SYLVANIA
PLATINUM LIMITED

ANNUAL REPORT 2013

Report profile

This annual report presents a review of the operational and financial performance of Sylvania Platinum Limited (Sylvania or the Company) for the 12 months ended 30 June 2013. The report includes an analysis of the Company's material issues and the steps taken to operate successfully and sustainably within its governance and risk framework.

The consolidated financial statements, set out on pages 24 to 78, were approved and published on 23 August 2013. They include the Company's financial results and were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements represent the ongoing activities of the Sylvania Group.

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

Sylvania is listed on AIM and is not required to comply with the UK Corporate Governance Code as issued in May 2010. However, the Company gives due consideration to the provisions set out in Section 1 of the Code annexed to the Financial Services Authority Listing Rules. The corporate governance statement can be found on pages 22 to 23.

This annual report is available on http://www.sylvaniaplatinum.com/ and printed copies can be requested from the Company at the address listed on the inside back cover.

SYLVANIA
PLATINUM LIMITED

www.sylvaniaplatinum.com

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Company profile

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

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

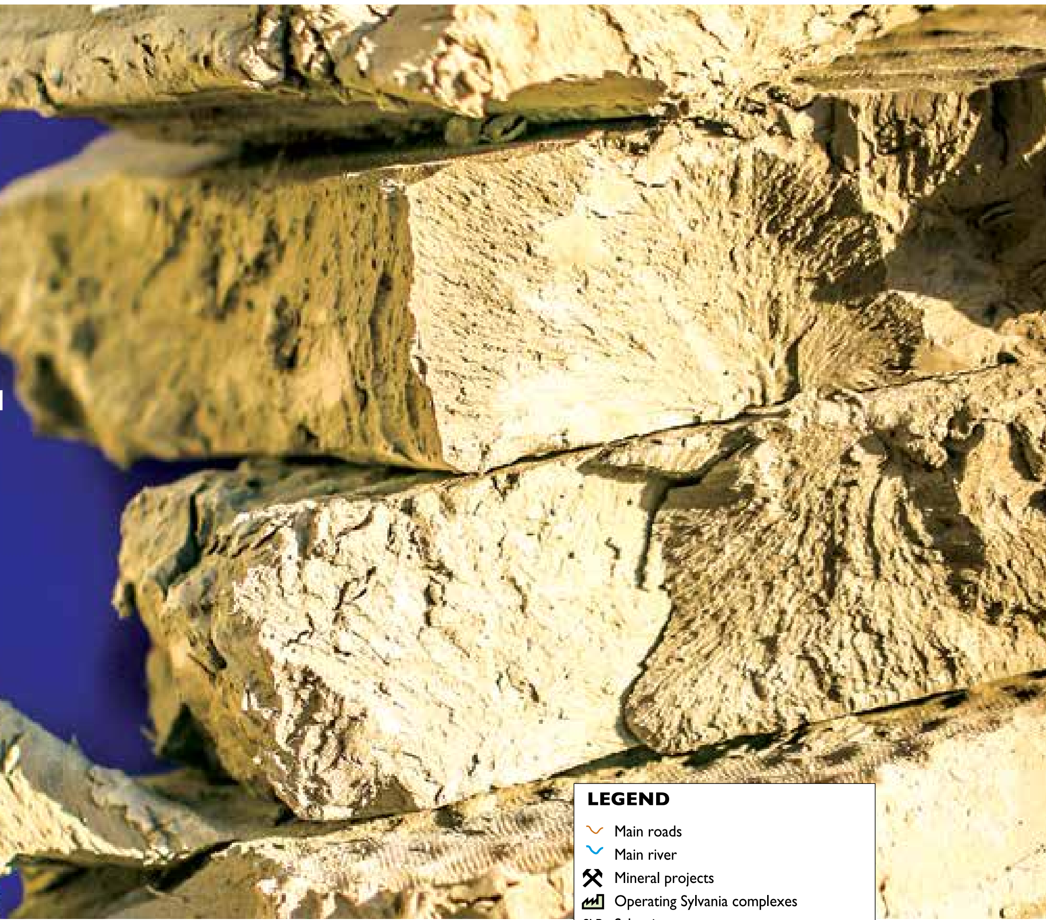
In order to strengthen the Company's position as a low-risk specialist in the low-cost production of PGMs, Sylvania operates according to the following business priorities:

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

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

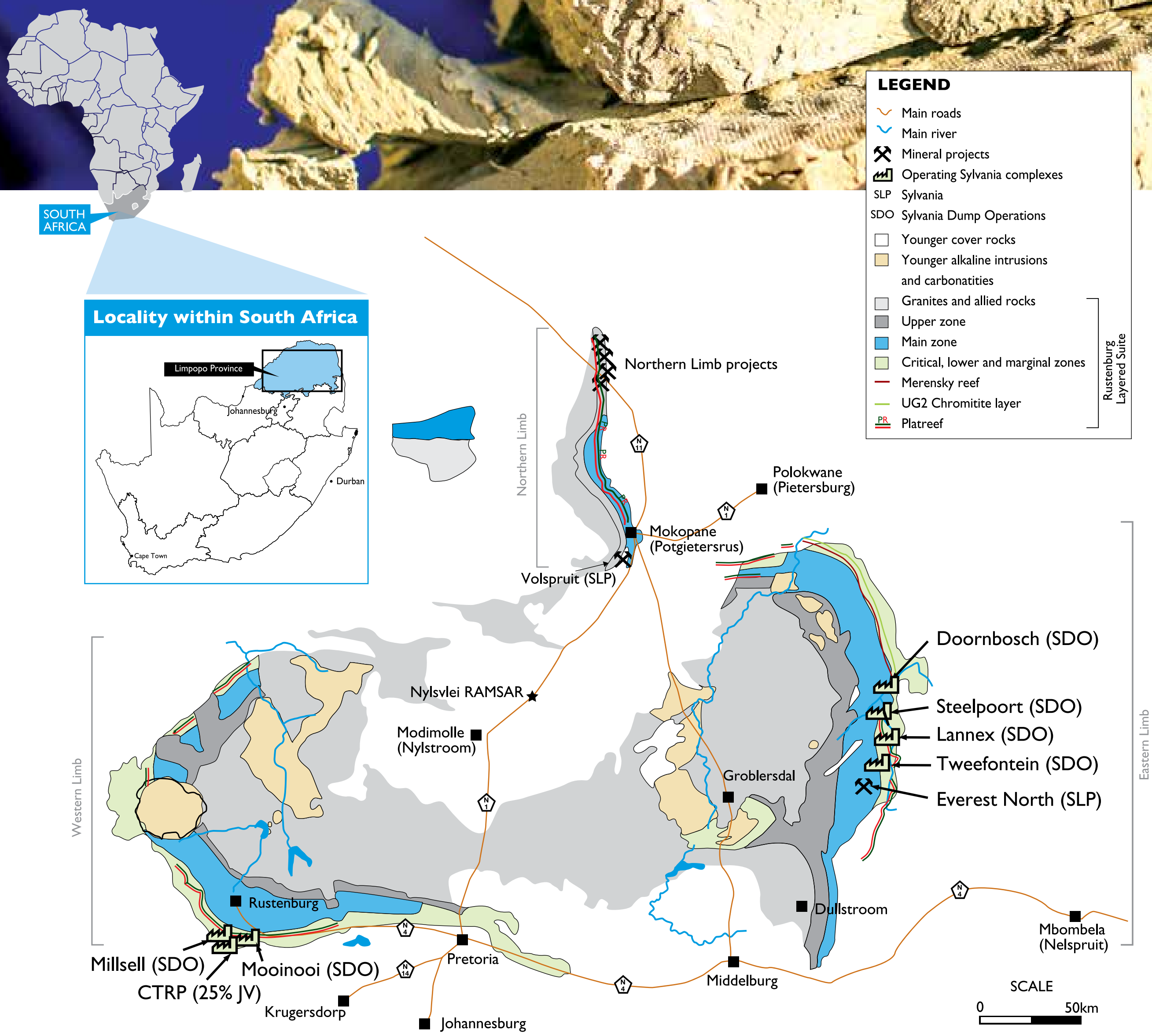
"**Sylvania** is a low-cost producer of PGMs. The Company maintains a strong position as a low-risk specialist in the low-cost production of PGMs."

The Company is now focusing on **cash generation** and will return dividends to shareholders according to the announced dividend policy.



Location of operations and projects

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

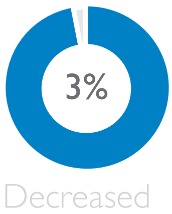


Financial and operating snapshot

- Full year lost-time injury (LTI) free
- **$4,053,083** cash generated from operations
- Tweefontein, the seventh plant, commissioned
- Ironveld transaction completed
- **Chrome Tailings Retreatment Plant** (CTRP) placed on care and maintenance
- **General and administrative costs** down 41% from $9,226,614 to $5,467,202

PRODUCTION OF OUNCES

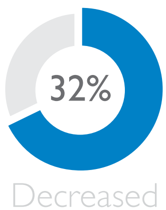
decreased 3% to 44,255oz
(FY2012: 45,735oz)



Operations influenced by external industrial action and section 54 stoppages.

CAPITAL EXPENDITURE

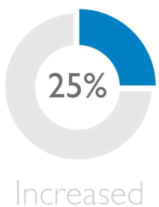
decreased 32% to $10,310,413
(FY2012: $15,102,282)



We have reduced exploration activities on the Northern limb of the BIC.

SYLVANIA DUMP OPERATIONS

cost of production **increased 25%** to $708/oz (FY2012: $568/oz)



Largely on the back of South African on-mine inflation.

NET PROFIT AFTER TAX

increased 210% to $4,369,231
(FY2012: net loss of $3,971,803)

Our focus is on dump reprocessing and on generating cash flows. Assisted by sale of iron ore assets.

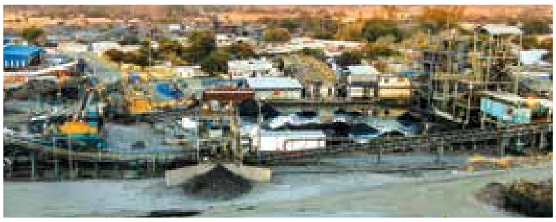
NET BASKET PRICE

$867/oz (FY2012: $876/oz)

Reflects ongoing weakness in platinum and rhodium prices.

Our
vision, mission and values

Vision



To be the leading mid-tier, lowest unit cost, PGMs mining company.

Mission

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

Values

We value the safety and health of all

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

We value the fundamental rights of people

- We treat all people with dignity and respect.

We value honesty and integrity

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

We respect the environment

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

We value the culture, traditional rights and society in which we operate

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

Chairman's letter

Sylvania
is a company now firmly focused on its core competency, a company dedicated to delivering value to shareholders and a company not tempted into ventures that might detract from that aim.

Stuart Murray
Chairperson

DEAR SHAREHOLDERS AND OTHER STAKEHOLDERS

Although I have only been with your Company since April this year, it did not take me long to appreciate the potential of Sylvania and the many characteristics that make it stand out. These drew me to the chair of the Company, although I have had a tenuous association with Sylvania for some time.

Sylvania is a company now firmly focused on its core competency, a company dedicated to delivering value to shareholders and a company not tempted into ventures that might detract from that aim.

Sylvania has survived in the small to mid-cap market space where others in the platinum sector have faltered, with our strategic focus on the re-treatment of tailings having been intensified. It bears recalling that the platinum mining and exploration space is going through torrid and almost unprecedentedly difficult times. The prices of our principal metals (platinum and rhodium) have been falling all year and many administered costs that cannot be controlled (for example, electricity) are rising inexorably. In addition, the platinum industry as a whole – most of it concentrated in South Africa – has still to resolve the problems of labour discord and violence that have marred operational performances virtually across the board, not only in platinum.

Sylvania differs markedly from others in this space. With our current focus on dump reprocessing and on generating cash flows, our costs per unit of platinum are among the industry's lowest. With our refocus on our core business, and considering the prevailing market climate, we have no plans to come calling on shareholders for additional capital.

Our differentiation was shown in 2012 when our operations were not directly affected by the mining sector's turmoil and violence. While none of our employees went on strike, many were prevented from work by threats of violence by strikers on mines whose dumps we reprocess, or by our neighbours. This, in its turn, contributed to cutting our production below the annual 60,000 ounces we had targeted.

We have reduced our exploration activities on the Northern Limb of the Bushveld Igneous Complex. Results from the drilling that we have completed so far will be evaluated, but I envisage no early resumption of exploratory drilling – and in the current climate we do not need cash-consuming ventures that are ancillary to our core dump recovery operations.

Furthermore, there is no need for an early start to mine development at our Volspruit property. Given current cost and metal price parameters, the returns on investment in the project would be significantly below what we consider acceptable and well below those we can earn from dump reprocessing. The Board is considering its options in respect of this asset.

While these changes might give rise to the misconception that Sylvania's life prospects are limited, this is not correct. One third of the material we process comes from the current residues arising from long-life chrome mining. Two thirds derive from older, existing dumps and many of these exist, untapped. In other words, our operations are long life, and they will be further extended as our in-house research and development delivers the capacity to recover metals left behind by existing technology.

The mining industry's problems across the globe have not gone unnoticed by investors who have become progressively nervous of cash-hungry small-cap minerals companies. Institutions that have been affected by withdrawals have been selling small-cap miners into a market that has become increasingly reliant on individual investors. While the selling urge has focused on companies with cash-hungry development projects, our share price has not been unaffected.

In the few months since I joined the Company I have spoken to most of our institutional investors, and their message was clear. They would sooner hold shares in lower-risk, cash-generative companies that deliver cash returns to shareholders than in more-speculative ventures seeking new shareholder funds to finance comparatively risky mining operations.

To put it crisply, we have paid attention to our shareholders' investment preferences and are acting accordingly. From an investor's viewpoint, I believe that Sylvania is more secure than many others in the sector, and that our company will be well positioned to distribute dividends to shareholders as cash balances grow. Sylvania is a less labour-intensive producer than those that mine ore and our operations are inherently safer than those of the platinum miners. Our employees are also generally more skilled and productive than those in the labour-intensive sectors of the industry.

Furthermore, there are several other ways of delivering shareholder value. Last year we spun off our iron ore assets into Ironveld, and passed shares in the venture directly to our shareholders. Ironveld was non-core, it would most likely have lain idle in our hands and therefore been valued at next to nothing in Sylvania's market rating. Distributing our holding in specie to our shareholders is allowing the project to be developed by others. Since then, the price of Ironveld shares has risen by at least a quarter, again underscoring the tangible worth of releasing value to shareholders.

As for PGM prices, it would, in my opinion, be foolhardy to expect any truly significant rises from current levels. The market has been distorted in recent years by perceptions that platinum and palladium are safe-haven investments, much the same as gold used to be perceived. Nothing could be further from the truth. Unlike gold, PGMs are industrial metals, principally used as catalysts. Certainly, the past few years have seen any excess of supply over fundamental fabrication demand being mopped up by speculative or investor purchases. However, speculative holdings of platinum and palladium metal – as bullion coins, jewellery or, more importantly, in holdings of exchange traded funds (ETFs) backed by metal – are currently roughly equal to a year's supply of newly mined material. Platinum tied up in these investment products offers no returns apart from price rises. They have an opportunity cost and, when prices show signs of correcting or turning down, the likelihood is that bullion investors will seek to limit their downside by selling into a relatively small market.

