrease in equity prices is considered significant or prolonged, this decrease may be reflected in profit or loss.

### Credit risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of 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. The Group's credit risk is limited to the carrying value of its financial assets.

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.

### 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 table below 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<br>amount | Contractual<br>cash flows | Less than<br>1 year | 1 – 5<br>years | 5+<br>Years | Total            |
|-------------------------|--------------------|---------------------------|---------------------|----------------|-------------|------------------|
|                         | \$                 | \$                        | \$                  | \$             | \$          | \$               |
| <b>2011</b>             |                    |                           |                     |                |             |                  |
| Non-interest bearing    | 5,550,635          | 5,550,635                 | 5,550,635           | -              | -           | <b>5,550,635</b> |
| Finance lease liability | 464,678            | 528,188                   | 144,184             | 384,004        | -           | <b>528,188</b>   |
|                         | 6,015,313          | 6,078,823                 | 5,694,819           | 384,004        | -           | <b>6,078,823</b> |
| <b>2010</b>             |                    |                           |                     |                |             |                  |
| Non-interest bearing    | 4,877,796          | 4,877,796                 | 4,877,796           | -              | -           | 4,877,796        |
| Finance lease liability | 644,477            | 644,477                   | 265,958             | 378,519        | -           | 644,477          |
|                         | 5,522,273          | 5,522,273                 | 5,143,754           | 378,519        | -           | 5,522,273        |

### Fair value of financial instruments

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

### Fair value of financial instruments

As of 1 July 2009, Sylvania has adopted the amendments to IFRS 7 *Financial Instruments: Disclosures* which require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 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).

## 22. Financial instruments (continued)

The following table present the group's assets and liabilities measured and recognised at fair value at 30 June 2011.

| 2011                                                  |               |               |               |                |
|-------------------------------------------------------|---------------|---------------|---------------|----------------|
|                                                       | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$    |
| <b>Assets</b>                                         |               |               |               |                |
| Available for sale financial assets                   | 458,168       | -             | -             | <b>458,168</b> |
| Financial assets at fair value through profit or loss | 42,380        | -             | -             | <b>42,380</b>  |
|                                                       | 500,548       | -             | -             | <b>500,548</b> |
| 2010                                                  |               |               |               |                |
|                                                       | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$    |
| <b>Assets</b>                                         |               |               |               |                |
| Available for sale financial assets                   | 305,949       | -             | -             | 305,949        |
| Financial assets at fair value through profit or loss | 68,507        | -             | -             | 68,507         |
|                                                       | 374,456       | -             | -             | 374,456        |

## 23. Commitments and contingencies

### Operating lease commitments

#### Office premises

The Group entered into commercial lease arrangements during the period to lease its current office premises, both in Perth and Johannesburg. Future minimum lease payments (net of GST) as at 30 June are as follows:

|                                                                                                                                                                       | 2011<br>\$     | 2010<br>\$ |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------|
| Within 1 year                                                                                                                                                         | <b>273,145</b> | 263,049    |
| After 1 year but not more than 5 years                                                                                                                                | <b>150,271</b> | 394,117    |
| More than 5 years                                                                                                                                                     | -              | -          |
|                                                                                                                                                                       | <b>423,416</b> | 657,166    |
| <b>Office equipment</b>                                                                                                                                               |                |            |
| The Group has a number of lease agreements during the period in respect to office equipment. Future minimum lease payments (net of GST) as at 30 June are as follows: |                |            |
| Within 1 year                                                                                                                                                         | <b>25,332</b>  | 19,313     |
| After 1 year but not more than 5 years                                                                                                                                | <b>64,778</b>  | 66,291     |
| More than 5 years                                                                                                                                                     | -              | -          |
|                                                                                                                                                                       | <b>90,110</b>  | 85,604     |
| <b>Finance lease commitments</b>                                                                                                                                      |                |            |
| <b>Motor vehicles</b>                                                                                                                                                 |                |            |
| No new instalment sale agreements during the period in respect of motor vehicles. Future minimum lease payments (net of GST) as at 30 June are as follows:            |                |            |
| Within 1 year                                                                                                                                                         | <b>32,876</b>  | 112,836    |
| After 1 year but not more than 5 years                                                                                                                                | <b>1,967</b>   | 22,114     |
| More than 5 years                                                                                                                                                     | -              | -          |
|                                                                                                                                                                       | <b>34,843</b>  | 134,950    |





