SYLVANIA
PLATINUM LIMITED

2018 ANNUAL REPORT

ABOUT US

LOW-COST PRODUCER OF PLATINUM GROUP METALS

Sylvania Platinum Limited (Sylvania) is a low-cost producer of the platinum group metals (PGMs) platinum, palladium and rhodium, with two distinct lines of business: the re-treatment of PGM-rich chrome tailings material from mines in the region and the potential development of shallow mining operations and processing methods for low-cost PGM extraction.

WE CREATE

SYLVANIA
PLATINUM LIMITED

DISCLAIMER

To the best knowledge and belief of Sylvania Platinum and its Directors (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information, prepared in accordance with applicable law and regulations.

CONTENTS

VALUE


WE VALUE
MSDS

ABOUT SYLVANIA

THE SAFETY AND HEALTH OF ALL

EMPLOYEES ARE AT THE HEART OF OUR COMPANY

so we place their safety and health above all else in everything that we do.

CORPORATE PROFILE

Sylvania Platinum Limited is a

LOW-COST PRODUCER OF

PLATINUM GROUP METALS (PGMs) INCLUDING

78 **Pt** 195.08 Platinum 46 **Pd** 106.42 Palladium 45 **Rh** 102.90 Rhodium

The Company's core business is the retreatment of PGM bearing chrome tailings material. The Company also holds prospecting and mining rights for a number of PGM projects on the Northern Limb of the Bushveld Igneous Complex.

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.

The Company's focus is on cash generation and it will return capital to shareholders according to the dividend policy.

The Board has also recommended the payment of a maiden cash dividend of 0.35 pence per share, following shareholder approval at the forthcoming Annual General Meeting (AGM) to be held on 23 November 2018.

The Sylvania cash generating subsidiaries are incorporated in South Africa with the functional currency of these operations being SA Rand (ZAR). Revenues from the sale of PGMs are incurred in US Dollars (USD) and then converted into ZAR.

The Group's reporting currency is USD as the parent company is incorporated in Bermuda. Corporate and general and administration costs are incurred in USD, Great British Pounds (GBP) and ZAR.

REPORT PROFILE

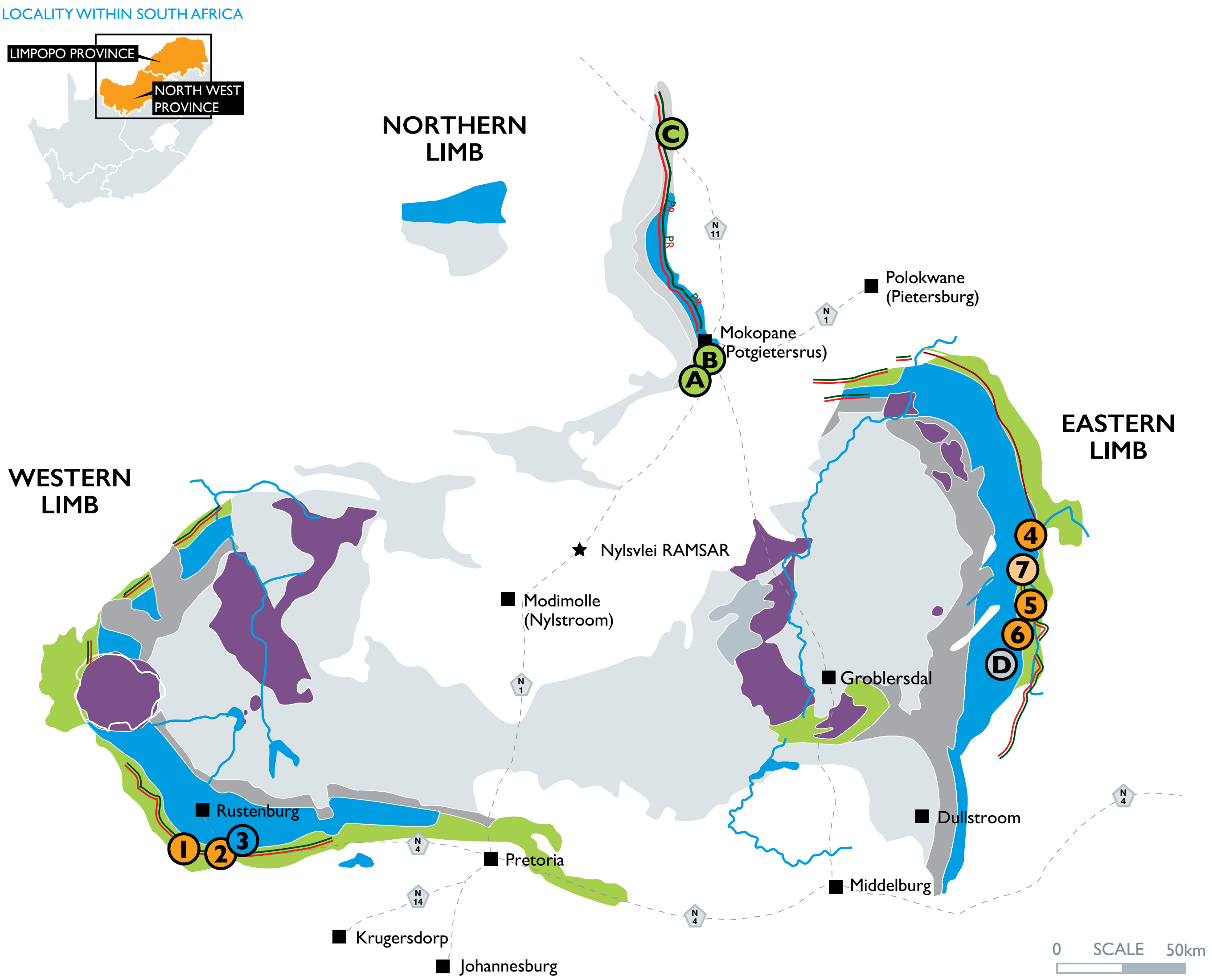
This annual report presents a review of the operational and financial performance of Sylvania Platinum Limited (Sylvania) or (the Company) for the 12 months ended 30 June 2018. The report includes an analysis of the Company's material issues and the steps taken to operate successfully and sustainably within its governance and risk framework.

Scan this QR code to download a PDF version of this report.

The consolidated financial statements, set out on pages 38 to 84, were approved on 27 August 2018. 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, unless otherwise stated.

The Company is quoted on AIM, and in accordance with the AIM Rules for Companies (the AIM Rules), has chosen to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 for Smaller Companies. In accordance with the AIM Rules this will be adopted and implemented from September 2018, and a summary will be available on the Company's website (www.sylvaniaplatinum.com) from that date. The corporate governance statement can be found on pages 30 and 31 of this report.

LOCATION OF OPERATIONS AND PROJECTS



Rustenburg Layered Suite

- Granites and allied rocks
- Upper zone
- Main zone
- Critical, lower and marginal zones
- Merensky reef
- UG2 Chromitite layer
- PR Platreef
- Main roads
- Main river
- SLP Sylvania
- SDO Sylvania Dump Operations
- Younger cover rocks
- Younger alkaline intrusions and carbonatities

LEGEND

Operating Sylvania complexes

1. Millsell (SDO)
2. Mooinooi – Dump and ROM (SDO)
3. Lesedi SDO)
   Acquired: Nov '17
   Previously Phoenix Platinum
4. Doornbosch (SDO)
5. Lannex (SDO)
6. Tweefontein (SDO)

Decommissioned operations

7. Steelpoort (SDO)
   Decommissioned: Jun '17

Mineral projects

- A Volspruit
- B Grasvally
- C Northern Limb projects
- D Everest North

Impaired during FY2013

INPUTS 2017

28%

GROUP REVENUE

increased 28% year-on-year to $50.5 million (FY2016: $39.5 million)

54%

SDO EBITDA

increased 54% to $20.0 million for SDO (FY2016: $13.0 million)

65%

GROUP EBITDA

improved by 65% to $18.3 million (FY2016: $11.1 million)

12%

G&A COSTS

General and administrative costs down by 12% from $2.26 million in FY2016 to $2.00 million

VALUE CREATION

VISION

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

MISSION

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

VALUES

- We value the safety and health of all
- We value the fundamental rights of people
- We value honesty and integrity
- We respect the environment
- We value the culture, traditional rights and society in which we operate

OUTPUTS 2018

24%

NET REVENUE

up 24% to $62.8 million (FY2017: $50.5 million)

21%

GROUP EBITDA

improved by 21% on FY2017 to $22.2 million

24%

NET PROFIT

$11.0 million compared to $8.9 million in FY2017

$14.0 million

CASH BALANCE

positive Group cash balance (including guarantees of $1.0 million)

84%

GROSS PROFIT

up by 84% year-on-year from $7.73 million in FY2016 to $14.26 million

$8.87 million

PROFIT

after income tax of $8.87 million achieved (FY2016: $3.73 million)

139%

EPS

Basic earnings per share (EPS) improved 139% to 3.06 US cents per share from 1.28 US cents per share in FY2016

162%

CAPEX

Group capital and exploration expenditure increased by 162% to $4.67 million (FY2016: $1.78 million)

VALUE CREATION

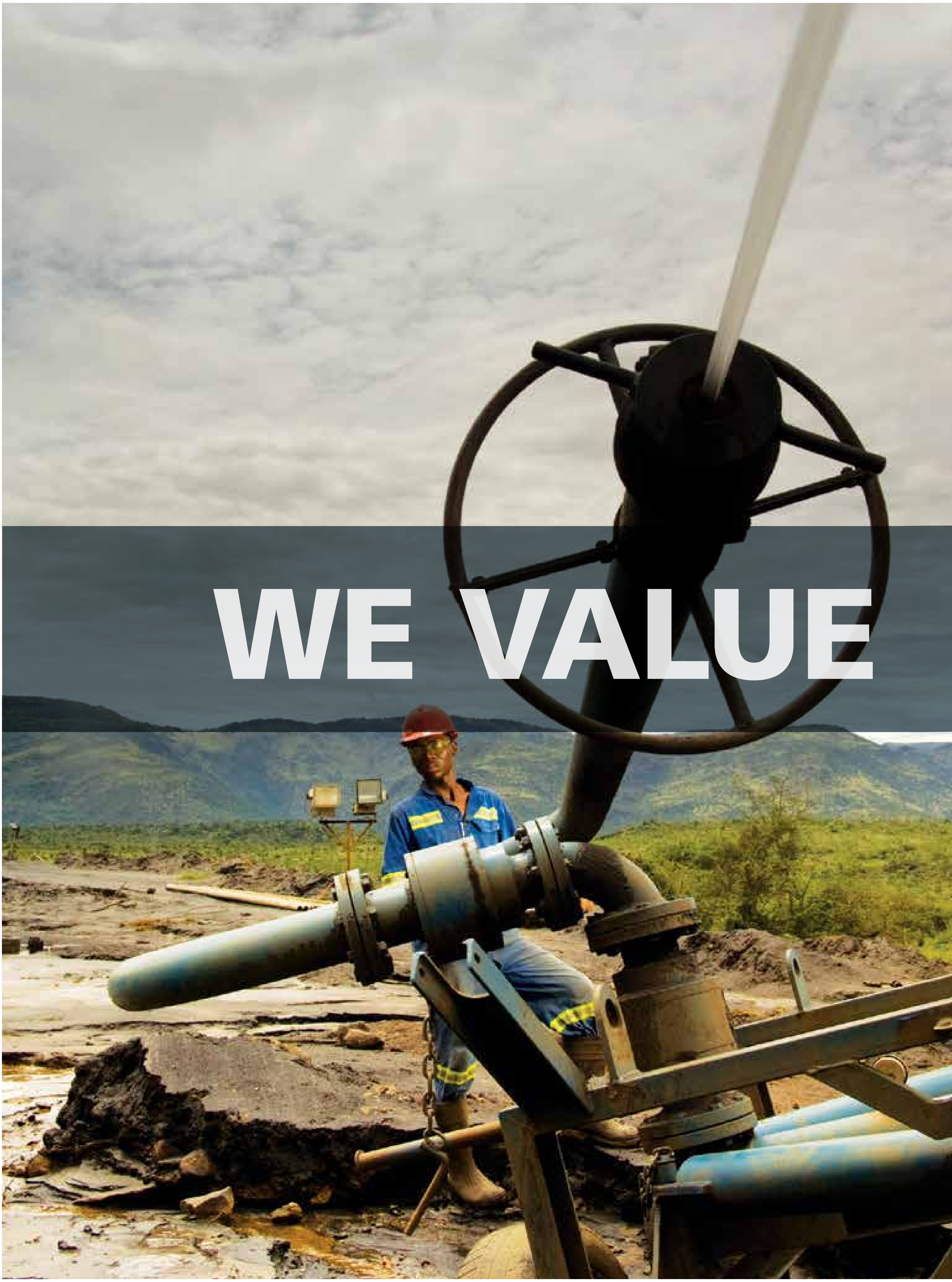
- Free cash flow generation
- Optimisation of value from current resources and infrastructure
- Opportunistic growth through further tailings treatment deals
- Preserve option value in other assets and realise when possible

SHAREHOLDER-FRIENDLY USE OF CASH

- Only commit capital to **growth projects** when internal hurdle rate is met
- Opportunistic **buyback of shares**
- Satisfy Sylvania bonus share awards through buybacks to prevent dilution or cancel shares to **enhance shareholder returns**
- **Pay shareholder dividends** in terms of revised Dividend Policy
- Project Echo **funded from internal resources** and rolled out across operation

FUTURE PROSPECTS

- Company can continue to fund capital expansion projects with current forecast cash resources
- Fast-tracking Mooinooi's MF2 module to counter delays in commissioning Tweefontein Project Echo MF2 module
- Grade and recovery optimisation to support increased production in FY2019
- Relocation of old Steelpoort chrome plant to Lesedi operation for higher PGM feed grade to flotation



WE VALUE

STRATEGIC MANAGEMENT

AND RESPECT THE ENVIRONMENT

WE ACT IN A MANNER THAT IS SUSTAINABLE

and environmentally responsible, applying professional and innovative methods.

Letter to fellow shareholders

OVERVIEW OF THE YEAR

The results of the past 12 months were quite pleasing. In a constrained operating environment, Sylvania's dump operations (SDO) have delivered on the promises made in the previous financial year. Despite a production wobble due to delays at Millsell, where licensing of our newly constructed tailings facility was protracted, and at Tweefontein, where power supply was erratic, we managed to realise the returns we had proposed in our revised guidance.

We are certainly encouraged by the highlights of our past year, particularly the valuable acquisition of Phoenix Platinum Mining (Pty) Ltd (renamed Lesedi) at a fair price – we didn't overpay to realise our growth ambitions. The roll-out of secondary milling flotation circuits (MF2) under Project Echo, also remains a sound business decision that will enable us to maintain sustainability of the SDO. With Millsell and Doornbosch's MF2s already online, we expect to reap greater rewards once Mooinooi MF2 is up and running in FY2019.

Despite our positive prospects, reliable power supply presents serious cause for concern while the ongoing issues at our national power utility continues to hamstring opportunities within the mining sector. To mitigate this risk, we decided to reshuffle the order of our roll-out of Project Echo, which adversely affected planned production for FY2018.

Thankfully, largely owing to the gumption of our Management teams and our acquisition of Lesedi, production is still up year-on-year, and within our guidance of 71,000 to 75,000 ounces, albeit at the lower end.

With the longer term in mind, government needs to address the shortcomings of the proposed Mining Charter so that the industry does not end up paying for the sins of the past, while poor service delivery (infrastructure and water, especially) and resultant community unrest continue unabated.

SHARE BUYBACK

In the interests of our shareholders, the Company began an active Share Buyback Programme during the financial year. Due to the Company's initial domicile in Australia prior to our redomicile to Bermuda, 40% of our shareholders owned 3% of the register, with little opportunity to trade. It was impractical to maintain a register of shareholders outside of the UK trading platform on which the Company's shares are traded. The Share Buyback Programme aimed to assist this group of shareholders obtain fair value at minimal cost.

The final extension of the programme ran to 24 August 2018 when approximately 57% of non-UK shareholders were bought out with mutual benefit for all.

At the close of the reporting period, the cost of the Share Buyback Programme to the Company amounted to A$369,386 with the Company successfully buying back 2,281,570 shares. Upon conclusion of the Programme, a total of 2,397,481 shares were bought back at a total cost of A$388,152 and all will be cancelled in due course. No further buybacks are envisioned although your Directors will continue to assess opportunities and act accordingly.

This Share Buyback Programme will ultimately result in a 'tidier' shareholder register that will facilitate the administration of a dividend.

Stuart Murray
Chairman

DIVIDENDS

On the 3rd August 2018, I received an interesting letter from an individual shareholder with a sizeable holding. In his letter he requested that the Company consider the introduction of a dividend, however modest, with the 2018 Final Results. Included in his motivation was, *inter alia*, a copy of the Company's dividend policy as announced on 21 January 2013.

“Production is still up year-on-year,

and within our guidance of 71,000 to 75,000 ounces, albeit at the lower end.”

Whilst I was not a party to the creation of the policy, I believe it would have been imprudent of the Company to pay a dividend in recent years (despite meeting its criteria). As it is written, it is a policy that is simplistic to say the least and more so in the more complicated environment of today's Sylvania.

The policy is out-moded in its reference to a base-level of cash holdings and to 'earnings' – a figure, which in these days of IFRS rules, can be quite out of step with the underlying financial Company performance and its cashflow.

At our most recent Board meeting feelings ran higher than usual when the dividend matter was debated. With a strong operational performance in FY2018 one might expect a dividend payment would be an easy decision. However, the price of Platinum and Palladium has been volatile finishing the year at multi-year lows and minor metal, Rhodium's, stellar performance has saved the financial day for the Company.

Your Company has a large working capital requirement as we only get paid for the metals 'mined' today after about four months. Our production is nearly double that of FY2013, with a concomitant increase in working capital needs. During the time in process, the Company remains affected by the gyrations in both prices and exchange rate. The bills to operate and our large capital commitment to Project Echo must be paid. Our FY2019 capex is estimated at ZAR144.0 million. The taxman has to be paid and he enjoyed a $4.1 million 'dividend' this last year. More will go his way in FY2019.

The acquisition of Lesedi was paid for out of cash reserves with no recourse to bank debt or other funding structures. A key attraction of the deal to the seller was our capacity to quickly close as there was no need to arrange bridging or long-term funding solutions.

