

Sylvania Platinum Limited
ARBN 147 331 726

Interim Report

Sylvania Platinum Limited

ARBN 147 331 726

**Interim Report
for the half year ended
31 December 2011**

Sylvania Platinum Limited
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Sylvania Platinum Limited
ARBN 147 331 726

Corporate Information

Directors	T M McConnachie R D Rossiter L M Carroll G M Button R A Williams (appointed 29 December 2011)
Assistant Company Secretaries	G M Button and L M Carroll
Registered office in Bermuda	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Principal place of business	Constantia View Office Park 2 Hogsback Street Quellerina Ext 4 Roodepoort 1725 South Africa Telephone: +27 (0)11 673 1171 Facsimile: +27 (0)11 673 0365
Share Registry	Computershare Investor Services Pty Ltd Reserve Bank Building Level 2 45 St George's Terrace Perth, Western Australia 6000 Australia
Auditors	Ernst & Young 11 Mounts Bay Road Perth, Western Australia 6000 Australia
Solicitors	Allen & Overy Level 27 Exchange Plaza 2 The Esplanade Perth, Western Australia 6000 Australia

Sylvania Platinum Limited
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Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Sylvania Platinum Limited ("Sylvania" or the "Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2011. Unless otherwise stated, the financial information contained in this report is presented in US dollars.

Directors

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

Richard D Rossiter – *Non-Executive Chairman*

Terence M McConnachie – *Chief Executive Officer*

Louis M Carroll – *Executive Director*

Grant M Button – *Executive Director*

Roger A Williams – *Non-Executive Director (appointed 29 December 2011)*

Group overview

The Company is pleased with the production achieved at the Sylvania dump operations (SDO) resulting in a gross profit of \$7,316,809 for the six months ended 31 December 2011. The SDO turnover increased by 21% in US dollar terms on the previous half year ended 31 December 2010. Expenditure on property, plant and equipment in the period amounted to \$6,196,747 and this was fully funded by cash inflows from operating activities of \$7,426,616. The improvement in turnover is as a result of the good production results at the Doornbosch and Steelpoort plants and continuous improvements at the other three SDO plants. Although production at the Chrome Tailing Retreatment Plant (CTRP), a 25% owned joint venture managed by Aquarius Platinum (SA) (Pty) Ltd (AQPSA) has been disappointing, the operation has contributed an additional 427 ounces to the group's total production for the reporting period. Even with additional costs relating to commissioning of the new expansion plant at Mooi-nooi, cash costs have decreased from \$597/oz as reported at 30 June 2011 to \$494/oz. The reduction in cash cost per ounce would have been even greater but was impacted by the commissioning of both the Heavy Media Separation (HMS) plant and the spiral section at Mooi-nooi which limited the plant's capacity to treat current arisings during the construction of the new expansion plant.

As at 31 December 2011 the Company's cash reserves amounted to \$19,932,568.

On 8 July 2011 Sylvania announced its decision to dispose of its magnetite iron ore assets, subject to shareholder and regulatory approvals. On 7 March 2012, Sylvania announced that the Company has entered into a legally binding conditional agreement with Mercury Recycling Group Plc (Mercury), which is traded on the AIM Market of the London Stock Exchange (AIM), pursuant to which Mercury will acquire the iron ore assets for approximately £13.7 million by issuing 203,022,285 fully paid ordinary shares in Mercury (Consideration Shares) to Sylvania (the Sale and Purchase Agreement or "SPA").

The study for the new open cast and underground mine on the Vygenhoek farm has been completed. Interim results were presented to AQPSA in December 2011 and the final study was presented in February 2012. It was agreed that the study results were favourable enough to present to the respective boards to allow the progression of the project through the incorporation of a joint venture (JV) between the two companies. Should the project be approved, the mining right application (MRA) will be submitted in the second half of FY2012.

Sylvania appointed Mr Roger Williams as a Non-Executive Director to the Board on 29 December 2011. Mr Williams is a highly accomplished Chartered Accountant with over 20 years' experience in mining finance. He currently holds directorships on the Boards of African Mining & Exploration Plc (AIM:AME) and Shaft Sinkers Holdings Plc (LSE:SHFT). As the Company evolves from an exploration company to a fully-fledged producing company, the board of predominately executive directors is transitioning to a board consisting of mostly non-executive directors in accordance with good corporate governance principles.

On 30 December 2011, Sylvania announced that it had applied to the Australian Securities Exchange (ASX) and had been granted conditional approval under Listing Rule 17.11 of the ASX Listing Rules, to be removed from the official list of the ASX. The Board believes that in order to streamline listings and compliance costs that it is in the best interests of the Company to be removed from the ASX official list and retain the AIM Market listing in London.

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Directors' Report (continued)

Review of operations

Health, safety and environment

The SDO has reported no lost time injuries for the six months ended 31 December 2011. This favourable trend is as a result of the Group being committed to reducing the incident frequency rate to zero and maintaining this through continued education and training, improving safety procedures and working to the highest possible standards.