## 23. Commitments and contingencies (continued)

|                                                                                                                                                                                                                               | 2011             | 2010      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------|
|                                                                                                                                                                                                                               | \$               | \$        |
| <b>Plant and equipment</b>                                                                                                                                                                                                    |                  |           |
| No new instalment sale agreements during the period in respect of plant and equipment.<br>Future minimum lease payments (net of GST) as at 30 June are as follows:                                                            |                  |           |
| Within 1 year                                                                                                                                                                                                                 | 133,646          | 153,229   |
| After 1 year but not more than 5 years                                                                                                                                                                                        | 296,189          | 356,556   |
| More than 5 years                                                                                                                                                                                                             | -                | -         |
|                                                                                                                                                                                                                               | <b>429,835</b>   | 509,785   |
| <b>Commitments for plant construction</b>                                                                                                                                                                                     |                  |           |
| At 30 June 2011 commitments were signed for continued improvements of Millsell, Steelpoort, Mooinooi, Lannex and Doombosch plants, the expansion of the Mooinooi flotation plant as well as exploration on the Northern Limb. |                  |           |
| Within 1 year                                                                                                                                                                                                                 | 5,198,502        | 4,428,586 |
| After 1 year but not more than 5 years                                                                                                                                                                                        | -                | -         |
| More than 5 years                                                                                                                                                                                                             | -                | -         |
|                                                                                                                                                                                                                               | <b>5,198,502</b> | 4,428,586 |

### Contingent liabilities

The Group had no contingencies at 30 June 2011.

## 24. Business combination

### Current year acquisitions

There were no acquisitions during the current financial year.

There were no adjustments made in respect of prior year business combinations.

## 25. Auditors' remuneration

|                                                                                     | 2011           | 2010    |
|-------------------------------------------------------------------------------------|----------------|---------|
|                                                                                     | \$             | \$      |
| The auditors of the parent entity are Ernst & Young Australia                       |                |         |
| <b>Amounts received or due to be receivable by Ernst &amp; Young for:</b>           |                |         |
| An audit or review of the financial report of the entity                            | 59,334         | -       |
| Other assurance services                                                            | -              | -       |
| <b>Ernst &amp; Young affiliated firms: Ernst &amp; Young South Africa</b>           |                |         |
| An audit or review of the financial report of the entity                            | 206,637        | 232,288 |
| Other assurance services                                                            | 278,406        | 5,260   |
| <b>Amounts received or due and receivable by non-Ernst &amp; Young audit firms:</b> |                |         |
| An audit or review of the financial report of any other entity in the Group         | 120,647        | 119,470 |
| Taxation and advisory services                                                      | 6,230          | 97,544  |
| Other non-audit services                                                            | -              | -       |
| <b>Total auditors' remuneration</b>                                                 | <b>671,254</b> | 454,562 |

## 26. Key management disclosure

### Shareholding of key management personnel

The number of shares in the Company held during the year by each director of the Company of the Group, including their personally related parties, are set out below.

| 2011            | 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 |
|-----------------|----------------------------------|------------------------------------|-------------------------------|--------------------------------|
| <b>Director</b> |                                  |                                    |                               |                                |
| T M McConnachie | 500,000                          | -                                  | -                             | 500,000                        |
| R D Rossiter    | 1,032,000                        | -                                  | -                             | 1,032,000                      |
| G M Button      | 300,000                          | -                                  | -                             | 300,000                        |

| 2010            | 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 |
|-----------------|----------------------------------|------------------------------------|-------------------------------|--------------------------------|
| <b>Director</b> |                                  |                                    |                               |                                |
| T M McConnachie | 500,000                          | -                                  | -                             | 500,000                        |
| R D Rossiter    | 1,032,000                        | -                                  | -                             | 1,032,000                      |
| G M Button      | 300,000                          | -                                  | -                             | 300,000                        |

All equity transactions with key management personnel other than those arising under the Group's Incentive 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.

