

Sylvania Platinum Limited
(“Sylvania”, “the Company” or “the Group”)
AIM (SLP)

Third Quarter Report to 31 March 2015

27 April 2015

Sylvania Platinum Limited, the low cost Platinum Group Metal (“PGM”) processor and developer, today announces its results for the quarter ended 31 March 2015 (“Q3 FY2015” or the “quarter”) from its PGM production and development operations in the Bushveld region of South Africa.

HIGHLIGHTS

- Sylvania Dump Operations (“SDO”) PGM ounce production of 12,778 ounces for the quarter (Q2 FY 2015: 14,701 ounces, Q3 FY 2014: 13,185 ounces).
- Year-to-Date production up 15% at 44,119 ounces (YTD 31 March FY2014: 38,378 ounces);
- Annual PGM ounce production expected to be in the range of 55,000 ounces to 57,000 ounces, exceeding the previously stated guidance of 53,000 ounces for the current financial year.
- Group cash increased by \$1.0 million or 13% to \$8.8* million quarter-on-quarter (Q2 FY2015: \$7.8 million) and 83% year-on-year (Q3 FY2014: \$4.8 million).
- Cash generation achieved in spite of the Gross Basket Price of \$833/oz being 6.7% lower than the \$893/oz in the previous quarter.
- One Lost-Time Injury (“LTI”) during the quarter at the Lannex plant, but both Tweefontein and Doornbosch reached 1,000 LTI Free days during the quarter, while Steelpoort remains LTI free for more than seven years.
- Directorate change after quarter end – departure of Mr Grant Button and appointment of Ms Eileen Carr.

*net of \$1 million outflow relating to share repurchases and Minex (Pty) Ltd payment

SYLVANIA OVERVIEW

The SDO produced 12,778 ounces for the quarter, bringing the year-to-date total to 44,119 ounces. Group cash costs, which include corporate general and administration costs, are up 4% from \$691/oz to \$716/oz quarter-on-quarter, largely as a result of lower ounce production during the quarter. The reduced production was primarily due to a structural failure on the Lannex plant’s thickener that resulted in production downtime during the quarter, as well as the combination of a five-day Section 54 safety stoppage at the host mine by the Department of Mineral Resources (“DMR”) that affected the production at the Mooinooi and Millsell plants. Community unrest related to municipal service delivery at the Eastern operations that impacted on production at the Steelpoort, Lannex, Doornbosch and Tweefontein operations further hindered the SDO production. Although the ounce production during the quarter was slightly lower than the previous quarter, year to date production of 44,119 ounces is 15% ahead of the prior year (YTD Q3 FY 2014: 38,378 ounces). Sylvania now expects to exceed the previously stated annual guidance of approximately 53,000 ounces for the financial year ended 30 June 2015 and achieve in the range of 55,000 ounces to 57,000 ounces for the current financial year.

The gross basket price of \$833/oz dropped approximately 6.7% compared to the previous quarter’s \$893/oz as a result of the drop in the commodity price. Combined with lower ounce production for the quarter this resulted in a revenue drop of 19% from \$12.98 million last quarter to \$10.5 million.



The Group cash balance at 31 March 2015 was \$8.8 million, a \$1 million increase on the previous quarter's \$7.8 million and an 83% increase year-on-year (Q3 FY2014: \$4.8 million). Cash generated from operations was \$2.9 million, with \$0.6 million spent on the stay-in-business capital for the SDO plants, \$0.05 million paid for the SDO rehabilitation insurance guarantee investment, \$0.2 million spent on exploration assets and \$1 million spent on share transactions in Sylvania Platinum Limited. The impact of exchange rate fluctuations on cash held was an increase of \$0.1 million.

Commenting on the quarter, Sylvania Platinum CEO Terry McConnachie said:

"We have had a quarter impacted by a number of operational issues but are pleased to report that Group net cash increased by 13% despite the production issues which drove higher cash costs than in the prior quarter. However, Quarter 4 profitability is likely to be impacted by the continuing low metal prices. Despite the various delays during the quarter the Board is happy to state that the Company is now likely to exceed its previous production guidance of 53,000 PGM ounces. Production should now be in the range of 55,000 to 57,000 ounces for the year."

