

Sylvania Resources Limited
ACN 091 415 968

Interim Report

Sylvania Resources Limited

ACN 091 415 968

**Interim report
for the half year ended
31 December 2010**

Sylvania Resources Limited
ACN 091 415 968

Contents

Corporate information	3
Directors' report	4
Auditor's Independence Declaration	10
Interim financial report	
Condensed consolidated statement of comprehensive income	11
Condensed consolidated statement of financial position	12
Condensed consolidated statement of changes in equity	13
Condensed consolidated statement of cash flows	14
Notes to the condensed consolidated financial statements	15
Directors' declaration	22
Independent Auditor's Review Report	23

Sylvania Resources Limited
ACN 091 415 968

Corporate Information

Directors

T M McConnachie
R D Rossiter
L M Carroll
G M Button

Joint Company Secretaries

G M Button and L M Carroll

**Registered office
in Australia**

Unit 2
Level 1
Churchill Court
331 – 335 Hay Street
Subiaco
Western Australia 6008 Australia

Telephone: (08) 9226 4777
Facsimile: (08) 9481 5044

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

HLB Mann Judd
Level 4, 130 Stirling Street
Perth, Western Australia 6000 Australia

Solicitors

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

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Sylvania Resources Limited ("Sylvania" or the "Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2010. Unless otherwise stated, the financial information contained in this report is presented in Australian 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 – *Finance Director*

Grant M Button – *Executive Director*

Alistair P Ruiters – *Non-Executive Director (Resigned 2 October 2010)*

Group overview

The Company is pleased to announce that the Sylvania dump operations ("SDO"), including CTRP, made an operating profit of \$7.2 million for the six months ended 31 December 2010. The SDO turnover increased by 79% in Rand terms on the previous half year ended 31 December 2009. This improved turnover is as a result of the successful commissioning of the Doornbosch plant and ongoing improvements at the four other SDO plants. During the same period the Company incurred a few once-off costs, the most significant of these being; corporate actions including the share exchange and investment into the redomicile of the Group of \$2 million, cancellation fees paid for the termination of consulting agreements of \$0.7 million and the write off of an irrecoverable loan made by the Company to its previous BEE partner of \$0.6 million. These items have contributed to the consolidated loss for the group before income tax of \$0.8 million (2009: loss of \$0.5 million).

The production ramp up remains on track with the SDO producing 18,530 ounces for the six months, 62% higher than the previous half year and 530 ounces above the forecast for the reporting period. The operating costs have decreased by 11% in Rand terms since the financial year ended 30 June 2010 from R4,707/oz (US\$678/oz) to R4,191/oz (US\$611/oz). Some challenges arose during the half year including, start up costs and training of new personnel at the Doornbosch plant, constraints with the tailings disposal at the Lannex plant, and commissioning at the Mooinooi run of mine ("ROM") project. All of these issues when resolved should allow the unit cost per ounce to improve as the plants become more efficient.

As announced on 29 September 2010, Sylvania entered into a share exchange agreement with Africa Asia Capital Limited ("AACL"), whereby Sylvania agreed to acquire, and AACL agreed to sell, the 26% interest in Sylvania Metals which it did not already own. In consideration for the acquisition, Sylvania issued 7,711,888 fully paid ordinary shares in Sylvania ("Sylvania Shares") on 29 September 2010 and a further 51,170,663 Sylvania Shares on 1 December 2010 to a nominee of AACL. Sylvania now owns 100% of Sylvania Metals.

On 26 November 2010, Sylvania announced its intention to redomicile the Group from Australia to Bermuda. A resolution to approve a scheme of arrangement between Sylvania and its shareholders ("Scheme") was put to the members of the Company at the court ordered scheme meeting held on 2 March 2011 and was passed in accordance with section 411(4)(a)(ii) of the Corporations Act 2001 (Cth) ("Corporations Act"). The Supreme Court of Western Australia approved the Scheme and the Scheme subsequently became effective on 9 March 2011. Upon implementation of the Scheme (expected to occur on 18 March 2011) Sylvania Platinum Limited, a company incorporated in Bermuda, ("Sylvania Platinum") will become the ultimate holding company of the Group.

Common shares in the capital of Sylvania Platinum ("Sylvania Platinum Shares") have commenced trading on ASX on a deferred settlement basis and are expected to begin trading on ASX on a normal settlement basis on 25 March 2011. It is also expected that admission to trading of Sylvania Platinum Shares on AIM (with holders of depositary interests that confer a unit of beneficial ownership in Sylvania Platinum Shares ("Sylvania Platinum DIs") settling trades on AIM in CREST) will occur on 25 March 2011.