Sylvania dump operations

Net revenue for the period increased to \$23,646,602, a 21% increase on the half year ended 31 December 2010.

Platinum group metal (PGM) ounce production for the half-year to 31 December 2011 increased by 36% to 25,179 ounces (2010: 18,530) and was due mainly to the excellent production results at the Steelpoort and Doornbosch plants.

Sylvania dump operations (100%): Statistical Information

Unaudited	Unit	6 months to Dec 2010	6 months to June 2011	6 months to Dec 2011	+/- % H2 2011 on H2 2010
<u>Revenue</u>					
Revenue	R'000	139,090	189,838	179,277	28.89
Revenue	US\$'000	19,501	27,371	23,646	21.26
Gross Basket Price ¹	US\$/oz	1,558	1,540	1,273	(18.29)
Net Basket Price ²	US\$/oz	1,118	1,124	908	(18.78)
Gross Cash Margin: SDO	%	45	51	40	(11.11)
Capital Expenditure	R'000	18,671	11,773	46,737	150.32
R/US\$ Exchange rate	R/US\$	6.86	6.85	8.14	18.66
EBITDA	R'000	36,956	62,420	68,532	85.44
<u>SDO Cash Cost³</u>					
Per PGM Feed ton	R/t	263	260	273	3.80
Per PGM Feed ton	US\$/t	38	38	34	(10.52)
Per 3E & Au oz	R/oz	4,246	4,087	4,019	(5.35)
Per 3E & Au oz	US\$/oz	619	597	494	(20.20)
<u>Production</u>					
Plant Feed	t	658,687	752,146	779,653	18.36
Feed Head Grade	g/t	2.41	2.85	2.74	13.69
PGM Plant Feed Tons	t	299,186	353,411	365,982	22.33
PGM Plant Grade	g/t	4.30	4.74	4.96	15.35
PGM Plant Recovery	%	44	42	43	(2.27)
Total 3E and Au	Oz	18,530	22,483	25,179	35.88

¹ The US\$ per ounce commodity price received from the sale of concentrate as contractually agreed;

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

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

Directors' Report (continued)

Plant operations and development

Millsell

The Millsell operation produced 4,051 PGM ounces during the six months ended 31 December 2011. During this period the plant completed the processing of the first pass treatment of its primary dump. High grade material from the old Mooinooi dump is being transported to the Millsell plant in addition to the material from Waterkloof and the small tailings dams in the vicinity. As a result of mixing these materials the Chrome content has been lowered significantly, reducing smelter penalties. A second pass on the primary dump is scheduled to commence in 2013 as well as the continued treatment of current arisings from the host mine.

The cash cost per ounce for the reporting period was R3,726/oz (\$458/oz) against R2,379/oz (\$347/oz) for the corresponding period in the prior year. The increase in costs is due mainly to the change in feed mix and higher maintenance cost for the relining of the mill.

Steelpoort

The Steelpoort operation produced 7,468 PGM ounces for the six months ended 31 December 2011 compared to 6,363 ounces for the period 31 December 2010.

The Steelpoort plant has operated consistently and has been a solid, steady plant over the six month reporting period. High availability has also contributed to the outstanding production at the plant. Feed into the plant is being supplemented by material from the Montrose dump which will extend the life of the primary feed resources at Steelpoort. The plant is also processing current arisings which will continue for an indeterminate period.

The cash cost per ounce for the period ended 31 December 2011 was R2,356/oz (\$289/oz) versus R2,612/oz (\$381/oz) for the corresponding six months to 31 December 2010.

Lannex

The Lannex operation produced 4,480 PGM ounces for the six months ended 31 December 2011 compared to 2,414 ounces for the six months to 31 December 2010. The improvement in ounce production is as a result of the improved plant stability and increased recoveries.

Even though production increased significantly, major equipment breakdowns during November/December 2011 meant that production fell short of target during the period. A new mechanical mining feed system is currently being installed and will assist to further improve throughput and ounce production.

Cash costs have also improved significantly from R5,886/oz (\$858/oz) for the six months ended 31 December 2010 to R3,994/oz (\$491/oz) for the six months ended 31 December 2011.

Mooinooi

The Mooinooi plant produced 2,717 PGM ounces for the six months ended 31 December 2011. Ounce production was affected as Sylvania was unable to treat current arisings as a result of spiral plant capacity constraints and the construction of the new run of mine (ROM) flotation plant.

The new expansion project which consists of a second float plant, a new 10m diameter thickener, a second spiral plant and a new dedicated power supply line was completed within budget, and was commissioned in December 2011. Production build up commenced in January 2012 and was completed at the end of February 2012 and process stability was achieved for both the new spirals and floatation areas. The expansion project includes the construction of a new tailings dam, construction of which commenced at the end of February 2012.

The Heavy Media Separation (HMS) plant which was constructed by the host mine was also commissioned by Sylvania during the reporting period adding to the total operation costs. Bead mills are currently being installed which will also assist in improving recoveries. The cash cost per ounce up to 31 December 2011 was R11,585/oz (\$1,423/oz) which will reduce as the expansion plant production increases.