Several traders and analysts report that the platinum market has moved from oversupply to deficit and is likely to remain there for some time. That may be true looking at the overall picture, but why, then, has the platinum price fallen from the $1,800/ounce region to its current level in the mid $1,300s at the time of writing? If we consider simply industrial and fabrication needs (on the demand side), the market is in surplus. So-called investment buying driven by the entry of ETFs into the market, trading on the back of rising gold prices, has merely contributed to putting off the day when the market has to return to the stability of prices being determined by the fundamentals of supply (new and recycled metal) and underlying industrial or fabrication demand. True market fundamentals of supply and industrial demand have, temporarily at least, given way to investment demand. But, I believe, the day is fast coming when ETFs will, if anything, turn to being net sellers and that the market for PGMs now has to contend with a great deal of fundamental change before it settles down to sensible pricing. I expect major divestment of speculative bullion positions.

At $1,350/ounce as I write, the platinum price is at its lowest for the year and is almost 25% lower than the year's peak of $1,736 reached on 7 February. If we need further evidence of just how volatile a speculative platinum market can be, let us cast our minds back to 2008 when industrial demand fell sharply. Platinum peaked at a speculative high of $2,273/ounce in March of that year before collapsing to a low of $763/ounce in October, as the global financial crisis took its toll on confidence. That was a fall of two thirds in less than eight months.

Chairman's letter continued

High cost and prospective mine capacity have to be removed from the market. To be blunt, shaft closures will be called for as well as the shelving or abandoning of new mine projects that are only viable at unsustainably high metal prices. Interventions to defer cuts in production and employee numbers are counterproductive. As far as Sylvania is concerned, under my watch we will remain ultra-cautious before venturing beyond our core competency of cost-effective dump reprocessing.

We are well aware of our responsibility to deliver satisfactory returns to our shareholders through all of the market's phases, and we will not be sinking shareholders' money into projects that lie beyond our core competency and that might offer inadequate returns on investment. Too many minerals companies have pursued size for size's sake. Our approach is to maximise cash flows to shareholders. We will continue to achieve that by focusing on dump reprocessing, which delivers on that aim and places us at the very lowest end of the cost curve.

Looking forward, I am confident about our company's performance into the new financial year. In the past year, disruptions indirectly caused by the platinum industry's labour difficulties contributed to our costs rising to some $700/ounce. The start of this new financial year coincided with the annual round of wage increases. However, we are continuing to reduce overheads while containing other costs. Our aim is to produce 51,000 ounces at an average group cash cost of $700/ounce, thereby continuing the Company's cash-generative position. The mothballed joint venture at the CTRP and a decision to defer capital expenditures at Tweefontein are instrumental in delaying the ramp-up to prior targeted levels.

My colleagues and I are highly sensitive to the investment demands of our shareholders. We shall not in the near future be seeking additional capital from shareholders as our internal cash flows are sufficient to finance the Company's needs. We are determined to distribute everything that exceeds those needs, in the absence of alternative investment opportunities in our space.

It remains for me to express my thanks for the unstinting support and dedication of Sylvania's management and employees, that of our business associates and, not least, that of my Board colleagues. The Company is now structured correctly to move forward confidently and to deliver growing value to shareholders and other stakeholders.

Stuart Murray
Chairperson

We are continuing to reduce overheads while containing other costs. Our aim is to produce 51,000 ounces at an average group cash cost of

$700/*ounce.*

CEO's and Deputy CEO's review

Once again
Sylvania has managed to complete a year with results which many other platinum companies would be pleased to present.

Terry McConnachie
Chief Executive Officer

Nigel Trevarthen
Deputy Chief Executive Officer

OVERVIEW

Once again, Sylvania has managed to complete a year with results which many other platinum companies would be pleased to present. Early in the year, the Company announced the sale of Ironveld that allowed the issuance of a dividend in specie to shareholders, and recognised a profit of $9,911,779 from the transaction. The final few months in the 2013 financial year saw production from operations recover after the impact of sector-wide industrial action and saw the Company complete a year without an LTI. The Company also completed the construction of its seventh plant, paid for in full from internal funds and generated a net cash inflow from operations of $4,053,083.

It is impossible to ignore the issues in the South African mining industry and our 2012 annual report noted that the platinum sector had experienced some particularly disruptive events during the year. This industrial action progressed into the 2013 financial year and peaked at Marikana. While none of the Sylvania staff undertook any industrial action, the indirect impact on the Group production saw ounces from all sources decrease by 1,480 ounces compared to 2012, with the biggest variance coming from the placement of the CTRP onto care and maintenance in August 2012. In September, the Tweefontein plant produced its first ounces with this additional capacity, offsetting the negative impact placed on the operations by strikes and other work stoppages. The Sylvania plants increased production by 507 ounces year-on-year.

Following the road show held in January 2013 where a platinum price of $1,800/ounce was forecast by the market, and a dividend payout expected to occur in December 2013, the Company has seen a marked drop in the metal price. This drop in revenue due to lower than planned metal prices, coupled with additional disruption to operations in March, and ongoing uncertainties in the industry led the Company to focus on extracting value from the dump operations and generating cash, while curtailing expenditure in other areas. The status of all the Northern Limb projects and Everest North is such that the mining right applications (MRAs) were submitted without the need for any significant additional expenditure. Work also continued on the Volspruit Environmental Impact Assessment (EIA) in terms of its MRA.

In terms of SDO, the Board decided to delay the expenditure on the planned Tweefontein phase 2 and the Mooinooi stockpile until cash reserves are strong enough to weather any future potential industry-wide disruptions. The impact of this approach on the production for the Group is evident in the latest production plan that sees a slowing of the ramp-up rate to the targeted 60,000 ounces. The production outlook for the coming year has been moderated to 51,000 ounces at SDO. We are working on alternatives with our partners at CTRP to see if we can bring CTRP back into operation, which would boost this production target.

Work on the Northern Limb projects, Volspruit and Everest North, has been slowed. However all the necessary work to obtain the mining rights applied for is still under way.

CEO's and Deputy CEO's review continued

During the year, the Company has been able to lower its unit costs per tonne treated and made good progress in reducing the general and administration cost. Moreover, the Company has almost completed its planned move out of Australia and placed more focus on the primary listing in London. This has allowed the Company to announce total general and administration costs for the year of only $5,467,202.

It is certainly pleasing to note that the Company SDO continue to be profitable, and remains in an excellent position to cash in on an upturn in the world economy.

2013 FINANCIAL PERFORMANCE

While the South African mining industry as a whole has been hard hit financially during FY2013, Sylvania remained cash positive with $6,564,885 (FY2012: $15,696,899) on the balance sheet at year end, and well positioned to exploit opportunities in the future. The Company generated a net cash inflow from operations of $4,053,083.

In line with our strategy, capital expenditure was scaled back by 32% from $15,102,282 in FY2012 to $10,310,413 in FY2013.

Group EBITDA was down only 8% from $3,723,744 in FY2012 to $3,440,875 (excluding the Ironveld transaction) in FY2013. Despite the volatile metal prices and exchange rates over the year, as well as a 16% increase in total operating costs, the Group still managed to maintain a positive EBITDA.

2013 OPERATIONAL PERFORMANCE

Because of the Company's cautious approach to ramping-up production, coupled with lower feed grades, total production for the year was down by 3% from 45,735 ounces in FY2012 to 44,255 ounces in FY2013.

Revenue remained flat year-on-year despite the lower total Group ounces.

The final few months in FY2013 saw production from operations recover and it is encouraging that despite the issues that occurred during the year, the ounces from the Sylvania plants alone grew by 507 ounces year-on-year and operations remained profitable.

EMPLOYEE SAFETY, HEALTH AND THE ENVIRONMENT

The Company completed the 2013 financial year without a single LTI, and remains committed to maintaining this level of performance. As would be expected, Sylvania works closely with the host mines at all times in all aspects of safety, health and the environment.

DUMP AND RUN-OF-MINE OPERATIONS

During the year under review, the SDO plants alone produced 43,812 ounces compared to 43,305 ounces for the previous year. This was augmented by 443 ounces from the CTRP and *ad hoc* sources, giving a total production volume of 44,255 ounces for the year. During FY2012, the CTRP and *ad hoc* sources produced 2,430 ounces, yielding a total production volume of 45,735 ounces. Despite the tough conditions experienced during FY2013, the production volumes recovered during May and June 2013, with operations producing at a rate of 4,250 ounces/month and the Mooinooi plants producing over 1,000 ounces combined for each month. This bodes well for the future as Mooinooi has by far the largest resource and production potential.

The Company has matured over the past six years and, during FY2013, the fourth of the seven plants began treating material for a second time. During the forthcoming year, the Steelpoort plant will be treating solely second pass material while the plants at Millsell, Doornbosch and Lannex will treat a blend of first and second pass material.

Millsell

Since 2007, the Millsell plant has been one of the most consistent production plants within the Group. Total ounce production for the financial year was 6,727 ounces at a cash cost of $539/ounce. The plant processes the current arisings from the Millsell mine as well as dump material from a number of different sources. During FY2013, the plant started to process some material for the second time, combined with primary pass material from more distant dumps. As expected from this mature plant, when the operations are not hindered in any way, the plant produced at a rate of 700 ounces/month. This is expected to move towards 580 ounces/month during 2014 as the primary pass material is finished.

Mooinooi

Of all our operations, Mooinooi is arguably the best example of the robustness of our business model, despite external factors largely beyond our control. It also shows how two companies can benefit from designing operations that complement each other by recovering metals that, individually, would be only marginally profitable.

The Mooinooi facility began with a dump reprocessing operation, but a separate plant to process run-of-mine (ROM) ore delivered by our host mine has expanded its output. Though the new plant that processes ROM was completed in the second half of FY2012, its start-up was inauspicious. In the first few months, revenues were negatively affected by a sharp decline in metal prices, followed by the effects of strikes and Section 54 stoppages at the host mine. Major stoppages occurred in August and October 2012 and March 2013. Since the Mooinooi plant has by far the longest life, with the first pass treatment of dumps expected to go to 2028, and following the recent upturn in production volumes, the Company remains confident that the Mooinooi operations will generate the expected returns in the future. The combined ounce production for the Mooinooi dump plant and the ROM plant for the financial year was 8,374 ounces at a cash cost of $965/ounce.

It has been identified that the Mooinooi ROM plant requires an in-plant stockpile to allow for a more steady feed of ore to the mills. As alluded to earlier, the design for this stockpile has been completed and the Company is currently reviewing the market to determine a date when construction will begin.

The production from both the Mooinooi plants has been showing steady improvements during the year and, for the first time, exceeded 1,000 ounces during May and June 2013. This level of production is likely to be maintained into FY2014 and will be enhanced when the stockpile is completed.

Steelpoort

As FY2013 progressed, the focus of Steelpoort's operations was increasingly directed towards second-pass treatment of tailings from Steelpoort Dam 1. Over the full year, the host company's Steelpoort mine remained idle and thus did not supply any current arisings to the plant. The second-pass treatment of the Steelpoort dam has taken place according to plan and the plant remains profitable. A total of 6,943 ounces were produced at a cash cost of $673/ounce.

The Steelpoort plant showed similar production results to Millsell during the year when not hindered by external forces and is expected to produce around 570 ounces/month during the forthcoming year.

Lannex

A lot of work has been put into improving the mechanical reliability of the Lannex plant during the year and this has allowed throughput figures to improve gradually. Production output from Lannex was disappointing during the year, with the plant only producing 7,850 ounces at a cash cost of $686/ounce. Initially this was due to lack of throughput and, more recently, due to the feed grade from the dumps and lower current arisings from the host mine. While an improvement in the feed grade is anticipated, lower current arisings are expected to continue since the chrome market requires the host mine to sell its ore directly from the open pit without processing it further. However, we are in discussions with mine management to divert this material to us so that the symbiotic relationship of sharing costs will not impact on our ounce production going forward.

Based on the improving chrome market, the aforementioned plan could change at any moment. Should suspended mining operations start up again, this would dramatically extend the life of this operation and allow us to ramp up production.

Although production volumes in FY2013 were disappointing, at below 600 ounces/month, the influence of better mechanical reliability at the plant, and the expected improved grades for the sampled dumps, should see the plant producing over 900 ounces/month during FY2014.

Doornbosch

Doornbosch has been one of the best performing plants for FY2013, consistently out-performing its target. The Doornbosch plant was originally built to treat only current arisings, with the Montrose dump material, which is almost depleted, as an additional bonus. Total ounce production for the financial year was 10,384 ounces at a cash cost of $480/ounce.

The Doornbosch plant will be entering into a new phase of second-pass treatment of the Doornbosch dump along with the current arisings in the early part of FY2014. The host mine is swiftly building up and the current arising are increasing rapidly. As this is a long-term operation for the host mine, we strongly believe that this plant will continue to produce excellent recoveries well into the future.

Recovery efficiencies achieved in the second-pass operations thus far are encouraging and should allow the plant to operate at a level of 550 ounces/month during FY2014.

Tweefontein

Construction of the first phase of the Tweefontein plant saw the first ounces delivered in September 2012. The original design for Tweefontein planned for completion of the Klarinet

CEO's and Deputy CEO's review continued

open-pit mine in January 2013, thus allowing the nearby dumps to be treated by the plant while it was preparing to treat the ROM ore from the Mooigenoeg adit. With the continuation of the Klarinet mine, the Tweefontein plant is seeing much lower PGM grades in the feed sources than envisaged and this, coupled with the drop in the commodities prices, has caused phase 2 of the project to be redesigned and deferred. The plant produced 3,816 ounces for the year at a cash cost of $869/ounce.

It is planned that the plant will process current arising and dump material. The host mine's Tweefontein operation is intending to increase the current arisings stream by implementing a new Klarinet chrome processing plant, thus providing further tailings to the Sylvania plant. The cash costs are also expected to decrease significantly per ounce as the Klarinet material is replaced by the Tweefontein dump material.

Chrome Tailings Retreatment Project

The CTRP, which is operated by 50% shareholder Aquarius Platinum and in which Sylvania has a 25% interest, remains on care and maintenance. Sylvania is in the process of demonstrating that CTRP is a viable operation and is currently running various scenarios. Once the studies have been completed and the results are available, Sylvania will initiate a debate on restarting the operation.

FAR NORTHERN LIMB OPERATIONS

Since we reported on the situation at our exploration drilling and possible mine development prospects on the Northern Limb of the Bushveld Igneous Complex in our FY2012 review, the platinum industry and market have undergone fundamental changes. Taking these into account, and how these affect our ability to deliver on shareholder expectations, we have made important strategic decisions on projects that lie outside our core competencies.

Our strategy involves deferring capital expenditure and project development until there are fundamental and long-term improvements in the platinum industry. Projects have not been dropped; their development will simply be reconsidered at a more appropriate time. Sufficient work is continuing to ensure compliance with the terms and conditions of our exploration permits.

Volspruit

Volspruit is envisaged as a shallow, low-cost mine that will eventually be the key to unlocking the full potential of the Northern Limb. When the appropriate time comes, the mine will be developed by a wholly owned subsidiary, Volspruit Mining Company (Pty) Ltd, with the participation of a group of black economic empowerment (BEE) partners who include local communities, business entrepreneurs and an employee trust.

