Sylvania Platinum Limited
Results for the year ended 30 June 2016
(“Sylvania”, “the Company” or “the Group”)
AIM (SLP)

30 August 2016

The Directors of the Company are pleased to present the results for the financial year ended 30 June 2016. Unless otherwise stated, the consolidated financial information contained in this report is presented in US Dollars. The complete Annual Report for the financial year ended 30 June 2016 is available on the Company website (www.sylvaniaplatinum.com).

Financial snapshot

- EBITDA increased 3% to $13.0 million for the Sylvania Dump Operations (“SDO”) (FY2015: $12.6 million);
- Group adjusted EBITDA improved by 9% to $11.1 million (FY2015 $10.1 million);
- General and administrative costs are down by 31% from $3.3 million in FY2015 to $2.3 million;
- Gross profit up by 19% year-on-year from $6.5 million in FY2015 to $7.7 million;
- Profit after income tax of $3.7 million achieved (FY2015: $1.7 million);
- Group Cash profit achieved of $8.2 million (FY2015: $8.4 million);
- Basic earnings per share (“EPS”) improved 125% to 1.28 US cents per share from 0.57 US cents per share in FY2015**;**
- Group capital and exploration expenditure down by 56% to $1.8 million (FY2015: $4.1 million);

Operations snapshot

- Lost-Time Injury (“LTI”) free across all operations for the year;
- Third consecutive year of record SDO production at steady state, achieving 60,643 ounces – a 5% increase from the previous record of 57,587 ounces achieved in FY2015;
- Group cash cost $470/oz, 33% below the Company’s guidance of $700/oz.

SYLVANIA OVERVIEW

For the third consecutive year at steady state, the SDO achieved record production of 60,643 ounces – a 5% increase from the previous record of 57,587 ounces achieved in FY2015, largely as a result of more tons treated and improved recovery efficiency.

At 30 June 2016, the Group cash balance grew by 31% from $5.1 million reported at the end of H1 to $6.7 million in H2. This, however is a $1.7 million (20%) decrease from $8.4 million in the previous year. Cash generated from operations before working capital movements was $11.5 million, with net changes in working capital amounting to a reduction of $6.2 million, $1.9 million of which can be attributed to the repayment of the 3 month pipeline financing on the sale of concentrate. A further $3.6 million in tax payments was made. During the year, $0.3 million was spent on the rehabilitation insurance guarantee, $0.3 million on exploration activities and $1.2 million on stay in business capital for the SDO plants (FY2015: $2.7 million). A repayment of $0.3 million was received from Ironveld Holdings (Pty) Ltd under the terms of the loan agreement with Ironveld plc. The Company spent $1.1 million on share transactions and the impact of exchange rate fluctuations on cash held at year end was $0.8 million. Group cash profit (earnings after interest and tax paid before non-cash items including depreciation, amortisation, impairment, foreign exchange gain/loss, share-based payments, rehabilitation provision movements and deferred tax) was $8.2 million.

The Company achieved a profit after income tax of $3.73 million – an improvement of 120% from $1.7 million in FY2015. General and administrative costs are down by 31% from $3.3 million in FY2015 to $2.3 million this year, with gross profit showing a 19% growth year-on-year from $6.5 million in FY2015 to $7.7 million. The Company's basic EPS has improved significantly from the prior year to 1.28 US cents per share (a 125% improvement).

Group capital expenditure is also down by 56% to $1.8 million from $4.1 million in FY2015.

Commenting on the annual results, Sylvania Platinum's CEO, Terry McConnachie, said:

"I congratulate our management team for the excellent production performance in excess of 60,000 ounces for the year. This is an all-time record and marks the third consecutive year of increased production as well as some 6% better than budget. Further, we produced the ounces at a Group cash cost of $470/oz which is 27% down from the previous year. Our Group capex was contained to $1.8 million for the year. The Group made a cash profit of $8.2 million in spite of the average gross basket price of $850/oz dropping to a low of $785/oz in Q2 from $1,072/oz recorded at the end of the prior financial year.

I am proud to report that the Company achieved one year LTI-free at all operations and did not receive any Section 54 stoppage notices from the Department of Mineral Resources during the year. This is an exceptional achievement and testament to dedicated management and a work force that has bought in to our zero tolerance on safety issues.

Our Group is cash positive and we have not drawn down on overdraft facilities or project financing, however the Group available cash balance reduced to $6.7 million (a 20% reduction) largely due to a $2.7 million tax payment at the end of June.

In addition to the tax payment, we extinguished all the pipeline financing from our off-take agreement in this year and we bought back some 7,383,974 shares that were transferred into treasury."