Directors' Report (continued)

Doornbosch

The Doornbosch plant produced 6,463 PGM ounces for the six months to 31 December 2011 compared to the 2,565 ounces produced for the same period in the prior year. This outstanding performance has been as a result of the increase in current arisings received from the host mine, material from the nearby Montrose/Onverwagt tailings dam as well as good management. The cost of transporting the Montrose/Onverwagt material is mitigated by the high grades obtainable.

The cash costs for the reporting period to 31 December 2011 were R2,344/oz (\$288/oz) compared to R3,599/oz (\$525/oz) for the six months ended 31 December 2010.

Tweefontein

The engineering design phase was completed for the Tweefontein project in December 2011, and this detailed design has been approved by the board.

A power supply agreement for the project has been secured with Eskom. This substation will provide a firm supply to the existing mine and plant as well as the new Sylvania project. Commissioning of the Sylvania plant is targeted to commence in August 2012. Orders for long lead items were placed in February 2012.

A concept design for a second phase of the Tweefontein project has been completed. This phase will allow Sylvania to process run of mine ore from the Mooigenoeg adit at the host mine.

Chrome Tailings Retreatment Project (CTRP)

CTRP production of 427 PGM ounces for the half year has been disappointing over the past 6 months and is well short of the 667 ounces expected from the operation. Cash costs were also high at R15,266/oz (\$1,875/oz) against R5,502/oz (\$802/oz) for the same period in FY2011.

Northern limb operations

Volspruit project

The Volspruit Project is located at the Southern end of the Northern Limb of the Bushveld Igneous Complex in South Africa. This project has two main areas of focus, namely the development by Sylvania of the open-cast mine and concentrator, and the Sylvania JV development of a smelter and refinery complex.

The mining right application (MRA) was submitted in September 2011 to the Department of Mineral Resources (DMR). A request to transfer the prospecting rights from Pan Palladium SA (Pty) Ltd to the newly formed Volspruit Mining Company (Pty) Ltd, both Sylvania Group companies was submitted in October 2011.

The period for comment by the Limpopo Department of Economic Development, Environment and Tourism (LEDET) on the Environmental Scoping report has lapsed and the Environmental Application Practitioner (EAP) received no comments from the government agency.

A surface layout for the concentrator and plant infrastructure was completed during December 2011. The mining layout is in progress and was delivered in January 2012. This layout has been added to that of the concentrator to complete the overall surface layout for inclusion in the Environmental Impact Assessment (EIA) and associated studies.

The pre-feasibility study for the smelter and refinery commenced in January 2012 and is expected to be completed by 30 June 2012. A review of the scoping study and other engineering work undertaken to date is currently in progress.

A drilling program on Volspruit is also in progress. The program comprising of 40 cored boreholes commenced during September 2011, and was completed at the end of February 2012. The work is aimed at better defining the Northern Ore Body and allowing the upgrade of the geological model for the Southern Ore Body. The drilling program will also test the surrounding areas for possible satellite ore bodies. Interpretation of the cores suggests the existence of a granite dyke on the eastern boundary.

Directors' Report (continued)

Northern platreef project

The phased drilling program was commenced in September 2011 with phase 1 being completed in November 2011. The drilling program is aimed at upgrading components of the JORC Inferred Resource to Indicated category.

Six cored boreholes were completed totalling 1,222m on an area of elevated platinum group element grades. Drilling was conducted on a narrow 25m x 25m spacing to investigate geological and grade continuity.

The grades of the PGM and base metal mineralisation were as expected and the geological confidence in the "Hot Spot" concept has improved.

Corporate structure, empowerment and management

Removal from ASX official list and share buy-back

On 30 December 2011 Sylvania announced that it had applied to the Australian Securities Exchange (ASX) for the Company to be removed from the official list of ASX. The application was approved with conditions under Listing Rule 17.11. Sylvania is currently listed on both ASX and the AIM Market of the London Stock Exchange (AIM). The Board is of the opinion that it is in the best interests of the Company that Sylvania be delisted from the ASX.

The delisting of Sylvania is conditional on:

- provision of a facility for shareholders who currently hold their Shares on the Australian share register (Australian Shareholders) to sell their Shares on AIM through an ASX participating organisation for a period of not less than three months after the removal of Sylvania from the ASX official list (Voluntary Sale Facility); and
- provision of a letter to the Australian Shareholders informing them of Sylvania's intention to seek removal from the ASX official list and of the Voluntary Sale Facility not less than three months prior to the removal of Sylvania from the ASX official list (Australian Shareholder Letter).