Sylvania Resources Limited
ACN 091 415 968

Directors' Report (continued)

As at 31 December 2010 the Company's cash reserves amounted to \$22 million.

Health, safety and environment

The SDO has reported no lost time injuries since October 2009 and is again able to report excellent results in safety, health and environmental performance. The Group will continue to do so by improving standards, through consistent vigilance and continued staff training.

Sylvania Dump Operations

Net revenue for the period increased to R139 million, a 79% increase on the half year ended 31 December 2009. PGM ounce production for the half year to 31 December 2010 increased by 62% to 18,530 ounces (2009: 11,408) and was due mainly to the successful commissioning of the Doornbosch plant in September 2010 and exceptional ounce production achieved at the Steelpoort plant.

Sylvania Dump Operations (100%): Statistical Information

Unaudited	Unit	6 months to Dec 2009	6 months to June 2010	6 months to Dec 2010	+/- % H2 2010 on H2 2009
<u>Revenue</u>					
Revenue	R'000	77,889	120,705	139,090	79%
Gross Basket Price	US\$/oz	1,273	1,406	1,558	22%
Net Basket Price	US\$/oz	912	1,032	1,118	23%
Gross Cash Margin: SDO	%	41%	44%	45%	10%
Capital Expenditure	R'000	59,977	40,670	18,671	-69%
Ave R/US\$ rate	R/US\$	7.49	7.50	6.86	-8%
<u>SDO Cash Cost</u>					
Per PGM Feed ton	R/t	258	310	260	1%
Per PGM Feed ton	US\$/t	34	41	38	12%
Per 3E & Au oz	R/oz	4,088	4,707	4,191	3%
Per 3E & Au oz	US\$/oz	546	628	611	12%
<u>Production</u>					
Plant Feed	t	417,201	489,831	658,687	58%
Feed Head Grade	g/t	2.55	2.63	2.41	-5%
PGM Plant Feed Tons	t	180,587	123,707	299,186	66%
PGM Plant Grade	g/t	5.01	5.05	4.30	-14%
PGM Plant Recovery	%	39.1	40.4	44.0	13%
Total 3E and Au	Oz	11,408	14,588	18,530	62%

Directors' Report (continued)

Plant operations and development

Millsell

The Millsell operation produced 4,391 ounces during the six months ended 31 December 2010. The cost per ounce for the reporting period was R2,569 (US\$372/oz) which is better than the targeted US\$400/oz.

At 31 December 2010 the main Millsell dump was nearing depletion and processing of the nearby Waterkloof tailings dump has subsequently commenced. The Waterkloof material will enable the Millsell operation to continue to produce a similar ounce profile to that achieved during the quarter ended 31 December 2010, as well as keeping the costs consistent.

Steelpoort

The Steelpoort operation produced 6,363 PGM ounces for the six months ended 31 December 2010 from an average head grade of 3.02g/t. Consistent recoveries of 62% were achieved throughout the six months to 31 December 2010, with operating costs at R2,614/oz (US\$381/oz).

The Steelpoort recoveries improved from 51% at 30 June 2010 to 62%. This improved recovery is as a result of the installation of an additional cyclone in the circuit and higher density feed being processed through the float plant. The increased stability of the bead mill has also assisted in improving the polishing of the material surface resulting in more "locked" PGMs being exposed.

Lannex

The Lannex operation produced 2,414 PGM ounces from an average head grade of 2.28g/t for the six months ended 31 December 2010. Operating costs remain high at R5,886/oz (US\$858/oz) due to the plant operating at well below design capacity as a result of the limitations on the temporary tailings disposal dam. Despite this limitation production has shown a steady increase since June 2010.

On 30 July 2010 the water license for the new tailings dam was approved by the Department of Minerals and Resources. Construction of the tailings dam commenced and is scheduled for completion during the six months ended 30 June 2011. This will enable the Lannex plant to operate at design capacity.

Mooinooi

The Mooinooi plant produced 2,799 ounces for the six months ended 31 December 2010 from a head grade of 1.95g/t. The plant has been resolving a number of teething problems and has seen a steady improvement in availability, however has as yet not reached full design capacity. Due to the large potential at the mine Sylvania has been making further investments into the operation to realise this opportunity, such as a second mill which is expected to be fully operational during the quarter to 31 March 2011.

Doornbosch

The Doornbosch plant commenced production in July 2010 and completed its commissioning phase on 30 September 2010 producing 2,565 ounces from a head grade of 3.07g/t for the period to 31 December 2010. Recoveries of 65% were achieved for the reporting period, with operating unit costs steadily improving as expected from a new plant yielding a pleasing average for the six months of R3,599/oz (US\$525/oz), which, whilst still being higher than the targeted \$400/oz, is an excellent start for a new plant.