Financial and production summary Half-year and Full year

	Unit	Jan - Jun 2016 H2	Jul – Dec 2015 H1	+- % Change		FY 2016	FY 2015	+- % Change
Group Revenue								
Revenue[1]	$'000	20,660	18,532	11%		39,511	47,790	-17%
Gross Basket Price	$/oz	873	829	5%		850	1,072	-21%
Gross Cash Margin – Group	%	35%	19%	84%		28%	23%	22%
Capital & Exploration Expenditure	$'000	863	912	-5%		1,780	4,051	-56%
Adjusted EBITDA[2]	$'000	7,190	3,612	99%		11,083	10,140	9%
Ave R/$ rate[1]	R/$	15.41	13.59	13%		14.43	11.43	26%
Group Cash Cost[3]								
Per 3E & Au oz	$/oz	432	508	-15%		470	642	-27%
SDO Revenue								
Revenue	$'000	20,660	18,532	11%		39,511	47,790	-17%
Gross Basket Price	$/oz	873	829	5%		850	1,072	-21%
Gross Cash Margin - SDO	%	39%	25%	56%		33%	27%	22%
Capital Expenditure	$'000	676	742	-9%		1,420	2,916	-51%
EBITDA	$'000	8,086	4,590	76%		12,957	12,554	3%
Ave R/$ rate	R/$	15.41	13.59	13%		14.43	11.43	26%

	Unit	Jan - Jun 2016 H2	Jul – Dec 2015 H1	+- % Change		FY 2016	FY 2015	+- % Change
SDO Cash Cost[3]								
Per PGM Feed ton	$/t	22	25	-12%		23	32	-28%
Per 3E & Au oz	$/oz	402	471	-15%		437	603	-28%
Production – SDO								
Plant Feed	T	1,055,446	1,124,022	-6%		2,179,468	2,129,352	2%
Feed Head Grade	g/t	2.65	2.26	17%		2.40	2.31	4%
PGM Plant Feed Tons	T	570,111	563,797	1%		1,133,908	1,090,783	4%
PGM Plant Grade	g/t	4.04	4.01	1%		4.03	4.22	-5%
PGM Plant Recovery	%	42.0%	41.8%	1%		43.2%	38.3%	13%
Total 3E and Au	Oz	31,124	29,519	5%		60,643	57,587	5%

[1] The functional currency for SDO is SA Rand and the exchange rate shown is the average over the period indicated.
[2] Adjusted EBITDA is Earnings before Interest, taxation, impairment adjustments, depreciation and amortisation.
[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.

A. SYLVANIA DUMP OPERATIONS

Health, safety and environment

The Company achieved one year LTI-free at all operations and did not receive any Section 54 stoppage notices from the Department of Mineral Resources ("DMR") during the year. This is an exceptional achievement, which again demonstrates our commitment towards the safety of our employees and operations. Particularly notable is the Steelpoort Plant, which has been LTI-free for more than eight years while Tweefontein and Doornbosch both achieved the significant milestone of four years LTI-free during the year.

Health, safety and environmental compliance remains a key priority for the Company. The collaborative efforts of management and all employees across the operations, upholding the safety culture, contribute to the high safety standards and plant conditions at the respective operations.

Operations

For the third consecutive year at steady state, SDO production set an annual record by achieving 60,643 ounces – a 5% increase from the previous record of 57,587 ounces achieved in FY2015. Both stated and revised guidance of 57,000 ounces to 58,000 ounces was exceeded and the Company broke through the 60,000 ounce mark for the first time.

Cash costs per PGM feed ton decreased by 28% to $23/ton (FY2015: $32/ton) and cash costs per 3E & Au ounce decreased 28% to $437/oz from $603/oz disclosed in the previous year. SDO capital expenditure is also down 52% from $2.9 million recorded in FY2015 to $1.4 million.

The SDO continued to build on steady performance in recent years and, despite a lower PGM feed grade and some production interruptions due to the electrical substation fire at Mooinooi, as well as community protests related to municipal service delivery and job opportunities at our Eastern Limb operations during the year, the operations managed to improve on the treatment tons of FY2015 and significantly exceeded the previous recovery efficiency in order to achieve a record annual PGM ounce production.

While the overall plant feed head grades were slightly higher than in FY2015, the FY2016 PGM feed grades were 5% lower at 4.03g/ton from 4.22g/ton in the previous year. Plant feed tons for the year are up 2% to 2,179,468 tons from 2,129,352 tons recorded in FY2015 and PGM plant recovery increased by 13% from 38% in FY2015 to 43%.