There has been no change to the previously published resource of more than 3 million ounces of PGMs, 74 million pounds of copper and some 270 million pounds of nickel reported at the start of FY2013. The figures comply with the South African Code for Reporting of Exploration Results, Mineral Resources and Reserves (SAMREC).

Further planning will only be finalised once mining rights have been granted.

During the third quarter of FY2013, the Company completed the purchase of the Grasvally and Zoetveld farms adjacent to Volspruit. The two farms are considered critical extensions and parts of the Volspruit project. As a part of the MRA, the EIA was delayed due to the failure of the Nyl River to

Despite the uncertainty over the future of several of South Africa's platinum producers, we remain confident that **Sylvania's corporate strategy** will deliver sustainable value to shareholders.

produce the 'annual flood' event. To ensure the process would be handled in the most efficient manner, Sylvania decided to withdraw and re-submit its MRA, thus giving more time for the EIA process to be completed. The approach taken now will not require the flood event to occur to obtain the expected permissions.

This MRA, as well as the EIA process, is at least a year away so no decisions on progressing this project will be made until the mining right and EIA have been approved.

Harriet's Wish

Our confidence in the excellent PGM mineralisation of the Harriet's Wish property remains undiminished, though drilling has been completely scaled back along with our other Northern Limb exploration work.

PGM grades indicated by drilling at Harriet's Wish were particularly high, with the highest being 8.22g/t over a width of 3.31 metres. This indicated promising extensions to the resource of 4.99 million ounces of combined platinum and palladium indicated at Kransplaats and Nonnenwerth lying to the south. However, the Harriet's Wish PGM mineralisation lies some 350 metres below surface, at depths that preclude opencast mining. Underground mining lies outside the scope of our competency and, depending on the state of the PGM market, our intention is to sell the properties or to find joint venture partners to finance a new mine.

In April 2013, our subsidiary Hacra Mining and Exploration Company (Pty) Ltd submitted a MRA covering the extended Harriet's Wish properties to the Department of Mineral Resources (DMR). As this is potentially an underground mine and not in the scope of dump retreatment, the Board is considering the option of selling this opportunity.

Everest North

Earlier proposals to develop the Everest North property using Aquarius Platinum's Everest South processing plant are on hold, and will remain so for the near future. This is despite the fact that in the preceding year a MRA was lodged with the DMR and an EIA completed. During FY2013, Aquarius placed the Everest South property and plant on care and maintenance, rendering the Everest North project unviable as a stand-alone project at present.

However, we are investigating various options of merging, selling or entering into a pool and share agreement for the rights to this measured resource. In the meantime, our strategy is to maintain these properties in their currently scaled-back state, incurring minimum expenses.

OUTLOOK

The immediate outlook for the platinum industry appears, if anything, less certain than a year ago. As our Chairperson Stuart Murray explains, the market has to return to a balance between supply and demand. Platinum producers cannot continue to rely on investment buying to support PGM prices.

We as a company, and our country as a whole, cannot tolerate any repeat of the events at Marikana – events that indirectly marred our operations during the first half of FY2013. While competition for members by competing unions persists, industrial peace will remain uncertain. Competing unions have sought to attract members by progressively increasing wage demands – demands that cannot be met if South Africa's mines are to remain profitable and capable of providing jobs.

Despite the uncertainty over the future of several of South Africa's platinum producers, we remain confident that Sylvania's corporate strategy will deliver sustainable value to shareholders. Sylvania's cash costs for each PGM are among the platinum industry's lowest which, to a considerable extent, protect the Company from the vagaries of the PGM market and from rising costs. The immediate future may appear cloudy, but we are confident that Sylvania will thrive despite these pending challenges.

THANKS

We extend our thanks to everyone who has contributed to Sylvania's progress in a year with more than its share of difficulties – to our employees who have withstood operating in an environment plagued by strikes and intimidation, to the members of our management team who have planned and delivered on appropriate strategies, and to our business partners and colleagues who have unstintingly backed our company.

Finally, we must welcome and thank Stuart Murray, Sylvania's newly appointed Chairperson, who has brought a wealth of experience and fresh insights into our business and is driving the strategies that will build our company.

Terry McConnachie
Chief Executive Officer

Nigel Trevarthen
Deputy Chief Executive Officer

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

DIRECTORS

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

SA Murray	*(Non-executive Chairman, appointed 1 April 2013)*
TM McConnachie	*(Chief Executive Officer)*
GM Button	*(Executive Director)*
RA Williams	*(Independent Non-executive Director)*
RD Rossiter	*(Non-executive Chairman, resigned 14 January 2013)*
LM Carroll	*(Finance Director, resigned 14 January 2013)*

The directors of Sylvania were in office from 1 July 2012 unless otherwise stated.

INFORMATION ON DIRECTORS

SA Murray

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

Special responsibilities

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

TM McConnachie

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

Special responsibilities

Chief Executive Officer

GM Button

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

Special responsibilities

Joint Assistant Company Secretary
Member of the Audit and Remuneration Committees

RA Williams

Mr Williams was appointed to the Board on 29 December 2011. He is a Chartered Accountant with over 20 years' international experience in mining finance, and with an honours degree in French and Spanish. After joining Randgold Resources in 1997, he was appointed Group Finance Director in 2002. Mr Williams went on to become Chief Financial Officer of JSE-listed AECI Limited before moving to BSG Resources Limited. He is currently a director of Shaft Sinkers Holdings plc (LSE: SHFT) and consults to companies in the mining sector.

Special responsibilities

Chairman of the Audit and Remuneration Committees

COMPANY SECRETARY

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

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was the low cost extraction of PGMs from chrome dumps and current arisings. Further information is given in the CEO's and Deputy CEO's review.

BUSINESS REVIEW

Principal risks and uncertainties

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

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

Commodity price

Risk and impact

Commodity prices are subject to high levels of volatility and are impacted by a number of factors that are outside of the control of the Group. Low PGM prices may affect the ability of the Company to fund its growth. Given the contractions in the world economies and changes in the market sentiment towards the resources industry, the Company's ability to raise sufficient capital, through debt or equity, for further exploration, investment or development is uncertain.

Mitigation

Directors and management constantly monitor the market in which the Group operates. Long-term financial planning is undertaken on a regular basis and production is focussed on the extraction of low-cost ounces. Sylvania has largely completed and financed all capital expansion and is not planning to construct any new retreatment plants. Any major exploration capital for the Northern Limb, Volspruit and Everest North projects remains on hold for the short term and will be reassessed by the Board on an ongoing basis.

Sustained resources

Risk and impact

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

Mitigation

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

Failure to attract and retain key staff

Risk and impact

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

Mitigation

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

Country risk

Risk and impact

The Company's operations are all in South Africa. Operations have been disrupted in recent months by labour disputes and safety stoppages on host mines and at refineries, as well as power outages. The mining labour environment in South Africa continues to be a concern for the sector in general. Consistent power supply to the operations is key to the stability of the plants. Tweefontein in particular has experienced a number of stoppages as a result of power failures from the national electricity provider.

Mitigation

Directors and management place great emphasis on maintaining constructive relations with labour. Safety is a top priority on all sites as evidenced by the safety statistics. Back-up generators have been acquired and discussions continue with the power utility to ensure a more stable power supply.

GROUP FINANCIAL RESULTS

Results for the year

The consolidated profit of the Group for the year before income tax expense was $5,361,767 (FY2012: loss $2,502,975).

The cash balance at 30 June 2013 was $6,564,885 (FY2012: $15,696,899). Despite the challenges the Company has faced during the current financial year, the directors are pleased that the Group has generated a net cash inflow from operations of $4,053,083.

Directors' report continued

Production throughput increased by 39% from 1,445,235 tonnes to 2,012,633 tonnes. However, with the placement of the CTRP onto care and maintenance in August 2012, coupled with lower feed grades, total ounces produced were 44,255 PGM ounces (including CTRP) for the year, a 3% decrease on the prior year. Revenue remained flat year-on-year. Cost of sales (direct and indirect costs of production) increased 16% due to the increased volumes, the change in allocation of general and administration cost attributable to the operations, and the start-up of the Tweefontein plant in September 2012.

Capital spend was scaled back during the current financial year. Construction and start-up of the Tweefontein plant was completed at a total cost of $11,489,772, $8,110,413 of which was incurred during FY2013. The purchase of the Zoetveld properties was completed in January 2013 at a cost of R22,000,000 (~$2,200,000).

The completion of the iron ore transaction yielded a $9,911,779 profit in the current financial year. Details of this transaction are provided under the corporate matters section of this report.

REVIEW OF OPERATIONS

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

CORPORATE MATTERS

Appointment of Stuart Murray

On 17 January 2013, the Company announced that Mr Stuart Murray would join the Sylvania Board from 1 April 2013 as Chairman of Sylvania.

The Board believes that Mr Murray's experience and knowledge of the sector will be an asset to the Company in achieving its strategic goals.

IRON ORE ASSETS

On 16 August 2012, the disposal of the iron ore assets was completed, and readmission of the enlarged Mercury Group (now renamed Ironveld Plc) to the AIM took place. Distribution of the Ironveld Plc shares to the Sylvania shareholders was also completed on 16 August 2012 on the basis that for every Sylvania ordinary share held by Sylvania shareholders, 0.675 of an ordinary share in Mercury was received.

Sylvania has also entered into a facility agreement with Ironveld Plc whereby Sylvania (through its South African subsidiary, Sylvania Metals (Pty) Ltd) will provide a loan facility of up to R15 million (approximately $1.8 million) (at 30 June 2013 drawn to $460,117) to Ironveld Holdings (Pty) Ltd (Ironveld), the company which holds the iron ore assets

Despite the challenges the Company has faced during the current financial year, the directors are pleased that the Group has generated a net cash inflow from operations of

$4,053,083.

(facility). Ironveld Plc has guaranteed all obligations of Ironveld under the facility. The funds made available under the facility are to be used to further fund the development of the iron ore assets.

The facility will mature on 30 June 2016, at which time the amount utilised under the facility (and all accrued interest) will be repayable. As security for the amount due under the facility, Ironveld Plc issued to Sylvania warrants to subscribe for up to £1.5 million ($2.3 million) of ordinary shares in Ironveld Plc at a price equal to the 90 day VWAP on the business day preceding the exercise of the warrants. The warrants are exercisable only if the facility is not fully repaid by 30 June 2016 and may be exercised post 30 June 2016 up until the date that is five years from admission (although the warrants will lapse once repayment has been made). Any proceeds derived from exercise of the warrants will be used by Ironveld Plc to repay the facility.

For so long as any amount remains owing under the facility, Sylvania has the right to appoint a director to the board of Ironveld Plc. Pursuant to this right, Sylvania has appointed Terry McConnachie (CEO of Sylvania) as a non-executive director of Ironveld Plc. The appointment became effective on 15 August 2012.

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

NORTHERN LIMB OPERATIONS

As detailed in the Company's quarterly announcements, the Company's short- to medium-term strategy is to maximise profits from the low-cost tailings retreatment business. Since adequate information is available to submit an MRA, exploration on the Northern Limb has been scaled back.

The MRA for PGMs on the Harriett's Wish farm was submitted to the DMR by Hacra Mining and Exploration Company (Pty) Ltd, a Sylvania Platinum subsidiary, on 19 April 2013. A notice of acceptance of the application was received from the DMR on 25 May 2013.

On 10 May 2013, the Company announced that it planned to withdraw and re-submit the Volspruit MRA. The reason for the withdrawal was the failure of the expected regular Nyl river flood event. This prevented the information required to complete the EIA from being available. A technical study approach was commissioned to obtain the necessary information to complete the EIA but this could not be completed by the deadline set for the process by government. The MRA resubmission has been accepted by the DMR and the study work is being finalised for the EIA.

DIVIDENDS

A dividend in specie was declared on 16 August 2012 to all Sylvania shareholders following the conclusion of the sale of the iron ore assets to Ironveld Plc (formerly Mercury Recycling Group Plc). The distribution was made on the basis that, for every Sylvania share held, a Sylvania shareholder received 0.675 of an ordinary share in Ironveld Plc. Shareholders on the Sylvania share register who held less than 2,000 ordinary shares and any Sylvania holders who had registered addresses in the United States, Canada and Japan did not receive consideration shares, but instead received a cash dividend based on the equivalent value of the dividend in specie.

On 21 January 2013, the Company announced its new dividend policy. After years of intensive capital investment, the Company is now moving towards steady-state operations. The dividend policy is in line with the change in strategy from capital investment and growth to a strategy of returning surplus cash back to shareholders.

The dividend policy allows for a semi-annual dividend payment to shareholders of 25% of the previous half-year's earnings, provided the resultant company cash balance following the payment of any dividend is greater than $8 million.

SHARE BUY-BACK AND CANCELLATION OF LOAN SHARES

On 27 November 2012, Sylvania bought back and cancelled 2,533,000 shares (plan shares) which were issued under the terms of the Company's share plan.

The plan shares were acquired by certain employees of the Company (and one director, as referred to below) with a loan provided by the Company to each employee for the purpose of the acquisition (loan). The plan shares were not able to be sold or otherwise dealt with until *inter alia*, the relevant loan was repaid to the Company in full.

In accordance with the terms of the share plan and the agreement pursuant to which each relevant employee acquired their plan shares, the Company is entitled to buy back the plan shares from employees and apply the proceeds otherwise payable to the employee to satisfy fully the employee's loan.

Directors' report continued

Accordingly, the Company bought back the plan shares at a price of 9.10 pence per plan share, being the closing price of the Company's shares on AIM on 26 November 2012. This was a cash neutral transaction as the consideration received by each employee under the buy-back was applied in repayment of their loan so that upon completion of the buy-back the relevant loans are fully satisfied. Note that for accounting purposes these shares were treated as in substance options.

It is noted that 1,000,000 of the plan shares were held by Richard Rossiter, the Company's previous Chairman. These plan shares were included in the buy-back on the basis set out above.

On 27 March 2013, the Company bought back a further 250,000 ordinary shares of $0.10 each at 9.94 pence per ordinary share. These shares were cancelled.

GRANT OF OPTIONS

On 11 June 2013, 1,000,000 options were issued in terms of the Sylvania option plan approved by the shareholders on 29 December 2011.

SUMMONS RECEIVED FROM PLATMIN SOUTH AFRICA (PTY) LTD

On 12 September 2012, Sylvania announced that a summons was received by the Company regarding a claim being brought by Platmin South Africa (Pty) Ltd (Platmin) (previously known as Boynton Investments (Pty) Ltd (Boynton)), a subsidiary of Platmin Limited, declaring Platmin as the co-owner of the tailings, or, alternatively, the co-owner of the PGMs contained in the Lannex Tailings Dam situated on the Farm Grootboom in the District of Lydenburg, Mpumulanga, South Africa.

A similar case was brought to Sylvania by Boynton in 2009 and later withdrawn, with Boynton paying all costs. The Board of Sylvania continues to refute these claims and the matter is being vigorously opposed. Court pleadings have now been finalised and the matter was set down for a hearing on 1 August 2014.

ACQUISITION OF PORTIONS OF THE FARMS ZOETVELD AND GRASVALLY

Sylvania, through a wholly owned subsidiary, Zoetveld Mining and Prospecting (Pty) Ltd (Zoetveld) concluded the purchase of portions of the farms Zoetveld and Grasvally (the properties), located adjacent to Sylvania's proposed Volspruit Mine in the Mokopane District of the Limpopo Province.