In conjunction with the delisting, Sylvania has implemented a simultaneous share buy-back of:

- common shares (Shares) and depository interests (DIs) from holders of parcels of Shares or DIs which are valued at less than \$500 (Unmarketable Parcel), (Minimum Holding Buy-Back); and
- Shares and DIs from holders of parcels of Shares or DIs valued at \$500 or more but which comprise less than 5,000 Shares or DIs (Selective Buy-Back),

On 7 March 2012 Sylvania announced a legally binding conditional agreement reached with Mercury Recycling Group Plc for the sale of Sylvania's iron ore assets (refer Iron ore assets update). As a result of this announcement the Directors have given all Eligible Shareholders an opportunity to reconsider their participation in the buy-back.

The closing date of the selective buy-back and the minimum holding buy-back has therefore been extended from 5:00pm (WST) on 9 March 2012 to 5:00pm (WST) 30 March 2012.

All conditions of the delisting as set by ASX will be complied with in order to ensure that Sylvania will be removed from the ASX official list on 27 April 2012.

Vygenhoek project (Everest North)

Sylvania and Aquarius Platinum (SA) (Pty) Ltd (AQPSA) announced on 3 June 2011 that they had entered into a Heads of Agreement (HOA) whereby Sylvania was tasked with overseeing and completing a feasibility study to determine the economic viability of mining for PGMs on the Vygenhoek farm.

The study for the new open cast and underground mine on the Vygenhoek farm has been completed. Interim results were presented to AQPSA in December 2011 and the completed study was presented in February 2012, where the geology and mine design was reviewed. It was agreed by the feasibility committee that the results of the study are favourable enough to present to the respective boards to allow the progression of the project through the incorporation of a JV between the two companies. Should the study be approved by both company's Boards, the MRA will be submitted before the end of the 2012 financial year.

Directors' Report (continued)

The project has been registered with the Mpumalanga Department of Economic Development, Environment and Tourism and Digby Wells and Associates (Pty) Ltd are preparing the Environmental Impact Assessment which will be submitted in early 2012.

According to the HOA, upon approval of the MRA by the DMR in favour of AQPSA and AQPSA contributing the right to the JV, Sylvania will pay R6,000,000 to AQPSA. Sylvania and AQPSA will share equally in the profits and have equal representation in the management of the JV that will be formed to manage and oversee the project.

Iron ore assets update

On 8 July 2011 Sylvania announced its decision to dispose of a significant portion of its magnetite iron ore assets, subject to shareholders and regulatory approvals. The iron ore assets, which are currently owned by group companies, are located on the Northern Limb of the Igneous Bushveld Complex.

A review of the Northern Limb assets has shown that magnetite layers are present across the entire northern limb properties held by Sylvania. In those areas where Sylvania does not hold prospecting rights for the iron ore, it has submitted applications of which some have since been accepted whilst the others are still to be adjudicated. Drilling commenced in September 2011 and 21 holes, totalling 1,526m were completed by 31 December 2011. Core from many of these holes have been submitted to Set Point Laboratories for analysis. The drilling program was concluded at the end of February 2012.

On 7 March 2012 Sylvania announced that the Company has entered into a legally binding conditional agreement with Mercury Recycling Group Plc (Mercury), which is traded on the AIM Market of the London Stock Exchange (AIM), pursuant to which Mercury will acquire the iron ore assets for approximately £13.7 million by issuing 203,022,285 fully paid ordinary shares in Mercury (Consideration Shares) to Sylvania (the Sale and Purchase Agreement or "SPA"). The Consideration Shares are to be issued at a deemed issue price of 6.75 pence, being the closing price of Mercury shares on AIM on 6 March 2012.

The Consideration Shares will be distributed to Sylvania shareholders as a dividend in specie, unless the distribution would result in a Sylvania shareholder holding a small number of Consideration Shares, in which case those Mercury shares will be sold for the benefit of the Sylvania shareholder. Upon such distribution, Sylvania shareholders will hold approximately 85% of the issued share capital of Mercury prior to the issue of any shares pursuant to a future placing of shares by Mercury to fund the Iron Ore Assets.

The acquisition of the Iron Ore Assets will constitute a reverse takeover for Mercury under Rule 14 of the AIM Rules for Companies and is therefore conditional upon the approval of Mercury's shareholders at a general meeting (the "General Meeting"). An admission document (the "Admission Document") giving details of the proposals and incorporating a notice convening a General Meeting will be posted to Mercury shareholders in due course.

The SPA is conditional upon the fulfilment of certain conditions including, inter alia:

- completion of certain outstanding due diligence by Mercury in relation to the iron ore assets and no material adverse matters arising prior to the posting of the Admission Document;
- completion of certain outstanding due diligence by Sylvania in relation to Mercury and no material adverse matters arising prior to the posting of the Admission Document;
- the completion of the restructuring of the corporate group currently holding the iron ore assets; and
- approval by Mercury shareholders and re-admission of the enlarged Mercury Group to trading on AIM.

Directors' Report (continued)

Grant of share options

At the Company's Annual General Meeting (AGM) held on 29 December 2011, the shareholders approved the issue of 13,000,000 options to directors, employees and consultants under the Sylvania Option Plan.