In addition to the Share Buyback Programme discussed above, our other ad-hoc buybacks over recent times, including buying in employee shares options on vesting, has enabled the Company to reduce the shares in issue. In the absence of buybacks, the Company would have in the region of 315 million shares on issue which includes the 15 million options. The current figure is around 286 million. This amounts to a nine percent reduction in shares in issue. This has been accomplished at reasonable cost.

Much of the above good news might have been negated by a slavish following of the 2013 dividend policy.

In light of the above, your Board has decided to re-write the policy and this will be released in due course. It will encompass the following considerations:

- **Liquidity and forecast cash requirements of the business:** the four-month working capital cycle which needs to be provided for and translates into a figure of around $12.0 million at today's production rates, prices, exchange rate and which prudently be retained in the business on an on-going basis;
- **Debt:** some negative covenants that restrict the payment of dividends in the event the Company secures external funding are usual with such finance. In recent years we have redeemed just about all forms of indebtedness including the near ZAR70.0 million in pipeline finance (from our smelter / refiner). In drawing pipeline finance, we could report a higher cash balance and that would have triggered a dividend under the old policy, but pipeline finance gets repaid on final settlement and such a practice amounts to nothing more than smoke and mirrors;
- **Capital Expenditure Initiatives:** the Company has most recently embarked on Project Echo, a new capex initiative to significantly extend the life of the SDO and cash requirements such as this must take priority;
- **Legal Considerations:** Bermudan law permits a company to declare or pay a dividend, subject to complying with the tests set out in their Companies Act which provide that a company may not declare or pay a dividend if there are reasonable grounds for believing that:
  - the company is, or would after the payment, be unable to pay its liabilities as they become due; or
  - the realisable value of the company's assets would thereby be less than its liabilities;
- **Sustainability:** once Sylvania is on the proverbial 'dividend treadmill' it has every intention to remain there. There are several examples of resource companies reducing or halting dividend payments to the detriment of their share prices; and
- **Metal prices and Rand / Dollar Exchange Rate:** fluctuations in prices can have major impact on the Company's results, especially with lengthy payment terms. Cognisance must therefore be taken of current and anticipated prices. A cash buffer needs to be kept in the event of a large fall in prices in a short period (note Q4 FY2018) and in the event that pipeline finance has to be repaid.

So, given the above I am pleased to announce the Board's recommendation of payment of a maiden cash dividend of 0.35 pence per share, following shareholder approval at the forthcoming AGM to be held on 23 November 2018. Your Company will keep you apprised of the details in this regard.

OPERATIONS

Mining Platinum in the current climate is immensely challenging and taxing on shareholders. We therefore remain focused primarily on the retreatment of tailings. Sylvania's strength is in its positioning as a low-cost producer.

Project Echo is proceeding well with the Millsell and Doornbosch MF2 modules commissioned during the year. While commissioning of Millsell did not proceed as planned, it is on track to deliver as promised. As mentioned in our quarterly reports, Tweefontein was deferred due to power issues, which we may have to endure for longer than previously anticipated. As a result, the roll-out of Mooinooi is being fast-tracked and your Board is examining the opportunity to place MF2 at Lesedi.

"The past financial year ended with the Platinum price the same as it was after the 2008 financial crisis."

Lesedi's integration into the Company has been relatively smooth with the plant producing the highest number of ounces ever achieved in December 2017. The synergies we recognised are proving their worth, and our operating and technical expertise has prevailed.

We plan to move the redundant chrome separation plant from Steelpoort to Lesedi to allow for higher chrome feed into the plant – a low-cost, innovative solution that will also enable chrome removal. In addition, Sylvania's own resources will be combined with those that came with the Lesedi transaction, thereby further boosting PGM output.

Exploration activities on the Northern Limb, and at Grasvally and Volspruit, remain much the same as last year. A major consideration in the development of Grasvally is the extremely volatile chrome ore market, which made it difficult to specify a suitable price for the project. However, completion of the first phase of the bulk sample has reaped rewards. Once we deliver a fully indicated resource, a final sale process will be reviewed.

With regard to exploration activities, it is inconceivable that we will be able to develop these assets at the current Platinum price below $800/ounce. But that does not mean there is no inherent value – we see potential in what has been spent and what is in the ground. As with Grasvally, these opportunities are reviewed continuously.

MARKET OUTLOOK

The past financial year ended with the Platinum price the same as it was after the 2008 financial crisis, and we don't expect this to improve while supply continues to exceed fundamental demand. This vindicates our decision to venture cautiously in pursuit of further exploration opportunities.

We continue to uphold our strategy to keep costs at sensible levels and not spend capital unnecessarily in order to grow and thus ride the wave of South African inflation. Continuous metallurgical innovation at our plants demonstrates our willingness to embrace improvements in technology, which in turn improves recovery and helps reduce unit costs against aggressive on-mine inflation. Our decision to curtail exploration and defend licensing at the lowest possible cost – in the hope that one day our assets will show greater value – is another enabling factor.

We remain extremely concerned about the Platinum price but our revenues have increased despite production ounces remaining static year-on-year, due to higher Rhodium and Palladium prices, influencing our gross basket price. We remain debt-free with a positive cash balance. We continue to focus on cash generation net of capital expenditure, and will only expand if we have positive cash growth – a challenge your Board has set for our Management team.

FUTURE PLANS

As we expect a further increase in production when we realise the full-year benefits of Lesedi, the parts of Project Echo that are due to be completed alongside ongoing metallurgical efficiency improvements in the plants, your Board has set our production guidance at 76,000 to 78,000 ounces in FY2019. We anticipate a 6% to 10% increase in output in the coming financial year due to the further roll-out of Project Echo.

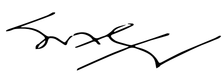
We will continue to keep our management team on their toes and maintain costs as low as possible in light of the poorly state of Platinum. At this stage, I do not foresee a recovery going forward as there is too much noise about diesel/petrol substitutions as well as battery and/or electric vehicles – not to mention plans for ongoing expansion by capacity hooligans in South Africa and Zimbabwe destroying market fundamentals and, as a result, ensuring the US Dollar Platinum price remains low.

The ZAR basket will also remain anaemic, I predict, although the majors are trying to stanch the haemorrhage with grandiose plans that do no more than distract shareholders while investor appetite continues to wane.

Nevertheless, our shareholders can expect an improvement in output while we endeavour to keep costs flat in nominal terms. We anticipate a modest improvement in our net profit position despite the fact that capital expenditure will be in its peak year due to Project Echo, metallurgical improvements and the retrofit at Lesedi.

THANKS

I thank our management team, employees, our host mine and our shareholders as we move forward confidently into the unchartered territory presented by the coming year. Without all of you, and Rhodium (for its positive effect on vehicle emissions) in our basket, our endeavours would amount to nought.



Stuart Murray
Chairman

Terry McConnachie
Chief Executive Officer

This is the fifth consecutive year of record production at the SDO plants."

Sylvania Platinum began treating tailings dumps and current arisings on the property of our host mine some 10 years ago.

The intention at the time was to develop a five-year project which would peak at 70,000 ounces per year and then taper off rapidly once the dumps were depleted. The project was, at that stage, planned at a PGM basket price of ~$2,000/ounce with costs estimated at just over $300/ounce. The Company was going to prosper! Who would have believed that there would be only one or two years of glory before the Platinum price plummeted to under $800/ounce in 2008.

The Company's plan to high-grade the dump resources over the span of a few years had to be urgently re-thought out, taking into consideration the business model evolving with the impact of the increasing prices in mind. To extend the life of the operations, the Company made sure that it optimised the extraction of PGM ounces from the then limited reserves that it had a contractual right to in order to repay the capital invested in operations.

All credit to the management team who then resourcefully set about re-thinking the business model fundamentals and re-planned production with innovative engineering and metallurgical technology that improved recovery and thereby extended the life of the business. Also fortuitously, while the platinum price was going down the chrome market on the back of stainless steel, demand was growing rapidly. This in turn gave Sylvania access to increased current arisings from our host mines. The fresh, un-oxidised, current arisings were then and still are forecast to continue for many years to come, transforming the business from a short term business to a longer life sustainable business model.

The Board and management realised that capital control that resulted in a good return on capital employed was essential to the business. The strategy was to contain costs and work towards being the lowest cost producer in the world with a carefully planned and executed capital spend. Today your Board are proud to see that independent financial institutions are consistently rating Sylvania as the lowest cost producer of PGMs in the world.

The Company has developed and implemented new technology that has enabled it to retreat the dumps more than once, indeed a few times over, thereby extracting a high percentage of the recoverable PGMs. Over the last few years other cost saving initiatives such as hydro mining the dumps, fine grinding and magnetic chrome separation have helped contain and, in some instances, reduce costs. It's rewarding to see that after five consecutive years of record production Sylvania's safety record remains impeccable and half of the operations each recorded in excess of five years of injury free operations.

Disciplined capital spending, innovative metallurgical improvements and revised concentrate off-take agreements have all contributed to a positive margin being generated year-after-year. The SDO business has been profitable for the last few years and this has created a relatively strong balance sheet where there is no bank debt, no pipeline finance and a decent amount of cash in the bank.

The Company has two years of build left on Project Echo upgrades and hopefully, once this is completed, should have a sustainable business going forward with limited new capital requirements. This in turn should continue to support the ongoing share buybacks currently undertaken over the last few years as well as the intention of paying sustainable dividends.

The 2018 operational, financial and corporate results can be summarised as follows:

OPERATIONAL PERFORMANCE

The SDO delivered 71,026 ounces in the 2018 financial year, including record monthly production of 7,400 ounces in June 2018 and a record quarterly production of 20,278 ounces in the fourth quarter. This is the fifth consecutive year of record production at the SDO plants.

A 6% year-on-year improvement in PGM tons treated helped to mitigate the impact of an 11% lower PGM feed grade and a 3% decrease in recovery efficiency, associated with a delay in authorisation of the water use licence at the Millsell operation. Post the approval of the water licence in January 2018 the tailings dam at Millsell has been operating well, and feed grades have returned to planned levels.

The planned closure of the Steelpoort plant in June 2017 had a further impact on PGM production. Fortunately, this was mitigated by the timely acquisition of Lesedi (formerly Phoenix Platinum Mining) for the cash purchase price of ZAR89.0 million ($6.3 million), which was funded internally.

Management's 2018 business plan accurately accounted for normalised PGM feed tons and grades, and the steady improvement in the production trend from the third quarter is testament to these improvements. The business plan also correctly predicted a dip in SDO production owing to the planned closure of Steelpoort and the December/January holiday shutdown however, the continued delay in approval for the Millsell tailings dam alternative lining and lower-than-anticipated current arisings for a short period were outside of management's control.

The SDO cash cost increased by 20% in South African Rand terms (the functional currency) from ZAR5,802/ounce to ZAR6,969/ounce while the US dollar cash cost increased by 27% year-on-year to $543/ounce against $426/ounce in FY2017. The cost increases were largely due to one off costs associated with ensuring the Lesedi operation's profitability and the delayed commissioning of the tailings dam at Millsell.

The opportunities presented by production challenges were realised by cost optimisation initiatives and PGM recovery at the Lesedi operation, and by implementing proprietary processing modifications at Millsell, Doornbosch and Tweefontein.

As highlighted in the half-year report, delays in the roll-out of the Project Echo MF2 at Tweefontein, due to power constraints, were counteracted by fast-tracking the module at Mooinooi. Commissioning at Mooinooi is planned for early 2019 while construction at Tweefontein is expected to begin in mid-2019, depending on completion of an infrastructure upgrade by the national power utility.

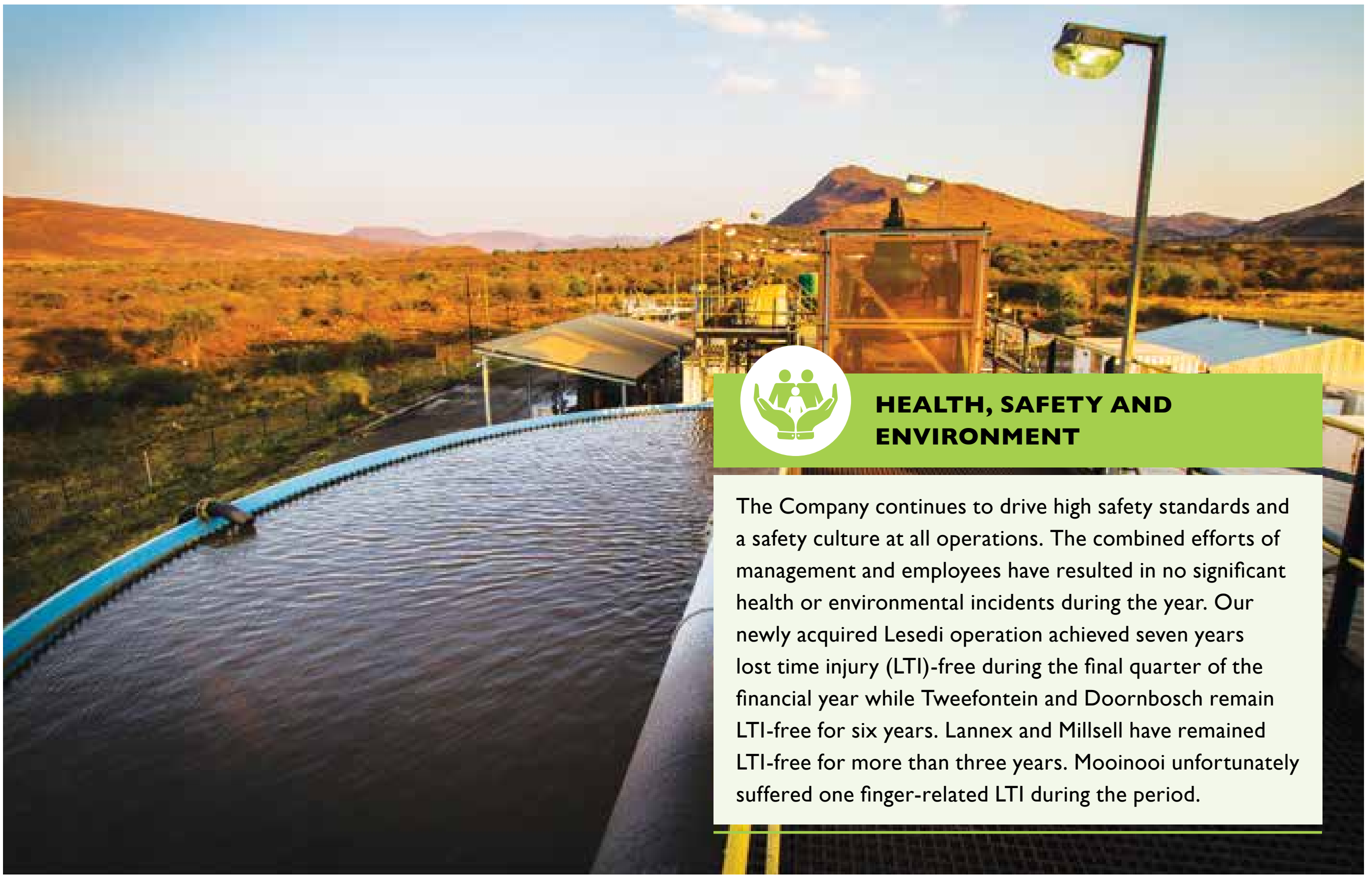
Relocation of our redundant Steelpoort chrome circuit to Lesedi was also identified as an opportunity to improve chrome removal ahead of flotation, which will enable higher PGM feed, analogous to the standard Sylvania SDO operating model.

LESEDI

The acquisition of Lesedi, finalised during the period under review and funded internally, culminated in the take-over of operations in November 2017 for the cash purchase price of ZAR89.0 million ($6.3 million).

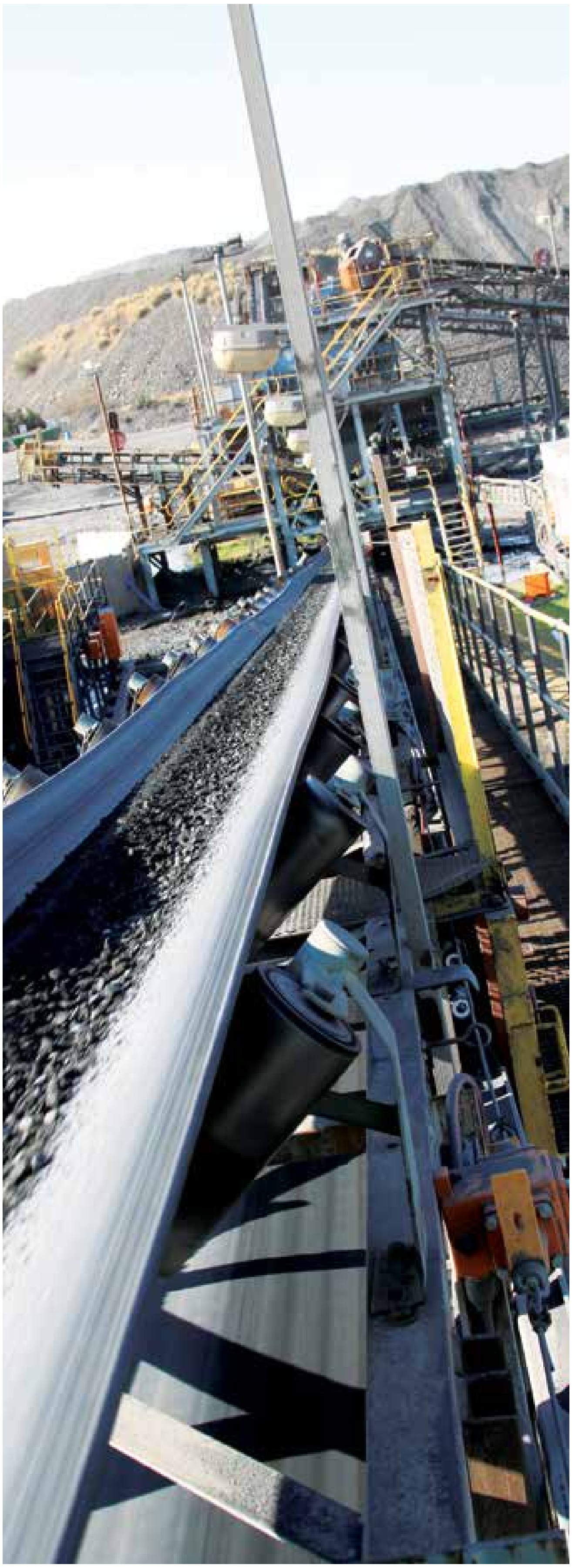
The plant proved its value in the first month of production by operating profitably. Several initiatives and synergies identified and implemented by management have realised cost and production efficiencies. The primary focus, as with all operations, is on increasing plant production volumes, and improving plant feed stability, feed grade and recovery efficiency to boost PGM ounce production. Management is also implementing action plans to reduce overall production costs. It is the Board's intention to implement an MF2 upgrade at Lesedi.