In May 2012, Zoetveld entered into a partnership deal with a locally empowered company who has submitted an application for the prospecting rights over the area such that, should the prospecting rights be granted, 50% of these rights would be swapped for 50% of the surface rights.

In January 2013, the final conditions for this R22,000,000 (~$2,200,000) purchase of the properties were concluded and the 2,817 hectare property was transferred to Zoetveld. As part of the purchase, Zoetveld has accepted the rehabilitation responsibility of the previous holder of the mining right at the old chrome mine to the extent of R12,000,000 (~$1,200,000). Sylvania believes that the planned adjacent Volspruit Mine will be able to place its future tailings dams on the existing chrome tailings dams, thus transferring the rehabilitation liability. An additional benefit is that it will reduce the environmental impact of the future Volspruit Mine.

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 CEO's and deputy CEO's review.

ENVIRONMENTAL LEGISLATION

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

MEETINGS OF DIRECTORS

During the financial year, there were three formal directors' meetings. All other matters that required formal Board resolutions were dealt with via written circular resolutions and through the holding of conference calls. In addition, the directors met on an informal basis at regular intervals during the year to discuss the Group's affairs.

Volspruit Mine will be able to place its future tailings dams on the existing chrome tailings dams – transferring rehabilitation liability.

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

	Board		Audit Committee		Remuneration Committee	
	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended
TM McConnachie	3	3	–	–	2	2
SA Murray	1	1	–	–	–	–
RD Rossiter	–	–	–	–	–	–
LM Carroll	1	1	2	2	–	–
GM Button	3	3	2	2	2	2
RA Williams	3	3	2	2	2	2

DIRECTORS' INTEREST IN SHARES AND OPTIONS

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

Shares and options

2013	Common shares	Share options
TM McConnachie	500,000	2,000,000
SA Murray	–	1,000,000
GM Button	300,000	1,000,000
RA Williams	173,000	500,000

Directors' report continued

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 CEO or as determined by the Board. Details of directors and key personnel remuneration is as follows:

Directors and key management remuneration

	Short-term benefits			Post-employment benefits	Share-based payment	
2013	Cash salary/ Consulting fees $	Bonus[1] $	Directors' fees $	Super-annuation $	Equity shares/ share options $	Total $
Directors						
TM McConnachie	386,283	–	60,000	–	220,258	666,541
SA Murray[2]	–	–	25,000	–	2,906	27,906
RD Rossiter[3]	–	–	30,798	–	110,129	140,927
LM Carroll[3]	274,078	–	30,798	–	165,194	470,070
GM Button	254,485	–	60,000	–	110,129	424,614
RA Williams	–	–	60,000	–	55,065	115,065
	914,846	**–**	**266,596**	**–**	**663,681**	**1,845,123**
Other key management	1,364,177	16,622	64,522	–	556,001	2,001,322
	2,279,023	**16,622**	**331,118**	**–**	**1,219,682**	**3,846,445**

[1] *Cash bonuses were awarded to directors and key personnel based on individual performance.*
[2] *SA Murray appointment as Chairman of the Board effective 1 April 2013.*
[3] *RD Rossiter and LM Carroll resigned as directors of the Company on 14 January 2013.*

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

In view of the Company's focus on cash generation and reducing overheads, the Board has decided to tender the audit for the forthcoming year. A resolution to appoint auditors will be proposed at the next annual general meeting (AGM).

Signed in accordance with a resolution of the directors.

Terry McConnachie

Chief Executive Officer

23 August 2013

Corporate governance statement

INTRODUCTION

The Company, being listed on AIM, is not required to comply with the UK Corporate Governance Code (the Code) issued in May 2010. However, the Company has given consideration to the provisions set out in Section 1 of the Code annexed to the Financial Services Authority Listing Rules. The directors support the objectives of the Code and intend to comply with those aspects that they consider relevant to the Group's size and circumstances. Details of these are set out below.

THE BOARD OF DIRECTORS

The Board is accountable to its shareholders for good governance and for leading, developing and protecting the interests of the Company. The Board currently comprises four members being the independent non-executive chairman, one independent non-executive director and two executive directors, the details of whom are outlined in the directors' report.

There is a clear division of responsibilities at the head of the Company through the separation of the positions of Chairman and the Chief Executive Officer. The Company holds regular Board meetings at which financial and operational reports are considered and, where necessary, voted upon. All requests for capital expenditure by the Company are included in Board papers and each decision on capital expenditures is contemplated and voted upon by the full Board of Directors. The Board is responsible for monitoring and reviewing the activities of executive management. The Board is also responsible for developing corporate and operational strategy as well as reviewing planning, operational and financial performance.

BOARD EVOLUTION

It is the Board's intention, over a period of time, to reconstitute the Board of Directors by increasing the number of independent non-executive directors and reducing the number of executive directors currently on the Board. This process has been ongoing with the appointment of the Company's first Independent Non-executive Director, Roger Williams, and the appointment of an Independent Non-executive Chairman, Stuart Murray. As part of this process, two directors, Richard Rossiter and Louis Carroll have resigned from the Board of Directors.

RISK ASSESSMENT

The Board undertakes ongoing risk assessments to identify and consider major internal and external risks to the business model of the Company.

SHAREHOLDER RELATIONS

Management meets regularly with major shareholders and seeks where possible to respond to their concerns.

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

AUDIT COMMITTEE

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

The Audit Committee meets at least twice annually. The committee reviews the financial reports and accounts and the half-yearly and annual financial statements in light of the Company's accounting policies to monitor the integrity of the Company's financial statements and announcements. The committee reviews internal control and risk management systems and compliance procedures and makes any necessary recommendations to the Board.

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

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by Roger Williams and includes Stuart Murray and Grant Button as members. During FY2013, the Remuneration Committee met formally twice and it is intended that the committee will meet twice in FY2014.

Under its terms of reference, the Remuneration Committee assists the Board in determining the remuneration arrangements and contracts of the executive directors and senior employees. It also reviews the Board and executive

The board undertakes ongoing risk assessments to identify and consider major internal and external risks to the business model of the Company.

staff's key performance indicators, as well as performance-related pay and option scheme allocations.

No director is involved in reviewing his own remuneration. The directors' remuneration report, which includes details of the directors' interest in options and shares as well as information on service contracts, is set out in the directors' report.

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

NOMINATIONS COMMITTEE

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

Refer to the directors' report for the attendance register table.

INTERNAL CONTROLS

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

Consolidated statement of comprehensive income

(for the year ended 30 June 2013)

	Notes	2013 $	2012 $
Revenue	4(a)	39,981,761	40,078,158
Cost of sales		(39,137,783)	(33,651,912)
Gross profit		843,978	6,426,246
Other income	4(b)	10,014,714	71,157
Losses on sale of property, plant and equipment		(1,629)	(8,669)
Foreign exchange gain/(loss)		165,164	(25,359)
Gain/(loss) on financial assets at fair value through profit and loss		4,106	(24,770)
Impairment of available-for-sale financial assets		(44,394)	(368,797)
Share of loss of jointly controlled entities	7	(201,040)	(475,413)
General and administrative costs		(5,467,202)	(9,226,614)
Operating profit/(loss) before finance costs and tax expense		5,313,697	(3,632,219)
Finance revenue		268,634	1,274,892
Finance costs		(220,564)	(145,648)
Profit/(loss) before income tax expense		5,361,767	(2,502,975)
Income tax expense	5	(992,536)	(1,468,828)
Net profit/(loss) for the year		4,369,231	(3,971,803)
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Impairment of available-for-sale investments transferred to profit and loss	17	–	195,114
Foreign currency translation	17	(18,087,729)	(17,211,584)
Total comprehensive loss for the year		(13,718,498)	(20,988,273)
Profit/(loss) attributable to:			
Owners of the parent		4,369,231	(3,971,803)
Non-controlling interest		–	–
		4,369,231	(3,971,803)
Total comprehensive loss attributable to:			
Owners of the parent		(13,718,498)	(20,988,273)
Non-controlling interest		–	–
		(13,718,498)	(20,988,273)
		Cents	**Cents**
Profit/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share	6	1.45	(1.32)
Diluted earnings/(loss) per share	6	1.39	(1.32)

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

(as at 30 June 2013)

	Notes	2013 $	2012 $
Assets			
Non-current assets			
Equity accounted investments in joint ventures	7	**1,698,531**	2,048,635
Investments in associates	8	**11**	–
Other financial assets	9	**1,547,514**	93,235
Exploration and evaluation assets	10	**67,276,715**	75,602,341
Property, plant and equipment	11	**60,289,304**	68,492,697
Total non-current assets		130,812,075	146,236,908
Current assets			
Cash and cash equivalents	12	**6,564,885**	15,696,899
Trade and other receivables	13	**11,860,948**	12,942,343
Inventories	14	**612,866**	596,719
Current tax asset		**49,846**	403,527
Non-current assets classified as held-for-sale	15	**–**	1,343,889
Total current assets		19,088,545	30,983,377
Total assets		149,900,620	177,220,285
Equity and liabilities			
Shareholders' equity			
Issued capital	16	**29,515,534**	29,557,290
Reserves	17	**71,055,566**	98,204,246
Retained profit	18	**20,847,888**	16,478,657
Equity attributable to the owners of the parent		121,418,988	144,240,193
Non-controlling interest		–	–
Total equity		121,418,988	144,240,193
Non-current liabilities			
Interest-bearing loans and borrowings	19	**170,287**	256,063
Provisions	20	**2,578,036**	1,257,235
Deferred tax liability	5	**18,728,253**	23,623,156
Total non-current liabilities		21,476,576	25,136,454
Current liabilities			
Trade and other payables	21	**6,828,169**	7,623,192
Interest-bearing loans and borrowings	19	**169,151**	174,654
Current tax liability		**7,736**	9,317
Liabilities directly associated with the non-current assets classified as held-for-sale	15	**–**	36,475
Total current liabilities		7,005,056	7,843,638
Total liabilities		28,481,632	32,980,092
Total liabilities and shareholders' equity		149,900,620	177,220,285

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

(for the year ended 30 June 2013)

	Issued capital	Share premium reserve	Retained profit	Net unrealised gains reserve	Share-based payment reserve	Foreign currency translation reserve	Non-controlling interest reserve	Equity reserve	Owners of the parent	Non-controlling interest	Total equity
	$	$	$	$	$	$	$	$	$	$	$
Balance as at 1 July 2011	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
Loss for the year	–	–	(3,971,803)	–	–	–	–	–	(3,971,803)	–	(3,971,803)
Other comprehensive income	–	–	–	195,114	–	(17,211,584)	–	–	(17,016,470)	–	(17,016,470)
Total comprehensive income for the year	–	–	(3,971,803)	195,114	–	(17,211,584)	–	–	(20,988,273)	–	(20,988,273)
Share transactions											
– Shares issued	–	–	–	–	–	–	–	–	–	–	–
– Share buy-back	(48,690)	(105,842)	–	–	–	–	–	–	(154,532)	–	(154,532)
– Capital raising costs	(33,295)	–	–	–	–	–	–	–	(33,295)	–	(33,295)
– Share-based payments	–	–	–	–	724,481	–	–	–	724,481	–	724,481
Balance as at 30 June 2012	29,557,290	159,938,383	16,478,657	–	1,394,114	6,392,255	(39,779,293)	(29,741,213)	144,240,193	–	144,240,193
Balance as at 1 July 2012	29,557,290	159,938,383	16,478,657	–	1,394,114	6,392,255	(39,779,293)	(29,741,213)	144,240,193	–	144,240,193
Profit for the year	–	–	4,369,231	–	–	–	–	–	4,369,231	–	4,369,231
Other comprehensive income	–	–	–	–	–	(18,087,729)	–	–	(18,087,729)	–	(18,087,729)
Total comprehensive income for the year	–	–	4,369,231	–	–	(18,087,729)	–	–	(13,718,498)	–	(13,718,498)
Share transactions											–
– Share buy-back	(40,000)	(21,992)	–	–	–	–	–	–	(61,992)	–	(61,992)
– Capital transaction costs	(1,756)	–	–	–	–	–	–	–	(1,756)	–	(1,756)
– Share-based payments	–	–	–	–	1,269,239	–	–	–	1,269,239	–	1,269,239
In specie distribution (note 15)	–	(10,308,198)	–	–	–	–	–	–	(10,308,198)	–	(10,308,198)
Balance as at 30 June 2013	29,515,534	149,608,193	20,847,888	–	2,663,353	(11,695,474)	(39,779,293)	(29,741,213)	121,418,988	–	121,418,988

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

(for the year ended 30 June 2013)

	Notes	2013 $	2012 $
Cash flows from operating activities			
Receipts from customers		37,921,910	44,399,216
Payments to suppliers and employees		(34,222,019)	(32,554,455)
Finance income		255,111	1,282,317
Realised foreign exchange gain/(loss)		165,164	(25,359)
Exploration expenditure		(11,488)	(23,411)
Finance costs		(60,687)	(145,649)
Taxation received		5,092	1,355,826
Net cash inflow from operating activities	22	4,053,083	14,288,485
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,310,413)	(15,102,282)
Payments for exploration and evaluation		(549,463)	(4,871,128)
Cash attributable to disposal of non-current assets held-for-sale		(19,313)	–
Payments for equity accounted investments		(198,275)	(161,000)
Net cash outflow from investing activities		(11,077,464)	(20,134,410)
Cash flows from financing activities			
Repayment of borrowings		(235,361)	(170,434)
Payment of loans to Ironveld Holdings		(495,945)	–
Repayment of loans from related parties		(5,271)	–
Proceeds from loans from related parties		–	6,765
Payment for share buy-back		(61,992)	(154,532)
Capital transaction costs		(1,756)	(33,295)
Net cash outflow from financing activities		(800,325)	(351,496)
Net decrease in cash and cash equivalents		(7,824,706)	(6,197,421)
Effect of exchange fluctuations on cash held		(1,327,089)	(1,582,991)
Cash and cash equivalents beginning of period		15,716,680	23,497,092
Cash and cash equivalents, end of period	12	6,564,885	15,716,680

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

1. CORPORATE INFORMATION

The consolidated financial statements of Sylvania Platinum Limited (Sylvania) for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 23 August 2013. 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 retreatment plants.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investments, embedded derivatives and investments carried at fair value through profit and loss, which have been measured at fair value. The consolidated financial information is presented in US dollars and the parent's functional currency is Australian dollars. The presentation currency differs from the functional currency of the parent as the sales of platinum metals are denominated in US dollars; and alignment of the functional currency with the sales price is considered to provide more useful information to the users of the financial statements.

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).

New and amended standards and interpretations

The accounting policies adopted are consistent with those in the previous financial year except that, in the current year, the Group has adopted all new and revised Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretation Committee (IFRIC) of the IASB that are relevant to its operations and effective for the accounting periods beginning on or before 1 July 2012, including:

IAS 1 Presentation of Financial Statements

The amendment requires companies preparing financial statements in accordance with IFRS to group together items within other comprehensive income to be presented as:

- those which will be reclassified to profit or loss; and
- those which will not be reclassified to profit or loss.

The related tax disclosures are also required to follow the presentation allocation.

The amendment affects presentation only and has no impact on the Group's financial position or performance.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2013.