### Key management personnel compensation

|                                                   | 2011      | 2010      |
|---------------------------------------------------|-----------|-----------|
|                                                   | \$        | \$        |
| Short-term                                        | 2,780,969 | 2,720,913 |
| Post-employment                                   | 50,532    | 9,522     |
| Share-based payments                              | 113,267   | 1,441,867 |
|                                                   | 2,944,768 | 4,172,302 |
| Consultants previously considered key management: |           |           |
| Consulting fees                                   | 501,219   | -         |
| Termination payments (refer note 4.3)             | 1,470,942 | -         |
| Share-based payments                              | 190,616   | -         |
|                                                   | 2,162,777 | -         |
| Total                                             | 5,107,545 | 4,172,302 |

### Compensation options: granted under the employee option plan

*Options provide 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.

### Compensation shares: issued under the employee share plan

*Shares provided as remuneration*

Details of shares provided as remuneration can be found in note 21.



## 27. 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 |        |
|----------------------------------------------|--------------------------|-----------------|----------------|--------|
|                                              |                          |                 | 2011 %         | 2010 % |
| 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    |
| Platinum Mining Ventures Limited             | Australia                | Ordinary        | 100            | 100    |
| Sylvania Holdings Limited                    | Mauritius                | Ordinary        | 100            | 100    |
| Aralon Holdings Limited                      | Mauritius                | Ordinary        | 100            | 100    |
| Sylvania Holdings SA (Pty) Ltd               | South Africa             | Ordinary        | 100            | 100    |
| Sylvania South Africa (Pty) Ltd              | South Africa             | Ordinary        | 74             | 74     |
| Sylvania Metals (Pty) Ltd                    | South Africa             | Ordinary        | 100            | 74     |
| Sylvania Minerals (Pty) Ltd                  | South Africa             | Ordinary        | 100            | 74     |
| Sylvania Mining (Pty) Ltd                    | South Africa             | Ordinary        | 100            | 100    |
| Great Australian Resources SA (Pty) Ltd      | South Africa             | Ordinary        | 100            | 100    |
| Hacra Mining & Exploration Company (Pty) Ltd | South Africa             | Ordinary        | 100            | 100    |
| Pan Palladium SA (Pty) Ltd                   | South Africa             | Ordinary        | 100            | 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.

During the year, the non-controlling interest in Sylvania Metals (Pty) Ltd and its wholly owned subsidiary Sylvania Minerals (Pty) Ltd was acquired.

### Loans to/(from) related parties

The following table provides detail of advances to/(from) related parties during the year and outstanding balances at balance date:

|                                 | 2011                | 2010                |
|---------------------------------|---------------------|---------------------|
|                                 | Year end balance \$ | Year end balance \$ |
| <i>Loans to related parties</i> |                     |                     |
| Ehlobo Metals (Pty) Ltd*        | -                   | 529,597             |
|                                 | -                   | 529,527             |

\*The loan to Ehlobo Metals (Pty) Ltd, the former Black economic empowerment partner in Sylvania Metals (Pty) Ltd was written off during the current financial year (refer note 4 for further details).

The nature of these transactions represents payments made in South Africa on behalf of the above companies.

### Terms and conditions

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.

### Jointly controlled entity

The Group has a 25% interest in the assets, liabilities and output of an un-incorporated joint venture, CTRP, which operates a chrome tailings retreatment plant at Kroondal in South Africa (2010: 25%).

### Terms and conditions with related parties

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

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

## 27. Related party transactions (continued)

### 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:

|                                             | 2011           | 2010             |
|---------------------------------------------|----------------|------------------|
|                                             | \$             | \$               |
| <i>Service fees paid to related parties</i> |                |                  |
| Summer Sun Trading 210 (Pty) Ltd            | (8,810)        | (5,389)          |
| Southridge Properties (Pty) Ltd             | (4,197)        | (14,169)         |
| Integrated Geological Solutions (Pty) Ltd   | -              | (388,916)        |
| <i>Recoveries from related parties</i>      |                |                  |
| Summer Sun Trading 210 (Pty) Ltd            | 1,382          | -                |
| Realm Resources Ltd                         | 17,102         | 14,955           |
| Ferrum Crescent Ltd                         | 194,427        | 6,124            |
|                                             | <b>199,904</b> | <b>(387,395)</b> |

## 28. Change in presentation currency

Following the redomicile of the holding company, and recognising that most of the Group's revenue is determined in US dollars, the Group has elected to change its presentation currency from Australian dollars to US dollars. The directors believe that as the majority of the Group's sales and earnings originate in US Dollars or US Dollar linked currencies and the change of presentation currency to the US Dollar will more closely align the Group's external financial reporting with the profile of the Group.