We have also acquired the redundant chrome retreatment plant previously owned by the RK1 Consortium of which Sylvania was a 25% partner, for ZAR6.5 million. Our team is presently in the process of dismantling the plant for relocation to Lesedi.



HEALTH, SAFETY AND ENVIRONMENT

The Company continues to drive high safety standards and a safety culture at all operations. The combined efforts of management and employees have resulted in no significant health or environmental incidents during the year. Our newly acquired Lesedi operation achieved seven years lost time injury (LTI)-free during the final quarter of the financial year while Tweefontein and Doornbosch remain LTI-free for six years. Lannex and Millsell have remained LTI-free for more than three years. Mooinooi unfortunately suffered one finger-related LTI during the period.



FINANCIAL PERFORMANCE

The Company remains debt-free with a cash balance of $14.0 million, allowing for the continued funding of Project Echo.

A large portion of Group cash is currently held in ZAR and invested in short-term money market deposits.

The average USD:ZAR exchange rate was ZAR12.82:$1 against the ZAR13.61:$1 recorded in the previous period, and the spot was ZAR13.75:$1 at 30 June 2018.

Cash generated from operations before working capital movements was $22.9 million with net changes in working capital resulting in a reduction of $4.5 million. Net finance income amounted to $0.8 million and $4.1 million was paid in income taxes during the year.

Major spend items included the purchase of Lesedi for $6.3 million, $0.4 million on exploration activities (FY2017: $0.7 million), $7.6 million on capital projects and stay-in-business capital for the SDO plants (FY2017: $3.5 million).

At corporate level, $1.4 million was paid to non-UK shareholders in terms of the Share Buyback Programme and other strategic buybacks (FY2017: $0.6 million). A total of $0.2 million was spent on rehabilitation insurance guarantees and receipt of the outstanding loan to Ironveld Holdings (Pty) Ltd, which resulted in an inflow of $1.2 million.

The impact of exchange rate fluctuations on cash held at year end was a $1.1 million loss (FY2017: $1.0 million gain).

Revenue on sales (4E) increased by 11% in dollar terms to $52.3 million year-on-year. Revenue from by-products increased significantly to $5.5 million (R70.8 million) and net revenue increased by 24% and 17% respectively in dollar and rand terms to $62.8 million and ZAR804.9 million.

The average gross basket price for PGMs for the financial year was $1,135/ounce – a 21% increase on the prior year's $935/ounce.

Although the Platinum and Palladium prices fell sharply in the second half of the year, the SDO PGM basket was such that the Company benefited from the higher Rhodium price, which is carried through to the basket price.

Group cash cost increased by 25% year-on-year from $453/ounce (ZAR6,166/ounce) to $567/ounce (ZAR7,274/ounce) as Steelpoort, among the lowest cash cost per ounce plants in the SDO, came to the end of its life.

The Lesedi plant was acquired to fill the ounce gap although this plant has a much higher operating cost per ounce. Sylvania identified a number of cost-saving strategies and is making steady progress in this regard.

All-in sustaining costs (AISC) increased by 28% to $565/ounce (ZAR7,245/ounce) from $442/ounce (ZAR6,020/ounce) and All-in costs (AIC) of 4E increased by 33% to $655/ounce (ZAR8,406/ounce) from $494/ounce (ZAR6,723/ounce) recorded in the previous period. The AISC and AIC were impacted by the planned increase in capital spend, which is expected to improve once the teething problems at Millsell and Lesedi have been resolved.

For more details on the financial performance of the Group, please refer to the Directors' Report and the accompanying consolidated annual financial statements.

EXPLORATION AND OPENCAST MINING PROJECTS

The Company has, for the most part, not pursued exploration interests during the financial year due mostly to unfavourable market conditions. It has, however, maintained value in a way that continues to be in shareholders' interests.

VOLSPRUIT PLATINUM EXPLORATION

The Department of Mineral Resources (DMR) has not communicated any progress in the appeal lodged in June 2017 by interested and affected parties against the decision to grant a mining right application to the Company. The Member of the Executive Council (MEC) for Economic Development, Environment and Tourism has also not communicated any further response about the appeal against the decision to refuse the Company's application for an environmental authorisation. The Company's environmental consultants are following up regularly on this outstanding matter.

As reported previously, once a decision is received on these appeals, the Company will proceed with the water use licence application for which the majority of the necessary work has been completed. Only the detail design of civil infrastructure, as required by the National Water Act No 36 of 1998, is outstanding.

GRASVALLY CHROME EXPLORATION

No further work has been done on Phase 1 of the Grasvally Bulk Sample apart from that reported in the half-year report published in February 2018. The Company will continue to keep shareholders apprised of any developments as they occur.

The Company was pleased to receive word that the mining right for the project had been granted just before the close of the reporting period. Execution of the right has been submitted and will be registered in the Mining Titles Office in due course.

NORTHERN LIMB PROJECTS

Consent was received, in terms of Section 11 of the Mineral and Petroleum Resources Development Act, to cede the rights to mine heavy minerals, iron ore and vanadium ore on the farms Nonnenworth, La Pucella and Altona to Lapon Mining (Pty) Ltd, a subsidiary of Ironveld plc. Sylvania became a party to this agreement in March 2012 with the acquisition of Mercury Recycling Group plc (now Ironveld plc) by the Ironveld Group. In terms of this transaction, dividends *in specie* were distributed to Sylvania shareholders in August 2012.

CORPORATE ACTIVITIES

EXERCISE OF SHARE OPTIONS, SHARE BUYBACKS AND CANCELLATION OF SHARES

The Company is intent on returning capital to shareholders and continue to review opportunities to do so as and when they arise. Such opportunities presented themselves, during the first half of the financial year, when the Company bought back shares in the market, and announced details of its Share Buyback Programme.

During the year, the Company purchased 3,333,011 ordinary US$0.01 shares, which were immediately cancelled in October 2017. Directors and senior management exercised vested options and bonus share awards, converting to 4,602,900 ordinary $0.01 shares, with 3,517,250 issued out of Treasury net of the 2,507,750 buy backs for mostly tax purposes. The Board took the decision in November 2017 to cancel the Company's Share Option Plan.

A further 280,000 ordinary shares of US$0.01 each were bought back from certain employees, exercising vested bonus shares in June 2018, at the 30-day VWAP price of 17.49 pence per ordinary share and placed back into treasury.

As at 30 June 2018, shares bought back in terms of the Share Buyback Programme announced in August 2017 totalled 2,281,570 ordinary $0.01 shares at a price of A$0.1619 per ordinary share and total expenditure of A$369,386. Upon expiry of the Share Buyback Programme, announced as 24 August 2018, a total of 2,397,481 shares had been purchased in accordance with this Programme at a total expenditure of A$388,152 and placed into treasury to be subsequently cancelled.

THANK YOU AND OUTLOOK

As advised by your Chairman, I am pleased to confirm that the Board has recommended that a maiden cash dividend of 0.35 pence per share be paid following shareholder approval at the AGM in November 2018.

Notwithstanding the small increase in costs per ounce over the past financial year and, as mentioned earlier in my review, Sylvania is still independently regarded as the lowest cost PGM producer in the world. For this, I must thank management and the Operations teams for keeping their heads above water when conditions were beyond their control – and for showing ingenuity and resilience in their ability to adjust plans and make opportunistic decisions that resulted in a solid performance.

I look forward to what FY2019 has in store, and to achieving our stated guidance of 76,000 to 78,000 ounces.

T. McConnachie

Terry McConnachie
Chief Executive Officer

STAKEHOLDER ENGAGEMENT

At Sylvania, the Board is committed to regular stakeholder engagement, and considers communication and interaction with all of our stakeholders as a means to identify shortcomings and implement strategies that address any issues should they arise.

Our stakeholder engagement is presented in quarterly reports in the month following the quarter end, an interim report at the end of the first half of the financial year including the half year consolidated financial statements, as well as an annual report including the full year financial statements. As and when management and the Board considers it material, information is announced to the public as soon as reasonably possible after a decision has been mandated in terms of the requirements of AIM. The Board also conducts investor roadshows following the release of the half year and annual results. All of the presentations, announcements and reports are placed on the Company's website (www.sylvaniaplatinum.com) where they are available to the public at any time. Whenever possible, shareholders' queries are addressed via email although replies are limited by the availability of information that has already been shared with the public. In these communiqués, we stress that information will be released to the public as soon as it has been deemed significant and shareholders are advised accordingly.

Monthly meetings with employees and Plant management are conducted around work related issues and addressed according to Company mandates. Monthly and quarterly meetings are held with local communities on matters surrounding unemployment, business opportunities, training and education, and the Company actively assists where the opportunity allows.

SAFETY AND HEALTH

The Company has continued to implement its high safety standards at all of the operations. Due to a combined effort by management and employees, there were no significant health or environmental incidents during the year. The Lesedi operation achieved seven years LTI-free during the final quarter of the financial year with the Tweefontein and Doornbosch operations remaining LTI-free for six years. Lannex and Millsell have remained LTI-free for more than three years. Unfortunately, Mooinooi suffered a hand-related LTI during the period.

Key priority for the Company is health, safety and environmental compliance. As such, management and all employees across the operations will continue to work hard at upholding the high safety standards and plant conditions we have come to expect of the Company at the respective operations.

EMPLOYEES

The Company currently employs 470 people throughout the organisation (FY2017: 438). Wherever possible, employees and contractors are sourced from local communities of the various operations. Sylvania actively supports the Employment Equity Act No 55 of 1998, and has established structures to ensure all barriers to achieving diversity are identified and actions are in place to combat these. The Company furthermore has negotiated recognition agreements with organised labour, which regulate the industrial relationship, including consultation and negotiation. No strikes or lockouts occurred during the financial year.

Skills training and development accredited by the Mining Qualifications Authority (MQA) has been introduced for all processing staff. Over the financial year, 179 employees attended training. Selected individuals from the operations underwent metallurgical training on operational modules, which allowed them to obtain an accredited training qualification.

ENVIRONMENT

As the SDO operate within the environmental footprint of our host mine, we adhere to the culture and standards of their policies and practices at all times.

In the past financial year, there have been no reportable environmental incidents, which is testament to the work ethos of the teams at the operations. The Company generates minimal hazardous waste due to the nature of the processing of the tailings. Waste removal is conducted by a contractor with the necessary permits to remove and transport hazardous waste to a designated landfill site.

All Sylvania plants form part of the integrated water reticulation circuits of their respective host mines. The figures listed below do not take any water consumption by the host mine into account. Water enters the Sylvania circuit through the current arisings it receives from the host mine and it leaves the circuit either through its products (Cr_2O_3 concentrate or PGM concentrate) – where it is lost to the process (consumed) – or through the tailings stream. Tailings are deposited onto a tailings dam where most water is recovered into the return water dam and recirculated to the host mine process. Losses on the tailings dams take the form of evaporation into the atmosphere. Make-up water is derived from dewatering of the host mine's underground mining areas.

TOTAL VOLUME OF WATER* (m^3)

	FY 2018	FY 2017
Water consumed in products	72,060	76,100
Water deposited onto tailings dams	11,807,000	9,749,900

** All Sylvania plants (inclusive of Lesedi as of November 2017)*

The reduction in water consumed is attributable to the decommissioning of the Steelpoort Plant and the relocation of the filter located there to Tweefontein. As a result, filtered concentrate, as opposed to slurry, was dispatched. The increase in water deposited indicates a slight increase year-on-year due to the increased production tonnage.

During the year, our electrical teams continued to endeavour to streamline the power supply process in the interests of the operations and the environment. Presently, only energy efficient lighting is being installed across all plants and, wherever possible, premium efficiency motors are installed to reduce the overall power consumed. With the decommissioning of the Steelpoort Plant, equipment has been partially relocated and, as such, power consumed at this plant is for lighting and maintenance purposes only.

SYLVANIA METALS ENERGY CONSUMPTION

The addition of the Project Echo MF2 module and the installation of power factor correction (PFC) equipment at the Millsell Plant, which would normally draw an additional 560kW, reflects as an increase of only 110kVA. New dedicated power supply has also been installed to improve reliability with the municipal overhead line used for backup purposes. At Mooinooi, the installation of the new mill and associated equipment has resulted in a 160kW power draw increase. With the construction of the new MF2 module currently underway, PFC equipment capacity will be increased to cope with greater demand.

Tweefontein together with Lannex co-generate electricity together with the national power utility although the existing PFC equipment at Lannex cannot be in circuit while the machines are running. A new overhead powerline is under construction at Lannex with completion anticipated towards the end of 2018. Tweefontein has run consistently throughout the year.

Consumption by the Doornbosch Plant has increased by approximately 1,000kW due to the commissioning of the MF2 module and the installation of the new mill. The infrastructure has also been upgraded to support the increased power requirement and the installation of PFC equipment is being investigated to reduce the overall energy consumption at this plant.

With the acquisition of Lesedi in November 2017, it was realised that the plant runs at an extremely low power factor, which is being addressed by management. PFC equipment will be installed in phases, coinciding with the installation of new plant equipment in future to enable more stable supply.

COMMUNITIES

As we operate in terms of our host mine's licences, the Company regularly assists with local development projects approved by our host mine. In the past year, these included the following projects:

- Supplied benches for seating to a newly constructed clinic
- Supplied linen, blankets and towels to a care centre on Mandela Day
- Assisted in levelling of ground on which a community centre was erected
- Sponsored building materials
- Ongoing sponsorship of a home-based care project encompassing a feeding scheme (providing and distributing food) for underprivileged children

AVERAGE POWER CONSUMPTION PER PLANT

	FY2018			FY2017		
Plant	Average kVA	Average kW	Power factor	Average kVA	Average kW	Power factor
Millsell	1,870	1,850	0.99	1,760	1,290	0.73
Mooinooi	2,750	2,710	0.98	2,700	2,550	0.94
Lannex	1,640	1,250	0.76	1,230	1,050	0.85
Doornbosch	2,690	2,100	0.78	1,140	1,050	0.92
Steelpoort	44	16	0.36	780	730	0.94
Tweefontein	1,820	1,480	0.81	1,710	1,480	0.87
Lesedi	1,160	840	0.72	–	–	–

WE VALUE

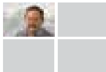
THE FUNDAMENTAL RIGHTS OF PEOPLE

WE TREAT ALL PEOPLE WITH DIGNITY AND RESPECT

DIRECTORS

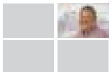
The names of the directors who held office during, or since the end of, the financial year and until the date of this report, are as follows:



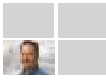
SA MURRAY

Special responsibilities:
Independent Non-executive Chairman of the Board
Member of the Remuneration Committee



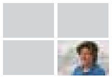
TM MCCONNACHIE

Special responsibilities:
Chief Executive Officer



RA WILLIAMS

Special responsibilities:
Chairman of the Audit and Remuneration Committees



E CARR

Special responsibilities:
Member of the Audit Committee

The directors of Sylvania were in office from 1 July 2017 unless otherwise stated.

SA MURRAY

Mr Murray has over 25 years of executive experience in the Southern African Platinum sector, commencing his career at Impala Platinum's Refineries in 1984. He held a number of positions at Impala Platinum, Rhodium 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 a non-executive director of Talvivaara Mining Company Plc, the former Finnish nickel miner, and Deputy Chairman and Managing Director of Luiri Gold Limited.

TM MCCONNACHIE

Mr McConnachie has over 40 years of experience in mining and 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 (JSE). Mr McConnachie's strength lies in his ability to identify mining opportunities and has started many new green-field operations in gold, manganese, aluminium, graphite and tantalite. He has been CEO of a number of mining, mining services and smelting companies in South Africa.

RA WILLIAMS

Mr Williams is a Chartered Accountant with over 20 years' international experience in mining finance and holds 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. He has served on a number of boards in the mining and mining services sectors and is currently a non-executive director of Cradle Arc Plc, AfriTin Mining Limited and Digby Wells Environmental.

E CARR

Ms Carr is a Chartered Certified Accountant with an MSc in Management from London University and is a SLOAN fellow of London Business School. Ms Carr has over 25 years of experience within the resources sector. She was appointed Finance Director of Cluff Resources in 1993 and has, since that time, held several executive directorships in the resource sector. Her first non-executive role was for Banro Corp in 1998 and more recently was a non-executive director for Talvivaara Mining Company Plc, the former Finnish nickel miner. Ms Carr is also a non-executive director of Bacanora Lithium Plc.

Information on **Directors**

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 2018. Sylvania is a limited company incorporated and domiciled in Bermuda. Unless otherwise stated, the consolidated financial information contained in this report is presented in USD.

DIVERSITY OF THE BOARD

Board by gender

Male	3
Female	1

Senior managers by gender

Male	3
Female	1

COMPANY SECRETARY

The Company Secretary role is held by Conyers Corporate Services (Bermuda) Limited and they are assisted by Ms Carr.

PRINCIPAL ACTIVITIES

The principal activity of the Group is the low cost extraction of PGMs from chrome dumps and current arisings, as well as investment in mineral exploration. Further information is provided in the CEO's review.

SENIOR MANAGEMENT

J PRINSLOO

Special responsibilities:
Managing Director Sylvania Metals (Pty) Limited

L CARMINATI

Special responsibilities:
Executive Officer: Finance

A JORDAAN

Special responsibilities:
Executive Officer: New Business

A DE VOS

Special responsibilities:
Legal and commercial adviser

BUSINESS REVIEW

PRINCIPAL RISKS AND UNCERTAINTIES

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

Outlined below is a description of the principal risk factors that the Board feel may affect performance. The risks detailed below are not exhaustive and do not consider risks the Board are unaware of. Risks considered to be immaterial are not detailed below.

The risks are not presented in any order of priority.

Commodity price and exchange rate fluctuations

Risk and impact:

Commodity prices are subject to high levels of volatility and are impacted by numerous factors that are outside of the control of the Group. Cash generation and profitability of Sylvania is linked to the PGM price and the USD/ZAR exchange rate. A consistently low PGM basket price or prolonged decline in the PGM price may affect the ability of the Group to fund future growth. The Group's ability to raise sufficient capital, through debt or equity, for further exploration, investment or development is limited. The Group reports in and generates revenues in USD, however the operational costs are incurred in ZAR.