During this period, the reduced feed from the Doornbosch mine limited production throughput preventing the plant from achieving the tonnage design capacity, however some innovative actions have allowed an improved ounce profile. These innovations include actions to improve recovery during periods of lower than planned throughput and also the commissioning of a hydro mining facility which now allows the treatment of tailings from nearby dumps.

Tweefontein

The planning for the equipment configurations and processing options for the Tweefontein plant are in progress.

Directors' Report (continued)

Chrome Tailings Retreatment Project (CTRP)

The Chrome Tailings Retreatment Project (CTRP) – Managed by Aquarius Platinum (SA) (Pty) Ltd (50% ownership), 25% owned by Sylvania SA (Pty) Limited, a wholly owned subsidiary of the Company produced a disappointing 730 PGM attributable ounces at a cost of R5,502/oz (US\$802/oz) from 16,298 plant feed tons. All possible effort is being made to see an improvement in this facility.

Northern Limb Operations

Volspruit Project (formerly Grass Valley)

The Volspruit project is located in the Southern end of the Northern Limb of the Bushveld Igneous Complex.

Sylvania announced on 29 September 2010 that a JORC compliant resource, as detailed in the table below, had been declared for the Northern ore body of the Volspruit project.

Total mineral resources for the northern pit area of the Volspruit project								
	Million tonnes	Density	3e g/t	Ni Ppm	Cu ppm	3e ounces	Ni (million) lbs	Cu (million) lbs
Measured	28.47	2.97	1.26	1,399	407	1,150	87.8	25.6
Indicated	16.63	2.99	1.16	1,499	384	620,209	55	14
Inferred	0.76	2.95	0.95	1,769	319	23,213	2.9	0.5

A bulk sample was tested through a pilot plant at Mintek to determine the characteristics of the ore. These test results were very favourable. Smelting trials were then completed on the concentrate and once again these trials were very successful. The smelted alloy is now undergoing final refining tests and the full results of these tests will be completed during March 2011. Management is confident that the total process from "Pit to Ingot" is technically and economically feasible and work rate has increased to ensure the mine produces product at the end of 2013.

Drilling work will occur during the six months to 30 June 2011 to upgrade the knowledge of the Southern ore body, appraise the suitable sites for the plant and tailings facilities and to allow the detailed design of both pits.

All the detailed work required for an application requesting the conversion of the exploration license to a mining right is well underway. It has been identified that to fully align the environmental requirements for such an application that the submission date should be moved to May 2011 (previously announced as March 2011) however this does not change the expected commencement date for the project and in the view of the consultants assisting with the application should reduce the risk of a delay in the granting of permission by the state.

Northern platreef projects

The Northern platreef project combines the formerly named Aurora and Hacra project and comprises 10 farms, namely Harriet's Wish 393LR, Aurora 397LR, Cracouw 391LR, Kransplaats 422LR, Nonnenwerth 421LR, La Pucella 693LR, Altona 696LR, Non Plus Ultra 683LR, Schaffhausen 689LR and Luge 697LR.

Sylvania is in the process of evaluating mineralisation on these farms, with a new drilling program scheduled for 2011. This program has been designed in order to generate the information necessary to upgrade the exploration targets.

Directors' Report (continued)

Corporate structure, empowerment and management

Jubilee/Sylvania Alliance

On 26 November 2010, a joint announcement was made by Sylvania and Jubilee Platinum Plc ("Jubilee") that the previous framework agreed has been expanded. The parties have entered into a smelting and refining agreement which sets out the respective responsibilities of the parties and the timeframes for deliverables for the next phase of the strategic partnership ("Smelting and Refining Agreement"). The parties have agreed to extend their joint investigations to progress a study of the design and construction of a smelter and refinery complex for the processing of concentrate from the Volspruit mine.

Under the Smelting and Refining Agreement, the parties have agreed that the study work will be undertaken, and if satisfied with the outcome, Sylvania and Jubilee will incorporate a new company and subscribe equally for shares in that company. Sylvania will develop the Volspruit mine concurrently with the expansion of the smelter and refinery project managed by the Sylvania/Jubilee JV.

Vygenhoek Mining Application (Everest North)

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

While an arbitration hearing date was initially set for July 2010, both parties agreed in June 2010 to explore the possibility of a commercial settlement. As a result, Sylvania and AQPSA are currently exploring the business model to develop the Everest North mine to the mutual advantage of both parties. Should an agreement not be reached between the parties, the matter will then be heard by an arbitrator on a date to be arranged.