T M McConnachie
Chief Executive Officer
Johannesburg
14 March 2012

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Consolidated Statement of Comprehensive Income
for the half year ended 31 December 2011

	Note	31 December 2011 \$	31 December 2010 \$
Revenue		23,646,602	19,500,920
Cost of sales		(16,329,793)	(12,907,570)
Gross profit		7,316,809	6,593,350
Other income		46,925	13,680
(Losses)/ gains on sale of property, plant and equipment		(6,842)	1,465
Foreign exchange loss		(11,506)	(7,906)
Impairment of loan		-	(618,517)
Impairment of available-for-sale financial assets		(536,150)	-
Loss on revaluation of financial assets at fair value through profit and loss		(20,642)	(9,448)
Share based payment expense		-	(763,226)
Share of equity accounted jointly controlled entities net (loss)/ profit		(463,908)	127,454
General and administrative costs		(5,156,280)	(6,675,070)
Finance revenue		581,170	553,828
Finance costs		(37,896)	(37,919)
Profit/ (loss) before income tax expense	2	1,711,680	(822,309)
Income tax expense		(1,264,473)	(1,638,636)
Profit/ (loss) for the period		447,207	(2,460,945)
Other comprehensive (loss)/ income			
Unrealised gains reserve		195,114	85,076
Foreign currency translation		(19,135,231)	16,568,731
Other comprehensive (loss)/ income		(18,940,117)	16,653,807
Total comprehensive (loss)/ income for the period		(18,492,910)	14,192,862
Profit/ (loss) attributable to:			
Owners of the parent		447,207	(2,974,811)
Non-controlling interest		-	513,866
		447,207	(2,460,945)
Total comprehensive (loss)/ profit attributable to:			
Owners of the parent		(18,492,910)	14,192,862
Non-controlling interest		-	-
		(18,492,910)	14,192,862
Profit/ (loss) per share for loss attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings/ (loss) per share		0.15	(1.16)
Diluted earnings/ (loss) per share		0.15	(1.16)

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

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Consolidated Statement of Financial Position
as at 31 December 2011

	Note	31 December 2011 \$	30 June 2011 \$
ASSETS			
Non-Current Assets			
Equity accounted investments in joint ventures		2,087,667	2,814,813
Other financial assets		133,811	500,548
Exploration and evaluation assets	3	73,965,395	76,123,444
Property, plant and equipment		63,395,641	72,843,970
Total non-current assets		139,582,514	152,282,775
Current Assets			
Cash and cash equivalents		19,932,568	23,497,092
Trade and other receivables		16,032,086	20,141,830
Inventories		517,922	628,065
Current tax asset		2,243,234	2,591,580
Total current assets		38,725,810	46,858,567
Total assets		178,308,324	199,141,342
EQUITY			
Equity and liabilities			
Shareholders' equity			
Issued capital	4	29,639,275	29,639,275
Reserves		95,661,960	114,602,077
Retained profits		20,897,667	20,450,460
Equity attributable to the owners of the parent		146,198,902	164,691,812
Non-controlling interest		-	-
Total equity		146,198,902	164,691,812
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings		209,478	298,156
Provisions		832,501	974,832
Deferred tax liability		26,241,338	27,448,194
Total non-current liabilities		27,283,317	28,721,182
Current liabilities			
Trade and other payables		4,692,123	5,550,646
Interest bearing loans and borrowings		124,584	166,522
Current tax liability		9,398	11,180
Total current liabilities		4,826,105	5,728,348
Total liabilities		32,109,422	34,449,530
Total liabilities and shareholders' equity		178,308,324	199,141,342

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

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Consolidated Statement of Changes in Equity
for the half year ended 31 December 2011

	Issued capital	Share premium reserve	Accumulated losses	Net unrealised gains reserve	Share based payment reserve	Foreign currency translation reserve	Non- controlling interest reserve	Equity reserve	Owners of the parent	Non- controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2010	147,266,101	-	(20,061,009)	(146,630)	7,501,962	1,880,566	2,140,442	-	138,581,432	-	138,581,432
Profit / (loss) for the period	-	-	(2,974,811)	-	-	-	-	-	(2,974,811)	513,866	(2,460,945)
Other comprehensive income	-	-	-	85,076	-	17,082,597	-	-	17,167,673	(513,866)	16,653,807
Total comprehensive income for the period	-	-	(2,974,811)	85,076	-	17,082,597	-	-	14,192,862	-	14,192,862
Share transactions											
- Shares issued	42,085,151	-	-	-	-	-	-	-	42,085,151	-	42,085,151
- Capital raising costs	(57,547)	-	-	-	-	-	-	-	(57,547)	-	(57,547)
- Share based payments	-	-	-	-	2,262,501	-	-	-	2,262,501	-	2,262,501
-Minex share issue	2,511,039	-	-	-	-	-	-	-	2,511,039	-	2,511,039
Acquisition of non-controlling interest	-	-	-	-	-	-	(41,919,735)	-	(41,919,735)	-	(41,919,735)
Balance at 31 December 2010	191,804,744	-	(23,035,820)	(61,554)	9,764,463	18,963,163	(39,779,293)	-	157,655,703	-	157,655,703