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

2.2 Significant accounting judgments, 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 re-estimate continuously the fair value of the price adjustment feature. Management determines this with reference to estimated forward prices.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes-Merton model, using the assumptions detailed in note 23.

Exploration and evaluation carrying values

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement 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 a Joint Ore Reserves Committee (JORC) resource or South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC) is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available that suggests that the recovery of expenditure is unlikely, the amount capitalised is written off to profit or loss in the period in which the new information becomes available.

Production start date

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

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting judgments, estimates and assumptions (continued)

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

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

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

Provision for restoration and rehabilitation, and decommissioning of plant and equipment

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

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

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

Impairment of assets

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

Fair value is determined as the 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 CGUs as being an individual mine site or retreatment plant, which is the lowest level for which cash inflows are largely independent of those of other assets.

Key assumptions used in the assessment of impairment of assets

The recoverable amounts of the Sylvania retreatment plants have been based on cash flow projections as at 30 June 2013. The internal financial model is based on the known and confirmed resources for each plant, and no allowance has been made for expansion capital in accordance with International Accounting Standards (IAS 36 *Impairment of assets*).

The calculation of value in use is sensitive to changes in the available resources, discount rates, commodity price and operating costs. Changes in key assumptions could cause the carrying value of assets to exceed their recoverable amounts.

Resources – The resources for each plant, including the PGM grade and expected recoveries that have been modelled are based on extensive test work, sampling and surveying. Where the useful life of a plant is possibly longer than the material currently available to be processed, alternative feed sources have been considered and the likelihood of these materialising assessed by management.

Discount rate – The discount rate reflects management's estimate of the time value of money and the risk associated with the plants. The base discount rate of 7.5% is the risk free rate as determined by five-year South African retail bonds and this has been increased by a risk premium of between 2.5% and 7.5%.

Commodity price – The Company has used the prices received from the refineries at 30 June 2013 to model cash flows for the 2014 financial year. This includes platinum at $1,450/oz and palladium at $730/oz. Subsequent to 2014, forecast commodity prices obtained from reputable financial institutions have been used and these range between $1,750 and $1,800/oz for platinum and $780 to $925/oz for palladium.

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

Exchange rates – Platinum group metals are priced in US$. The US$/rand exchange rate used in the discounted cash flow model ranges from R9.56 to US$1 to R10.00 to US$1.

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.

Recovery of deferred income tax assets

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

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods. Deferred tax assets are only raised in jurisdictions where it is unlikely that tax laws will change.

Contingencies

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

Inventories

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

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

Stockpile tonnages are verified by periodic surveys.

Fair value hierarchy

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

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

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

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 to be passed to the buyer at the time of delivery of the goods to the customer.

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

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 the statement of comprehensive income.

(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

(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'.

Group as a lessee

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

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) *Employee benefits*

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave due to be settled 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.

(e) *Share-based payment transactions*

Equity settled transactions

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

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income 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 or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

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

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

(f) *Foreign currency translation*

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

Transactions and balances

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

All exchange differences are taken to profit and loss.

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

Group companies

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

(g) Income tax

Current income tax

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

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

Deferred income tax

Deferred income tax is provided using the liability 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:

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

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

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

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

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

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

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

Royalties, resource rent taxes and revenue-based taxes

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

Sales tax

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

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

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

(h) 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 that is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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

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

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

(i) Interest in jointly controlled entities

The Group has interests in joint ventures, which are jointly controlled entities. A jointly controlled entity is a corporation, partnership or other entity in which each venturer holds an interest and operates in the same way as other entities, except that a contractual arrangement establishes joint control over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among the venturers. A jointly controlled entity controls the assets of the joint venture, earns its own income and incurs its own liabilities and expenses. Interests in joint ventures 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.

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

(i) Interest in jointly controlled entities (continued)

The statement of comprehensive income 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 other comprehensive income and the statement of changes in equity. 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 results of joint ventures are included from the effective dates of acquisition and up to the effective dates of disposal.

The Group's 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.

(j) Investments in associates

The Group's investments in associates, entities in which the Group has significant influence, are accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The income statement reflects the Group's share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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

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

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

(k) Property, plant and equipment

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

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

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

Depreciation/amortisation

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. 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;
- leasehold improvements – three years;
- computer equipment and software – three years;
- furniture and fittings – six years;
- office equipment – five years; and
- motor vehicles – five years.

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

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

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

(l) Exploration and evaluation assets

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

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

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

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

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

(l) Exploration and evaluation assets (continued)

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

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

(m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs 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.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs 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 CGUs to which the individual assets are allocated.

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

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

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 CGU(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.

(n) Financial instruments – initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

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

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

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

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

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

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in 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 in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale, or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though 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 EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

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

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

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

Derecognition (continued)

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

Impairment of financial assets

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

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

Financial assets carried at amortised cost

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance 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 plus, in the case of loans and borrowings, directly attributable transaction costs.

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

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

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

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

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

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

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, 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. 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 24.

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

- when the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item;

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

Current versus non-current classification (continued)

- embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract; and
- derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and a non-current portion only if a reliable allocation can be made.

Normal purchase or sale exemption

Contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements fall within the exemption from IAS 32 and IAS 39, which is known as the 'normal purchase or sale exemption' (with the exception of those with quotation period clauses, which result in the recognition of an embedded derivative. Refer note 2.3(n) Financial assets – Financial assets at fair value through profit or loss 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.

(o) Cash and cash equivalents

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

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

(p) Trade and other receivables

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

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

(q) Inventories

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

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

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

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

(r) 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.

(s) 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.

(t) 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.

(u) 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.

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 New standards and interpretations

Future Accounting Standards

Certain IFRS and IFRIC Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group as at the annual reporting period ended on 30 June 2013.

Reference	Title	Summary	Application date of standard	Application date for Group
IFRS 7 and IAS 32	Financial Instruments: Disclosures and Financial Instruments: Presentation	The amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. The impact of the amendments to these standards is currently being assessed.	1 January 2013	1 July 2013
IFRS 9	Financial Instruments	IFRS 9 *Financial Instruments* includes requirements for the classification, measurement and derecognition of financial assets and financial liabilities resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. These requirements improve and simplify the approach for classification and measurement of financial assets and liabilities compared with the requirements of IAS 39. The main changes from IAS 39 are described below. (a) IFRS 9 requires financial assets to be classified at initial recognition into two measurement categories: those measured at fair value and those measured at amortised cost. The classification is based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. (b) For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. The main change is that, for financial liabilities designated at fair value through profit or loss, the amount of fair value change attributable to the credit risk of the liability is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss. (c) IFRS 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. The impact of this standard is currently being assessed.	1 January 2015	1 July 2015

Reference	Title	Summary	Application date of standard	Application date for Group
IFRS 10	Consolidated Financial Statements	IFRS 10 *Consolidated Financial Statements* is a new standard that replaces the consolidation requirements in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities.* The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional 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. IFRS 10 includes a new definition of control that contains three elements: power over an investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. The new control model broadens the situations when an entity is considered to be controlled by another entity. It is unlikely that the adoption of this standard will have a material impact on the Group's financial position or performance.	1 January 2013	1 July 2013
IFRS 11	Joint Arrangements	IFRS 11 *Joint Arrangements* is a new standard that replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities* that deal with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 uses the principles of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. The standard removes the option to account for jointly controlled entities using proportionate consolidation and requires joint ventures to be accounted for using the equity method of accounting. It is unlikely that the adoption of this standard will have a material impact on the Group's financial position or performance	1 January 2013	1 July 2013
IFRS 12	Disclosure of Interests in Other Entities	IFRS 12 *Disclosure of Interests in Other Entities* is a new standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. 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. The disclosure requirements in the standard are more extensive than those in current standards. The adoption of this standard will not impact the results of the Group, but may result in more disclosure than is currently provided.	1 January 2013	1 July 2013

Notes to the consolidated financial statements

(for the year ended 30 June 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	IFRS 13 *Fair Value Measurement* establishes a single source of guidance on fair value measurement and disclosure requirements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. Application of this definition may result in different fair values being determined for the relevant assets. 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. The impact of this standard is currently being assessed.	1 July 2013	1 July 2013
IAS 19 (Revised)	Employee Benefits	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. 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. It is unlikely that the amendment will have a material impact on the Group's financial position or performance.	1 January 2013	1 July 2013
Amendments to IAS 32	Financial Instruments – Presentation	The amendment requires entities to disclose additional information relating to the offsetting of financial assets and financial liabilities. The impact of this amendment is currently being assessed.	1 January 2014	1 July 2014
Improvements to IFRS: IAS 1	Presentation of Financial Statements	The amendment clarifies the requirements for comparative information including minimum and additional comparative information required. It is unlikely that the amendment will have a material impact on the Group's financial position, performance, or disclosures.	1 January 2013	1 July 2013
Improvements to IFRS: IAS 16	Property, Plant and Equipment	The amendments relate to the recognition and classification of servicing equipment. It is unlikely that the amendment will have a material impact on the Group's financial position, performance, or disclosures.	1 January 2013	1 July 2013
Improvements to IFRS: IAS 32	Financial Instruments – Presentation	The amendment clarifies the tax effect of distribution to holders of equity instruments. It is unlikely that the amendment will have a material impact on the Group's financial position, performance, or disclosures.	1 January 2013	1 July 2013
IFRIC Interpretation 21	Levies	The interpretation provides guidance on when to recognise a liability for a levy imposed by a government. The impact of this amendment is currently being assessed.	1 January 2014	1 July 2014

3. SEGMENT REPORTING

Segment information

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

- seven operational retreatment processing plants:
  - Millsell
  - Steelpoort
  - Lannex
  - Mooinooi (two plants reported as a single unit)
  - Doornbosch
  - Tweefontein (new segment in 2013); and
- 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 accounting policies used by the Group in reporting segments internally are the same as those contained in note 2.3 of the financial statements.

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

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

- interest revenue
- interest expense; and
- unallocated expenses (note 3(d))

The following tables present revenue and profit information and certain asset and liability information regarding reporting segments for the years ended 30 June 2013 and 30 June 2012.

	Millsell	Steelpoort	Lannex	Mooinooi	Doorn-bosch	Twee-fontein	Exploration projects	Corporate/ unallocated	Consoli-dated
	$	$	$	$	$	$	$	$	$
2013									
Segment assets									
Capital expenditure*	2,997,907	3,471,660	11,828,031	18,772,339	7,070,879	11,489,772	70,039,802	1,895,629 (a)	127,566,019
Other assets	2,230,129	1,255,089	1,373,931	3,336,866	2,827,413	850,788	92,255	10,368,130 (b)	22,334,601
Segment liabilities	980,727	1,080,366	1,518,376	1,795,623	1,369,072	858,749	1,286,581	19,592,138 (c)	28,481,632
Segment revenue	6,204,724	6,071,221	6,986,313	7,787,492	9,665,053	3,266,958	–	268,634	40,250,395
Segment result	2,356,019	1,079,120	515,934	(2,824,442)	4,319,065	(584,325)	–	(492,140) (d)	4,369,231
Net profit for the year after tax									4,369,231
Included within the segment results:									
Depreciation	711,194	754,458	1,725,683	2,543,924	1,049,490	891,339	–	103,583	7,779,671
Direct operating costs	3,137,510	4,237,643	4,744,696	8,068,010	4,296,499	2,959,944	–	3,710,672	31,154,974
Interest revenue	–	–	–	–	–	–	–	268,634	268,634
Income tax expense	–	–	–	–	–	–	–	992,536	992,536
Other items									
Capital expenditure additions	54,883	22,669	54,577	1,380,291	272,038	6,098,513	4,404,755	245,082	12,532,808

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

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

3. SEGMENT REPORTING (continued)

	Millsell	Steelpoort	Lannex	Mooinooi	Doornbosch	Exploration projects	Corporate/ unallocated	Consolidated
	$	$	$	$	$	$	$	$
2012								
Segment assets								
Capital expenditure*	4,458,232	4,954,645	16,001,772	23,669,323	9,272,734	75,240,758	11,811,337 (a)	145,408,801
Other assets	1,509,004	2,980,996	2,528,657	1,984,814	1,998,489	383,018	20,426,506 (b)	31,811,484
Segment liabilities	895,258	916,272	1,104,732	1,897,137	913,309	294,126	26,959,258 (c)	32,980,092
Segment revenue	6,843,876	10,839,608	7,454,996	4,676,660	9,326,817	–	2,211,093	41,353,050
Segment result	2,183,963	5,931,045	863,701	(5,742,966)	4,526,841	–	(11,734,387) (d)	(3,971,803)
Net loss for the year after tax								(3,971,803)
Included within the segment results:								
Depreciation	804,756	849,753	2,029,620	2,339,834	1,144,943	–	105,085	7,273,991
Direct operating costs	3,855,157	4,058,810	4,561,675	8,079,792	3,655,033	–	2,167,454	26,377,921
Interest revenue	–	–	–	–	–	–	1,274,892	1,274,892
Income tax expense	–	–	–	–	–	–	1,468,828	1,468,828
Other items								
Capital expenditure additions	182,679	150,962	706,009	6,749,153	100,094	4,871,128	7,716,737	20,476,762

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

	2013	2012
	$	$
Major items included in corporate /unallocated		
(a) Capital expenditure		
Property	–	1,077,499
Fixed assets for Tweefontein	–	7,446,216
Fixed assets for Elandsdrift	–	1,207,787
Exploration expenses Everest North	1,455,432	1,680,360
Other	440,197	399,475
	1,895,629	11,811,337
(b) Other assets		
Cash and cash equivalents	6,518,542	15,444,334
Equity accounted investments in joint ventures	1,698,531	2,048,635
Investments in associates	11	–
Other assets in Tweefontein	–	884,957
Current tax asset	49,846	403,527
Other financial assets	1,547,514	–
Other	553,686	1,645,053
	10,368,130	20,426,506
(c) Liabilities		
Deferred tax	18,728,253	23,623,156
Interest-bearing loans and borrowings	87,756	36,878
VAT/GST payable	63,863	16,212
Other liabilities in Tweefontein	–	289,753
Other	712,266	2,993,259
	19,592,138	26,959,258

	2013 $	2012 $
(d) Unallocated expenses		
Administrative salaries and wages	1,781,294	2,236,872
Auditors' remuneration	324,543	493,207
Consulting fees	757,759	1,591,017
Indirect general and administration costs	3,814,255	1,336,338
Depreciation	56,146	81,972
(Gain)/loss on financial assets at fair value through profit or loss	(4,106)	24,770
Impairment on available-for-sale financial assets	44,394	368,797
Write-off of property, plant and equipment	203,138	–
Legal expenses	480,010	823,320
Overseas travelling expenses	212,452	294,717
Premises leases	202,042	273,707
Profit on disposal (note 15)	(9,911,779)	–
Share-based compensation expense	1,269,239	724,481
Termination of consultancy agreements	–	480,814
Tax expense	992,536	1,468,828
Other	270,217	1,535,547
	492,140	11,734,387
Total segment revenue		
Sales	39,981,761	40,078,158
Other revenue from continuing activities	268,634	1,274,892
Total revenue	40,250,395	41,353,050
Revenue from external customers by geographical location 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	39,981,761	40,078,158
Total revenue	39,981,761	40,078,158
Interest revenue by geographical location is detailed below:		
Australia	99,071	934,016
South Africa	169,563	340,876
	268,634	1,274,892
Total revenue	40,250,395	41,353,050
The majority of sales of concentrate are to two specific customers. Revenue is split according to segment as detailed below:		
Customer 1	14,097,719	28,557,622
Customer 2	25,884,042	11,520,536
	39,981,761	40,078,158
Analysis of location of non-current assets:		
Australia	59,272	64,712,849
South Africa	130,752,803	81,524,059
Total non-current assets	130,812,075	146,236,908