More disciplined production management, improved plant stability and continuous process improvement initiatives helped maintain stable feed tonnages and to achieve higher PGM recovery efficiencies over the past year. The Company is now able to build further on this by expanding its metallurgical plant infrastructure in order to achieve even higher process efficiencies at lower overall production cost through the execution of Project "ECHO". This project will enable transformation of the Millsell, Doornbosch, Tweefontein and Mooinooi Dump and ROM operations from single stream milling and flotation ("MF1") circuits to primary and secondary milling and flotation ("MF2") circuits over the next two to three years.

From a financial perspective, SDO revenue decreased by 17% year-on-year to $39.5 million from $47.8 million in FY2015, primarily due to the gross basket price dropping 21% from $1,072/oz in FY2015 to $850/oz. However, SDO EBITDA improved by 3% to $13.0 million from $12.6 million recorded in FY2015, aided by significantly lower operating costs during the period. SDO capital expenditure decreased by 51% as a result of stringent cost controls.

EXPLORATION AND OPENCAST MINING PROJECTS

Harriet's Wish, Aurora and Cracouw Exploration

The Company submitted financial guarantees in order to provide for financial security for rehabilitation, as required by the DMR, and notarial execution of the mining right for this project occurred on 9 December 2015.

In terms of the Mineral and Petroleum Resources Development Act ("MPRDA"), application to transfer the right to mine iron ore, vanadium and heavy minerals to Ironveld, pursuant to the iron ore transaction concluded in FY2013, was granted on 15 April 2016. The notarial cession of this right was also concluded and the documents were lodged with the Mining Titles Office for registration. When any further update is available, this will be communicated to all stakeholders.

The Company intends to proceed with a water use license application ("WULA") but, as communicated in our Interim Report this year, this process will be delayed as transfer of the title deeds from the deceased original landowners to lawful occupants and descendants will need to be facilitated.

Volspruit Platinum Exploration

In the first quarter, we reported that a biodiversity and wetland offset strategy was delivered to the Limpopo Department of Economic Development, Environment and Tourism ("LEDET") and the DMR on 14 September 2015. This forms the basis of implementing remediation towards zero net impact should planned mitigation during the mine's operation prove to be insufficient. In the form of an addendum to the environmental impact assessment ("EIA"), as part of the Company's application for environmental authorisation ("EA"), the documents were submitted together with the comments and responses report following public review. Unfortunately, in the third quarter, we were informed that the EA application had been refused, and that LEDET had listed various reasons for the refusal. Our advisors believe that the reasons for the refusal indicated that LEDET had not duly considered the contents of the addendum submitted in the first quarter and, as such, an appeal against the refusal was submitted to the relevant authority on 3 June 2016.

Sylvania continues to await the outcome of the mining right application ("MRA") from the DMR for this project, believing that a decision will be reached when the appeal of the EA has been concluded.

As communicated in the prior year, the Company intends to proceed with a WULA although this will require preliminary detailed civil designs of all dam facilities. As this will incur additional costs, it has been postponed pending the decision on the MRA and EA as part of our continuous focus on improving cost controls.

Grasvally Chrome Exploration

A mineral resource estimate statement, which declared a South African Mineral Resources Committee ("SAMREC") compliant resource over the entire strike length of 5.2km of the known chromitite body on the prospect of this project, was completed in the second quarter of the financial year. This is necessary for the Company to exercise a mining right over the resource.

The MRA for Grasvally was submitted in the first quarter and public participation meetings with interested and affected parties were held in February 2016. Stakeholders at these meetings requested an assessment of potential loss of agriculture and income should the project proceed. The DMR then granted a 50-day extension to the submission of the EIA, which was finally submitted on 10 May 2016. We await a decision by the DMR.

In addition, the WULA for opencast mining and waste rock treatment was submitted to the Department of Water and Sanitation ("DWS") on 1 June 2016 and we also await a decision on this application.

During the second quarter, we communicated that the Company intends to sell this asset. An international agent was appointed to manage the process and a marketing "teaser" was released in March 2016. Unfortunately, due to the recent performance of the chrome market, potential purchasers have been slow to show interest. However, we expect this to change as the market improves.