The change of the Group's presentation currency has been accounted for in accordance with IAS21, The Effects of Changes in Foreign Exchange Rates and has been applied retrospectively.

The following methodology has been used to re-present the 2009 and 2010 financial statements, originally reported in Australian Dollar, into US Dollar:

- Income and expenses have been translated at the exchange rates at the date of the transactions,
- Assets and liabilities have been translated at the closing exchange rate for each balance sheet date,
- Share capital, reserves and retained earnings/accumulated losses were converted at applicable historical rates, and
- All resulting exchange differences have been recognised in other comprehensive income.

The relevant exchange rates used are as follows:

| Year ended 30 June 2011 |              |           |
|-------------------------|--------------|-----------|
|                         | AUD 1 = US\$ | RI = US\$ |
| Average rate            | 0.98890      | 0.14250   |
| Closing rate            | 1.05951      | 0.14609   |
| Year ended 30 June 2010 |              |           |
|                         | AUD 1 = US\$ | RI = US\$ |
| Average rate            | 0.88170      | 0.13150   |
| Closing rate            | 0.85634      | 0.13067   |
| Year ended 30 June 2009 |              |           |
|                         | AUD 1 = US\$ | RI = US\$ |
| Average rate            | 0.74750      | 8.92857   |
| Closing rate            | 0.80453      | 7.88208   |

The above stated procedures resulted in a foreign currency translation reserve of (\$2,408,951) at 30 June 2009 and \$1,880,566 at 30 June 2010. The earnings per share for the year ended 30 June 2010 has been restated in US dollars to reflect the change in presentation currency.



## 29. Closed group class order disclosure

The consolidated financial statements include the financial statements of Sylvania Platinum Limited ("Sylvania Platinum") and its wholly owned subsidiary Sylvania Resources Proprietary Limited ("Sylvania Resources").

| Name                                   | Country of incorporation | Equity interest | Investment  |
|----------------------------------------|--------------------------|-----------------|-------------|
|                                        |                          | %               | \$          |
| Sylvania Resources Proprietary Limited | Australia                | 100             | 190,356,566 |

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 Platinum and Sylvania Resources entered into a Deed of Cross Guarantee on 23 June 2011. The effect of the deed is that Sylvania Platinum has guaranteed to pay any deficiency in the event of winding up of 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 Platinum 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.

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   | 2011        |
|--------------------------------------------------|-------------|
|                                                  | \$          |
| Revenue                                          | -           |
| Cost of sales                                    | -           |
| <b>Gross profit</b>                              | -           |
| Other income                                     | 14,690      |
| Foreign exchange loss                            | (17,581)    |
| Share based payment expense                      | (513,646)   |
| General and administrative costs                 | (5,986,429) |
| <b>Operating profit</b>                          | (6,502,966) |
| Finance revenue                                  | 617,728     |
| <b>Profit / (loss) before income tax expense</b> | (5,885,238) |
| Income tax (expense) / benefit                   | -           |
| <b>Net profit / (loss) for the year</b>          | (5,885,238) |