Share Exchange Agreement with Africa Asia Capital Limited

On 29 September 2010, Sylvania announced that it had entered into a share exchange agreement with AACL, to acquire the remaining 26% interest in Sylvania Metals.

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

In accordance with the terms of the Share Exchange Agreement AACL has agreed, subject to certain exceptions, that it will not dispose of 51,170,663 Sylvania Shares issued to it under the Share Exchange Agreement (being all of the Sylvania Shares issued to it under the Share Exchange Agreement other than the 7,711,888 Sylvania Shares issued on 29 September 2010) for a period of 12 months from the date of issue, being 1 December 2010, without the prior written consent of Sylvania (which must not be unreasonably withheld or delayed). AACL has subsequently agreed that, upon implementation of the Scheme and subject to the same exceptions that apply to the Sylvania Shares under the Share Exchange Agreement, it will not sell 51,170,663 of its Sylvania Platinum Shares before 1 December 2011, without the prior written consent of Sylvania Platinum (which must not be unreasonably withheld or delayed).

The Share Exchange Agreement also gives AACL the right to nominate up to two individuals for appointment to the boards of each of Sylvania and Sylvania Metals. Sylvania Platinum has agreed that AACL has the right to nominate for appointment up to two directors to fill casual vacancies on the board of Sylvania Platinum. AACL has advised Sylvania and Sylvania Platinum that it has no current intention to exercise its right to nominate any directors to the board of Sylvania or Sylvania Platinum and, in any event, will not exercise that right until after implementation of the Scheme other than with the prior written agreement of Sylvania Platinum (which must not be unreasonably withheld or delayed).

Directors' Report (continued)

Redomicile of Sylvania Resources Limited from Australia to Bermuda

On 26 November 2010, the directors of Sylvania announced that the Company intends to redomicile the holding company of the Sylvania Group from Australia to Bermuda.

A resolution to approve a scheme of arrangement between Sylvania and its shareholders ("Scheme") was put to members of the Company at the court ordered scheme meeting held on 2 March 2011 and was passed in accordance with section 411(4)(a)(ii) of the Corporations Act. The Supreme Court of Western Australia approved the Scheme and the Scheme subsequently became effective on 9 March 2011. Upon implementation of the Scheme (expected to occur on 18 March 2011) Sylvania Platinum Limited, a company incorporated in Bermuda, will become the ultimate holding company of the Group.

Sylvania Platinum Shares have commenced trading on ASX on a deferred settlement basis and are expected to begin trading on ASX on a normal settlement basis on 25 March 2011. It is also expected that admission to trading of Sylvania Platinum Shares on AIM (with holders of Sylvania Platinum DIs settling trades on AIM in CREST) will occur on 25 March 2011, subject to implementation of the Scheme.

Termination of SA Metals Royalty Agreement

Further to the Company's announcement on 1 July 2010, receipt of approval from the South African Reserve Bank to issue 3 million Sylvania Shares to Minex Projects (Pty) Ltd ("Minex") in final settlement of the termination of the royalty agreement between Minex and SA Metals Limited is still pending. Minex will receive 6 tranches of 500,000 Sylvania Shares bi-annually once this approval has been obtained.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 (Cth) is set out on page 10 and forms part of the directors' report for the half year ended 31 December 2010.

This report is signed in accordance with a resolution of directors made pursuant to Section 306(3) of the Corporations Act 2001 (Cth).



T M McConnachie
Chief Executive Officer
Johannesburg
15 March 2011



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Sylvania Resources Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
15 March 2011

A handwritten signature in blue ink, appearing to read 'M R W OHM'.

M R W OHM
Partner, HLB Mann Judd

Sylvania Resources Limited
ACN 091 415 968

Condensed Statement of Comprehensive Income
for the half year ended 31 December 2010