Mitigation:

The Board 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. Any capital expansion projects are funded out of surplus cash and/or available pipeline finance. Any major development capital for the exploration projects remains on hold until the market improves significantly and/or mining rights are obtained and will be reassessed by the Board on an on-going basis. Operational costs are carefully monitored and managed. Cost saving strategies are investigated and reviewed regularly.

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:

The majority of operations have dump resources which will provide several years of production. The risk is further mitigated by the current arisings from the host mines which are fed through the SDO. These feed sources will be available to the Group for the life of the mine and are currently not at risk. The new expansion project (Project Echo) is underway and is expected to extend the life of the SDO and maintain ounce production. Technologies and production improvements for optimisation and improved efficiencies are investigated and implemented where considered beneficial.

Opportunities to acquire additional resources and the ability to expand the life of the SDO are continually being investigated by the Board and senior management.

Capital management

Risk and impact:

It is essential that the selection of projects on which to spend the limited capital that is available, must provide investors with the required returns and strategic outcomes. Incorrect decision making and large capital overruns could have a significant impact on the sustainability of the Group.

Mitigation:

Detailed analysis and due diligence is performed on all potential capital projects and are only considered where the Internal Rate of Return (IRR) is at least 20%.

Failure to attract and retain key staff

Risk and impact:

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

Mitigation:

In order to reduce this risk, key employees have been given longer notice periods and bonus share awards are made at the discretion of the Board. Succession planning also features on the agenda at Board and Remuneration Committee meetings.

Risks identified are linked to the Group deliverables in order to ensure continuous mitigation of these risks.”

Country Risk

Risk and impact:

The Group's operations are all in South Africa. The mining labour environment, socio-economic environment as well as community unrest in South Africa continues to be a concern for the sector in general. Reliance on 3rd party providers for the availability and access to power is also a limiting factor in the areas in which the Company operates. In addition, the regulatory, political and legal environment in which the Company operates poses risks and challenges to the sustainability of the mining industry in South Africa, and therefore impact the sustainability of the Company.

Mitigation:

Directors and management place great emphasis on maintaining constructive relations with labour and communities through ongoing communication, engagement and awareness within the footprint of which the Group operates. Where power has been identified as a potential risk to plant uptime, the operations have installed alternate power sources. The Board monitors the political environment and regulatory changes closely, considers the impact on the Company and takes the necessary action when required.

Cyber security

Risk and impact:

Cyber threats are growing rapidly everywhere. These range from business interruptions, data breaches to cyber fraud and ransomware. A cyber incident could be malicious or unintentional.

Mitigation:

Management and the Board are committed to understanding and managing cyber risk. Specific focus is placed on educating employees as to the risks. Physical security measures are taken as well as internal procedures put in place to mitigate this risk.

GROUP FINANCIAL RESULTS

RESULTS FOR THE YEAR

		2018	2017	± % change
Gross basket price	$/oz	**1,135**	935	21%
Revenue	$ 000	**62,769**	50,497	24%
Group cash cost	ZAR/oz	**7,274**	6,166	18%
Group cash cost	$/oz	**567**	453	25%
Gross profit	$ 000	**17,512**	14,256	23%
General administration costs	$ 000	**(2,036)**	(1,981)	3%
Profit before income tax expense	$ 000	**16,101**	13,206	22%
Group EBITDA	$ 000	**22,206**	18,327	21%
Cash generated from operations (before working capital changes)	$ 000	**22,879**	18,772	22%
Changes in working capital	$ 000	**(4,536)**	(3,054)	49%
Net finance income received	$ 000	**584**	644	-9%
Taxation paid	$ 000	**(4,055)**	(4,218)	-4%
Net (decrease)/increase in cash and cash equivalents	$ 000	**(230)**	7,651	-103%
Effect of movement in foreign exchange fluctuations on cash held	$ 000	**(1,074)**	963	-189%
Cash and cash equivalents, end of year	$ 000	**14,016**	15,321	-9%
Production				
Plant feed	T	**2,302,560**	2,137,007	8%
Total 3E and Au	Oz	**71,026**	70,869	0%
PGM plant recovery	%	**45**	46	-3%
Capital expenditure				
Property, plant and equipment	$ 000	**7,625**	3,993	91%
Exploration and evaluation assets	$ 000	**363**	676	-46%
Total capital expenditure	$ 000	**7,912**	4,669	69%

Revenue

Revenue increased 24% year-on-year mainly due to the higher gross basket price of $1,135/ounce against $935/ounce recorded in the prior year.

Profit

The consolidated profit before tax of the Group at 30 June 2018 was $16.1 million (FY2017: $13.2 million), a 22% improvement on the prior year. Strict cost controls at the operations and the increased revenue contributed to the increase in profits. Group EBITDA improved 21% to $22.2 million.

Operating costs

Operating costs for the Group increased 18% year-on-year to ZAR7,274/ounce compared to ZAR6,166/ounce in the previous year. Although the SDO produced slightly more ounces, the high operating costs of Lesedi pushed the cost per ounce higher than the prior year. Significant cost saving strategies have already been implemented and the effects of this should be seen in the early part of FY2019. The all-in sustaining cost (AISC) for the Group was ZAR7,245/ounce and an all-in cost (AIC) of ZAR8,406/ounce for the financial year, of which ZAR1,385/ounce is attributable to the capital expenditure on Project Echo and plant optimisation. This compares to the AISC and AIC for 30 June 2017 of ZAR6,020/ounce and ZAR6,723/ounce respectively.

General and administration

General and administration costs are incurred in USD, GBP and ZAR and relate mainly to listing costs, share registry costs, advisory and public relations costs and consulting fees. These incurred a minor increase of 3% to $2.0 million from the $1.98 million recorded in the previous financial year.

Mining and income tax

Income tax paid for the financial year amounted to ZAR61.7 million compared to ZAR59.0 million for the previous financial year, as a result of increased taxable profits at the operations and after mining capital allowances. Income tax is paid in SA Rand on taxable profits generated at the South African operations. The balance of the tax expense relates to deferred tax movements.

Capital

Capital spend increased during the current financial year from ZAR57.2 million ($4.2 million) in the prior year to ZAR101.5 million ($7.9 million). The Group capital expenditure increased significantly as a result of the first two Project Echo modules being completed and commissioned during the reporting period at a cost of ZAR53.4 million. The new Millsell tailings facility was also completed and commissioned during the reporting period (ZAR7.2 million). The redundant plant that was owned by the RK1 Consortium was acquired in June 2018 for ZAR6.5 million from the CTRP JV partners (ZAR5.0 million cash outflow from the Group), with the balance spent on PGM grade and recovery optimisation initiatives.

Cash

The cash balance at 30 June 2018 was $14.0 million, including $1.0 million in financial guarantees (FY2017: $15.3 million). Cash generated from operations before working capital movements was $22.9 million, with net changes in working capital resulting in a reduction of $4.5 million. Net finance income amounted to $0.8 million and $4.1 million was paid in income taxes during the year. Major spend items include the purchase of Phoenix Platinum Mining (Pty) Ltd (renamed Lesedi) for $6.3 million, $0.4 million spent on exploration activities (FY2017: $0.7 million), $7.6 million on capital projects and stay in business capital for the SDO plants (FY2017: $3.5 million). At a corporate level, $1.4 million was paid to non-UK shareholders under the Share Buyback Programme as well as other strategic buy backs in the market (FY2017: $0.6 million). $0.2 million was spent on the rehabilitation insurance guarantees and the outstanding loan to Ironveld Holdings (Pty) Ltd was settled during the year resulting in an inflow of $1.2 million. The impact of exchange rate fluctuations on cash held at year end was $1.0 million loss (FY2017: $1.0 million gain).

For more details on the financial performance of the Group please refer to the financial statements.

REVIEW OF OPERATIONS AND EXPLORATION

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

CORPORATE MATTERS

Exercise of Share Options, Share Buybacks and Cancellation of Shares

The Company is committed to returning value to shareholders and continues to review opportunities to do so as and when they arise.

During the year, the Company purchased 3,333,011 Ordinary US$0.01 Shares which were immediately cancelled in October 2017. In November 2017, certain Directors and senior management exercised vested options, converting to 4,602,900 Ordinary $0.01 Shares, awarded to them under the Company's Option Plan as well as the deferred share awards granted in accordance with the Bonus Shares Plan. Of these Shares exercised, the Company bought back 2,787,750 Shares from employees. Shares held in treasury were used to satisfy these awards. Surplus shares held in treasury amounting to 3,515,224 Ordinary Shares were also cancelled bringing the total number of shares cancelled during the reporting period to 6,848,235. The Board also took the decision in November 2017 to cancel the Company's Share Option Plan.

A further 280,000 Ordinary Shares of US$0.01 each were bought back from certain employees exercising vested Bonus Shares in June 2018. These were purchased at the 30-day VWAP price of 17.49 pence per Ordinary Share and placed back into treasury.

As at 30 June 2018, shares bought back in terms of the Share Buyback Programme announced in August 2017, totalled 2,281,570 Ordinary $0.01 Shares, at a price of A$0.1619 per Ordinary Share. Total cash paid out under the Share Buyback Programme amounted to A$369,386. Upon the expiry of the Programme, announced as 24 August 2018, a total of 2,397,481 shares had been purchased in accordance with this Programme at a total expenditure of A$388,152 and placed into treasury to be subsequently cancelled.

Accordingly, at the end of the period the Company's issued share capital was 291,133,661 Ordinary Shares, of which a total of 4,853,231 Ordinary Shares were held in treasury. Therefore, the total number of Ordinary Shares with voting rights in Sylvania was 286,280,430 Ordinary Shares.

Likely developments and expected results

Additional comments on production forecasts and operating cash costs are included in the operational performance and outlook section in the CEO's review.

Environmental legislation

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

Meetings of directors

During the financial year under review, there were three formal directors' meetings, a budget review meeting and a strategy session. 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 and made an annual plant visit.

The number of formal meetings of the Group's Board of directors attended by each director was:

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended
TM McConnachie	3	3	–	–	–	–
SA Murray	3	3	–	–	2	2
RA Williams	3	3	4	4	2	2
E Carr	3	3	4	4	–	–

Directors' interest in shares and options

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

Shares and options

2018	Common Shares
TM McConnachie	5,015,000
SA Murray	1,000,000
RA Williams	1,067,000

Directors and key management personnel

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

	Short Term Benefits			Share-based payment	Total
2018	Cash salary/ Consulting fees $	Bonus[1] $	Directors' fees $	Equity shares/ share options[2] $	$
Directors					
TM McConnachie	505,004	–	–	1,630	**506,634**
SA Murray	–	–	125,000	–	**125,000**
RA Williams	–	–	85,000	652	**85,652**
E Carr	24,000	–	75,000	–	**99,000**
Sub-total	**529,004**	**–**	**285,000**	**2,282**	**816,286**
Other key management	977,600	280,961	–	74,320	**1,332,881**
	1,506,604	**280,961**	**285,000**	**76,602**	**2,149,167**

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

[2] *Share-based payments include share options and bonus shares granted – refer to note 21*

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

Details of the financial and operating performance and cash flows of the Group are set out in the CEO's review. In addition, the Group's financial risk management objectives and policies are detailed in note 22 and available borrowing facilities are set out in note 11. After reviewing the financial position, operational performance, budgets and forecasts as well as timing of cash flows and sensitivity analyses, the 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 financial statements have been prepared on the going concern basis.

EVENTS AFTER THE REPORTING PERIOD

There were no events that could have a material impact on the financial results of the Group after 30 June 2018.

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.

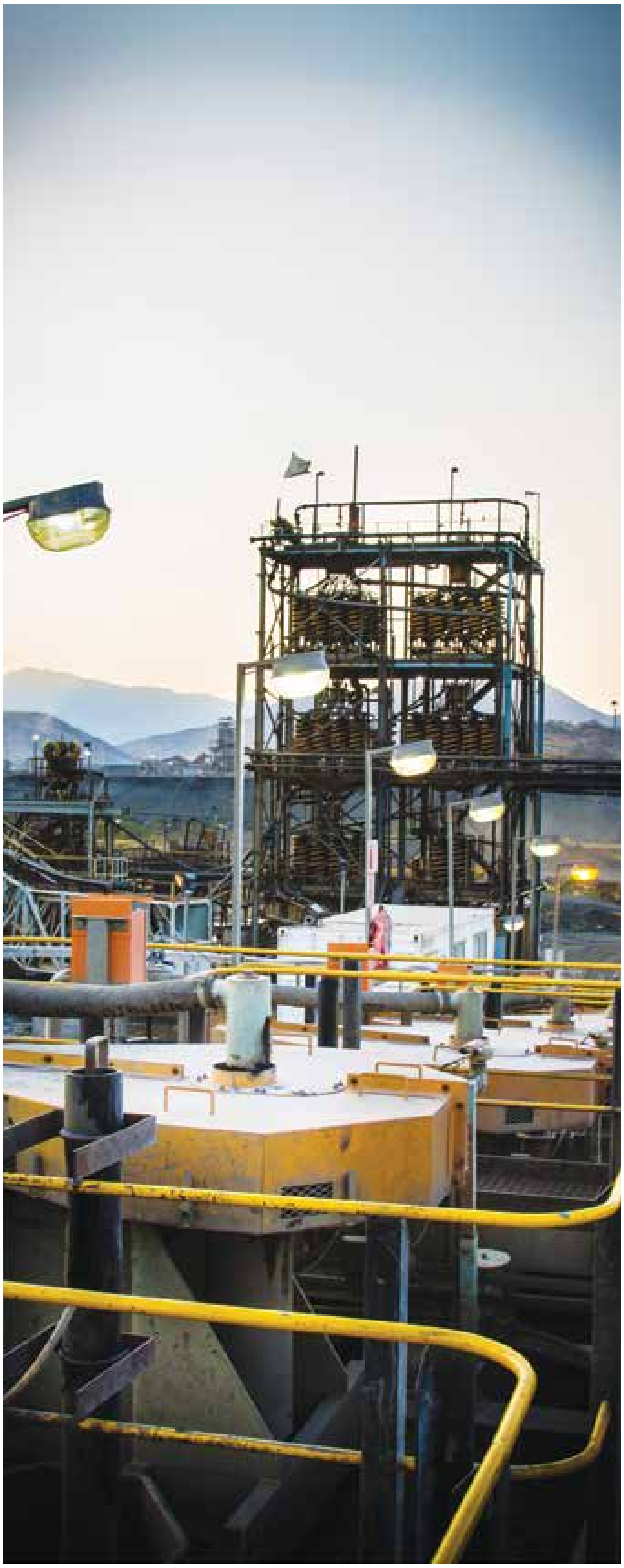
"The directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future."

Signed in accordance with a resolution of the directors.

Terry McConnachie
Chief Executive Officer

27 August 2018

CORPORATE GOVERNANCE STATEMENT



INTRODUCTION

The Company is quoted on AIM, and in accordance with the AIM Rules for Companies (the AIM Rules), has chosen to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 for Smaller Companies. In accordance with the AIM Rules this will be adopted and implemented from September 2018, and a summary will be available on the Company's website from that date.

The Company provides a summary of its current Corporate Governance Code compliance as guidance, as set out below:

THE BOARD OF DIRECTORS

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

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

THE BOARD CURRENTLY COMPRISES:

SA Murray
Independent Non-executive Chairman

TM McConnachie
Chief Executive Officer

RA Williams
Independent Non-executive Director

E Carr
Independent Non-executive Director

The Board met five times during the financial year. Three formal Board meetings, one budget review meeting and one strategy meeting to review the current and future strategies to return value to the Shareholders.

RISK ASSESSMENT

The Board undertakes on-going risk assessment to identify and consider major internal and external risks to the business model of the Group, including future performance, solvency and liquidity. Principal risks and uncertainties are detailed in the Directors' report.

The Board also reviews the Group's ability to continue as a going concern on a regular basis.

INTERNAL CONTROLS

The effectiveness of the internal controls is overseen by the Board of directors and is operationally monitored by the management on various organisational levels. The Group's financial control function is responsible for periodically testing the controls and overseeing the commitments entered into in connection with the operations of the Group.

The Group does not have a separate internal audit function to evaluate and test the operating procedures and processes relating to internal controls. The establishment of an internal audit function is considered by the Audit Committee and the Board of directors annually and is regularly discussed with the Group's external auditors. The Board feel that the Group has developed to the point of requiring an internal audit function and has recently appointed an independent firm to assist in providing this function.

SHAREHOLDER RELATIONS

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

The directors have established Audit, Remuneration and Nominations Committees. Board appointments, succession planning, 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) and Eileen Carr, both of whom are qualified accountants.

The Audit Committee invites representatives of the external auditor as well as management to all committee meetings. The Audit Committee is satisfied that the Group's auditors are independent.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Roger Williams, who is the chairman, and Stuart Murray. During the year under review, the Remuneration Committee met formally twice.

Under its terms of reference, the Remuneration Committee assists the Board to determine the remuneration arrangements and contracts of the executive directors and senior employees. It also reviews the Board and executives' key performance indicators, as well as performance-related pay and share option allocations. A succession plan for senior executives was put in place during the year.

No director is involved in reviewing his own remuneration. The directors' remuneration report, which includes details of the directors' interests in options and shares is set out in the Directors' report.