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

4. REVENUE AND EXPENSES

	2013	2012
	$	$
(a) Revenue		
Sale of goods	**39,400,662**	41,299,346
PGM price adjustment	**581,099**	(1,221,188)
	39,981,761	40,078,158
(b) Other income		
Scrap sales	**12,119**	17,145
Recoveries	**83,630**	38,699
Insurance claims	**–**	14,330
Rent received	**7,186**	–
Profit on disposal (note 15)	**9,911,779**	–
Profit on sale of available-for-sale financial assets	**–**	983
	10,014,714	71,157
(c) Expenses		
Profit/(loss) from ordinary activities before income tax expense includes the following specific expenses:		
Included in cost of sales:		
Depreciation – plant and equipment	**7,779,671**	7,273,991
Write-off of property, plant and equipment	**203,138**	–
Included in general and administrative costs:		
Consulting	**757,759**	1,591,017
Depreciation – other assets	**56,146**	81,972
Operating lease payments	**236,949**	242,887
Exploration and evaluation costs expensed	**11,488**	23,411
Termination of consultancy contracts *	**–**	480,814
(d) Staff costs		
Salaries and wages	**1,781,294**	2,236,872
Superannuation	**8,479**	12,089
Share-based payments	**1,269,239**	724,481
	3,059,012	2,973,442

* *In prior financial years, key management had been contracted through fixed term consultancy agreements so as to reduce the administration of the Group, however when the Group moved into a more operational phase, permanent employees were appointed by the Board and the consulting agreements terminated. As a result, termination fees were incurred in the year to 30 June 2012.*

5. INCOME TAX

	2013	2012
	$	$
Major components of tax expense for the years ended 30 June 2013 and 2012		
Income tax recognised in profit or loss		
Current income tax:		
Current income tax charge	**46,940**	280,224
Adjustments in respect of current income tax of previous year	**245,659**	221,918
Deferred income tax:		
Relating to recognition, origination and reversal of temporary differences	**699,937**	966,686
Total tax expense	**992,536**	1,468,828

	2013 $	2012 $
The *prima facie* income tax expense on pre-tax accounting profit/loss from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting profit/(loss) before income tax	**5,361,767**	(2,502,975)
Tax expense/(benefit) at rate of 28%	**1,501,295**	(700,833)
Non-deductible expenses	**1,228,454**	1,474,514
Under provision in respect of prior year	**253,644**	69,049
Benefit of tax losses and timing differences not brought to account	**729,079**	626,098
Recoupment of tax losses for current year taxable income	**(2,719,936)**	–
Income tax expense	**992,536**	1,468,828
Income tax recognised directly in equity:		
The following amounts were charged directly to equity during the period:		
Deferred tax		
Revaluation of financial assets	**–**	13,552

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

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

	2013 $	2012 $
Deferred tax assets comprise:		
Unrealised gains and losses on foreign exchange	**4,453,998**	2,351,245
Losses available for offset against future taxable income	**–**	2,628
Other	**460,557**	448,923
	4,914,555	2,802,796
Set-off against deferred tax liabilities	**(4,914,555)**	(2,802,796)
	–	–
Deferred tax liabilities comprise:		
Exploration and evaluation assets	**14,235,764**	15,951,637
Property, plant and equipment	**9,395,356**	10,471,685
Other	**11,688**	2,630
	23,642,808	26,425,952
Set-off deferred tax assets	**(4,914,555)**	(2,802,796)
Deferred tax liabilities net	**18,728,253**	23,623,156

The Group has estimated tax losses arising in Australia of $8,472,778 (FY2012: $18,670,603) and capital losses of $2,240,529 (FY2012: $2,510,586) 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 $8,796,112 (FY2012: $9,523,879) that are available indefinitely for offset against future taxable profits of the Company in which the losses arose.

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

5. INCOME TAX (continued)

	2013	2012
	$	$
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Deductible temporary differences	**10,929,939**	18,375,537
Tax losses	**4,835,289**	8,016,606
Capital losses	**627,348**	702,964
	16,392,576	27,095,107

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 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 sheet date, the possibility of default is remote.

Reconciliation of deferred tax assets/ (liabilities):	Opening balance	Charged to income statement	Charged to equity	Exchange difference	Closing balance
	$	$	$	$	$
2013					
Other temporary differences	**2,800,168**	**2,889,230**	**–**	**(786,529)**	**4,902,869**
Plant and equipment	**(10,471,687)**	**(785,257)**	**–**	**1,861,586**	**(9,395,358)**
Exploration and evaluation	**(15,951,637)**	**(2,803,910)**	**–**	**4,519,783**	**(14,235,764)**
Tax losses	**–**	**–**	**–**	**–**	**–**
	(23,623,156)	**(699,937)**	**–**	**5,594,840**	**(18,728,253)**
2012					
Other temporary differences	(1,057,879)	965,246	17,973	2,874,828	2,800,168
Plant and equipment	(11,017,444)	(882,668)	–	1,428,425	(10,471,687)
Exploration and evaluation	(21,509,772)	–	–	5,558,135	(15,951,637)
Tax losses	6,136,901	(1,049,265)	(4,421)	(5,083,215)	–
	(27,448,194)	(966,687)	13,552	4,778,173	(23,623,156)

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.

	2013	2012
	Cents per share	Cents per share
Basic earnings/(loss) per share – cents per share	**1.45**	(1.32)
Diluted earnings/(loss) per share – cents per share	**1.39**	(1.32)

	2013	2012
	$	$
Reconciliation of earnings used in calculating earnings per share		
Earnings attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**4,369,231**	(3,971,803)
Earnings attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	**4,369,231**	(3,971,803)
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**301,258,882**	301,750,079
Effect of dilution:		
Share options	**12,802,740**	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**314,061,622**	301,750,079

In the financial year to 30 June 2010 SA Metals Pty Ltd (SAM), a wholly owned subsidiary of Sylvania, negotiated the cancellation of a royalty agreement between 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 authorisation of these financial statements.

7. EQUITY ACCOUNTED INVESTMENTS IN JOINT VENTURES

The Group has a 25% interest in the assets, liabilities and output of a joint venture, CTRP, which operates a chrome tailings retreatment plant at Kroondal in South Africa (FY2012: 25%).

	2013	2012
	$	$
Carrying amount of investment in jointly controlled entity		
Balance at beginning of the financial year	**1,233,478**	1,547,891
Advances made to jointly controlled entity	**198,275**	161,000
Share of jointly controlled entity's loss from ordinary activities, after income tax	**(201,040)**	(475,413)
Balance at end of the financial year	**1,230,713**	1,233,478
Foreign currency translation movements		
Balance at beginning of the financial year	**815,157**	1,266,922
Movement during the financial year	**(347,339)**	(451,765)
Balance at end of the financial year	**467,818**	815,157
	1,698,531	2,048,635

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

7. EQUITY ACCOUNTED INVESTMENTS IN JOINT VENTURES (continued)

	2013 $	2012 $
Share of joint venture entity's results and financial position		
Non-current assets	452,210	645,704
Current assets	355,156	743,434
Total assets	807,366	1,389,138
Non-current liabilities	–	–
Current liabilities	12,149	428,285
Total liabilities	12,149	428,285
Revenue	158,152	1,085,804
Expenses	(359,192)	(1,561,217)
Loss from ordinary activities before income tax	(201,040)	(475,413)
Income tax expense	–	–
Loss from ordinary activities after income tax	(201,040)	(475,413)

Contingencies & commitments

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

8. INVESTMENTS IN ASSOCIATES

The Group has a 26% (FY2012: 100%) interest in Lapon Mining (Pty) Ltd (Lapon) and a 29% (FY2012: 100%) interest in HW Iron (Pty) Ltd (HW Iron), both of which are involved in mining and prospecting in South Africa. Lapon and HW Iron are subsidiaries of Ironveld Plc, which was disposed of on 16 August 2012 (refer to note 15). The investments in the associates were acquired as consideration for the sale of future mining rights of the iron ore assets from Pan Palladium South Africa (Pty) Ltd and Hacra Mining & Exploration Company (Pty) Ltd, both controlled entities of the Group.

	2013 $	2012 $
Carrying amount of investment in associate		
Balance at beginning of the financial year	–	–
Acquisition of associates	11	–
Share of associates loss from ordinary activities, after income tax	–	–
Balance at end of the financial year	11	–
Share of associate entity's results and financial position		
Non-current assets	–	–
Current assets	22	–
Total assets	22	–
Non-current liabilities	–	–
Current liabilities	274,206	–
Total liabilities	274,206	–
Revenue	–	–
Expenses	(307,307)	–
Loss from ordinary activities before income tax	(307,307)	–
Income tax expense	–	–
Loss from ordinary activities after income tax	(307,307)	–

9. OTHER FINANCIAL ASSETS

	2013	2012
	$	$
Available-for-sale investments carried at fair value		
Listed shares	**29,100**	76,861
Financial assets at fair value through profit and loss		
Listed shares	**18,266**	16,374
Loans and receivables		
Loans receivable	**1,500,148**	–
Total	**1,547,514**	93,235

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

Loans and receivables consist of loans granted to Ironveld Holdings (Pty) Ltd from Sylvania SA (Pty) Ltd and from Sylvania Metals (Pty) Ltd, both South African subsidiaries of the Group. The loan from Sylvania SA is unsecured, bears no interest until 31 December 2013 and thereafter bears interest at the rate of 1% over Libor and is repayable on 31 December 2015. The loan from Sylvania Metals bears interest at the prime lending rate in South Africa and is repayable on 30 June 2016 (refer to note 15).

10. EXPLORATION AND EVALUATION ASSETS

	Mineral rights	Deferred exploration expenditure	Total
	$	$	$
2013			
Balance at beginning of financial year	**288,854**	**75,313,487**	**75,602,341**
Foreign currency movements	**(49,016)**	**(8,826,073)**	**(8,875,089)**
Direct expenditure for the year	**–**	**549,463**	**549,463**
Balance at end of financial year	**239,838**	**67,036,877**	**67,276,715**
2012			
Balance at beginning of financial year	346,601	75,776,843	76,123,444
Foreign currency movements	(57,747)	(4,030,628)	(4,088,375)
Direct expenditure for the year	–	4,871,128	4,871,128
Asset held for sale (note 15)	–	(1,303,856)	(1,303,856)
Balance at end of financial year	288,854	75,313,487	75,602,341

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.

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

11. PROPERTY, PLANT AND EQUIPMENT

	Property	Mining property	Construction in progress	Plant and equipment	Equip-ment	Leasehold improve-ments	Computer equipment and software	Furniture and fittings	Office equipment	Motor vehicles	Total
	$	$	$	$	$	$	$	$	$	$	$
2013											
At 1 July 2012											
Cost	1,089,392	8,394,171	14,487,031	67,669,500	728,466	37,054	368,666	66,966	182,574	526,024	93,549,844
Accumulated depreciation	(11,893)	(5,199,487)	–	(18,657,444)	(372,864)	(31,879)	(233,112)	(56,580)	(104,139)	(389,749)	(25,057,147)
Net book value	1,077,499	3,194,684	14,487,031	49,012,056	355,602	5,175	135,554	10,386	78,435	136,275	68,492,697
Year ended 30 June 2013											
Opening net book value	1,077,499	3,194,684	14,487,031	49,012,056	355,602	5,175	135,554	10,386	78,435	136,275	68,492,697
Exchange differences	(583,828)	(504,416)	(1,005,468)	(9,849,892)	(47,171)	(966)	(26,052)	2,882	(12,743)	1,026	(12,026,628)
Additions	3,852,200	–	5,676,917	2,168,863	–	3,480	151,831	3,631	1,702	124,721	11,983,345
Disposals	(113,413)	–	–	–	–	–	(6,333)	(1,409)	–	–	(121,155)
Re-allocation between asset classes	–	–	(19,158,480)	19,158,480	–	–	–	–	–	–	–
Write-off	–	–	–	(203,138)	–	–	–	–	–	–	(203,138)
Depreciation charge	(17,934)	(349,781)	–	(7,160,085)	(122,234)	(2,656)	(59,435)	(8,932)	(24,538)	(90,222)	(7,835,817)
Net book value	4,214,524	2,340,487	–	53,126,284	186,197	5,033	195,565	6,558	42,856	171,800	60,289,304
At 30 June 2013											
Cost	4,239,859	3,315,716	–	73,786,362	586,340	32,487	424,066	65,944	140,999	521,582	83,113,355
Accumulated depreciation	(25,335)	(975,229)	–	(20,660,078)	(400,143)	(27,454)	(228,501)	(59,386)	(98,143)	(349,782)	(22,824,051)
Net book value	4,214,524	2,340,487	–	53,126,284	186,197	5,033	195,565	6,558	42,856	171,800	60,289,304
2012											
At 1 July 2011											
Cost	1,190,780	9,093,996	9,289,347	69,331,682	659,985	35,761	245,008	68,686	137,052	500,975	90,553,272
Accumulated depreciation	–	(4,743,954)	–	(12,072,577)	(254,453)	(24,776)	(175,612)	(44,603)	(80,200)	(313,127)	(17,709,302)
Net book value	1,190,780	4,350,042	9,289,347	57,259,105	405,532	10,985	69,396	24,083	56,852	187,848	72,843,970
Year ended 30 June 2012											
Opening net book value	1,190,780	4,350,042	9,289,347	57,259,105	405,532	10,985	69,396	24,083	56,852	187,848	72,843,970
Exchange differences	(203,324)	(699,825)	(1,938,289)	(9,612,588)	(68,587)	(1,600)	(16,357)	(3,965)	(7,621)	(32,069)	(12,584,225)
Additions	101,936	–	7,135,973	7,950,406	137,068	2,893	158,250	8,847	53,143	57,118	15,605,634
Disposals	–	–	–	–	–	–	(6,812)	–	–	–	(6,812)
Asset held for sale (note 15)	–	–	–	–	–	–	(4,270)	(5,637)	–	–	(9,907)
Depreciation charge	(11,893)	(455,533)	–	(6,584,867)	(118,411)	(7,103)	(64,653)	(12,942)	(23,939)	(76,622)	(7,355,963)
Net book value	1,077,499	3,194,684	14,487,031	49,012,056	355,602	5,175	135,554	10,386	78,435	136,275	68,492,697
At 30 June 2012											
Cost	1,089,392	8,394,171	14,487,031	67,669,500	728,466	37,054	368,666	66,966	182,574	526,024	93,549,844
Accumulated depreciation	(11,893)	(5,199,487)	–	(18,657,444)	(372,864)	(31,879)	(233,112)	(56,580)	(104,139)	(389,749)	(25,057,147)
Net book value	1,077,499	3,194,684	14,487,031	49,012,056	355,602	5,175	135,554	10,386	78,435	136,275	68,492,697

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 ROM from the Brokenhill, Spitzkop and Buffelsfontein East mining operations. 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 the Lannex plant serving Brokenhill and Spitzkop and the Mooinooi plant serving Buffelsfontein East being stopped. The Sylvania Board of Directors can in no way determine whether or not these mines will resume operations.