GROUP PERFORMANCE

Unaudited – Group	Unit	March 2015 Quarter	December 2014 Quarter	% Change
Financials				
Revenue	\$'000	10,501	12,981	-19%
Capital Expenditure ¹	\$'000	754	1,140	-34%
Ave R/\$ rate	R/\$	11.73	11.21	5%
EBITDA ²	\$'000	1,366	3,207	-57%
Production				
PGM Plant Feed Tons	T	252,189	267,094	-6%
3E and Au	Oz	12,778	14,701	-13%
Group Cash Cost³				
Per 3E & Au oz	\$/oz	716	691	4%

¹ Capital expenditure on SDO and exploration and evaluation assets.

² EBITDA is Earnings before Interest, taxation, depreciation and amortisation.

³ Group cash costs include plant operating costs and group general and administration costs, but are exclusive of depreciation, amortisation, reclamation, capital, project development and administration costs and share-based payments.

A. SYLVANIA DUMP OPERATIONS

Health, safety and environment

There was one Lost-Time Injury ("LTI") during the quarter at the Lannex plant when an artisan fractured a finger whilst maintaining a pump, however no significant safety, health or environmental incidents were reported at any of the operations during the quarter. Both the Tweefontein and Doornbosch operations reached 1,000 Lost-Time Injury ("LTI") free days during the quarter, while Steelpoort remains LTI free for more than seven years. These are significant achievements by industry standards.

The Company remains committed to zero harm and continues to focus on health and safety compliance at all operations in order to eliminate safety deviations and to maintain the high standards of the overall culture and condition of our operations.

Operations

The combined production for all the SDO was 12,778 PGM ounces and the Company remains on track to achieve and exceed the annual production target of 53,000 ounces. Although production in the quarter was lower compared to the previous quarter and the quarterly performance during the same period last year, the year to date production (YTD 31 Mar FY2015) of 44,119 ounces is 15% higher than the production for the same period in the previous year (YTD 31 Mar FY2014):



38,378 ounces). The cash cost of production of \$641/oz (R7,518/oz) was up 3.6% in dollar terms compared to the same period in the previous year (Q3 FY2014: \$619/oz (R6,707/oz)) and up 5% from \$610/oz (R6,841/oz) in the previous quarter, largely due to lower production volumes.

While the PGM recovery efficiencies improved for the operations, the lower PGM production for the quarter, when compared to the previous quarter, can be primarily attributable to lower PGM feed tons related to the plant interruptions mentioned above and lower PGM plant feed grades.

Based on the respective feed resources and performance levels at the operations, production rates are well aligned to achieve and exceed the annual guidance of approximately 53,000 PGM ounces for the current financial year.

Operational and Financial Summary

Unaudited – SDO	Unit	March 2015 Quarter	December 2014 Quarter	+/- % Quarter on Quarter	9 months to March 2015
Revenue					
Revenue	\$'000	10,501	12,981	-19%	37,857
Revenue	R'000	123,204	145,572	-15%	425,096
Gross Basket Price ¹	\$/oz	833	893	-7%	868
Net Basket Price ¹	\$/oz	809	847	-4%	826
Gross Cash Margin - SDO	%	22%	31%	-29%	31%
Capital Expenditure	\$'000	581	1,013	-43%	2,365
Capital Expenditure	R'000	6,812	11,365	-40%	26,651
Ave R/US\$ rate ²	R/\$	11.73	11.21	5%	11.23
EBITDA	\$'000	2,283	3,890	-41%	11,530
EBITDA	R'000	26,789	43,621	-39%	129,470
SDO Cash Cost³					
Per PGM Feed ton	\$/t	32	34	-6%	32
Per PGM Feed ton	R/t	381	377	1%	354
Per 3E & Au oz	\$/oz	641	610	5%	592
Per 3E & Au oz	R/oz	7,518	6,841	10%	6,647
Production					
Plant Feed	T	464,484	518,753	-10%	1,601,603
Feed Head Grade	g/t	2.38	2.46	-3%	2.32
PGM Plant Feed Tons	T	252,189	267,094	-6%	827,788
PGM Plant Grade	g/t	4.10	4.45	-8%	4.28
PGM Plant Recovery	%	37.8%	36.3%	4%	37.8%
Total 3E and Au	Oz	12,778	14,701	-13%	44,119

¹ The basket price reported is an estimated price for deliveries made in the quarter. The actual basket price is only determined in the invoicing month which is three months after the delivery month, prior quarter adjusted for actual prices received if necessary.

² The functional currency for SDO is SA Rand and the exchange rate shown is the average over the period indicated.