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

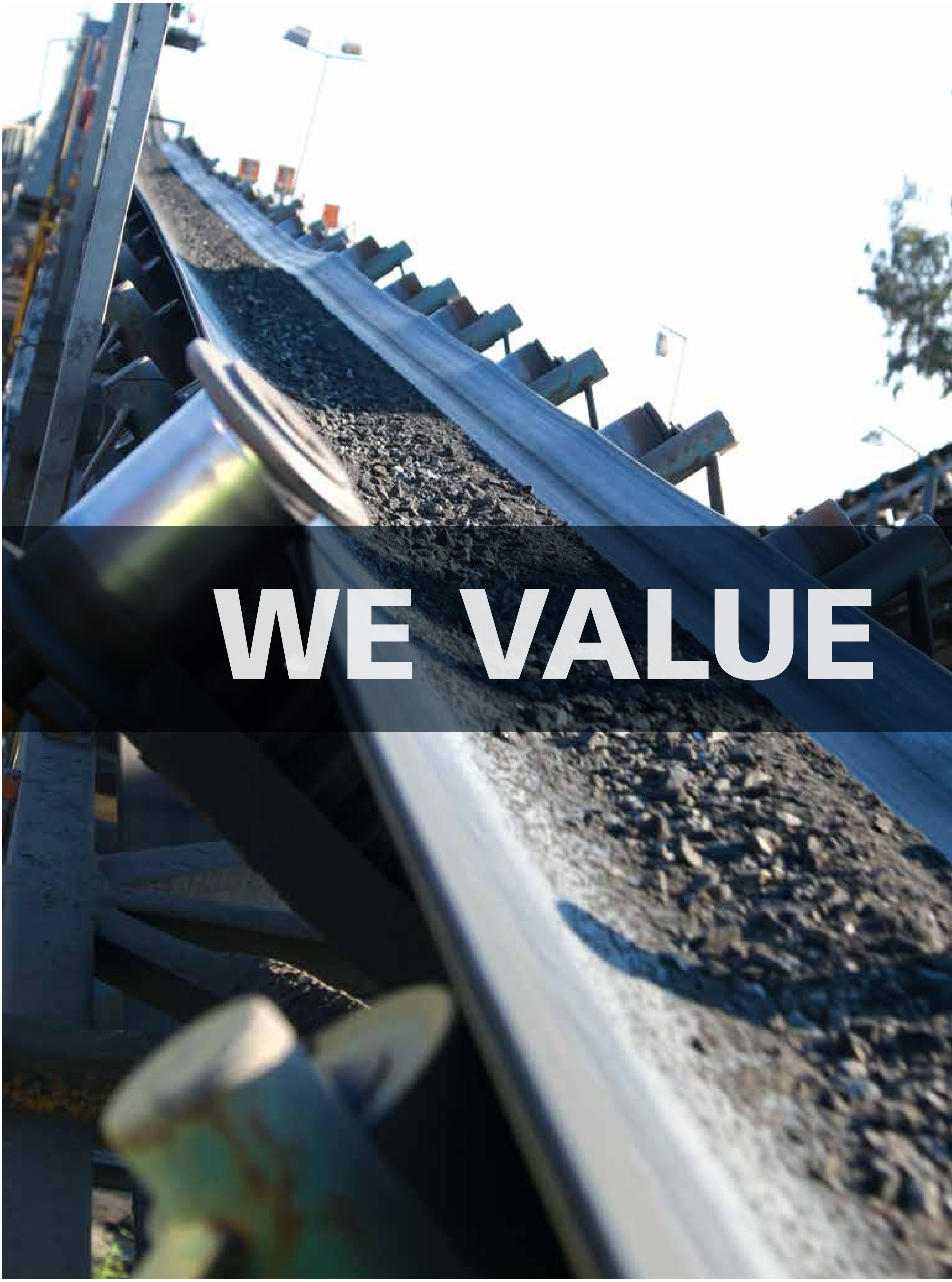
NOMINATIONS COMMITTEE

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

The Audit Committee met four times during the year to consider the following agenda items:

August 2017	November 2017	February 2018	May 2018
• Annual Report for the year ended 30 June 2017 • External audit report on the Group Annual Financial Statements for the year ended 30 June 2017 • Going concern and working capital requirement/cash forecast • Impairment • Subsequent events • Taxation • Acquisition accounting; and • Directors and Officers Liability Insurance	• External auditor's strategy and planning report for the Interim review • Directors and Officers Liability Insurance	• Half year results and report to 31 December 2017 • External audit report on half year • Impairment • Going concern assessment • Acquisition accounting and fair value	• External audit strategy and plan for the 30 June 2018 year-end audit • Rehabilitation guarantees • Internal audit

All press releases, including quarterly results, are approved by the entire Board.


WE VALUE

FINANCIAL STATEMENTS

HONESTY AND INTEGRITY

DOING WHAT WE SAY WE ARE GOING TO DO

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.

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

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

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

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group'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 Group'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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding assets of the Group 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, profit or loss and cash flows of the Group 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 Group 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

27 August 2018

INDEPENDENT AUDITOR'S REPORT

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

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TO THE SHAREHOLDERS OF SYLVANIA PLATINUM LIMITED

OPINION

We have audited the consolidated financial statements of Sylvania Platinum Limited and its subsidiaries (the "Group") set out on pages 38 to 84, which comprise the consolidated statement of financial position at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sylvania Platinum Limited and its subsidiaries at 30 June 2018, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of exploration and evaluation assets for impairment

(Refer to note 2.3 (k)and (l) for the accounting policies, note 2.2 for the significant accounting judgements, estimates and assumptions and note 9 for the notes to the consolidated financial statements)

The key audit matter	How the matter was addressed in our audit
Exploration and evaluation assets are the Group's most significant assets, comprising 42% of the total assets of the Group. In accordance with the relevant International Financial Reporting Standards, the Group is required to perform an impairment assessment when facts and circumstances suggest that the carrying amount of the exploration and evaluation assets may exceed the recoverable amount. At year end, there were indicators of impairment as a result of a low platinum price and the Group's low market capitalisation and consequently the directors performed an impairment assessment. This assessment of impairment is highly subjective as there are a number of key significant and sensitive judgements applied by the directors in determining the fair value less costs of disposal or the value in use where appropriate. The directors engaged an external valuation specialist to assist with the valuation of the exploration and evaluation assets. Due to the significance of the exploration and evaluation assets to the consolidated financial statements and the significant estimation and judgement involved in the impairment assessment, this matter was considered to be a key audit matter.	Our audit procedures included the following: • We assessed the competence, capabilities and objectivity of the directors' independent external valuation specialist by understanding the scope of their engagement and evaluating the appropriateness of their qualifications; • We evaluated the methodology used by the directors to calculate the recoverable amount for compliance with the requirements of International Financial Reporting Standards; • We evaluated the viability of the exploration and evaluation assets by challenging the key assumptions used by the directors to value the exploration and evaluation assets. The key assumptions were challenged to assess whether they are reasonable and supportable given the current macroeconomic climate; • We used our own internal valuation specialist, as part of our audit team, to assist us with challenging the key assumptions used to determine the discount rate by evaluating those assumptions against market data and specific risks relating to Group; • We subjected the key assumptions used by the directors to sensitivity analysis to confirm the reasonableness of the impairment assessment performed; and • We evaluated the appropriateness of the presentation and disclosure in respect of the directors' assessment of impairment of exploration and evaluation assets.

KPMG

Assessment of property, plant and equipment (PPE) for impairment

(Refer to note 2.3 (j) and (l) for the accounting policies, note 2.2 for the significant accounting judgements, estimates and assumptions and note 10 for the notes to the consolidated financial statements)

The key audit matter	How the matter was addressed in our audit
PPE, which consists of six retreatment plants each classified as a Cash Generating Unit (CGUs), is the second most significant asset of the Group, comprising 26% of the total assets of the Group. Given the low platinum price and the Group's low market capitalisation, the directors performed an impairment assessment of the Group's property, plant and equipment at year end. Where indicators of impairment exist, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. The impairment assessment, which includes the determination of the recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, future capital requirements, closure and rehabilitation costs and operating performance. Given the significance of the PPE to the consolidated financial statements, the significant estimation and judgement involved in the impairment assessment, the assessment of PPE for impairment was considered to be a key audit matter.	Our audit procedures included the following: • We evaluated the methodology used by the directors to calculate the value in use of the CGUs for compliance with the requirements of International Financial Reporting Standards; • We analysed the future projected cash flows used in the value in use calculation to determine whether the assumptions used by the directors in projecting the cash flows are reasonable and supportable given the current macroeconomic climate and expected future performance of the CGUs; • We compared the projected cash flows to historical performance, market forecasts and approved budgets to assess the reasonableness of the directors' projections; • We used our own internal valuation specialist, as part of our audit team, to assist us with challenging the key assumptions used by the directors to determine the discount rate by evaluating those assumptions against market data and specific risks relating to Group; • We subjected the key assumptions to sensitivity analysis to confirm the reasonableness of the impairment assessment performed; and • We evaluated whether the assessment of impairment of property, plant and equipment and the related assumptions and judgements are adequately disclosed in the consolidated financial statements.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all of the information in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

KPMG

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Inc.

Per Alwyn van der Lith
Chartered Accountant (SA)
Registered Auditor
Director

27 August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June

	Notes	2018 $	2017 $
Revenue	4(a)	**62,768,561**	50,497,045
Cost of sales		**(45,256,978)**	(36,241,259)
Gross profit		**17,511,583**	14,255,786
Other income	4(b)	**60,486**	271,852
Other expenses		**(2,055,788)**	(1,966,112)
Operating profit before net finance income/costs and income tax expense		**15,516,281**	12,561,526
Finance income	4(e)	**878,191**	888,548
Finance costs	4(e)	**(293,792)**	(244,292)
Profit before income tax expense	4(c)(d)	**16,100,680**	13,205,782
Income tax expense	5	**(5,111,783)**	(4,333,218)
Net profit for the year		**10,988,897**	8,872,564
Other comprehensive income/(loss)			
Items that are or may be subsequently reclassified to profit and loss:			
Foreign currency translation	15	**(3,593,788)**	5,865,078
Total other comprehensive (loss)/income (net of tax)		**(3,593,788)**	5,865,078
Total comprehensive income for the year		**7,395,109**	14,737,642
Profit attributable to:			
Owners of the parent		**10,988,897**	8,872,564
		10,988,897	8,872,564
Total comprehensive income attributable to:			
Owners of the company		**7,395,109**	14,737,642
		7,395,109	14,737,642
		Cents	Cents
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share	6	**3.83**	3.06
Diluted earnings per share	6	**3.76**	3.02

The notes on pages 42 to 84 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June

	Notes	2018 $	2017 $
ASSETS			
Non-current assets			
Equity-accounted investees	7	**416,442**	446,104
Other financial assets	8	**1,432,456**	586,271
Exploration and evaluation assets	9	**57,397,256**	57,587,900
Property, plant and equipment	10	**35,790,425**	32,257,692
Total non-current assets		**95,036,579**	90,877,967
Current assets			
Cash and cash equivalents	11	**14,016,407**	15,321,117
Trade and other receivables	12	**25,429,912**	19,502,105
Other financial assets	8	**–**	1,148,327
Inventories	13	**1,488,382**	1,797,930
Current tax receivable	19(b)	**14,741**	756,255
Total current assets		**40,949,442**	38,525,734
Total assets		**135,986,021**	129,403,701
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	14	**2,911,337**	2,979,819
Reserves	15	**68,053,385**	72,623,111
Retained earnings		**41,025,586**	30,036,689
Total equity		**111,990,308**	105,639,619
Non-current liabilities			
Borrowings	16	**173,895**	323,419
Provisions	17	**3,685,257**	3,626,989
Deferred tax liability	5	**14,326,214**	14,591,815
Total non-current liabilities		**18,185,366**	18,542,223
Current liabilities			
Trade and other payables	18	**5,676,574**	5,075,120
Borrowings	16	**132,700**	146,739
Current tax liability	19(b)	**1,073**	–
Total current liabilities		**5,810,347**	5,221,859
Total liabilities		**23,995,713**	23,764,082
Total liabilities and shareholders' equity		**135,986,021**	129,403,701

The notes on pages 42 to 84 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June

	Issued capital $	Share premium reserve $	Reserve for own shares $	Retained earnings $	Share-based payment reserve $	Foreign currency translation reserve $	Non-controlling interest reserve $	Equity reserve $	Total equity $
Balance as at 1 July 2017	2,979,819	175,705,741	(1,063,273)	30,036,689	3,896,700	(36,395,551)	(39,779,293)	(29,741,213)	105,639,619
Profit for the year	–	–	–	10,988,897	–	–	–	–	10,988,897
Other comprehensive loss	–	–	–	–	–	(3,593,788)	–	–	(3,593,788)
Total comprehensive profit for the year	–	–	–	10,988,897	–	(3,593,788)	–	–	7,395,109
Share transactions									
– Treasury shares acquired	–	–	(1,414,669)	–	–	–	–	–	(1,414,669)
– Share-based payments	–	–	–	–	370,249	–	–	–	370,249
– Share options and bonus shares exercised	–	–	699,445	–	(699,445)	–	–	–	–
– Shares cancelled	(68,482)	(568,653)	637,135	–	–	–	–	–	–
Balance as at 30 June 2018	2,911,337	175,137,088	(1,141,362)	41,025,586	3,567,504	(39,989,339)	(39,779,293)	(29,741,213)	(111,990,308)

	Issued capital $	Share premium reserve $	Reserve for own shares $	Retained earnings $	Share-based payment reserve $	Foreign currency translation reserve $	Non-controlling interest reserve $	Equity reserve $	Total equity $
Balance as at 1 July 2016	2,979,819	175,705,741	(737,684)	21,164,125	3,730,400	(42,260,629)	(39,779,293)	(29,741,213)	91,061,266
Profit for the year	–	–	–	8,872,564	–	–	–	–	8,872,564
Other comprehensive loss	–	–	–	–	–	5,865,078	–	–	5,865,078
Total comprehensive profit for the year	–	–	–	8,872,564	–	5,865,078	–	–	14,737,642
Share transactions									
– Treasury shares acquired	–	–	(525,558)	–	–	–	–	–	(525,558)
– Share-based payments	–	–	–	–	405,731	–	–	–	405,731
– Share options and bonus shares exercised	–	–	199,969	–	(239,431)	–	–	–	(39,462)
Balance as at 30 June 2018	2,979,819	175,705,741	(1,063,273)	30,036,689	3,896,700	(36,395,551)	(39,779,293)	(29,741,213)	105,639,619

The notes on pages 42 to 84 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June

	Notes	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		**57,524,899**	49,244,826
Payments to suppliers and employees		**(39,172,209)**	(33,451,276)
Finance income		**803,812**	630,144
Realised foreign exchange loss		**(7,228)**	(7,533)
Exploration expenditure		**(682)**	(68,451)
Finance costs		**(48,886)**	(54,947)
Taxation paid	19(b)	**(4,054,932)**	(4,218,423)
Net cash inflow from operating activities	19(a)	**15,044,774**	12,074,340
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**–**	20,359
Acquisition of property, plant and equipment		**(7,551,176)**	(3,524,927)
Payments for exploration and evaluation assets	9	**(362,935)**	(676,448)
Payment for rehabilitation insurance guarantee		**(207,737)**	(195,721)
Refund received for rehabilitation insurance guarantee		**–**	588,030
Investment in joint venture		**(4,943)**	(428,115)
Receipt of loan repayment from Ironveld Holdings		**1,178,357**	585,031
Payments of loan to TS Consortium		**(665,359)**	–
Sylvania Lesedi acquisition	23	**(6,272,453)**	–
Cash acquired with Sylvania Lesedi acquisition		**176,193**	–
Net cash outflow from investing activities		**(13,710,092)**	(3,631,791)
Cash flows from financing activities			
Repayment of borrowings	20(a)	**(150,180)**	(226,762)
Purchase of treasury shares	20(b)	**(1,414,669)**	(525,558)
Settlement of share options and bonus shares	20(c)	**–**	(39,462)
Net cash outflow from financing activities		**(1,564,849)**	(791,782)
Net (decrease)/increase in cash and cash equivalents		**(230,167)**	7,650,767
Effect of movement in foreign exchange fluctuations on cash held		**(1,074,543)**	963,328
Cash and cash equivalents, beginning of year		**15,321,117**	6,707,022
Cash and cash equivalents, end of year	11	**14,016,407**	15,321,117

The notes on pages 42 to 84 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

The consolidated financial statements of Sylvania Platinum Limited (Sylvania or the Company) for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 27 August 2018. Sylvania is a limited company incorporated and domiciled in Bermuda whose shares are publicly traded on the Alternative Investment Market (AIM) of the London Stock Exchange. Sylvania's registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. These consolidated financial statements comprise the Company and its subsidiaries and investments in associates (collectively the Group).

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

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES & ASSUMPTIONS

2.1 BASIS OF ACCOUNTING

Functional and presentation currency

The consolidated financial information is presented in US Dollars which is the Company's functional currency. All amounts have been rounded to the nearest US Dollar, unless otherwise indicated.

Statement of compliance

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

Changes in accounting policies

The accounting policies adopted are consistent with those in the previous financial year except that in the current year, the Group has adopted all new and revised Standards and Interpretations issued by the IASB and the IFRS Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the accounting period beginning on 1 July 2017, including:

- IAS 7 Statement of Cash Flows (amendments) – Additional disclosure requirements relating to changes in liabilities arising from financing activities, including both changes arising from cash and non-cash changes.
- IAS 12 (amendments) – the amendment clarifies the recognition requirements for deferred tax assets for unrealised losses.

These changes have had no material effect on the consolidated financial statements.

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Information about significant areas of estimation uncertainty and judgements 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(c). The determination of revenue from the time of initial recognition of the sale through to final pricing requires management to re-estimate the fair value of the price adjustment feature continuously. Management determines this with reference to estimated forward prices. Refer to note 12.

Exploration and evaluation carrying values

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves (refer to accounting policy note 2.3(k)). 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. Refer to note 9.

Impairment of assets

The Group assesses each asset or cash generating unit (CGU) at the end of each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, future capital requirements, exploration potential, closure and rehabilitation costs and operating performance. These estimates and assumptions are inherently uncertain and could change over time, which may impact the recoverable amount of assets and/or CGUs. Refer to note 10.

Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants at measurement date. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash generating units as being an individual mine site or retreatment plant, which is the lowest level for which cash inflows are largely independent of those of other assets. Refer to note 10.

Key assumptions used in the assessment of impairment of assets

The recoverable amounts of the Group's retreatment plants have been based on cash flow projections as at 30 June 2018. The internal financial model is based on the known and confirmed resources for each plant, and no allowance has been made for expansion capital in accordance with IAS 36 Impairment of Assets. Refer to note 10.

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 discount rate of 12.5% (2017:12.72%) is the weighted average cost of capital.

Commodity price – The Group has used forecast commodity prices obtained from a reputable publication and these range for years from 2018 – 2021 between $839 and $1,114/oz (2017: $949 and $1,190) for platinum and $936 to $1,172 (2017: $661 to $919) for palladium. Sensitivities have also been run at lower prices.

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

Exchange rates – Platinum group metals are priced in USD. The USD/ZAR exchange rate used in the discounted cash flow model ranges for year from 2018 – 2021 from 11.83 ZAR/$1 to 13.93 ZAR/$1 (2017: 12.81 ZAR/$1 to 15.80 ZAR/$1).

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES & ASSUMPTIONS *continued*

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *continued*

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.

The provision has been calculated by discounting the estimated costs of rehabilitation of $4,018,790 (2017: $3,704,840) over a period of 10 years (2017: 10 years) using a discount rate of 8.75% (2017: 8.8%), which is the risk-free rate in relation to government bonds in South Africa and an inflation rate of 4.6% (2017: 5.1%).