	Note	Consolidated	
		31 December 2010	31 December 2009
		\$	\$
Revenue from operations		20,783,362	11,758,923
Raw materials and consumables used		(13,706,680)	(7,109,836)
Share of net profits of jointly controlled entity accounted for using the equity method		135,836	525,699
Profit from operations		7,212,518	5,174,786
Foreign exchange loss		(8,368)	(2,673,562)
Impairment of loan		(605,645)	-
Transfer of gains on investment from equity upon acquisition of subsidiary		-	5,420,747
Gain / (loss) on revaluation of financial assets at fair value through profit and loss		(10,000)	110,000
Share based payment expense		(811,241)	(2,828,224)
Other income		16,082	24,080
Other expenses		(7,188,491)	(6,030,460)
Loss before interest and income tax	2	(1,395,145)	(802,623)
Finance income		587,607	323,848
Finance costs		(40,412)	-
Loss before income tax		(847,950)	(478,775)
Income tax expense		(1,746,398)	(1,428,351)
Loss for the period		(2,594,348)	(1,907,136)
Other comprehensive income / (loss)			
Net change in equity reserves		259,947	(5,684,741)
Exchange differences on translation of foreign operations		(3,286,968)	(3,560,759)
Income tax relating to components of other comprehensive income		942,883	1,046,380
Other comprehensive loss		(2,084,138)	(8,199,120)
Total comprehensive loss		(4,678,486)	(10,106,256)
Loss attributable to:			
Owners of the parent		(3,382,964)	(2,400,587)
Non-controlling interest		788,616	493,451
		(2,594,348)	(1,907,136)
Total comprehensive loss			
Owners of the parent		(4,678,486)	(10,013,186)
Non-controlling interest		-	(93,070)
		(4,678,486)	(10,106,256)
		Cents	Cents
Basic loss per share (cents per share)		(1.34)	(1.15)

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

Sylvania Resources Limited
ACN 091 415 968

Condensed Statement of Financial Position
as at 31 December 2010

	Note	Consolidated	
		31 December 2010	30 June 2010
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		21,732,545	23,478,101
Trade and other receivables		16,842,337	13,560,454
Inventories		546,511	753,668
Current tax asset		2,741,931	2,617,173
		41,863,324	40,409,396
Non-Current Assets			
Other financial assets		468,294	437,275
Investments accounted for using the equity method		3,047,089	3,797,167
Deferred exploration and evaluation expenditure	3	69,546,985	69,348,483
Property, plant and equipment		73,127,148	76,999,597
		146,189,516	150,582,522
Total Assets		188,052,840	190,991,918
LIABILITIES			
Current Liabilities			
Trade and other payables		6,200,370	5,696,097
Borrowings		206,991	310,576
Current tax liability		11,329	11,673
		6,418,690	6,018,346
Non-Current Liabilities			
Borrowings		385,152	442,019
Provisions		917,433	935,855
Deferred tax liability		25,363,097	24,700,159
		26,665,682	26,078,033
Total Liabilities		33,084,372	32,096,379
Net Assets		154,968,468	158,895,539
Equity			
Issued capital	4	224,937,047	181,216,925
Reserves		(38,289,360)	5,974,869
Accumulated losses		(31,679,219)	(28,296,255)
Total equity attributable to owners of Sylvania Resources Limited		154,968,468	158,895,539
Non-controlling interest		-	-
Total Equity		154,968,468	158,895,539

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

Sylvania Resources Limited
ACN 091 415 968

Condensed Statement of Changes in Equity
for the half year ended 31 December 2010

	Issued Capital	Accumulated Losses	Consolidated Reserves	Non- controlling Interests	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2009	117,945,504	(20,371,139)	7,250,196	1,096,972	105,921,533
Profit / (Loss) for the period	-	(2,400,587)	-	493,451	(1,907,136)
Net gains revaluation reserve	-	-	(5,684,741)	-	(5,684,741)
Currency translation differences	-	-	(3,004,674)	(556,085)	(3,560,759)
Income tax relating to components of other comprehensive income	-	-	890,676	155,704	1,046,380
Total comprehensive income for the period	-	(2,400,587)	(7,798,739)	93,070	(10,106,256)
Shares issued	64,175,104	-	-	-	64,175,104
Employee share plan loan repaid – proceeds	187,500	-	-	-	187,500
Capital raising costs	(942,339)	-	-	-	(942,339)
Share based compensation reserve	-	-	3,337,493	-	3,337,493
Balance at 31 December 2009	181,365,769	(22,771,726)	2,788,950	1,190,042	162,573,035
Balance at 1 July 2010	181,216,925	(28,296,255)	5,974,869	-	158,895,539
Profit / (Loss) for the period	-	(3,382,964)	-	788,616	(2,594,348)
Net gains revaluation reserve	-	-	259,947	-	259,947
Currency translation differences	-	-	(2,160,374)	(1,126,594)	(3,286,968)
Income tax relating to components of other comprehensive income	-	-	604,905	337,978	942,883
Total comprehensive income for the period	-	(3,382,964)	(1,295,522)	-	(4,678,486)
Shares issued	43,779,948	-	-	-	43,779,948
Capital raising costs	(59,826)	-	-	-	(59,826)
Non-controlling interest acquisition reserve	-	-	(43,779,948)	-	(43,779,948)
Share based compensation reserve	-	-	811,241	-	811,241
Balance at 31 December 2010	224,937,047	(31,679,219)	(38,289,360)	-	154,968,468