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.

Based on the above information it was resolved by the directors of Sylvania to impair the asset value attributable to this transaction at 30 June 2010, resulting in an impairment of R32,799,630 ($4,313,495). As at 30 June 2013, there has been no change to the situation and therefore no change in the impairment was identified.

Leased assets

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

	2013	2012
	$	$
Equipment		
Cost	**427,335**	612,375
Accumulated depreciation	**(258,144)**	(273,216)
	169,191	339,159
Motor vehicles		
Cost	**141,597**	85,799
Accumulated depreciation	**(28,044)**	(30,180)
	113,553	55,619
Computer equipment		
Cost	**47,709**	–
Accumulated depreciation	**(14,072)**	–
	33,637	–

	Future minimum lease payments due	Finance charges	Present value of minimum lease payments due
	$	$	$
At 30 June 2013			
Due within one year	187,846	(18,695)	169,151
Due between one and five years	**179,877**	**(9,590)**	**170,287**
	367,723	**(28,285)**	**339,438**
At 30 June 2012			
Due within one year	230,048	(27,861)	202,187
Due between one and five years	249,309	(20,093)	229,216
	479,357	(47,954)	431,403

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.

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

12. CASH AND CASH EQUIVALENTS

	2013	2012
	$	$
Cash at bank and on hand	**6,379,887**	5,675,606
Short-term deposits	**184,998**	10,021,293
	6,564,885	15,696,899

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 $6,564,885 (FY2012: $15,696,899).

At 30 June 2013 the Group had available $3,538,150 (FY2012: $NIL) of undrawn borrowing facilities.

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

	2013	2012
	$	$
Bank guarantees are held as follows:		
Eskom	**1,209,097**	1,456,203
The Department of Mineral Resources	**24,059**	28,977
Mervyn Taback Inc *	**–**	2,678,500
** The group has pledged a part of its short-term deposits as a guarantee for the payment of the purchase price of properties in Zoetveld Mining and Prospecting (Pty) Ltd. Refer to note 25 for details.*		
For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and on hand	**6,379,887**	5,675,606
Short-term deposits	**184,998**	10,021,293
Cash at banks and short-term deposits attributable to assets held for sale (note 15)	**–**	19,781
	6,564,885	15,716,680

13. TRADE AND OTHER RECEIVABLES

	2013	2012
	$	$
Trade receivables	**11,504,456**	11,246,738
Other receivables	**356,492**	1,695,605
	11,860,948	12,942,343

Trade receivables are due from major minerals mining and processing companies. None of the amounts are past due or impaired. At 30 June 2013 gross sales of $8,172,409 (FY2012: $9,218,185) were subject to price adjustments.

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

14. INVENTORIES

	2013	2012
	$	$
Stores and materials	**612,866**	596,719

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.

15. NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

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 and GAU, both wholly owned subsidiaries of Sylvania, held the prospecting rights to the magnetite iron ore assets, which are located on the Northern Limb of the Igneous Bushveld Complex.

On 7 March 2012, Sylvania announced that it had entered into a conditional, legally binding agreement with Mercury Recycling Group PLC (Mercury) whereby Mercury would acquire the rights to the iron ore assets in exchange for 203,022,285 fully paid Mercury shares (consideration shares).

On 16 August 2012, the disposal of the iron ore assets was completed and readmission of the enlarged Mercury Group (now renamed Ironveld Plc (Ironveld)) to the AIM took place. Distribution of the consideration shares to the Sylvania shareholders was also made on 16 August 2012 on the basis that for every Sylvania ordinary share held by Sylvania shareholders, 0.675 of an ordinary share in Mercury was received.

	Profit on disposal 2013 $
Ironveld shares transferred to Sylvania shareholders 203,022,285 shares at 3.25 pence	**10,308,198**
Plus/(minus) net liabilities of subsidiaries transferred to Ironveld (i)	**73,270**
Disposal costs incurred by Sylvania	**(469,689)**
Profit on disposal	**9,911,779**
(i) Net liabilities of subsidiaries transferred are reconciled as:	
Assets held for disposal at 30 June 2012	**1,343,889**
Liabilities held for disposal at 30 June 2012	**(36,475)**
Inter-company loans/liabilities at 30 June 2012 maintained in the companies on transfer to Ironveld	**(1,234,921)**
Movement in net liabilities from 1 July 2012 to 16 August 2012	**777**
Net liabilities at date of transfer	**73,270**

The major classes of assets and liabilities of Ironveld classified as held for sale as at 30 June 2012 are as follows:

	2012 $
Assets	
Exploration and evaluation assets	1,303,856
Property, plant and equipment	9,907
Trade and other receivables	10,345
Cash and cash equivalents	19,781
Non-current assets classified as held-for-sale	1,343,889
Liabilities	
Trade and other payables	36,475
Liabilities directly associated with assets classified as held-for-sale	36,475
Net assets directly associated with assets held-for-sale	1,307,414

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

15. NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE (continued)

Sylvania also entered into a facility agreement with Ironveld whereby Sylvania (through its South African subsidiary, Sylvania Metals (Pty) Ltd) has made available a loan facility (facility) of up to ZAR15 million (approximately $1.8 million) (at 30 June 2013 drawn to $460,117) to Ironveld Holdings (Pty) Ltd, the company which holds the iron ore assets. Ironveld Plc has guaranteed all obligations of Ironveld Holdings (Pty) Ltd under the facility. The funds made available under the facility will be used to further fund the development of the iron ore assets.

The facility will mature on 30 June 2016, at which time the amount utilised under the facility (and all accrued interest) will be repayable. As security for the amount due under the facility, Ironveld issued to Sylvania warrants to subscribe for up to £1.5 million ($2.3 million) of ordinary shares in Ironveld Plc at a price equal to the 90 day VWAP on the business day preceding the exercise of the warrants. The warrants are exercisable only if the facility is not fully repaid by 30 June 2016 and may be exercised post 30 June 2016 up until the date that is five years from admission (although the warrants will lapse once repayment has been made). Any proceeds derived from the exercise of the warrants will be used by Ironveld to repay the facility.

For so long as any amount remains owing under the facility, Sylvania has the right to appoint a director to the board of Ironveld Plc. Pursuant to this right, Sylvania has appointed Terry McConnachie (CEO of Sylvania) as a non-executive director of Ironveld Plc. Peter Cox (former CEO of Iron Ore Assets) was appointed a director, and serves as CEO of Ironveld Plc. These appointments became effective on 15 August 2012.

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

16. ISSUED CAPITAL

Authorised capital

	2013 No. of shares	2013 $
Ordinary shares with a par value of $0.10	1,000,000,000	100,000,000

Issued capital

	2013 No. of shares	2012 No. of shares	2013 $	2012 $
Share capital				
Ordinary shares				
Ordinary shares fully paid	297,981,896	298,381,896	29,515,534	29,557,290
Shares reserved for employee share plan shares	–	2,383,000	–	–
	297,981,896	300,764,896	29,515,534	29,557,290

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

Movements in ordinary share capital

Date	Details	Number of shares	$
1 July 2011	Opening balance	298,868,805	29,639,275
2 April 2012	Share buy-back	(486,909)	(48,690)
	Transaction costs	–	(33,295)
30 June 2012	Closing balance	298,381,896	29,557,290
1 July 2012	Opening balance	298,381,896	29,557,290
27 November 2012	Share buy-back	(150,000)	(15,000)
15 April 2013	Share buy-back	(250,000)	(25,000)
	Transaction costs	–	(1,756)
30 June 2013	Closing balance	297,981,896	29,515,534

Movements in shares reserved for employee share plan shares

Date	Details	Number of shares
1 July 2012	On issue at beginning of the year	2,383,000
27 November 2012	Cancelled shares	(2,383,000)
30 June 2013	On issue at the end of the year	–

Share options

	2013 $	2012 $
Employee option plan options exercisable (refer note 23)		
– At $Nil per share on or before 29 December 2021	**12,000,000**	13,000,000
– At $Nil per share on or before 11 June 2023	**1,000,000**	–
	13,000,000	13,000,000

17. RESERVES

	Share premium reserve $	Net unrealised gains reserve $	Share- based payments reserve $	Foreign currency translation reserve $	Non-controlling interest reserve $	Equity reserve $	Total $
Balance as at 1 July 2011	160,044,225	(195,114)	669,633	23,603,839	(39,779,293)	(29,741,213)	**114,602,077**
Included in other comprehensive income:							
Impairment on available-for-sale financial assets	–	195,114	–	–	–	–	**195,114**
Currency translation differences	–	–	–	(17,211,584)	–	–	**(17,211,584)**
Total other comprehensive income	**–**	**195,114**	**–**	**(17,211,584)**	**–**	**–**	**(17,016,470)**
Share and option-based payments expense	–	–	724,481	–	–	–	**724,481**
Share buy-back	(105,842)	–	–	–	–	–	**(105,842)**
Balance as at 30 June 2012	159,938,383	–	1,394,114	6,392,255	(39,779,293)	(29,741,213)	**98,204,246**
Balance as at 1 July 2012	**159,938,383**	**–**	**1,394,114**	**6,392,255**	**(39,779,293)**	**(29,741,213)**	**98,204,246**
Included in other comprehensive income:							
Impairment on available-for-sale financial assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Currency translation differences	**–**	**–**	**–**	**(18,087,729)**	**–**	**–**	**(18,087,729)**

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

17. RESERVES (continued)

	Share premium reserve	Net unrealised gains reserve	Share- based payments reserve	Foreign currency translation reserve	Non-controlling interest reserve	Equity reserve	Total
	$	$	$	$	$	$	$
Total other comprehensive loss	–	–	–	(18,087,729)	–	–	(18,087,729)
Share and option-based payments expense	–	–	1,269,239	–	–	–	1,269,239
Share buy-back	(21,992)	–	–	–	–	–	(21,992)
In specie distribution	(10,308,198)	–	–	–	–	–	(10,308,198)
Balance as at 30 June 2013	149,608,193	–	2,663,353	(11,695,474)	(39,779,293)	(29,741,213)	71,055,566

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 to note 23.

- **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.

18. RETAINED PROFIT

	2013	2012
	$	$
Balance as at 1 July	**16,478,657**	20,450,460
Profit/(loss) for the year	**4,369,231**	(3,971,803)
Balance as at 30 June	**20,847,888**	16,478,657

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

19. INTEREST-BEARING LOANS AND BORROWINGS

	2013	2012
	$	$
Secured		
Current liabilities		
Payable within one year	**169,151**	174,654
Non-current liabilities		
Payable within one to five years	**170,287**	256,063

These loans are secured over various motor vehicles and equipment and are repayable in monthly instalments of $15,654 (FY2012; $20,899) and bear interest at rates varying between 7.25% and 8.5% (FY2012: 7.75% and 9%) p.a. Refer to note 11 for further detail on non-current assets pledged as security.

20. PROVISIONS

	2013	2012
	$	$
Provision for rehabilitation	2,578,036	1,257,235
Movement in provision		
Balance at beginning of financial year	1,257,235	974,832
Foreign currency movements	(252,122)	(188,174)
Unwinding of discount factor	99,448	41,807
Arising during the year	1,473,475	428,770
Balance at end of financial year	2,578,036	1,257,235

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

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

21. TRADE AND OTHER PAYABLES

	2013	2012
	$	$
Trade payables	5,111,385	4,766,503
Other payables	1,716,784	2,856,689
	6,828,169	7,623,192

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.

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

	2013	2012
	$	$
Profit/(loss) before tax	5,361,767	(2,502,975)
Adjusted for:		
Equity accounted net loss from joint venture	201,040	475,413
Capital loss on sale of non-current assets	1,629	8,669
Gain on disposal of iron ore assets (note 15)	(9,911,779)	–
Write-off of property, plant and equipment	203,138	–
(Gain)/loss on financial assets at fair value through profit and loss	(4,106)	24,770
Impairment of available-for-sale financial assets	44,394	368,797
Finance costs	159,874	41,807
Depreciation	7,835,818	7,355,963
Provisions	125,381	116,847
Share-based payments	1,269,239	724,481
Net operating profit before working capital changes	5,286,395	6,613,772

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

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

	2013	2012
	$	$
Changes in working capital:		
(Increase)/decrease in trade receivables	(2,059,851)	4,321,058
Increase in inventories	(131,585)	(77,540)
Increase in trade and other payables	966,555	2,067,945
	4,061,514	12,925,235
Interest received	(13,523)	7,424
Income tax refunded	5,092	1,355,826
	4,053,083	14,288,485

23. SHARE-BASED PAYMENT PLAN

Employee option plan

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

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

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

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

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

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

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

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

The fair values of the options granted are determined at the grant date using a Black Scholes Merton model, taking into account the terms and conditions upon which the options were granted (the exercise price, the term of the option), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The following assumptions were used to estimate the fair value of the options granted during the year ended 30 June 2013:

Expected volatility (%)	66.1
Risk-free rate (%)	5.5
Expected life (years)	10 years
Share price ($)	0.17
Exercise price ($)	Nil
Expected dividend yield ($)	Nil

Grant date	Expiry date	Exercise price	Fair value at grant date	Balance at start of the year	Granted during the year	Forfeited/ expired during the year	Balance at the end of the year	Vested and exercisable at end of year
				Number	Number	Number	Number	Number
Options 2013								
29 Dec 2011	29 Dec 2021	Nil	$0.33	13,000,000	–	(1,000,000)	12,000,000	–
11 Jun 2013	11 Jun 2023	Nil	$0.17	–	1,000,000	–	1,000,000	–
Total				13,000,000	1,000,000	(1,000,000)	13,000,000	–
Weighted average exercise price				–	–	–	–	–
Options 2012								
10 Jun 2009	30 Jun 2012	$1.05	$1.55	6,000,000	–	(6,000,000)	–	–
29 Dec 2011	29 Dec 2021	Nil	$0.33	–	13,000,000	–	13,000,000	–
Total				6,000,000	13,000,000	(6,000,000)	13,000,000	–
Weighted average exercise price				$1.05	–	$1.05	–	–

The weighted average remaining contractual life of the share options is 10 years (FY2012: 10 years).

The weighted average share price at the date of exercise of options during the year ended 30 June 2013 was nil as no options were exercised during the current financial year (FY2012: $Nil).

Employee share plan

On 27 November 2012, Sylvania bought back and cancelled 2,533,000 shares (plan shares) which were issued under the terms of the Company's share plan (share plan), (buy-back).

The plan shares were acquired by certain employees of the Company (and one director) with a loan provided by the Company to each employee for the purpose of the acquisition (loan). The plan shares could not be sold or otherwise dealt with until *inter alia*, the relevant loan was repaid to the Company in full.

In accordance with the terms of the share plan and the agreement pursuant to which each relevant employee acquired their plan shares, the Company is entitled to buy back the plan shares from employees and apply the proceeds otherwise payable to the employee to fully satisfy the employee's loan.

Accordingly, the Company bought back the plan shares at a price of 9.10 pence per plan share, being the closing price of the Company's shares on AIM on 26 November 2012. This was a cash neutral transaction as the consideration received by each employee under the buy-back was applied in repayment of their loan so that upon completion of the buy-back the relevant loans are fully satisfied. Note that for accounting purposes these shares were treated as in substance options.