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 Group 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.

Recovery of deferred 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.

2.3 SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

(a) Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired.

Transaction costs are expensed as incurred.

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

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

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

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

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

If the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, the carrying amount of any non-controlling interest and other components of equity, including the cumulative translation differences recognised in equity. The consideration received and any investment retained is recognised at fair value and any resulting surplus or deficit is recognised in profit or loss. The parent's share of the components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate.

Interest in Equity-accounted investees

The Group's interests in equity-accounted entities comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. Under the equity method, the investment is carried in the statement of financial position at cost, including transaction costs plus post acquisition changes in the Group's share of net assets of the investee, until the date on which significant influence or joint control ceases.

The statement of comprehensive income reflects the Group's share of the results of operations of the investee. Where there has been a change recognised directly in other comprehensive income or equity of the investee, the Group recognises its share of any changes and discloses this, when applicable, in other comprehensive income and the statement of changes in equity.

Unrealised gains resulting from transactions between the Group and the equity-accounted investee are eliminated to the extent of the interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The financial statements of the equity-accounted investees 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 equity-accounted investees. At each reporting date, the Group determines whether there is objective evidence that the investment in the equity-accounted investees is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investees and its carrying value, then recognises the loss in profit or loss.

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

(c) 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 sales 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 prior to the month of settlement. The period between initial recognition and final pricing is typically four months. Revenue is initially recorded at the estimated fair value of the consideration receivable.

The revenue adjustment mechanism embedded within sales arrangements has the characteristics of a commodity derivative. Accordingly the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value recognised as an adjustment to revenue in profit or loss and trade receivables in the statement of financial position. In all cases, fair value is determined with reference to estimated forward prices.

Interest income

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

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES & ASSUMPTIONS *continued*

2.3 SIGNIFICANT ACCOUNTING POLICIES *continued*

(d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

(e) Leases

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

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the lower of the fair value of the leased property and 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(d)).

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

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

Group as a lessor

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

(f) Employee benefits

Wages, salaries, annual leave and sick leave

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

(g) 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 (equity-settled transactions).

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

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

The Group does not subsequently reverse the amount recognised for services received from an employee if the vested equity instruments are later forfeited, except for awards where vesting is only conditional upon a market condition or non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

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

Where an award is settled net of withholdings tax and the number of equity instruments equal to the monetary value of the tax obligation is withheld, the entire transaction is classified as equity settled. The payments made are accounted for as a deduction from equity except to the extent that the payment exceeds the fair value of the equity instruments withheld.

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).

(h) Foreign currency translation

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

Transactions and balances

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

Group companies

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

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

(i) 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 tax

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

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES & ASSUMPTIONS *continued*

2.3 SIGNIFICANT ACCOUNTING POLICIES *continued*

(i) Income tax *continued*

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

- temporary differences on 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;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled by the parent or investor and it is probable that the temporary differences will not reverse in the foreseeable future; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred 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.

Deferred tax assets are recognised for 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 carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred 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 tax asset to be utilised. Unrecognised deferred 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 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 tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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 liabilities and included in expenses.

(j) 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 finance leases are 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

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows (for the current and comparative periods):

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

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

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

Major maintenance and repairs

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

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

(k) 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 or SAMREC compliant reserves are established, the relevant exploration and evaluation assets are tested for impairment and the balance is then transferred to mine 'construction in progress'. No amortisation is charged during the exploration and evaluation phase.

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

(l) Impairment of non-financial assets

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. Impairment losses are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES & ASSUMPTIONS *continued*

2.3 SIGNIFICANT ACCOUNTING POLICIES *continued*

(l) Impairment of non-financial assets *continued*

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.

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. An impairment loss in respect of goodwill is not reversed.

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

(m) 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, or available for sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, 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.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as disclosed in the notes and as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Derecognition

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

- the rights to receive cash flows from the asset have expired.
- 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.

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. For an investment in an equity instrument, objective evidence includes a significant or prolonged decline in its fair value below its cost.

Financial assets carried at amortised cost

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

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or at amortised cost, as appropriate. Trade and other payables and loans and borrowings are measured at amortised cost. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value less, in the case of financial liabilities at fair value through profit or loss, directly attributable transaction costs.

The Group's other financial liabilities include trade and other payables, and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as disclosed in the notes.

Financial liabilities at amortised cost

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

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

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES & ASSUMPTIONS *continued*

2.3 SIGNIFICANT ACCOUNTING POLICIES *continued*

(m) Financial instruments – initial recognition and subsequent measurement *continued*

Financial liabilities *continued*

Derecognition

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

Offsetting of financial instruments

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

Fair value of financial instruments

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

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

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

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

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.

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 remeasured 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.

(n) 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.

(o) Provisions

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

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

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

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

Rehabilitation provision

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

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

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

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

(p) 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 Group's own equity instruments.

(q) Earnings per share

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES & ASSUMPTIONS *continued*

2.4 NEW STANDARDS AND INTERPRETATIONS

Future Accounting Standards

Certain IFRSs and IFRICs have recently been issued or amended but are not yet effective and have not been adopted by the Group as at the annual reporting period ended on 30 June 2018. None of these are expected to have a significant impact on the Group' consolidated financial statements, with possible exceptions described below.

Reference	Title	Summary	Application date of standard	Application date for Group
IFRS 9	Financial Instruments	IFRS 9 Financial Instruments is a new standard that replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The standard includes requirements for the classification, measurement and derecognition of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. The impact of this standard may result in a change of classification for the rehabilitation insurance guarantee from loans and receivables to fair value through profit or loss, however it is not likely to result in any material impact on the Group's financial position or performance. It may result in increased disclosure.	1 January 2018	1 July 2018
IFRS 15	Revenue from Contracts with Customers	IFRS 15 is a new standard that replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Arrangements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC 31 *Revenue: Barter Transactions Involving Advertising Services*. The standard requires entities to recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, which is achieved through a five step methodology. The existing contracts with the two customers were assessed based on the five step methodology. There is no difference in the accounting under IAS18 and IFRS15 as the recognition and the measurement of revenue are the same based on the assessment. The new standard may result in increased disclosure with respect to qualitative and quantitative information about the contract with the Group's customers.	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard	Application date for Group
IFRS 16	Leases	IFRS 16 is a new standard that replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard requires a lessee to recognise a right-of-use asset and a lease liability for all leases that have a term greater than 12 months or a lease for which the underlying asset is not of a low value. The standard will result in a right-of use asset and a lease liability being recognised for the office premises lease. The amount is considered not material on a Group level. It is also likely to result in increased disclosure.	1 January 2019	1 July 2019
Amendments to IAS28	Long-term Interests in Associates and Joint Ventures	An amendment to IAS 28 *Investments in Associates and Joint Ventures* will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment, which addresses equity-accounted loss absorption by LTI, involves the dual application of IAS 28 and IFRS 9 Financial Instruments. The impact of this interpretation is currently being assessed.	1 January 2019	1 July 2019
IFRIC 23	Uncertainty over Income Tax Treatments	IFRIC 23 is a new interpretation that specifies how to reflect the effects of uncertainty in accounting for income taxes. The interpretation may affect tax amounts raised, the impact is currently being assessed.	1 January 2019	1 July 2019

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 in the following segments:

- Sylvania Dump Operations (SDO) which includes the Six operational plants and the Sylvania Lesedi plant acquired in November 2017;
- an open cast mining exploration project and a Northern Limb exploration project, which are both currently in the exploration phase.

Previously the SDO were reported on per plant. However, the decision making by the Board is based by evaluating the combined performance of the SDO and therefore the segment report has been revised to reflect this change. Segment performance is evaluated on PGM ounce production and operating costs. The following items are not allocated to any segment as they are not considered to be part of the core operations of any segment:

- finance income;
- finance costs; and
- unallocated expenses

The following tables present revenue and profit information and certain asset and liability information regarding reportable segments for the years ended 30 June 2018 and 30 June 2017.

	SDO $	Exploration projects $	Corporate/ Unallocated $	Consoli-dated $
2018				
Segment assets	68,428,164	60,919,441	6,638,414	135,986,021
Capital expenditure*	31,766,714	60,436,824	984,143 [(a)]	93,187,681
Other assets	36,661,450**	482,617	5,654,273 [(b)]	42,798,340
Segment liabilities	10,820,961	12,515,603	659,149 [(c)]	23,995,713
Segment revenue	62,768,561	–	878,191	63,646,752
Segment result	12,575,807	–	(1,586,910)[(d)]	10,988,897
Net profit for the year after tax				10,988,897
Included within the segment results:				
Depreciation	6,462,567	–	174,307	6,636,874[(e)]
Direct operating costs	38,620,104	–	–	38,620,104
Other items:				
Income tax expense	5,110,082		1,702	5,111,783
Capital expenditure additions	7,598,058	362,935	26,946	7,987,939

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

** *Other assets consist of Accounts Receivable $24,483,992, Cash & Bank $9,956,008 and other receivables $2,221,450.*

	SDO Restated** $	Exploration projects Restated** $	Corporate/ Unallocated Restated** $	Consoli-dated $
2017				
Segment assets	59,704,471	60,862,348	8,836,882	129,403,701
Capital expenditure*	28,390,478	60,794,007	661,107[a]	89,845,592
Other assets	31,313,993***	68,341	8,175,775[b]	39,558,109
Segment liabilities	10,597,638	12,546,393	620,051[c]	23,764,082
Segment revenue	50,497,045	–	888,548	51,385,593
Segment result	10,059,284	(327,397)	(859,323)[d]	8,872,564
Net profit for the year after tax				8,872,564
Included within the segment results:				
Depreciation	5,574,573	–	135,814	5,710,387[e]
Direct operating costs	30,530,872	–	–	30,530,872
Profit/(loss) on disposal of property, plant and equipment	744		36,705	37,449
Other items:				
Income tax expense	4,333,060	–	158	4,333,218
Capital expenditure additions	3,565,469	686,781	416,805	4,669,055

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

** *The balances for 30 June 2017 have been restated in line with the change to the segment classification.*

*** *Other assets consist of Accounts Receivables $18,739,745, Cash & Bank $9,296,681 and other receivables $3,277,567.*

	2018 $	2017 $
Major items included in corporate/unallocated		
(a) Capital expenditure		
Property, plant and equipment	**984,143**	661,107
	984,143	661,107
(b) Other assets		
Cash and cash equivalents	**3,983,970**	5,953,926
Current tax asset	**1,017**	1,548
Investment in joint venture	**416,442**	446,104
Other financial assets	**794,838**	1,306,884
Other receivables	**458,006**	467,314
	5,654,273	8,175,775
(c) Liabilities		
Borrowings	**36,627**	286,321
VAT payable	**341,787**	292,663
Other	**280,733**	41,068
	659,149	620,052

3. SEGMENT REPORTING *continued*

SEGMENT INFORMATION *continued*

	2018 $	2017 $
Major items included in corporate/unallocated continued		
(d) Unallocated income and expenses		
Administrative salaries and wages	1,429,878	1,164,233
Auditors' remuneration	72,632	57,714
Consulting fees	133,136	112,430
Depreciation	227,141	191,207
Finance income	(878,191)	(888,548)
Finance costs	293,792	244,292
Foreign exchange loss	7,228	22,583
Legal expenses	42,492	38,733
Other income	(60,486)	(271,852)
Overseas travelling expenses	201,474	205,129
Premises leases	75,526	37,554
Profit on disposal of property, plant and equipment	–	(36,705)
Share-based payments	370,249	405,731
Income tax expense	1,702	158
Share of loss of joint venture	12,847	–
Other	(342,510)	(423,336)
	1,586,910	859,323
Reconciliations of total segment amounts to corresponding amount for the Group		
(e) Depreciation		
Included within cost of sales	6,636,874	5,710,387
Included within general and administrative costs	52,834	55,393
	6,689,708	5,765,780
(f) Cost of sales		
Direct operating costs	38,620,104	30,530,872
Depreciation	6,636,874	5,710,387
	45,256,978	36,241,259
Total segment revenue		
Sales	62,768,561	50,497,045
Finance income	878,191	888,548
Total revenue	63,646,752	51,385,593

	2018 $	2017 $
Revenue from external customers by geographical location is detailed below. Revenue is attributed to geographic location based on the location of the customers. The Group does not have external revenues from external customers that are attributable to any foreign country other than as shown.		
Revenue generated in South Africa	**62,768,561**	50,497,045
Finance income by geographical location is detailed below:		
Australia	**–**	11
Mauritius	**26,412**	–
South Africa	**851,779**	888,537
Total finance income	**878,191**	888,548
Total revenue	**63,646,752**	51,385,593
The majority of sales of concentrate is to one customer. Revenue is split according to segment as detailed below:		
Customer 1	**58,362,990**	50,497,045
Customer 2	**4,405,571**	–
	62,768,561	50,497,045
Analysis of location of non-current assets:		
South Africa	**95,036,578**	90,877,967
Total non-current assets	**95,036,578**	90,877,967

4. REVENUE AND EXPENSES

	2018 $	2017 $
(a) Revenue		
Sale of goods	**62,768,561**	50,497,045
	62,768,561	50,497,045
(b) Other income		
Scrap sales	**7,485**	2,318
Insurance claims	**–**	253,979
Rent received	**53,001**	15,555
	60,486	271,852
(c) Expenses		
Profit before income tax expense includes the following specific expenses:		
Included in cost of sales:		
Depreciation – plant and equipment	**6,636,874**	5,710,387
Write-off of property, plant and equipment	**426,759**	–
Included in other expenses:		
Consulting	**132,630**	112,430
Depreciation – other assets	**52,834**	55,394
Operating lease payments	**92,863**	76,861
Prospecting expenses	**682**	68,451
Foreign exchange loss	**7,228**	22,583
Profit on sale of property, plant and equipment	**61**	37,449
Share of joint venture loss	**12,847**	–

4. REVENUE AND EXPENSES *continued*

	2018 $	2017 $
(d) Staff costs		
Salaries and wages included in cost of sales	12,470,134	11,141,917
Salaries and wages included in other expenses	1,429,878	1,226,170
Share-based payments	370,249	405,731
	14,270,261	12,773,818
(e) Net finance income		
Interest income on loans and receivables and cash and cash equivalents	878,191	888,548
Finance income	878,191	888,548
Interest expense on financial liabilities measured at amortised cost	(48,887)	(54,948)
Unwinding of discount on rehabilitation provision	(244,905)	(189,344)
Finance costs	(293,792)	(244,292)
Net finance income recognised in profit or loss	584,399	644,256

5. INCOME TAX EXPENSE

	2018 $	2017 $
Major components of tax expense for the years ended 30 June 2018 and 2017		
Income tax recognised in profit or loss		
Current income tax:		
Current income tax charge	4,807,429	3,958,224
Adjustments in respect of current income tax of previous year	(4,699)	(377,724)
Deferred income tax:		
Relating to recognition, origination and reversal of temporary differences	309,053	752,718
Total tax expense	5,111,783	4,333,218
The prima facie income tax expense on pre-tax accounting profit or loss from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting profit before income tax	16,100,680	13,205,782
Tax expense at rate of 28%	4,508,190	3,697,619
Non-deductible expenses	565,102	669,053
Over provision in respect of prior year	(4,699)	(377,724)
Benefit of tax losses and temporary differences not brought to account	43,191	345,011
Assessed loss utilised	–	(741)
Income tax expense	5,111,783	4,333,218

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

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

	2018 $	2017 $
Deferred tax assets comprise:		
Unrealised gains and losses on foreign exchange	(3,917,025)	(3,535,369)
Provision for rehabilitation	(787,513)	(758,329)
Other	(984,687)	(372,361)
Deferred tax liabilities comprise:		
Exploration and evaluation assets	11,598,514	11,598,513
Property, plant and equipment	7,832,502	7,618,785
Other	584,423	40,576
Deferred tax liabilities net	14,326,214	14,591,815

The Group has estimated tax losses arising in South Africa of $4,844,055 (2017: $4,956,363) and unredeemed capital expenditure of $10,492,734 (2017: $11,044,557) that are available indefinitely for offset against future taxable profits of the company in which the losses arose.

	2018 $	2017 $
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Exploration and evaluation assets	847,863	840,947
Unrealised gains and losses on foreign exchange	2,194,846	1,900,423
Tax losses	1,359,723	1,387,782
Other	63,126	73,959
	4,465,558	4,203,111

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.

5. INCOME TAX EXPENSE *continued*

RECONCILIATION OF DEFERRED TAX ASSETS/ (LIABILITIES)

	Opening balance $	Charged to profit or loss $	Exchange differences $	Closing balance $
2018				
Other temporary differences	**331,785**	**3,593**	**64,886**	**400,264**
Provision for rehabilitation	**758,329**	**50,343**	**(21,159)**	**787,513**
Unrealised gains and losses on foreign exchange	**3,535,369**	**–**	**381,656**	**3,917,025**
Plant and equipment	**(7,618,785)**	**(362,989)**	**149,271**	**(7,832,503)**
Exploration and evaluation assets	**(11,598,513)**	**–**	**–**	**(11,598,513)**
	(14,591,815)	**(309,043)**	**574,654**	**(14,326,214)**
2017				
Other temporary differences	449,489	(143,376)	25,672	331,785
Provision for rehabilitation	559,448	119,731	79,150	758,329
Unrealised gains and losses on foreign exchange	5,267,435	(731,977)	(1,000,089)	3,535,369
Plant and equipment	(6,754,758)	2,904	(866,931)	(7,618,785)
Exploration and evaluation assets	(11,598,513)	–	–	(11,598,513)
	(12,076,899)	(752,718)	(1,762,198)	(14,591,815)

6. EARNINGS PER SHARE

	2018 Cents per share	2017 Cents per share
Basic earnings per share	**3.83**	3.06
Diluted earnings per share	**3.76**	3.02

	$	$
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	**10,988,897**	8,872,564
Earnings attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**10,988,897**	8,872,564

	2018 Number of shares	2017 Number of shares
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**286,997,598**	289,942,646
Effect of dilution:		
Share options and bonus shares	**5,462,603**	4,182,274
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**292,460,201**	294,124,920

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 INVESTEES

	2018 $	2017 $
Investment in joint venture	416,442	446,104
	416,442	446,104

a) *Chrome Tailings Retreatment Project (CTRP) – Associate*

The Group has a 25% interest in CTRP, which operated a chrome tailings retreatment plant at Kroondal in South Africa (2017: 25%).