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

Sylvania Resources Limited
ACN 091 415 968

Condensed Statement of Cash Flows
for the half year ended 31 December 2010

	Consolidated	
	31 December 2010	31 December 2009
	\$	\$
Cash flows from operating activities		
Receipts from customers	17,154,402	9,280,811
Payments to suppliers and employees	(16,827,385)	(7,482,126)
Other revenue	110,150	-
Income tax paid	(203,339)	-
Interest received	626,023	417,657
Net cash inflow from operating activities	859,851	2,216,342
Cash flows from investing activities		
Cash received through business combination	-	3,028,619
Payments for plant and equipment	(2,514,650)	(16,000,250)
Proceeds from sale of property, plant and equipment	4,482	37,656
Payments for exploration and evaluation	(473,178)	(14,136)
Payments for available-for-sale financial assets	-	(1,800)
Payments of loans to other parties	(155,346)	-
Repayment of loans by other parties	469,836	(42,292)
Net cash outflow from investing activities	(2,668,856)	(12,992,203)
Cash flows from financing activities		
Proceeds from the issue of shares	-	18,604,500
Payments for capital raising costs	(109,273)	(964,289)
Net cash (outflow) / inflow from financing activities	(109,273)	17,640,211
Net (decrease) / increase in cash held	(1,918,278)	6,864,350
Cash at the beginning of reporting period	23,478,101	32,214,884
Effect of foreign exchange on cash	172,722	(3,195,512)
Cash at the end of the reporting period	21,732,545	35,883,722

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

Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2010

Note 1: Statement of Significant Accounting Policies

Statement of compliance

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Sylvania Resources Limited and its subsidiaries during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Basis of preparation

The interim report has been prepared on a historical cost basis, except for certain financial assets which are measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

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

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2010.

In the half year ended 31 December 2010, management reassessed its estimates in respect of:

Carrying value of exploration expenditure

As a result of the acquisitions of SA Metals Limited and Great Australian Resources Limited during the prior period, a total of \$66,133,995 of exploration expenditure was acquired. The Directors have considered the appropriateness of carrying this expenditure forward and the existence of any individual impairment at 31 December 2010 and are of the view that no impairment should be booked as at or since reporting date. This view is based upon consideration of a range of factors including the signing of a strategic alliance with Jubilee Platinum Plc, increasing PGM prices, internal modelling and the direct nexus between both acquisitions and the future cashflows expected to be derived from the Jubilee joint venture.

In relation to the Group's remaining capitalised exploration expenditure (other than that described above), the Directors have determined that no expenditure needs be written off.

Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2010

Note 1: Statement of Significant Accounting Policies (continued)

Valuation of development, exploration expenditure, and property plant and equipment

The recoverability of the carrying amount of development costs, and property plant and equipment, has been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of 'fair value less costs to sell' and 'value in use'. In determining value in use, the present value of future cash flows is based upon:

- estimates of mineral resources for which there is a high degree of confidence of economic treatment;
- estimated production costs and sale of output levels;
- estimated future platinum group metals basket prices;
- future costs of production;
- future capital expenditure requirements; and
- future foreign currency fluctuations.

Variations to the expected future cash flows, and the timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

Treatment of non-controlling interest shareholder entitlement

Ehlobo Metals (Pty) Ltd disposed of its 26% shareholding in Sylvania Metals (Pty) Ltd ("Sylvania Metals") and Sylvania Minerals (Pty) Ltd ("Sylvania Minerals") to Africa Asia Capital Ltd ("AACL") during the six months ended 31 December 2010. Sylvania then entered into a share exchange agreement with AACL whereby Sylvania acquired the 26% in Sylvania Metals and Sylvania Minerals in exchange for shares in Sylvania. This transaction was completed on 1 December 2010. Refer to note 7 for further details.

The non-controlling interest portion of Sylvania Metals and Sylvania Minerals has accordingly been accounted for up to and including 30 November 2010.

Adoption of new and revised Accounting Standards

In the half year ended 31 December 2010, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2010.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to the Group accounting policies.

Sylvania Resources Limited
ACN 091 415 968

Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2010

Note 2: Loss before interest and income tax

	Consolidated	
	Half year ended 31 December 2010 \$	Half year ended 31 December 2009 \$
The following revenue and expense items are relevant in explaining the financial performance for the half year:		
Transfer of gain on investment from equity upon acquisition of subsidiary	-	5,420,757
Consulting fees	(1,882,400)	(936,508)
Corporate transactions and acquisitions	(1,986,487)	(1,351,519)
Share based payment expense	(811,241)	(2,828,224)
Depreciation – plant and equipment	(4,083,718)	(1,060,575)
Depreciation – other assets	(49,685)	(54,472)

Note 3: Deferred exploration and evaluation expenditure

	Consolidated	
	Half year ended 31 December 2010 \$	Year ended 30 June 2010 \$
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	69,348,483	1,826,958
Foreign currency movements	(257,172)	41,372
Acquired through business combination	-	65,939,327
Expenditure incurred	455,674	1,540,826
Total deferred exploration and evaluation expenditure	69,546,985	69,348,483

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.

