

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

“Sylvania acquires Phoenix Platinum for R89 million”

31 July 2017

Sylvania Platinum Limited, the low cost Platinum Group Metal (“PGM”) processor and developer, today announces that the Company has entered into a conditional agreement with Pan African Resources Plc (“PAR”) (the “Agreement”) to acquire 100% of the shares in and claims against Phoenix Platinum Mining Proprietary Limited (“Phoenix”) for a purchase price of R89 million (\$6.6 million), (the “Acquisition”), settled in cash.

HIGHLIGHTS

- Phoenix is a PGM dump operation with an operational PGM concentrator plant and approximately 2.4mt of tailings dump resources of a similar grade and recovery potential as Sylvania’s neighbouring Mooinooi dump operation.
- Phoenix to be acquired for a cash consideration of R89 million, to be funded from existing cash resources.
- Due to the close proximity of Phoenix to Sylvania’s existing operations and similar process and business model, certain synergies are expected to be achieved by the combined operations. This acquisition together with Project Echo is expected to contribute to Sylvania’s growth potential over the coming years and to reduce costs.

Commenting on the transaction, Sylvania’s CEO Terry McConnachie said:

“The Phoenix project is a significant acquisition for Sylvania as we look for growth opportunities. Phoenix is a PGM dump operation with potential synergies with our existing operations which will assist us in increasing our production and earnings profile going forward. The geographical location of this asset will allow us to effectively utilise our existing infrastructure and management team to enhance this business. We look forward to bringing the Phoenix asset into the Sylvania portfolio.”

BACKGROUND ON PHOENIX

Phoenix was acquired by PAR in 2009. The Phoenix operation consists of a 30,000tpm Chrome Tailings Retreatment Plant (“CTRP”) which was commissioned in November 2011 and reached full production in May 2012. The Phoenix CTRP is located in the North West Province near to the Company’s Millsell and Mooinooi complexes.

Phoenix currently recovers PGM’s from chrome tailings dumps and dams through Mineral Rights Agreements pertaining to the Kroondal and Elandskraal tailings dumps, and Buffelsfontein Tailings Dams and potential future current arisings at the Lesedi Mine, recently acquired by Samancor Chrome. As part of the acquisition, Sylvania will acquire an independent property for tailings disposal with associated regulatory approvals.



Phoenix currently has Chrome dump reserves of approximately 2.4mt, containing ~2.5g/t 4E PGE's and is estimated to sustain current production levels for approximately eight to nine years.

During the previous published reporting period for the six months to 31 December 2016, Phoenix produced 762oz of PGM's per month, generating ~\$0.5m revenue per month, at a cash operating cost of approximately \$643/oz. Sylvania's Board and management believe that based on synergies and experience from Sylvania's current operations there is an opportunity to reduce the operating costs and improve production output.

The information in the table below is extracted from the PAR Interim results for the six months ended 31 December 2016 and Annual Results for the year ended 30 June 2016:

| | 31 December 2016 \$'million | 30 June 2016 \$'million |
|-----------------|--------------------------------|----------------------------|
| GBP:USD | £1: \$1.23016 | £1: \$1.33949 |
| Revenue | 2.9 | 4.7 |
| Loss before tax | (0.28) | (0.7) |
| Net assets | 13.2 | 12.2 |

As at 30 June 2016, Phoenix had a SAMREC compliant resources and reserves as set out below:

| | Category | Tonnes (millions) | Grade (g/t) | Tonnes | Moz |
|----------------------|--------------|----------------------|----------------|-------------|------------|
| Mineral Resource* | Measured | 1.4 | 2.43 | 3.4 | 0.1 |
| | Indicated | 1.3 | 2.65 | 3.4 | 0.1 |
| | Inferred | 3.5 | 3.65 | 12.6 | 0.4 |
| | Total | 6.2 | 3.16 | 19.4 | 0.6 |

| | Category | Tonnes (millions) | Grade (g/t) | Tonnes | Moz |
|----------------------|--------------|----------------------|----------------|------------|------------|
| Mineral Reserves* | Proved | 1.4 | 2.43 | 3.4 | 0.1 |
| | Probable | 1.3 | 2.65 | 3.4 | 0.1 |
| | Total | 2.7 | 2.54 | 6.8 | 0.2 |

* The above tables are as published in the PAR Mineral Resources and Reserves report for the year ended 30 June 2016.

TERMS OF THE ACQUISITION

Under the terms of the Agreement, the purchase price of R89 million (\$ 6.6 million) is to be settled in cash on the Effective date. The consideration will be funded from existing cash resources.

The Agreement is subject to the following conditions precedent:

- The completion of an internal due diligence review of Phoenix's operations and taxation compliance by an independent third party;
- Approval of the Competitions Authorities in accordance with South African competition legislation;
- the requisite consent or approval of Samancor Chrome and TC Smelters, on whose mining premises the plant and part of the dumps are situated, has been obtained in writing for the implementation of the Sale ; and
- the consent of PAR's Lenders.

The Parties shall use all of their commercially reasonable endeavours to procure the fulfilment of the relevant Conditions Precedent as soon as reasonably possible after the Signature Date and shall, to the extent that such Conditions Precedent have been fulfilled, prior to the expiry of the relevant date and time periods set out therein, furnish to the other Parties all documents evidencing the fulfilment of such Conditions Precedent.



This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

CORPORATE INFORMATION

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ABOUT SYLVANIA PLATINUM

Sylvania Platinum Limited (AIM:SLP) is a rapidly expanding producer of the platinum group metals (“PGMs”) platinum, palladium and rhodium, with two distinct lines of business: the re-treatment of PGM-rich chrome tailings material from mines in the region and processing methods for low-cost PGM extraction. All of the Group's assets are situated in various locations across South Africa's Bushveld Igneous Complex (“BIC”), which is the world's richest source of PGMs.