## 29. Closed group class order disclosure (continued)

| Consolidated Statement of Financial Position           |  | 2011               |
|--------------------------------------------------------|--|--------------------|
|                                                        |  | \$                 |
| <b>Assets</b>                                          |  |                    |
| <b>Non-current assets</b>                              |  |                    |
| Investments                                            |  | 103,337,582        |
| Available-for-sale financial assets                    |  | 458,168            |
| Loans receivable                                       |  | 80,004,236         |
| Property, plant and equipment                          |  | 28,976             |
| <b>Total non-current assets</b>                        |  | <b>183,828,962</b> |
| <b>Current assets</b>                                  |  |                    |
| Cash and cash equivalents                              |  | 9,611,383          |
| Trade and other receivables                            |  | 310,084            |
| <b>Total current assets</b>                            |  | <b>9,921,467</b>   |
| <b>Total assets</b>                                    |  | <b>193,750,429</b> |
| <b>Equity and liabilities</b>                          |  |                    |
| <b>Shareholders' equity</b>                            |  |                    |
| Issued capital                                         |  | 29,639,275         |
| Reserves                                               |  | 167,389,720        |
| Accumulated losses                                     |  | (3,547,886)        |
| <b>Equity attributable to the owners of the parent</b> |  | <b>193,481,109</b> |
| Non-controlling interest                               |  | -                  |
| <b>Total equity</b>                                    |  | <b>193,481,109</b> |
| <b>Current liabilities</b>                             |  |                    |
| Trade and other payables                               |  | 269,320            |
| <b>Total current liabilities</b>                       |  | <b>269,320</b>     |
| <b>Total liabilities</b>                               |  | <b>269,320</b>     |
| <b>Total liabilities and shareholders' equity</b>      |  | <b>193,750,429</b> |

No comparatives have been presented as the Class Order is only applicable to the current financial year.

## 30. Events after the balance sheet date

On 8 July 2011 Sylvania announced its decision to dispose of a significant portion of its magnetite iron ore assets, subject to shareholder and regulatory approvals. SA Metals Pty Ltd, a wholly owned subsidiary of Sylvania currently owns the iron assets which are located on the Northern Limb of the Igneous Bushveld Complex.

A review of the Northern Limb assets has shown that magnetite layers are present across the entire northern limb properties held by Sylvania. In those areas where Sylvania does not hold prospecting rights for the iron ore, it has submitted applications which have since been accepted. This gives Sylvania a potential +20 kilometre strike of the magnetite layers as indicated by an airborne magnetic survey undertaken by SA Metals.

Subsequent to the financial year end a decision was taken by the Sylvania Board to separate the iron ore assets from the existing Sylvania Dump Operations, and to further develop the Volspruit open cast mine. The directors believe that the decision to divest its iron assets will allow the Company to fully focus on reaching its 2012 financial year production targets which will include successful optimisation of two existing plants, Lannex and Mooiooi, and development of the Company's sixth plant, Tweefontein. Sylvania also expects to make significant progress at its Northern Limb near surface PGM and base metal operation.



# DIRECTORS' DECLARATION



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

In the opinion of the Directors:

- a) the financial statements and notes of the consolidated entity:
  - i) give a true and fair view of the financial position as at 30 June 2011 and the performance for the year ended on that date of the consolidated entity; and
  - ii) comply with International Accounting Standards; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c) As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group comprising of the Company and the controlled entity as detailed at Note 29 will be able to meet any obligations of liabilities to which they are or may become subject to by virtue of the deed of cross guarantee referred to in Note 29.

**TM McConnell**  
**Chief Executive Officer**

Johannesburg, South Africa  
30 September 2011



# INDEPENDENT AUDITOR'S REPORT



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## Independent auditor's report to the members of Sylvania Platinum Limited

We have audited the accompanying financial report of Sylvania Platinum Limited, which comprises the consolidated statements of financial position as at 30 June 2011, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.

### Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the consolidated entity as of 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst & Young  
Perth  
30 September 2011

RK:MJ:Sy van a:016

Liability limited by a scheme approved  
under Professional Standards Legislation

# ADDITIONAL INFORMATION

For Listed Public Companies



## Shareholders Profile as at 31 August 2011

The shareholder information set out below was applicable as at 31 August 2011.

### A. DISTRIBUTION OF SHAREHOLDERS

|                  |           | Number of<br>shareholders |
|------------------|-----------|---------------------------|
| 1                | - 1,000   | 650                       |
| 1,001            | - 5,000   | 450                       |
| 5,001            | - 10,000  | 140                       |
| 10,001           | - 100,000 | 178                       |
| 100,001 and over |           | 37                        |
| <b>Total</b>     |           | <b>1,455</b>              |

There were 673 holders of a less than a marketable parcel of ordinary shares.