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

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Consolidated Statement of Changes in Equity (continued)
for the half year ended 31 December 2011

	Issued capital	Share premium reserve	Retained profits	Net unrealised gains reserve	Share based payment reserve	Foreign currency translation reserve	Non- controlling interest reserve	Equity reserve	Owners of the parent	Non- controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2011	29,639,275	160,044,225	20,450,460	(195,114)	669,633	23,603,839	(39,779,293)	(29,741,213)	164,691,812	-	164,691,812
Profit / (loss) for the period	-	-	447,207	-	-	-	-	-	447,207	-	447,207
Other comprehensive loss	-	-	-	195,114	-	(19,135,231)	-	-	(18,940,117)	-	(18,940,117)
Total comprehensive loss for the period	-	-	447,207	195,114	-	(19,135,231)	-	-	(18,492,910)	-	(18,492,910)
Share transactions											
- Shares issued	-	-	-	-	-	-	-	-	-	-	-
- Capital raising costs	-	-	-	-	-	-	-	-	-	-	-
- Share based payments	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2011	29,639,275	160,044,225	20,897,667	-	669,633	4,468,608	(39,779,293)	(29,741,213)	146,198,902	-	146,198,902

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

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Consolidated Statement of Cash Flows
for the half year ended 31 December 2011

	31 December 2011	31 December 2010
	\$	\$
Cash flows from operating activities		
Receipts from customers	24,650,825	16,128,726
Payments to suppliers and employees	(17,580,180)	(14,823,602)
Finance income	581,845	590,123
Finance costs	(37,896)	(29,275)
Exploration expenditure written off	(11,153)	(11,709)
Other revenue	-	104,070
Taxation paid	(176,825)	(192,570)
Net cash inflow from operating activities	7,426,616	1,765,763
Cash flows from investing activities		
Purchase of plant and equipment	(6,196,747)	(2,359,635)
Proceeds from sale of property, plant and equipment	13,816	4,357
Payments for capitalised exploration and evaluation	(2,012,549)	(427,557)
Payments to equity accounted investments	(182,613)	-
Net cash outflow from investing activities	(8,378,093)	(2,782,835)
Cash flows from financing activities		
Proceeds from borrowings	-	302,139
Repayment of borrowings	(60,725)	-
Repayment of loan from related parties	-	(137,972)
Proceeds from loans from related parties	2,157	-
Capital transaction costs	-	(103,241)
Net cash (outflow) / inflow from financing activities	(58,568)	60,926
Net decrease in cash and cash equivalents	(1,010,045)	(956,146)
Cash and cash equivalents at the beginning of reporting period	23,497,092	20,107,830
Effect of exchange fluctuations on cash held	(2,554,479)	2,929,494
Cash and cash equivalents at the end of the reporting period	19,932,568	22,081,178

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

**Notes to the Consolidated Financial Statements
for the half year ended 31 December 2011**

1. Basis of preparation and accounting policies

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2011 has been prepared in accordance with International Accounting Standard 34 (IAS 34).

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year condensed financial report should be read in conjunction with the Annual Financial Report of Sylvania Platinum Limited as at 30 June 2011. It is also recommended that the half-year financial report be considered together with any public announcements made by the company and its controlled entities during the half-year ended 31 December 2011 in accordance with the group's continuous disclosure obligations.

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

The half-year financial report has been prepared under the historical cost accounting convention except for available for sale investments that have been measured at fair value.

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

Changes in accounting policies

The accounting policies applied by the Group in this consolidated half-year financial report are the same as those applied by the Group in its consolidated financial report for the year ended 30 June 2011.

In the current period, the Group has adopted all new and revised Standards and Interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2011. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2011

2. Loss before interest and income tax

	Half year ended 31 December 2011 \$	Half year ended 31 December 2010 \$
The following revenue and expense items are relevant in explaining the financial performance for the half year:		
Consulting fees	1,217,000	1,771,497
Corporate transactions and acquisitions	1,548	1,875,669
Share based payment expense	-	763,226
Depreciation – plant and equipment	3,828,554	3,831,731
Depreciation – other assets	39,792	46,651

3. Exploration and evaluation assets

	Half year ended 31 December 2011 \$	Year ended 30 June 2011 \$
Costs carried forward in respect of areas of interest in the following phase:		
Exploration and evaluation phase – at cost		
Balance at the beginning of period/ year	76,123,444	59,388,836
Foreign currency movements	(4,170,598)	13,237,204
Consideration for the termination of future royalty agreement between SA Metals Pty Ltd and Minex Projects (Pty) Ltd	-	2,511,039
Direct expenditure for the period/ year	2,012,549	986,365
Total deferred exploration and evaluation expenditure	73,965,395	76,123,444

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

4. Issued capital

	Half year ended 31 December 2011 \$	Year ended 30 June 2011 \$
Ordinary shares with a par value of \$0.10	29,639,275	29,639,275