The Group impaired CTRP in December 2013. The plant assets were sold to Sylvania Metals (Pty) Ltd for a net amount of ZAR5,000,000 in June 2018. The CTRP will be dissolved once the plant has been fully dismantled and moved.

b) *Tizer Sylvania Consortium – Joint Venture*

The Group entered into an agreement in November 2016 to establish the Tizer Sylvania Consortium (TS Consortium), a research and development project which operates a pilot pelletiser plant in South Africa. In terms of the agreement the Group has a 50% interest in the TS Consortium for an initial contribution of $436,386, of which $428,425 has been settled in cash by 30 June 2018. The Group's interest in TS Consortium is accounted for using the equity method in the consolidated financial statements.

The following table summarises the financial information of TS Consortium as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in TS Consortium.

	2018 $	2017 $
Non-current assets	1,573,136	1,022,493
Current Assets	25,068	–
Non-current liabilities	(646,153)	–
Current liabilities	(119,167)	(130,285)
Net assets (100%)	832,884	892,208
Group's share of net assets (50%)	416,442	446,104
Carrying amount of investment in joint venture	416,442	446,104
Interest income	15	–
Interest expense	(25,472)	–
Other expenses	(238)	–
Total comprehensive loss (100%)	(25,695)	–
Group's share of total comprehensive loss (50%)	(12,847)	–

Contingencies and commitments

The investments in joint venture had no contingent liabilities or capital commitments as at 30 June 2018.

8. OTHER FINANCIAL ASSETS

	2018 $	2017 $
Loans and receivables		
Loans receivable (a)	**794,838**	1,306,885
Rehabilitation insurance guarantee (b)	**637,618**	427,713
Total	**1,432,456**	1,734,598
Non-current assets	**1,432,456**	586,271
Current assets	**–**	1,148,327

(a) Loans and receivables consist of loans granted to Ironveld Holdings (Pty) Ltd by Sylvania Metals (Pty) Ltd, and TS Consortium. The decrease in the balance was due to the repayment of the loan by Ironveld Holdings (Pty) Ltd in July 2017.

The loan to TS Consortium is unsecured, bears interest at 7% per annum and is repayable on 31 December 2019.

(b) Investment linked to the rehabilitation insurance guarantee. Monthly instalments of ZAR222,000 are made to the investment account to serve as security for the guarantee.

9. EXPLORATION AND EVALUATION ASSETS

	Mineral rights $	Deferred exploration expenditure $	Total $
2018			
Balance at beginning of financial year	**2,619,404**	**54,968,496**	**57,587,900**
Foreign currency movements	**(134,705)**	**(418,874)**	**(553,579)**
Direct expenditure for the year	**56,890**	**306,045**	**362,935**
Balance at end of financial year	**2,541,589**	**54,855,667**	**57,397,256**
2017			
Balance at beginning of financial year	2,251,110	53,472,314	55,723,424
Foreign currency movements	301,064	886,964	1,188,028
Direct expenditure for the year	67,231	609,217	676,448
Balance at end of financial year	2,619,405	54,968,495	57,587,900

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.

An impairment assessment of the exploration projects were done based on an independent valuation by a third party.

The valuations were based on the differing levels of confidence per project. The Early Stage Projects were subject to a Cost and Market Comparable approach, whilst the advanced Projects used a Cost Market Comparable and Discounted Cash-flow approach. Discount rates of 12% and 15% were used respectively. No impairment was recognised during the reporting period.

9. PROPERTY, PLANT AND EQUIPMENT

	Property $	Mining property $	Construction in progress $	Plant $	Equipment $	Leasehold improvements $	Computer equipment and software $	Furniture and fittings $	Office equipment $	Motor vehicles $	Total $
2018											
At 1 July 2017											
Cost	3,251,863	2,511,007	2,232,696	62,482,155	819,255	22,252	424,679	56,011	108,721	856,038	72,764,677
Accumulated depreciation	(81,453)	(1,647,825)	–	(37,303,257)	(555,501)	(22,252)	(354,706)	(54,700)	(81,659)	(405,632)	(40,506,985)
Net carrying value	3,170,410	863,182	2,232,696	25,178,898	263,754	–	69,973	1,311	27,062	450,406	32,257,692
Year ended 30 June 2018											
Opening net carrying value	3,170,410	863,182	2,232,696	25,178,898	263,754	–	69,973	1,311	27,062	450,406	32,257,692
Exchange differences	(158,030)	(26,240)	(370,787)	(928,097)	(8,779)	(36)	(1,147)	734	(1,302)	(14,860)	(1,508,544)
Additions	16,614	–	4,000,278	3,540,282	10,086	528	31,580	3,324	9,905	12,407	7,625,004
Acquired through business combination	17,233	–	558,788	3,907,474	–	–	16,725	19,251	–	13,269	4,532,740
Write off	–	–	–	(423,320)	(2,189)	–	(213)	–	(980)	(57)	(426,759)
Depreciation charge	(14,001)	(250,891)	–	(6,157,885)	(73,258)	–	(58,300)	(6,050)	(9,668)	(119,655)	(6,689,708)
Closing net carrying value	3,032,226	586,051	6,420,975	25,117,352	189,614	492	58,618	18,570	25,017	341,510	35,790,425
At 30 June 2018											
Cost	3,122,668	2,385,550	6,420,975	67,934,702	723,685	21,633	470,206	104,439	110,512	835,065	82,129,435
Accumulated depreciation	(90,442)	(1,799,499)	–	(42,817,350)	(534,071)	(21,141)	(411,588)	(85,869)	(85,495)	(493,555)	(46,339,010)
Net carrying value	3,032,226	586,051	6,420,975	25,117,352	189,614	492	58,618	18,570	25,017	341,510	35,790,425

	Property $	Mining property $	Construction in progress $	Plant $	Equipment $	Leasehold improvements $	Computer equipment and software $	Furniture and fittings $	Office equipment $	Motor vehicles $	Total $
2017											
At 1 July 2016											
Cost	2,868,476	2,217,255	–	53,956,078	530,311	19,649	354,366	48,713	81,729	555,819	60,632,396
Accumulated depreciation	(61,014)	(1,252,681)	–	(28,055,042)	(437,106)	(19,446)	(281,254)	(47,288)	(63,901)	(282,073)	(30,499,805)
Net carrying value	2,807,462	964,574	–	25,901,036	93,205	203	73,112	1,425	17,828	273,746	30,132,591
Year ended 30 June 2017											
Opening net carrying value	2,807,462	964,574	–	25,901,036	93,205	203	73,112	1,425	17,828	273,746	30,132,591
Exchange differences	371,584	118,550	90,030	3,264,015	18,728	17	9,169	177	2,639	41,929	3,916,838
Additions	3,220	–	2,142,666	1,322,142	209,868	–	38,938	1,375	15,512	258,886	3,992,607
Disposals	–	–	–	162	–	–	(261)	–	–	(18,465)	(18,564)
Depreciation charge	(11,856)	(219,942)	–	(5,308,457)	(58,047)	(220)	(50,985)	(1,666)	(8,917)	(105,690)	(5,765,780)
Closing net carrying value	3,170,410	863,182	2,232,696	25,178,898	263,754	–	69,973	1,311	27,062	450,406	32,257,692
At 30 June 2017											
Cost	3,251,863	2,511,007	2,232,696	62,482,155	819,255	22,252	424,679	56,011	108,721	856,038	72,764,677
Accumulated depreciation	(81,453)	(1,647,825)	–	(37,303,257)	(555,501)	(22,252)	(354,706)	(54,700)	(81,659)	(405,632)	(40,506,985)
Net carrying value	3,170,410	863,182	2,232,696	25,178,898	263,754	–	69,973	1,311	27,062	450,406	32,257,692

10. PROPERTY, PLANT AND EQUIPMENT

LEASED ASSETS

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

	2018 $	2017 $
Plant and equipment		
Cost	132,467	122,977
Accumulated depreciation	(85,354)	(64,869)
	47,113	58,108
Motor vehicles		
Cost	533,590	533,590
Accumulated depreciation	(218,589)	(117,306)
	315,001	416,284

During the year, the Group acquired under finance lease plant and equipment of $ Nil (2017: $31,935) and motor vehicles of $ Nil (2017: $258,886).

NON-CURRENT ASSETS PLEDGED AS SECURITY

Leased assets are pledged as security for the related finance lease liability (refer to note 16). No other non-current assets are pledged as security for any liabilities.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Given the constant pressure on the platinum price and that the Group's market capitalisation is lower than the net asset value, the directors performed an impairment assessment of the Group's property, plant and equipment at year end. No impairment was considered necessary in the current year.

11. CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Cash at bank and on hand	6,593,868	6,269,257
Short-term deposits	6,464,542	8,110,942
Short-term deposits – restricted cash	957,997	940,918
	14,016,407	15,321,117

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 $14,016,407 (2017: $15,321,117).

At 30 June 2018, the Group had available $2,083,656 (2017: $2,193,238) of undrawn borrowing facilities.

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

The Group has pledged part of its short-term deposits with a carrying value of $957,997 (2017: $940,918) in order to fulfil collateral requirements for the guarantees held below.

BANK GUARANTEES ARE HELD AS FOLLOWS

	2018 $	2017 $
Eskom	869,906	915,656
The Department of Mineral Resources	53,675	18,220
Growthpoint	27,166	–

12. TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
Trade receivables	24,936,276	19,130,320
Other receivables	493,636	371,785
	25,429,912	19,502,105

Trade receivables are due from major minerals mining and processing companies. None of the amounts are past due or impaired. At 30 June 2018, gross sales of $18,825,058 (2017: $13,722,018), included in trade receivables were subject to price adjustments.

Other receivables are non-interest bearing and are generally on 30-90 day terms. No other receivables are past due nor impaired.

13. INVENTORIES

	2018 $	2017 $
Stores and materials	1,488,382	1,187,884
Finished goods in transit	–	610,046
	1,488,382	1,797,930

Inventories of $2,124,571 (2017: $1,478,890) were recognised as an expense during the current year and included in cost of sales.

STORES AND MATERIALS

Spares and consumables are held in stock for engineering breakdowns.

14. ISSUED CAPITAL

AUTHORISED CAPITAL

	2018 No of shares	2018 $	2017 $
Ordinary shares with a par value of $0.01	1,000,000,000	10,000,000	10,000,000

ISSUED CAPITAL

	2018 No of shares	2017 No of shares	2018 $	2017 $
Share capital				
Ordinary shares				
Ordinary shares fully paid	291,133,661	297,981,896	2,911,337	2,979,819

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

14. ISSUED CAPITAL *continued*

MOVEMENTS IN ORDINARY SHARE CAPITAL

Date	Details	Number of shares	$
1 July 2017	Opening balance	297,981,896	29,798,190
	Cancellation of shares [1]	(6,848,235)	(68,482)
30 June 2018	Closing balance	291,133,661	2,911,337
1 July 2016	Opening balance	297,981,896	2,979,819
30 June 2017	Closing balance	297,981,896	2,979,819

[1] *3,333,011 shares were acquired in the market and cancelled immediately and 3,515,224 shares were cancelled out of treasury.*

On 21 August 2017 the Company announced a Share Buyback Programme ("Programme"). The purpose of the Programme was to facilitate the sale of shares held by small non-UK shareholders prohibited from doing so by the cost and administrative burden of trading certificated shares outside of the UK. Sylvania's Board has approved a programme to offer to buy back up to 4,156,982 shares where the individual shareholding is no more than 175,000 ordinary shares and is in certificated format. The Company repurchased these shares at A$0.1619. The closing date for the Programme was 24 August 2018.

The table below shows the movement in the treasury share account for the year. The shares are being held to be issued as bonus shares to senior management in recognition of the achievement of performance criteria. Refer to note 21 for further details.

Date	Number of shares
Opening balance at 1 July 2017	8,105,887
Shares purchased	4,535,998
Shares purchased through Share Buyback Programme	2,281,570
Share options and bonus shares exercised	(6,555,000)
Shares cancelled	(3,515,224)
Closing balance as at 30 June 2018	4,853,231

SHARE OPTIONS

	2018 Number of options	2017 Number of options
Employee option plan options		
– At $Nil per share on or before 29 December 2021	1,000,000	2,010,000
– At $Nil per share on or before 11 June 2023	–	400,000
– At $Nil per share on or before 29 August 2023	–	1,240,000
	1,000,000	3,650,000

Information relating to the employee option plan, is set out in note 21.

15. RESERVES

NATURE AND PURPOSE OF RESERVES

- ***Reserve for own shares***

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

- ***Foreign currency translation reserve***

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

- ***Share-based payment reserve***

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

- ***Non-controlling interests reserve***

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

- ***Equity reserve***

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

15. RESERVES *continued*

	Share premium reserve $	Reserve for own shares $	Share-based payments reserve $	Foreign currency translation reserve $	Non-controlling interest reserve $	Equity reserve $	Total Reserves $
Balance as at 1 July 2017	**175,705,741**	**(1,063,273)**	**3,896,700**	**(36,395,551)**	**(39,779,293)**	**(29,741,213)**	**72,623,111**
Included in other comprehensive profit:							
Foreign currency translation	**–**	**–**	**–**	**(3,593,788)**	**–**	**–**	**(3,593,788)**
Total other comprehensive profit	**–**	**–**	**–**	**(3,593,788)***	**–**	**–**	**(3,593,788)**
Treasury shares acquired	**–**	**(1,414,669)**	**–**	**–**	**–**	**–**	**(1,414,669)**
Share-based payments	**–**	**–**	**370,249**	**–**	**–**	**–**	**370,249**
Share options and bonus shares exercised	**–**	**699,445**	**(699,445)**	**–**	**–**	**–**	**–**
Shares cancelled	**(568,653)**	**637,135**	**–**	**–**	**–**	**–**	**68,482**
Balance as at 30 June 2018	**175,137,088**	**(1,141,362)**	**3,567,504**	**(39,989,339)**	**(39,779,293)**	**(29,741,213)**	**68,053,385**
Balance as at 1 July 2016	175,705,741	(737,684)	3,730,400	(42,260,629)	(39,779,293)	(29,741,213)	66,917,322
Included in other comprehensive loss:							
Foreign currency translation	–	–	–	5,865,078	–	–	5,865,078
Total other comprehensive loss	–	–	–	5,865,078*	–	–	5,865,078
Treasury shares acquired	–	(525,558)	–	–	–	–	(525,558)
Share-based payments	–	–	405,731	–	–	–	405,731
Share options and bonus shares exercised	–	199,969	(239,431)	–	–	–	(39,462)
Balance as at 30 June 2017	175,705,741	(1,063,273)	3,896,700	(36,395,551)	(39,779,293)	(29,741,213)	72,623,111

* *The following exchange rates where used to translate the Statement of Financial Position at 30 June 2017 and 2018 respectively. USD:ZAR – $1:R13.06 & $1:R13.75.*

16. BORROWINGS

	Future minimum lease payments due $	Finance charges $	Present value of minimum lease payments due $
Finance lease liabilities			
At 30 June 2018			
Due within one year	**155,901**	**(23,201)**	**132,700**
Due between one and five years	**192,305**	**(18,410)**	**173,895**
	348,206	**(41,611)**	**306,595**
At 30 June 2017			
Due within one year	190,531	(43,792)	146,739
Due between one and five years	368,240	(44,821)	323,419
	558,771	(88,613)	470,158

These borrowings are secured over various motor vehicles, plant and equipment, are repayable in monthly instalments of $16,813 (2017: $16,949) and bear interest at rates varying between 10.25% and 11% (2017: 9.5% and 11%) p.a. Refer to note 10 for further detail on non-current assets pledged as security.

17. PROVISIONS

	2018 $	2017 $
Provision for rehabilitation	**3,685,257**	3,626,989
Movement in provision		
Balance at beginning of financial year	**3,626,989**	2,809,228
Foreign currency movements	**(191,087)**	390,149
Unwinding of discount factor	**244,905**	189,344
Utilised during the year	**4,450**	238,268
Balance at end of financial year	**3,685,257**	3,626,989

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

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

18. TRADE AND OTHER PAYABLES

	2018 $	2017 $
Trade payables	**2,384,518**	2,542,753
Accrued expenses	**2,911,389**	2,239,703
Other trade payables	**380,667**	292,664
	5,676,574	5,075,120

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, predominately payable in ZAR and located in South Africa.

19. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2018 $	2017 $
(a) Reconciliation of profit before tax to net cash flow from operating activities		
Profit before income tax expense	16,100,680	13,205,782
Adjusted for:		
Equity accounted net loss from joint venture	12,847	–
Profit on sale of property, plant and equipment	–	(37,449)
Write-off of property, plant and equipment	426,759	–
Foreign exchange loss	–	15,050
Finance income	(878,191)	(888,548)
Finance costs	293,792	244,292
Depreciation	6,689,708	5,765,780
Provisions	(134,609)	61,247
Share-based payments	370,249	405,731
Net operating profit before working capital changes	22,881,236	18,771,885
Changes in working capital:		
Increase in trade receivables	(5,243,662)	(1,252,219)
Decrease in inventories	528,755	114,581
Increase/(decrease) in trade and other payables	178,451	(1,916,681)
Cash generated from operating activities	18,344,780	15,717,566
Finance income received	803,812	630,144
Finance costs paid	(48,886)	(54,947)
Taxation paid	(4,054,932)	(4,218,423)
Net cash inflow from operating activities	15,044,774	12,074,340
(b) Taxation paid		
Balance receivable at the beginning of the year	756,255	80,679
Acquired through business combinations	(834)	–
Income tax recognised in profit or loss	(4,809,670)	(3,580,500)
Interest received	–	154
Foreign currency movements	12,985	37,499
	(4,041,264)	(3,462,168)
Less: Net balance receivable at the end of the year	(13,668)	(756,255)
Taxation paid	(4,054,932)	(4,218,423)

20. NET CASH OUTFLOW FROM FINANCING ACTIVITIES

	2018 $	2017 $
(a) Repayment of borrowings		
Balance owing at the beginning of the year	(470,159)	(383,209)
Cash flow items		
Finance lease payments during the year	150,180	226,762
Non-cash flow		
New finance leases	–	(297,300)
Finance leases cancelled	–	35,816
Foreign currency movements	13,384	(52,227)
Closing balance	(306,595)	(470,158)
(b) Payment for settlement of bonus shares		
Treasury shares opening balance	(1,063,273)	(737,684)
Cash flow items		
Treasury shares acquired	(1,414,669)	(525,558)
Non-cash flow items		
Share options & bonus shares exercised	699,445	199,969
Shares cancelled	637,135	–
Closing balance	(1,141,362)	(1,063,273)
(c) Payment for settlement of share options		
Share Based payments opening balance	(3,896,700)	(3,730,400)
Cash flow items		
Settlement of share options and bonus shares	–	39,461
Non-cash flow items		
Share options & bonus shares exercised	699,445	199,970
Bonus shares expenses	(370,249)	(405,731)
Closing balance	(3,567,504)	(3,896,700)

21. SHARE-BASED PAYMENT PLAN

EXPENSE RECOGNISED THROUGH PROFIT AND LOSS

	2018 $	2017 $
Expense arising from equity-settled share-based payment transactions	370,249	405,731
Total expense	370,249	405,731

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.