Expense recognised through profit and loss

	2013	2012
	$	$
Expense arising from equity-settled share-based payment transactions	1,269,239	724,481
Total expense	1,269,239	724,481

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk exposures and responses

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

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

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

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

Capital risk management

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

The Group's overall strategy remains unchanged during the years ended 30 June 2013 and 30 June 2012.

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

	2013	2012
	$	$
Financial assets		
Loans and receivables		
Trade and other receivables *	**11,726,101**	12,864,530
Cash and cash equivalents	**6,564,885**	15,716,680
Loans receivable	**1,500,148**	–
Financial assets at fair value through profit and loss	**18,266**	16,374
Available-for-sale financial assets	**29,100**	76,861
	19,838,500	28,674,445
Financial liabilities		
Other financial liabilities at amortised cost		
Interest-bearing loans and borrowings	**(339,438)**	(430,717)
Trade and other payables	**(6,828,169)**	(7,659,667)
	(7,167,607)	(8,090,384)

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

Market risk

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

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

Commodity price risk

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

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

	2013	2012
	$	$
Financial assets		
Trade receivables	**8,172,409**	9,218,185

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

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.

	2013		2012	
	Profit/(loss)	Equity increase/ (decrease)	Profit/(loss)	Equity increase/ (decrease)
10% (FY2012: 10%) increase in PGM prices	**588,413**	**588,413**	809,765	809,765
10% (FY2012: 10%) decrease in PGM prices	**(588,413)**	**(588,413)**	(809,765)	(809,765)

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 2012 and 2013 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 interest-bearing borrowings, relating to finance leases on motor vehicles and equipment.

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

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

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

	2013	2012
	$	$
Financial assets		
Cash and cash equivalents	6,564,885	15,716,680
Loans receivable	1,500,148	–
Financial liabilities		
Interest-bearing loans and borrowings	(339,438)	(430,717)

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates. At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, there would have been a decrease/increase in profit before tax of $7,597 (FY2012: $48,683). The impact on equity would have been the same.

Equity price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's Board of Directors reviews and approves all equity investment decisions. At the reporting date, the exposure to listed equity securities at fair value was $47,366 (FY2012: $93,235).

At reporting date, if the equity prices had been 5% higher or lower, the impact on net loss for the year ended 30 June 2013 and equity would have been immaterial.

Credit risk

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

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

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 amount	Contractual cash flows	Less than 1 year	1 – 5 years	5+ years	Total
	$	$	$	$	$	$
2013						
Non-interest bearing	6,828,169	6,828,169	6,828,169	–	–	6,828,169
Finance lease liability	339,438	367,723	187,846	179,877	–	367,723
	7,167,607	7,195,892	7,016,015	179,877	–	7,195,892
2012						
Non-interest bearing	7,659,667	7,659,667	7,659,667	–	–	7,659,667
Finance lease liability	430,717	479,357	230,048	249,309	–	479,357
	8,090,384	8,139,024	7,889,715	249,309	–	8,139,024

Fair value of financial instruments

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

The following methods and assumptions were used to estimate fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term variable-rate receivables and borrowings are evaluated by the Group based on parameters such as interest rates. As at 30 June 2013 the carrying amounts of such receivables and borrowings were not materially different from their calculated fair values.
- The fair values of listed shares is based on quoted prices at reporting date.

Fair value hierarchy

The table below presents the Group's financial assets and liabilities measured and recognised at fair value, by valuation method in the hierarchy defined below:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

	Level 1	Level 2	Level 3	Total
	$	$	$	$
2013 Assets				
Available-for-sale financial assets	29,100	–	–	29,100
Financial assets at fair value through profit or loss	18,266	–	–	18,266
	47,366	–	–	47,366
2012 Assets				
Available-for-sale financial assets	76,861	–	–	76,861
Financial assets at fair value through profit or loss	16,374	–	–	16,374
	93,235	–	–	93,235

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

25 COMMITMENTS AND CONTINGENCIES

	2013	2012
	$	$
Operating lease commitments		
Future minimum lease payments (net of GST) as at 30 June are as follows:		
Office premises		
The Group has a number of commercial lease arrangements whereby it leases its current office premises, both in Perth and Johannesburg. These leases have an average life of five years with an option to renew at the end of the lease term.		
Within one year	227,251	173,508
After one year but not more than five years	347,268	140,488
More than five years	–	–
	574,519	313,996
Office equipment		
The Group has a number of lease agreements during the period in respect to office equipment. These leases have an average life of five years and no renewal option included in the contract.		
Within one year	27,794	31,742
After one year but not more than five years	55,302	100,079
More than five years	–	–
	83,096	131,821
Finance lease commitments		
The Group has instalment sale agreements for various items of motor vehicles, plant and equipment and computer equipment.		
Motor vehicles		
Within one year	29,585	7,928
After one year but not more than five years	88,893	30,622
More than five years	–	–
	118,478	38,550
Plant and equipment		
Within one year	118,109	194,259
After one year but not more than five years	69,418	198,595
More than five years	–	–
	187,527	392,854
Computer equipment		
Within one year	21,456	–
After one year but not more than five years	11,976	–
More than five years	–	–
	33,432	–
Commitments for plant construction		
At 30 June 2013 commitments were signed for continued improvements of Millsell, Steelpoort, Mooinooi, Lannex, Doornbosch and Tweefontein plants as well as exploration on the Northern Limb.		
Within one year	399,063	7,988,659
After one year but not more than five years	–	–
More than five years	–	–
	399,063	7,988,659

	2013	2012
	$	$
Commitments for property		
An agreement was entered into by subsidiary company Zoetveld Mining and Prospecting (Pty) Ltd on 23 April 2012 to purchase properties consisting of farms. The purchase price is based on fair values of those properties at that date.		
Within one year	–	2,678,500
After one year but not more than five years	–	–
More than five years	–	–
	–	2,678,500

Legal matters

Summons received from Platmin South Africa (Pty) Ltd

On 13 September 2012 Sylvania announced that a summons was received by the Company regarding a claim being brought by Platmin South Africa (Pty) Ltd (Platmin) (previously known as Boynton Investments (Pty) Ltd (Boynton)), a subsidiary of Platmin Limited.
The summons declared that Platmin is the co-owner of the tailings, or, alternatively, the co-owner of the PGMs contained in the Lannex tailings dam situated on the Farm Grootboom in the District of Lydenburg, Mpumulanga, South Africa.

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

The Board of Sylvania continues to refute these claims and intends again to defend them vigorously.

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 Group, including their personally related parties, is set out below:

	Balance at the start of the year	Issued under share and option plan	Other changes during the year	Balance at the end of the year
Director 2013				
TM McConnachie	500,000	–	–	500,000
RD Rossiter	1,032,000	–	(1,000,000)	32,000
GM Button	300,000	–	–	300,000
RA Williams	–	–	173,000	173,000
Director 2012				
TM McConnachie	500,000	–	–	500,000
RD Rossiter	1,032,000	–	–	1,032,000
GM 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.

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

26. KEY MANAGEMENT DISCLOSURE (continued)

The number of options in the Company held during the year by each Director of the Group, including personally related parties is set out below:

	Balance at the start of the year	Issued under share and option plan	Other changes during the year	Balance at the end of the year
Director 2013				
TM McConnachie	2,000,000	–	–	2,000,000
RD Rossiter	1,000,000	–	–	1,000,000
GM Button	1,000,000	–	–	1,000,000
LM Carroll	1,500,000	–	–	1,500,000
RA Williams	500,000	–	–	500,000
SA Murray	–	1,000,000	–	1,000,000
Director 2012				
TM McConnachie	–	2,000,000	–	2,000,000
RD Rossiter	–	1,000,000	–	1,000,000
GM Button	–	1,000,000	–	1,000,000
LM Carroll	–	1,500,000	–	1,500,000
RA Williams	–	500,000	–	500,000

Key management personnel compensation

	2013 $	2012 $
Short-term	2,626,763	3,605,619
Post-employment	–	38,682
Share-based payments	1,219,682	637,738
	3,846,445	4,282,039
Consultants previously considered key management:		
Termination payments	–	295,000
Share-based payments	49,557	55,215
	–	350,215
Total	3,896,002	4,632,254

Compensation options: granted under the employee option plan

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

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in note 23.

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 % 2013	Equity Holding % 2012
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
Sylvania Holdings Limited	Mauritius	Ordinary	**100**	100
Aralon Holdings Limited	Mauritius	Ordinary	**100**	100
Sylvania (Mauritius) Limited (previously Ironveld Holdings (Mauritius) Limited)	Mauritius	Ordinary	**100**	100
Ironveld Mauritius Limited	Mauritius	Ordinary	**–**	100
Sylvania South Africa (Pty) Ltd	South Africa	Ordinary	**74**	74
Sylvania Metals (Pty) Ltd	South Africa	Ordinary	**100**	100
Sylvania Properties (Pty) Ltd	South Africa	Ordinary	**100**	100
Sylvania Mining (Pty) Ltd	South Africa	Ordinary	**100**	100
Great Australian Resources 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
Ironveld Holdings (Pty) Ltd	South Africa	Ordinary	**–**	100
Ironveld Mining (Pty) Ltd	South Africa	Ordinary	**–**	100
Lapon Mining (Pty) Ltd	South Africa	Ordinary	**(a)**	100
HW Iron (Pty) Ltd	South Africa	Ordinary	**(a)**	100
Luge Prospecting and Mining Company (Pty) Ltd	South Africa	Ordinary	**–**	100
Volspruit Mining Company (Pty) Ltd	South Africa	Ordinary	**100**	100
Zoetveld Mining and Prospecting (Pty) Ltd	South Africa	Ordinary	**100**	100

a) The Group has a 26% interest in Lapon Mining (Pty) Ltd and a 29% interest in HW Iron (Pty) Ltd as a result of the sale of the future mining rights of the iron ore assets (refer to note 8).

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

Other related parties relationships

Entities controlled or significantly influenced by key management	Summer Sun Trading 210 (Pty) Ltd Southridge Properties (Pty) Ltd Realm Resources Ltd Ferrum Crescent Ltd

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

27. RELATED PARTY TRANSACTIONS (continued)

Loans to/(from) related parties

There are no outstanding balances with related parties as at 30 June 2013.

Terms and conditions with related parties

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

Outstanding balances are unsecured and are repayable in cash.

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 (FY2012: 25%).

Terms and conditions with jointly controlled entity

Payments made on behalf of CTRP 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.

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:

	2013	2012
	$	$
Service fees paid to related parties		
Realm Resources SA (Pty) Ltd	**(27,192)**	–
Summer Sun Trading 210 (Pty) Ltd	**(21,736)**	(16,811)
Southridge Properties (Pty) Ltd	**(1,583)**	(2,178)
Recoveries from related parties		
Realm Resources Limited	**4,408**	15,832
Ferrum Crescent Limited	**69,864**	84,020
	23,761	80,863

28. CLOSED GROUP CLASS ORDER DISCLOSURE

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

Name	Country of incorporation	Equity interest %	Investment $
Sylvania Resources Proprietary Limited	Australia	100	173,848,845

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 a controlled entity or if they do not meet their obligations under the terms of overdraft, loans, leases or other liabilities subject to the guarantee. The controlled entity has also given a similar guarantee in the event that Sylvania 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

	2013	2012
	$	$
Revenue	–	–
Cost of sales	–	–
Gross profit	–	–
Other income	9,912,732	32,504
Foreign exchange gain/(loss)	160,811	(24,248)
Impairment of available-for-sale financial assets	(44,394)	(368,797)
Share-based payment expense	(861,912)	(430,513)
General and administrative costs	(2,767,462)	(4,425,776)
Operating profit/(loss)	6,399,775	(5,216,830)
Finance revenue	90,708	324,015
Profit/(loss) before income tax expense	6,490,483	(4,892,815)
Income tax (expense) / benefit	–	–
Net profit/(loss) for the year	6,490,483	(4,892,815)

Consolidated Statement of Financial Position

Assets		
Non-current assets		
Investments	89,075,277	99,811,753
Available-for-sale financial assets	29,100	76,861
Loans receivable	69,355,829	77,630,055
Property, plant and equipment	11,906	19,971
Total non-current assets	158,472,112	177,538,640
Current assets		
Cash and cash equivalents	1,814,745	5,148,594
Trade and other receivables	281,003	357,901
Total current assets	2,095,748	5,506,495
Total assets	160,567,860	183,045,135
Equity and liabilities		
Shareholders' equity		
Issued capital	29,515,539	29,557,290
Reserves	132,414,719	161,441,644
Accumulated losses	(1,950,218)	(8,440,701)
Equity attributable to the owners of the parent	159,980,040	182,558,233
Non-controlling interest	–	–
Total equity	159,980,040	182,558,233
Current liabilities		
Trade and other payables	587,820	486,902
Total current liabilities	587,820	486,902
Total liabilities	587,820	486,902
Total liabilities and shareholders' equity	160,567,860	183,045,135

Notes to the consolidated financial statements

(for the year ended 30 June 2013)

29. EVENTS AFTER THE BALANCE SHEET DATE

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

Directors' responsibilities in the preparation of the financial statements

(for the year ended 30 June 2013)

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

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

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

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

2. the sections of the annual report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

TM McConnachie
Chief Executive Officer

23 August 2013

Building a better working world

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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 statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement 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 and for 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 International 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 2013, 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

Ernst & Young
Perth
23 August 2013

RK:DJ:Sylvania:035

Additional information for listed public companies

SHAREHOLDERS PROFILE AS AT 3 JULY 2013

SHAREHOLDERS HOLDING 3% OR MORE FULLY PAID SHARES

	Shareholder	Number of shares	% shareholding
1	Africa Asia Capital	58,882,551	19.76
2	Audley Capital	32,196,816	10.80
3	M&G Investment Management	28,915,850	9.70
4	JP Morgan Asset Management	18,675,507	6.27
5	Legal & General Investment Management	17,872,376	6.00
6	Odey Asset Management	17,367,657	5.83
7	Capital Research & Management	15,000,000	5.03
8	UBS	11,737,900	3.94
		200,648,657	**67.33**

Glossary of terms 2013

The following definitions apply throughout the annual financial statements:

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

Corporate directory

DIRECTORS
SA Murray – Non-executive Chairman

TM McConnachie – Chief Executive Officer

GM Button – Executive Director

RA Williams – Independent Non-executive Director

COMPANY SECRETARY
Codan Services Limited

PRINCIPAL REGISTERED OFFICE
Clarendon House
in Bermuda
2 Church Street
Hamilton HM11
Bermuda

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

AUDITORS
Ernst & Young
11 Mounts Bay Road
Perth, Western Australia, 6000
Australia

SOLICITORS
Allen & Overy
Level 27, Exchange Plaza
2 The Esplanade
Perth, Western Australia, 6000
Australia

NOMINATED ADVISOR AND BROKER
Liberum Capital
Ropemaker Place
Level 12, 25 Ropemaker Street
London, EC2Y 9LY
United Kingdom

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

WEBSITE
www.sylvaniaplatinum.com

ANNUAL REPORT 2013

Clarendon House, 2 Church Street,
Hamilton HMII, Bermuda

www.sylvaniaplatinum.com