	Half year ended 31 December 2011 Number	Year ended 30 June 2011 Number	Half year ended 31 December 2011 \$	Year ended 30 June 2011 \$
<i>Movements in ordinary shares on issue</i>				
At start of period/ year	298,868,805	240,696,254	29,639,275	147,266,101
Consideration for the termination of royalty agreement between SA Metals Pty Ltd and Minex Projects (Pty) Ltd	-	-	-	2,511,039
Shares issued to Africa Asia Capital Ltd	-	58,882,551	-	42,085,151
Restructure of Group with the establishment of new parent entity	-	-	-	(161,846,865)
Share buy back	-	(710,000)	-	(71,000)
Transaction costs	-	-	-	(305,151)
At end of the period/year	298,868,805	298,868,805	29,639,275	29,639,275

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2011

5. Share option plan

On 29 December 2011, an employee incentive option plan (the Sylvania Platinum Option Plan) was approved by shareholders at the Annual General Meeting.

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

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

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

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

- as regards 20% of those options granted, the date which is 2 years after the grant date
- as regards 40% of those options granted, the date which is 3 years after the grant date, and
- as regards the remaining 40% of those options granted, the date which is 4 years after the grant date.

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

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

The fair values of the options granted are independently determined at the grant date using a Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted (the exercise price, the term of the option), the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The following assumptions were used to estimate the fair value of the options granted during the half year ended 31 December 2011:

Expected volatility (%)	66.1
Risk-free rate (%)	5.57
Expected life (years)	10 years
Share price (\$)	0.35
Exercise price (\$)	Nil
Expected dividend yield (\$)	Nil

**Notes to the Consolidated Financial Statements
for the half year ended 31 December 2011**

6. Segment information

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

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

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

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the periods ended 31 December 2011 and 31 December 2010.

Unallocated comprises non-segmental expenses such as head offices expenses and interest income/expense. Corporate charges are not allocated to operating segments.

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

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Notes to the Consolidated Financial Statements
for the half year ended 31 December 2011

6. Segment information (continued)

	Millsell	Steelpoort	Lannex	Mooinooi	Doornbosch	Northern limb	Other	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
31 December 2011								
Segment revenue	4,465,933	6,477,978	3,998,649	2,519,533	6,184,509	-	-	23,646,602
Segment result	2,047,180	3,938,185	541,906	(2,797,953)	3,647,561	-	(60,070)	7,316,809
Unallocated expenses							(6,869,602)	(6,869,602)
Profit for the period								447,207
Included within segment result:								
Depreciation	429,120	462,435	1,097,612	1,170,598	616,983	-	51,806	3,828,554
Direct operating costs	1,989,633	2,077,357	2,359,131	4,146,888	1,919,966	-	8,264	12,501,239
Interest revenue	-	-	-	-	-	-	581,170	581,170
Income tax expense	-	-	-	-	-	-	1,264,473	1,264,473

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Notes to the Consolidated Financial Statements
for the half year ended 31 December 2011

6. Segment information (continued)

	Millsell	Steelpoort	Lannex	Mooinooi	Doornbosch	Northern limb	Other	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
31 December 2010								
Segment revenue	4,996,184	6,242,891	2,418,526	3,244,013	2,599,306	-	-	19,500,920
Segment result	3,354,772	3,434,289	(629,124)	202,709	650,043	-	(419,339)	6,593,350
Unallocated expenses							(9,054,295)	(9,054,295)
Loss for the period								(2,460,945)
Included within segment result:								
Depreciation	445,598	481,666	1,057,091	1,153,607	655,323	-	38,446	3,831,731
Direct operating costs	1,247,949	2,428,387	2,077,344	1,969,998	1,350,354	-	1,807	9,075,839
Interest revenue	-	-	-	-	-	-	553,828	553,828
Income tax expense	-	-	-	-	-	-	1,638,636	1,638,636
The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2011 and 30 June 2011:								
31 December 2011								
Segment assets	7,517,587	9,668,867	19,211,451	24,790,699	13,685,304	72,277,220	31,157,196	178,308,324
Segment liabilities	412,095	680,718	649,463	920,432	466,898	128,136	28,851,680	32,109,422
30 June 2011								
Segment assets	9,643,515	11,261,894	24,919,749	26,756,691	15,620,040	74,923,763	36,015,690	199,141,342
Segment liabilities	560,134	636,652	1,040,858	1,008,771	572,061	679,250	29,951,804	34,449,530

**Notes to the Consolidated Financial Statements
for the half year ended 31 December 2011**

7. Commitments and contingencies

There has been no change in capital commitments and contingent liabilities since the last annual reporting date.

8. Iron ore assets

On 8 July 2011 Sylvania announced its decision to dispose of a significant portion of its magnetite iron ore assets, subject to shareholder and regulatory approvals. The iron ore assets, which are currently owned by group companies, are located on the Northern Limb of the Igneous Bushveld Complex.