The company does not intend to issue any further Options under the Option Plan and a decision was taken by the Board to cancel the Option Plan in November 2017.

OPTIONS

Grant date	Expiry date	Exercise price	Fair value at grant date $	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Balance at the end of the year Number	Vested and exercisable at end of year Number
2018								
29 Dec 2011	29 Dec 2021	Nil	0.33	2,010,000	–	(1,010,000)	1,000,000	1,000,000
11 Jun 2013	11 Jun 2023	Nil	0.17	400,000	–	(400,000)	–	–
29 Aug 2013	29 Aug 2023	Nil	0.13	1,240,000	–	(1,240,000)	–	–
24 Aug 2016	24 Aug 2026	Nil	0.10	–	–	–	–	–
Total				3,650,000	–	(2,650,000)	1,000,000	1,000,000
Weighted average exercise price			–	–	–	–	–	
2017								
29 Dec 2011	29 Dec 2021	Nil	0.33	2,970,000	–	(960,000)	2,010,000	2,010,000
11 Jun 2013	11 Jun 2023	Nil	0.17	800,000	–	(400,000)	400,000	400,000
29 Aug 2013	29 Aug 2023	Nil	0.13	1,360,000	–	(120,000)	1,240,000	600,000
24 Aug 2016	24 Aug 2026	Nil	0.10	–	400,000	(400,000)	–	–
Total				5,130,000	400,000	(1,880,000)	3,650,000	3,010,000
Weighted average exercise price			–	–	–	–	–	–

The options outstanding at 30 June 2018 have vested and have an exercise price of $Nil (2017: $Nil) and a weighted average remaining contractual life of 4 years (2017: 5 years).

The weighted average share price at the date of exercise of options during the year ended 30 June 2018 was $ Nil (2017: $ Nil).

SHARE BONUS AWARD

On 24 August 2016, 4,095,000,000 ordinary shares of $0.01 each in Sylvania Platinum Limited were allocated to certain employees and senior management in recognition of the achievement of performance criteria. These shares vested on 24 August 2017.

On 17 August 2017, 2,675,000 ordinary shares of $0.01 each in Sylvania Platinum Limited were allocated to certain employees and senior management in recognition of the achievement of performance criteria. These shares vest on 16 August 2020.

BONUS SHARES

Issue date	Fair value at issue date $	Balance at start of the year Number	Issued during the year Number	Forfeit Number	Exercised during the year Number	Balance at the end of the year Number	Vested and exercisable at end of year Number
2018							
24 August 2016	0.10	4,095,000	–	(190,000)	3,905,000	–	–
17 August 2017	0.10	–	2,675,000		–	2,675,000	–
Total		4,095,000	2,675,000	(190,000)	3,905,000	2,675,000	–
2017							
24 August 2016	0.10	–	4,095,000	–	–	4,095,000	–
Total		–	4,095,000	–	–	4,095,000	–

The fair values of the bonus shares granted are determined at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the bonus shares were granted (the exercise price, the term of the bonus shares), 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 bonus shares. The following assumptions were used to estimate the fair value of the bonus shares granted during the year ended 30 June 2018.

	2018	2017
Expected volatility (%)	35.95	41.01
Risk-free rate (%)	7.75	7.00
Expected life (years)	3	1
Share price ($)	0.09	0.08
Exercise price ($)	Nil	Nil
Expected dividend yield ($)	Nil	Nil

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

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade and other payables and interest-bearing loans and borrowings. The main purpose of these financial instruments is to manage short term cash flow and raise finance for the Group's capital expenditure program. The Group has various financial assets such as trade and other receivables and cash and short-term deposits, which arise directly from its operations.

RISK EXPOSURES AND RESPONSES

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

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

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

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

RISK EXPOSURES AND RESPONSES *continued*

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

- The statement of financial position sensitivity relates to receivables subject to commodity price risk and interest-bearing 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 2018 and 30 June 2017.

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

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

	2018 $	2017 $
Financial assets		
Loans and receivables		
Trade and other receivables *	**25,164,243**	19,326,376
Cash and cash equivalents	**14,016,407**	15,321,117
Loans receivable	**1,432,456**	1,734,598
	40,613,106	36,382,091
Financial liabilities		
Other financial liabilities at amortised cost		
Finance lease liabilities	**(306,595)**	(470,158)
Trade and other payables	**(5,676,571)**	(5,075,120)
	(5,983,166)	(5,545,278)

* *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 three types of risk: commodity price risk, interest rate risk, and currency risk. Financial instruments affected by market risk include receivables, loans, borrowings and deposits.

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:

	2018 $	2017 $
Financial assets		
Trade receivables	**18,825,058**	13,722,018

These receivables contain embedded derivatives that are accounted for in accordance with the policy set out in Note 2.3(l).

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.

	2018		2017	
	Profit/ (loss) $	Equity increase/ (decrease) $	Profit/ (loss) $	Equity increase/ (decrease) $
10% (2017: 10%) increase in PGM prices	**1,355,404**	1,355,404	987,985	987,985
10% (2017: 10%) decrease in PGM prices	**(1,355,404)**	(1,355,404)	(987,985)	(987,985)

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).

INTEREST RATE RISK

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

Cash and cash equivalents are exposed to ZAR 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 Group manages the risk by maintaining an appropriate mix between fixed and floating rate liquid funds.

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

	2018 $	2017 $
Financial assets		
Cash and cash equivalents	**14,016,407**	9,051,860
Loans receivable	**–**	1,148,327
Investment for rehabilitation insurance guarantee	**637,618**	427,713
Financial liabilities		
Borrowings	**(306,595)**	(470,158)

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 $38,646 (2017: $53,352). The impact on equity would have been the same.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

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. These customers are reputable mining companies. The customers 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.

At reporting date there were no financial assets that were past due or impaired.

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 $	Total $
2018					
Trade and other payables	**5,676,571**	**5,676,571**	**5,676,571**	**–**	**5,676,571**
Finance lease liability	**306,595**	**306,595**	**132,700**	**173,895**	**306,595**
	5,983,166	**5,983,166**	**5,809,271**	**173,895**	**5,983,166**
2017					
Trade and other payables	5,075,120	5,075,120	5,075,120	–	5,075,120
Finance lease liability	470,158	558,771	190,531	368,240	558,771
	5,545,278	5,633,891	5,265,651	368,240	5,633,891

FAIR VALUE OF FINANCIAL INSTRUMENTS

For financial assets and financial liabilities not measured at fair value, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The Group has no financial assets where carrying amount exceeds net fair value at reporting date.

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

- Cash and short term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term variable-rate receivables and borrowings are evaluated by the Group based on parameters such as interest rates. As at 30 June 2018 the carrying amounts of such receivables and borrowings were not materially different from their calculated fair values.

23. ACQUISITION OF SYLVANIA LESEDI

GENERAL

On 6 November 2017, Sylvania Metals (Pty) Ltd a subsidiary of the Group acquired 100% of the shares in Phoenix Platinum Mining (Pty) Ltd, renamed Sylvania Lesedi, for a consideration of ZAR89,000,000 ($6,272,453).

For the 8 months ended 30 June 2018, Sylvania Lesedi contributed revenue of $4,405,571 and a profit of $328,794 to the Group's results. If the acquisition had occurred on 1 July 2017, management estimates that contributed revenue would have been $6,471,259 and a contributed profit of $429,099.

If new information obtained within one year of the acquisition date, about facts and circumstances that existed at the acquisition date, identifies adjustments to the below amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

ACQUISITION-RELATED COSTS

The Group incurred acquisition-related costs of $68,340 on legal fees and due diligence costs. These costs have been included in administrative expenses.

IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

The following table summarises the fair value of assets acquired and liabilities assumed at the date of acquisition.

	6 November 2017 $
Property, plant and equipment	4,537,094
Trade & Other receivables	1,754,786
Inventory	256,022
Cash & Cash equivalents	176,193
Provisions	(69,624)
Trade & Other payables	(381,184)
Tax payable	(834)
Total identifiable net assets acquired	6,272,453
Consideration paid	6,272,453
Identifiable net assets acquired	(6,272,453)
Goodwill	–

On acquisition the shareholder loan of ZAR253,644,305 ($17,876,090) owing to Pan African Resources Plc by Phoenix Platinum Mining (Pty) Ltd was transferred to Sylvania Platinum Ltd.

24. COMMITMENTS AND CONTINGENCIES

	2018 $	2017 $
Operating leases		
Leases as lessee		
Future minimum lease payments (net of VAT) under non-cancellable leases as at 30 June are as follows:		
Office premises		
The Group has a commercial lease arrangement whereby it leases its current office premises, in Johannesburg. This lease has an average life of five years with an option to renew at the end of the lease term and with rentals escalating at 9% per annum.		
Within one year	80,802	83,316
After one year but not more than five years	308,007	409,257
	388,809	492,573
Office equipment		
Within one year	16,842	13,236
After one year but not more than five years	17,908	26,472
	34,750	39,708

FINANCE LEASE COMMITMENTS

The Group has instalment sale agreements for various items of motor vehicles, plant and equipment and computer equipment. Refer to notes 10 and 16 for further details on finance lease commitments.

COMMITMENTS FOR PLANT CONSTRUCTION

At 30 June 2018, there were no commitments signed for continued improvements of the plants.

25. OPERATING LEASES

	2018 $	2017 $
Leases as lessor		
Future minimum lease payments (net of VAT) under non-cancellable leases as at 30 June are as follows:		
Farm		
The Group has a lease agreement whereby it leases certain portions of the Grasvally farm to a third party exclusively for the grazing of livestock. This lease has an average life of three years and no renewal option included in the contract and with rentals escalating 8% per annum.		
Within one year	41,788	–
After one year but not more than five years	37,115	–
	78,903	–

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 is set out below:

Director	Balance at the start of the year	Issued under share and option plan	Balance at the end of the year
2018			
T M McConnachie	4,815,000	200,000	5,015,000
R A Williams	987,000	80,000	1,067,000
S A Murray	600,000	400,000	1,000,000
2017			
T M McConnachie	4,615,000	200,000	4,815,000
R A Williams	907,000	80,000	987,000
S A Murray	200,000	400,000	600,000

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

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

Director	Balance at the start of the year	Exercised during the year	Balance at the end of the year
2018			
T M McConnachie	200,000	(200,000)	–
R A Williams	80,000	(80,000)	–
S A Murray	400,000	(400,000)	–
2017			
T M McConnachie	400,000	(200,000)	200,000
R A Williams	160,000	(80,000)	80,000
S A Murray	800,000	(400,000)	400,000

26. KEY MANAGEMENT DISCLOSURE *continued*

KEY MANAGEMENT PERSONNEL COMPENSATION

	Short Term Benefits			Share-based payment	Total
	Cash salary/ Consulting fees	Bonus[1]	Directors' fees	Equity shares/ share options[2]	
	$	$	$	$	$
2018					
Directors					
TM McConnachie	505,004	–	–	1,630	506,634
SA Murray	–	–	125,000	–	125,000
RA Williams		–	85,000	652	85,652
E Carr	24,000	–	75,000	–	99,000
Sub-total	529,004	–	285,000	2,282	816,286
Other key management	977,600	280,961	–	74,320	1,332,881
Total	1,506,604	280,961	285,000	76,602	2,149,167
2017					
Directors					
TM McConnachie	425,761	–	60,000	8,689	494,450
SA Murray	–	–	100,000	15,876	115,876
RA Williams	–	–	60,000	3,476	63,476
E Carr	24,000	–	60,000	–	84,000
Sub-total	449,761	–	280,000	28,041	757,802
Other key management	854,358	270,276	–	158,106	1,282,740
Total	1,304,119	270,276	280,000	186,147	2,040,542

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

2 *Share-based payments include share options and bonus shares granted – refer to note 21.*

27. RELATED PARTY TRANSACTIONS

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

Name of Entity	Country of incorporation	Class of shares	Equity Holding 2018 %	2017 %
Sylvania Holdings Limited	Mauritius	Ordinary	100	100
Aralon Holdings Limited	Mauritius	Ordinary	100	100
Sylvania (Mauritius) Limited	Mauritius	Ordinary	100	100
Sylvania South Africa (Pty) Ltd	South Africa	Ordinary	100	100
Sylvania Metals (Pty) Ltd	South Africa	Ordinary	100	100
Phoenix Platinum Mining (Pty) Ltd	South Africa	Ordinary	100	–
Sylvania Properties (Pty) Ltd	South Africa	Ordinary	100	100
Sylvania Mining (Pty) Ltd	South Africa	Ordinary	100	100
Sylvania Northern Platinum (Pty) Ltd	South Africa	Ordinary	74	74
Sylvania Resources (Pty) Ltd	South Africa	Ordinary	100	100
Great Australian Resources South Africa (Pty) Ltd	South Africa	Ordinary	100	100
Hacra Mining and Exploration Company (Pty) Ltd	South Africa	Ordinary	67	69
Pan Palladium South Africa (Pty) Ltd	South Africa	Ordinary	100	100
Volspruit Mining Company (Pty) Ltd	South Africa	Ordinary	74	74
Zoetveld Properties (Pty) Ltd	South Africa	Ordinary	100	100
Grasvally Chrome Mine (Pty) Ltd	South Africa	Ordinary	74	74
PT Sands (Pty) Ltd	South Africa	Ordinary	100	–

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

NON-CONTROLLING INTERESTS

The non-controlling interests are all held by BEE participants. An agreement has been entered into with non-controlling shareholders where the Group absorbs the losses that would be attributable to the non-controlling interests.

OTHER RELATED PARTIES RELATIONSHIPS

Entities controlled or significantly influenced by key management

- ***Indian Ocean Smelters (Pty) Ltd (Previously Summer Sun Trading 210 (Pty) Ltd)***

TERMS AND CONDITIONS WITH CONTROLLED ENTITIES

All loans are unsecured, bear no interest and have no fixed terms of repayment.

27. RELATED PARTY TRANSACTIONS *continued*

INVESTMENTS IN ASSOCIATES

The Group has a 25% (2017: 25%) interest in the assets, liabilities and output of an entity, CTRP, which operates a chrome tailings retreatment plant at Kroondal in South Africa. The investment in CTRP has been fully impaired in prior years and remains on care and maintenance.

INVESTMENTS IN JOINT VENTURES

The Group has a 50% interest in the net assets of TS Consortium, which operates a pilot pelletiser plant in South Africa (2017: 50%).

TERMS AND CONDITIONS WITH INVESTMENTS IN JOINT VENTURES

The loan to TS Consortium is unsecured, bears interest at 7% and is repayable on 31 December 2019.

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:

	2018 %	2017 %
Service fees paid to related parties		
Indian Ocean Smelters (Pty) Ltd	(5,135)	(4,512)

LOANS TO RELATED PARTIES

	2018 %	2017 %
Balance outstanding at 30 June 2018		
Loan to joint venture	758,560	130,285

28. EVENTS AFTER THE REPORTING DATE

There were no events that could have a material impact on the financial results of the Group after 30 June 2018.

29. GOING CONCERN

The Group's financial risk management objectives and policies are detailed in note 22 and available borrowing facilities are set out in note 11. After reviewing the financial position, operational performance, budgets and forecasts as well as the timing of cash flows and sensitivity analyses, the directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.


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.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

SHAREHOLDERS HOLDING 3% OR MORE FULLY PAID SHARES

	Shareholder	Number of shares	% Shareholding[1]
1	Africa Asia Capital	58,882,551	20.57
2	M&G Investment Management	28,247,500	9.87
3	Majedie Asset Management	24,813,998	8.67
4	Hargreaves Lansdown	13,512,452	4.72
5	Miton Asset Management	13,000,000	4.54
6	FIL Investment International	12,228,863	4.27
7	Hargreave Hale	10,595,863	3.70
8	Interactive Investor	9,575,508	3.34
		170,856,161	59.68

1 *The percentage shareholdings are calculated on the total number of ordinary shares with voting rights being 286,280,430 shares. The total issued number of shares is 291,133,661 including 4,853,231 shares held in treasury.*

GLOSSARY OF TERMS AND ACRONYMS

The following definitions apply throughout the consolidated financial statements:

AGM	Annual General Meeting
AIC	All-in costs
AISC	All-in sustaining costs
AIM	Alternative Investment Market of the London Stock Exchange
AQPSA	Aquarius Platinum (South Africa) (Pty) Ltd
AUD	Australian Dollar
BEE	Black Economic Empowerment
BIC	Bushveld Igneous Complex
CGU	Cash generating unit
CTRP	Chrome Tailings Retreatment Project
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
GBP	Great British Pound
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
Ironveld	Ironveld Plc
IRR	Internal Rate of Return
JORC	Joint Ore Reserves Committee
JV	Joint venture
LSE	London Stock Exchange
LTI	Lost time injury
MEC	Member of the Executive Council
MF2	Milling and flotation technology
MPRDA	Mineral and Petroleum Resources Development Act
MRA	Mining Right Application
MTO	Mining Titles Office
MQA	Mining Qualifications Authority
NOMR	New Order Mining Right

PFC	Power factor correction
PGM	Platinum group metals comprising mainly platinum, palladium, rhodium and gold
PAR	Pan African Resources Plc
Phoenix	Phoenix Platinum Mining Proprietary Limited
QCA	Quoted Companies Alliance Corporate Governance Code 2018 for Smaller Companies
ROM	Run of mine
SDO	Sylvania dump operations
Shares	Common shares
Sylvania	Sylvania Platinum Limited, a company incorporated in Bermuda
The Code	UK Corporate Governance Code
TS Consortium	Tizer Sylvania Consortium
USD	United States Dollar
WULA	Water Use Licence Application
ZAR	South African Rand

NOTES

NOTES

CORPORATE DIRECTORY

DIRECTORS

SA Murray – Independent Non-executive Chairman
TM McConnachie – Chief Executive Officer
RA Williams – Independent Non-executive Director
E Carr – Independent Non-executive Director

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STOCK EXCHANGE LISTING

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

WEBSITE

www.sylvaniaplatinum.com

R&A 2769/18

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