Note 4: Issued capital

			Half year ended 31 December 2010 \$	Year ended 30 June 2010 \$
	Half year ended 31 December 2010 Number	Year ended 30 June 2010 Number	Half year ended 31 December 2010 \$	Year ended 30 June 2010 \$
Ordinary shares issued and fully paid			224,937,047	181,216,925
<i>Movements in ordinary shares on issue</i>				
At start of period	240,696,254	179,354,273	181,216,925	117,945,504
Shares issued for the 26% acquisition of Sylvania Metals (Pty) Ltd	58,882,551	-	43,779,948	-
Shares issued under the Sylvania Resources Limited take-over of Great Australia Resources Limited	-	8,874,219	-	10,936,141
Shares issued under the Sylvania Resources Limited take-over of SA Metals Limited	-	27,042,762	-	35,003,328
Transfer from employee share plan	-	425,000	-	232,500
Transfer from share based payment reserve	-	-	-	79,983
Issue through placement	-	25,000,000	-	18,167,000
Less: Transaction costs	-	-	(59,826)	(1,147,531)
At end of the period	299,578,805	240,696,254	224,937,047	181,216,925

Sylvania Resources Limited
ACN 091 415 968

Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2010

Note 5: Segment information

For management purposes the chief operating decision maker, being the Board of Directors of Sylvania Resources Limited, reports its results per project. The Group currently has five operational retreatment processing plants and an open cast mining exploration project.

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.

	Millsell	Steelport	Lannex	Mooinooi	Doornbosch	Northern limb	Other	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
31 December 2010								
Segment assets	9,834,737	10,504,126	23,211,024	25,418,175	15,205,658	68,848,416	35,030,704	188,052,840
Segment liabilities	1,730,238	1,848,004	4,083,545	4,471,851	2,675,584	-	18,275,150	33,084,372
Segment revenue	5,324,749	6,653,444	2,577,576	3,457,350	2,770,243	-	-	20,783,362
Segment result	3,574,305	3,656,347	(671,448)	213,347	692,792	-	(252,825)	7,212,518
Unallocated expenses							(9,806,866)	(9,806,866)
Results from operating activities								(2,594,348)
Included within segment result:								
Depreciation	474,902	513,342	1,126,609	1,229,472	698,419	-	40,974	4,083,718
Direct operating costs	1,275,358	2,483,754	2,122,415	2,011,838	1,379,034	-	350,563	9,622,962
Interest revenue	-	-	-	-	-	-	587,607	587,607
Income tax expense	-	-	-	-	-	-	1,746,398	1,746,398

Sylvania Resources Limited
ACN 091 415 968

Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2010

Note 5: Segment information (continued)

	Millsell	Steelpoort	Lannex	Mooinooi	Doornbosch	Northern limb	Other	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
30 June 2010								
Segment assets	11,252,955	12,523,538	22,390,725	26,611,506	13,884,301	65,790,957	38,537,936	190,991,918
Segment liabilities	1,217,819	1,380,472	3,774,887	4,275,615	2,439,563	1,394,163	17,613,860	32,096,379
31 December 2009								
Segment revenue	5,527,500	4,364,494	1,648,169	218,760	-	-	-	11,758,923
Segment result	3,352,093	1,730,178	379,795	(249,737)	(3,909)	-	(33,634)	5,174,786
Unallocated expenses							(7,081,922)	(7,081,922)
Results from operating activities								(1,907,136)
Included within segment result:								
Depreciation	478,259	507,561	22,761	16,155	3,909	-	31,930	1,060,575
Direct operating costs	1,698,436	2,126,755	1,245,613	452,342	-	-	526,115	6,049,261
Interest revenue	-	-	-	-	-	-	322,848	322,848
Income tax expense	-	-	-	-	-	-	1,428,351	1,428,351

Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2010

Note 6: Contingent liabilities

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

Note 7: Acquisition of remaining 26% in Sylvania Metals (Pty) Ltd

On 29 September 2010, Sylvania announced that it had entered into a share exchange agreement with AACL, to acquire the remaining 26% interest in Sylvania Metals.