Subsequent to the end of the half-year, Sylvania announced that the Company has entered into a legally binding conditional agreement with Mercury Recycling Group Plc (Mercury), which is traded on the AIM Market of the London Stock Exchange (AIM), pursuant to which Mercury will acquire the iron ore assets for approximately £13.7 million by issuing 203,022,285 fully paid ordinary shares in Mercury (Consideration Shares) to Sylvania (the SPA). The Consideration Shares are to be issued at a deemed issue price of 6.75 pence, being the closing price of Mercury shares on AIM on 6 March 2012.

The Consideration Shares will be distributed to Sylvania shareholders as a dividend in specie, unless the distribution would result in a Sylvania shareholder holding a small number of Consideration Shares, in which case those Mercury shares will be sold for the benefit of the Sylvania shareholder. Upon such distribution, Sylvania shareholders will hold approximately 85% of the issued share capital of Mercury prior to the issue of any shares pursuant to a future placing of shares by Mercury to fund the Iron Ore Assets.

The acquisition of the Iron Ore Assets will constitute a reverse takeover for Mercury under Rule 14 of the AIM Rules for Companies and is therefore conditional upon the approval of Mercury's shareholders at a general meeting (the "General Meeting"). An admission document (the "Admission Document") giving details of the proposals and incorporating a notice convening a General Meeting will be posted to Mercury shareholders in due course.

The SPA is conditional upon the fulfilment of certain conditions including, inter alia:

- completion of certain outstanding due diligence by Mercury in relation to the Iron Ore Assets and no material adverse matters arising prior to the posting of the Admission Document;
- completion of certain outstanding due diligence by Sylvania in relation to Mercury and no material adverse matters arising prior to the posting of the Admission Document;
- the completion of the restructuring of the corporate group currently holding the Iron Ore Assets; and
- approval by Mercury shareholders and re-admission of the enlarged Mercury Group to trading on AIM.

The iron ore assets represent mineral prospecting rights which have no material cost within the group statement of financial position.

9. Proposed delisting from the official list of the Australian Securities Exchange (ASX)

On 30 December 2011, Sylvania announced that the Company has applied to the ASX and been given conditional approval for the Company to be removed from the official list of the ASX.

The delisting is conditional on the release of an announcement to the market (made on 30 December 2011), the provision of a voluntary sale facility for shareholders who currently hold their shares on the Australian register to sell their shares on AIM through an ASX participating organisation for a period of not less than three months after the removal of the Company from the ASX, and the provision of a letter to the Australian shareholders informing them of the Company's intention to seek removal from the ASX official list and of the voluntary sale facility not less than three months prior to the removal from the ASX official list.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2011

10. Change in presentation currency

Following the redomicile of the holding company in March 2011, and recognising that most of the Group's revenue is determined in US dollars, the Group elected to change its presentation currency from Australian dollars to US dollars. The directors believe that as the majority of the Group's sales and earnings originate in US Dollars or US Dollar linked currencies and the change of presentation currency to the US Dollar more closely aligns the Group's external financial reporting with the profile of the Group.

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

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

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

The relevant exchange rates used are as follows:

Year ended 30 June 2011	AUD 1 = US\$	R1 = US\$
Average rate	0.98890	0.14250
Closing rate	1.05951	0.14609

Six months ended 31 December 2010	AUD 1 = US\$	R1 = US\$
Average rate	0.94480	0.14020
Closing rate	1.01610	0.15040

The above stated procedures resulted in a foreign currency translation reserve of \$18,963,163 at 31 December 2010. The earnings per share for the six months ended 31 December 2010 have been restated in US dollars to reflect the change in presentation currency.

11. Subsequent events

Other than that disclosed in Note 8, there have been no events subsequent to the reporting period.

Directors' Declaration

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

In the opinion of the Directors:

- a) the financial statements and notes of the consolidated entity:
 - i) give a true and fair view of the financial position as at 31 December 2011 and the performance of the consolidated entity for the half-year ended on that date; and
 - ii) comply with International Accounting Standard IAS 34; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



T M McConnachie
Chief Executive Officer
Johannesburg
14 March 2012

To the members of Sylvania Platinum Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report, which is a special purpose financial report, of Sylvania Platinum Limited, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration, of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error. The directors have determined that the accounting policies used and described in the Notes to the financial statements are consistent with the financial reporting requirements of the International Financial Reporting Standards and are appropriate to meet the needs of the members. These policies do not require the application of all Accounting Standards and other mandatory financial reporting requirements in Australia.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not presented fairly, in all material respects, in accordance with the accounting policies described in the Notes to the financial statements. As the auditor of Sylvania Platinum Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

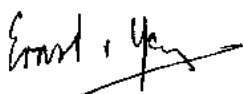
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the international professional ethical pronouncements.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sylvania Platinum Limited does not present fairly, in all material respects, the financial position of the consolidated entity as at 31 December 2011 and its financial performance and its cash flows for the half-year ended on that date, in accordance with the accounting policies described in the Notes to the financial statements.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'R A Kirkby'.

R A Kirkby
Partner
Perth
14 March 2012