Total number of fully paid shares on issue 301,251,805

Percentage holding of 20 largest holders 96.44%

### B. SUBSTANTIAL SHAREHOLDERS

| Shareholder                                                       | Number of shares<br>Fully paid Shares | Percentage<br>Fully paid shares |
|-------------------------------------------------------------------|---------------------------------------|---------------------------------|
| Computershare Company Nominees Limited <UK & Bermuda Control A/C> | 266,227,962                           | 88.37                           |
|                                                                   | 266,227,962                           |                                 |

## C. TWENTY LARGEST HOLDERS OF FULLY PAID SHARES

| Shareholder |                                                                   |             |       |
|-------------|-------------------------------------------------------------------|-------------|-------|
| 1           | Computershare Company Nominees Limited <UK & Bermuda Control A/C> | 266,227,962 | 88.37 |
| 2           | Bond Street Custodians Limited <Officium Emerging Res A/C>        | 4,399,510   | 1.46  |
| 3           | HSBC Custody Nominees (Australia) Limited                         | 3,430,477   | 1.14  |
| 4           | Citicorp Nominees Pty Limited                                     | 3,295,994   | 1.09  |
| 5           | JP Morgan Nominees Australia Limited <Cash Income A/C>            | 2,403,304   | 0.80  |
| 6           | Blackmort Nominees Pty Ltd <Holding A/C>                          | 1,825,000   | 0.61  |
| 7           | National Nominees Limited                                         | 1,682,862   | 0.56  |
| 8           | Mr Richard Rossiter                                               | 1,000,000   | 0.33  |
| 9           | J P Morgan Nominees Australia Limited                             | 802,038     | 0.27  |
| 10          | Bluestar Management Pty Ltd                                       | 785,000     | 0.26  |
| 11          | Eric Preston Pty Ltd                                              | 740,000     | 0.25  |
| 12          | UOB Kay Hian (Hong Kong) Limited <Clients A/C>                    | 710,000     | 0.24  |
| 13          | Rogue Investments Pty Ltd                                         | 625,000     | 0.21  |
| 14          | Mr Terence McConnachie                                            | 500,000     | 0.17  |
| 15          | Mrs Tracy Andrea Howell                                           | 488,500     | 0.16  |
| 16          | Delfam Pty Limited <BFT A/C>                                      | 400,000     | 0.13  |
| 17          | Nefco Nominees Pty Ltd                                            | 350,000     | 0.12  |
| 18          | Mr Richard Alan Jarvis                                            | 325,000     | 0.11  |
| 19          | G Harvey Nominees Pty Ltd <Harvey 1995 A/C>                       | 300,000     | 0.10  |
| 20          | Argento Pty Ltd <Murphy Family A/C>                               | 250,000     | 0.08  |
|             |                                                                   | 290,540,647 | 96.44 |

## D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

### Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

## E. RESTRICTED SECURITIES

There are no restricted securities on issue.

# GLOSSARY OF TERMS



## GLOSSARY OF TERMS 2011

The following definitions apply throughout the annual financial statements:

|          |                                                                               |
|----------|-------------------------------------------------------------------------------|
| AIM      | Alternative Investment Market of the London Stock Exchange                    |
| ASX      | Australian Securities Exchange                                                |
| USD      | United States Dollar                                                          |
| AUD      | Australian Dollar                                                             |
| GBP      | Great British Pound                                                           |
| JSE      | JSE Limited                                                                   |
| LSE      | London Stock Exchange                                                         |
| PGM      | Platinum group metals comprising mainly platinum, palladium, rhodium and gold |
| Sylvania | Sylvania Platinum Limited, a company incorporated in Bermuda                  |
| USD      | United States Dollar                                                          |
| ZAR      | South African Rand                                                            |
| EBITDA   | Earnings before interest, tax, depreciation and amortisation                  |



# APPENDIX

## APPENDIX

### STATEMENT ON RESOURCE

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves in relation to the Northern Pit area of the Volspruit Project is based on information compiled by Mr Mike Hall, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hall is employed by The MSA Group in Johannesburg, South Africa. Mr Hall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to estimations of Exploration Results, Mineral Resources or Ore Reserves in relation to the Northern Pit area of the Volspruit Project is based on information compiled by Mr Steve Savage, who is a Member of the Geological Society of South Africa and is registered with the South African Council for Natural Scientific Professions. Mr Savage is employed by Integrated Geological Solutions. Mr Savage has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*







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