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

In accordance with the terms of the Share Exchange Agreement AACL has agreed, subject to certain exceptions, that it will not dispose of 51,170,663 Sylvania Shares issued to it under the Share Exchange Agreement (being all of the Sylvania Shares issued to it under the Share Exchange Agreement other than the 7,711,888 Sylvania Shares issued on 29 September 2010) for a period of 12 months from the date of issue, being 1 December 2010, without the prior written consent of Sylvania (which must not be unreasonably withheld or delayed). AACL has subsequently agreed that, upon implementation of the Scheme and subject to the same exceptions that apply to the Sylvania Shares under the Share Exchange Agreement, it will not sell 51,170,663 of its Sylvania Platinum Shares before 1 December 2011, without the prior written consent of Sylvania Platinum (which must not be unreasonably withheld or delayed).

The Share Exchange Agreement also gives AACL the right to nominate up to two individuals for appointment to the boards of each of Sylvania and Sylvania Metals. Sylvania Platinum has agreed that AACL has the right to nominate for appointment up to two directors to fill casual vacancies on the board of Sylvania Platinum. AACL has advised Sylvania and Sylvania Platinum that it has no current intention to exercise its right to nominate for appointment any directors to the board of Sylvania or Sylvania Platinum and, in any event, will not exercise that right until after implementation of the Scheme, other than with the prior written agreement of Sylvania Platinum (which must not be unreasonably withheld or delayed).

Note 8: Proposed redomicile of Sylvania from Australia to Bermuda

On 26 November 2010, Sylvania announced that the Company intends to redomicile the holding company of the Sylvania Group from Australia to Bermuda.

A resolution to approve a scheme of arrangement between Sylvania and its shareholders ("Scheme") was put to members of the Company at the court ordered scheme meeting held on 2 March 2011 and was passed in accordance with section 411(4)(a)(ii) of the Corporations Act. The Supreme Court of Western Australia approved the Scheme and the Scheme subsequently became effective on 9 March 2011. Upon implementation of the Scheme (expected to occur on 18 March 2011) Sylvania Platinum Limited, a company incorporated in Bermuda, Sylvania Resources will become a wholly owned subsidiary of Sylvania Platinum and Sylvania Platinum will become the ultimate holding company of the Group.

Sylvania Platinum Shares have commenced trading on ASX on a deferred settlement basis and are expected to begin trading on ASX on a normal settlement basis on 25 March 2011. It is also expected that admission to trading of Sylvania Platinum Shares on AIM (with holders of depository interests that confer a unit of beneficial ownership in Sylvania Platinum Shares ("Sylvania Platinum DIs") settling trades on AIM in CREST) will occur on 25 March 2011, subject to implementation of the Scheme.

Notes to the Condensed Consolidated Financial Statements
for the half year ended 31 December 2010

Note 9: Related party transactions

Joint venture

The Group has a 25% interest in the assets, liabilities and output of an unincorporated joint venture, CTRP, which operates a chrome tailings retreatment plant at Kroondal in South Africa (2010 and 2009: 25%).

Terms and conditions with related parties

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

Outstanding balances at the end of the four months to 31 December 2010 are unsecured, interest free and settlement occurs in cash.

Transactions with related parties

Administration recoveries were received from and service fees paid to the following related parties during the period ended 31 December 2010 and financial year ended 30 June 2010 for expenses incurred on their behalf:

	Consolidated	
	Half year ended	Year ended
	31 December 2010	30 June 2010
	\$	\$
<i>Service fees paid to related parties</i>		
Morningtide Investments (Pty) Ltd	334,019	-
Summer Sun Trading 210 (Pty) Ltd	-	6,152
Integrated Geological Solutions (Pty) Ltd	-	443,985
Southridge Properties (Pty) Ltd	2,879	16,167
	336,898	466,304
<i>Recoveries from related parties</i>		
Summer Sun Trading 210 (Pty) Ltd	1,436	-
Realm Resources Ltd (formerly Morning Star Holdings (Australia) Ltd)	10,687	16,961
Ferrum Crescent Ltd (formerly Washington Resources Ltd)	115,583	6,946
	127,706	23,907

Note 10: Subsequent events

There have been no events subsequent to balance date other than that which has been disclosed in note 8 on the redomicile of Sylvania from Australia to Bermuda.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 21 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half year then ended.

- (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.

This declaration is made in accordance with a resolution of the directors pursuant to s303(5) of the Corporations Act 2001.



T M McConnachie
Chief Executive Officer
Johannesburg
15 March 2011



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sylvania Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sylvania Resources Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sylvania Resources 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.



Accountants | Business and Financial Advisers

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'M R W OHM'.

M R W OHM
Partner

Perth, Western Australia
15 March 2011