³ Cash costs include plant operating costs such as mining, processing, administration, royalties and production taxes, but are exclusive of depreciation, amortisation, reclamation, capital, project development and exploration costs.



B. EXPLORATION AND OPENCAST MINING PROJECTS

Volspruit Platinum Exploration

The Company continues to await the outcome of the Mining Right Application (“MRA”) for the Volspruit project. Representatives of the DMR have advised that they await a decision from the Limpopo Department of Economic Development and Environment (“LEDET”) on the Environmental Impact Assessment (“EIA”) and Environmental Management Plan (“EMP”) before taking their final decision. LEDET has informed the Company that they have referred the EIA and EMP to an independent party for review. A final decision by LEDET is expected before 31 July 2015, however this depends on the duration of the independent peer review.

Grasvally Chrome Exploration

Public Participation on the MRA for Grasvally was held on 22 April 2015 and the application to the DMR will be submitted in May 2015. The EIA Scoping Report will be submitted to LEDET on the same day, commencing with the application towards obtaining Environmental Authorisation for the project. Diamond drilling to update the resource statement for inclusion of the Northern Open Cast and Underground resources commenced during March 2015. A total of 1,317 metres had been completed by the end of the quarter, with planned completion of some 2,425 metres of drilling by early May 2015. Once this drilling is completed and a Joint Ore Reserves Committee (“JORC”) compliant resource is declared, this chrome deposit will be sold.

Harriet’s Wish, Aurora and Cracouw Platinum Exploration

As announced on 9 March 2015, mining rights for PGMs and iron ore, vanadium and heavy minerals were awarded to Hacra Mining and Exploration (Pty) Ltd, a subsidiary of the Company. The official signing to execute the mining right has been delayed pending a request to the DMR to reduce the amount of financial provision for rehabilitation. Upon finalisation of this, a financial guarantee will be issued and arrangements made with the DMR for execution of the Mining Right. Immediately thereafter, the Section 11 Application in terms of the Mineral and Petroleum Resources Development Act (“MPRDA”) to transfer the right to mine iron ore, vanadium and heavy minerals to Ironveld plc will be made.

C. CORPORATE

Directorate change

The Directors are pleased to announce the appointment of Eileen Carr as a Non-Executive Director of Sylvania, effective 1 May 2015. Ms Carr replaces Grant Button who has stepped down from the Board, effective 30 April 2015.

Ms Carr has over 25 years’ experience in the resource sector, including becoming Finance Director at Cluff Resources Plc in 1993. Since then she has held several directorship positions including Nobel Holdings Inv Limited, Talvivaara Mining Company Plc and Monterrico Metals Plc.

Ms Carr is a fellow of the Chartered Association of Certified Accountants and holds a Masters of Science in Management obtained from the London University in 1997, in the same year becoming a SLOAN Fellow of LBS.

Mr Button leaves Sylvania after being involved with the Company for 14 years, eleven of which he served on the Board. He is a qualified accountant with over 25 years’ experience at a senior management level in the resources industry having acted as an executive director, managing director, finance director, chief financial officer and company secretary for a range of publicly listed companies. His experience and knowledge gained in these various roles has proven invaluable to the Company and has contributed to the growth shown over the years. All at Sylvania wish him well in his further endeavours.

AIM Rules disclosure:

The following additional information on Eileen Carr (age 58) is provided pursuant to Rule 17 and Schedule Two paragraph (g) of the AIM Rules for Companies:

Current directorships and partnerships:

Nobel Holdings Inv Limited
Bunree Resources Limited



Previous directorships and partnerships in the last five years:

Talvivaara Mining Company Plc

Buenavista Gold Plc

Cluff Gold Plc

Monterrico Metals

Alexander Mining Plc

Ms Carr was a Non-Executive Director of Talvivaara Mining Company Plc ("Talvivaara Plc") from June 2007 until June 2014. Talvivaara Plc applied for corporate reorganisation proceedings governed by the Finnish Restructuring of Enterprises Act (47/1993, as amended) on 15 November 2013. The District Court of Espoo took the decision to commence a corporate reorganisation process in respect of Talvivaara Plc on 29 November 2013 and this situation remains unchanged at the date of this announcement.

Ms Carr does not currently hold any shares in the Company.

There are no other disclosures to be made under Schedule Two paragraph (g) of the AIM Rules in respect of Ms Carr.

CORPORATE INFORMATION

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