FINANCIALS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 30 June 2016

	Notes	**2016 $**	2015 $
Revenue	1	**39,510,771**	47,790,535
Cost of sales		**(31,780,332)**	(41,280,681)
Gross profit		**7,730,439**	6,509,854
Other income		**42,985**	54,534
Profit/(loss) on sale of property, plant and equipment		**5,734**	(78)
Foreign exchange gain		**288,528**	235,109
Profit on sale of financial assets at fair value through profit and loss		**729**	-
Loss on sale of available-for-sale financial assets		**(4,851)**	-
Impairment of available-for-sale financial assets		**-**	(7,250)
Impairment of exploration and evaluation assets	2	**(8,280)**	(18,552)
General and administrative costs	3	**(2,259,578)**	(3,270,718)
Operating profit before finance costs and income tax expense		**5,795,706**	3,502,899
Finance income		**396,399**	413,245
Finance costs		**(218,270)**	(311,688)
Profit before income tax expense		**5,973,835**	3,604,456
Income tax expense		**(2,240,300)**	(1,907,567)
Net profit for the year		**3,733,535**	1,696,889
		Cents	Cents
Profit per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**1.28**	0.57
Diluted earnings per share		**1.24**	0.55

1. Revenue is generated from the sale of PGM ounces produced at the seven retreatment plants.
2. Additional exploration and evaluation costs incurred in terms of the agreement with Aquarius Platinum SA (Pty) Ltd in the current financial year relating to the Group's Everest North project which was fully impaired in prior years were also impaired.
3. General and administrative costs include consulting fees ($0.3 million), legal fees ($0.2 million), travel ($0.2 million), advisor and PR costs ($0.2 million), directors' fees ($0.3 million), share based payments ($0.3 million) and other smaller administrative costs.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Notes	**2016 $**	2015 $
Net cash inflow from operating activities	4	**1,929,245**	9,082,095
Net cash outflow from investing activities	5	**(1,437,476)**	(3,262,109)
Net cash outflow from financing activities	6	**(1,368,254)**	(1,732,439)
Net (decrease)/increase in cash and cash equivalents		**(876,485)**	4,087,547
Effect of exchange fluctuations on cash held		**(832,835)**	(991,552)
Cash and cash equivalents beginning of year		**8,416,342**	5,320,347
Cash and cash equivalents, end of year		**6,707,022**	8,416,342

4. Net cash inflow from operating activities includes a net operating cash inflow of $5,290,603, net finance income of $198,734 and taxation paid of $3,560,092.
5. Net cash outflow from investing activities includes payments for property, plant and equipment of $1,180,453, exploration and evaluation assets of $283,128, cash inflow of $277,200 from Ironveld Holdings for a loan facility granted, cash inflow of $13,908 proceeds from the sale of financial assets and an amount paid of $265,003 for the rehabilitation investment guarantee.
6. The net cash outflow from financing activities consists of the repayment of borrowings of $241,079 and payments for share transactions of $1,127,175.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2016

	Notes	**2015** **$**	2015 $
Assets			
Non-current assets			
Other financial assets	7	**710,055**	509,106
Exploration and evaluation assets		**55,723,424**	58,785,429
Property, plant and equipment		**30,132,591**	40,984,682
Total non-current assets		**86,566,070**	100,279,217
Current assets			
Cash and cash equivalents	8	**6,707,022**	8,416,342
Trade and other receivables	9	**16,055,698**	13,150,608
Other financial assets	7	**1,343,255**	1,823,362
Inventories	10	**1,693,024**	964,973
Current tax asset		**80,679**	-
Total current assets		**25,879,678**	24,355,285
Total assets		**112,445,748**	124,634,502
Equity and liabilities			
Shareholders' equity			
Issued capital	11	**2,979,819**	29,798,190
Reserves	12	**66,917,322**	50,910,179
Retained profit		**21,164,125**	17,430,590
Total equity		**91,061,266**	98,138,959
Non-current liabilities			
Interest bearing loans and borrowings	13	**171,286**	216,547
Provisions	14	**2,809,228**	2,974,536
Deferred tax liability		**12,076,899**	16,090,844
Total non-current liabilities		**15,057,413**	19,281,927
Current liabilities			
Trade and other payables		**6,115,147**	6,938,983
Interest bearing loans and borrowings	13	**211,922**	265,442
Current tax liability		**-**	9,191
Total current liabilities		**6,327,069**	7,213,616
Total liabilities		**21,384,482**	26,495,543
Total liabilities and shareholders' equity		**112,445,748**	124,634,502

7. Other financial assets consist of the investment linked to the rehabilitation insurance guarantee included in non-current assets and the loan receivable granted to Ironveld Holdings (Pty) Ltd from Sylvania Metals (Pty) Ltd, a South African subsidiary of the Group which is included in current assets. The loan receivable granted to Ironveld Holdings (Pty) Ltd from Sylvania South Africa (Pty) Ltd, also a South African subsidiary of the Group, was repaid in full during the current year. The available-for-sale financial assets and financial assets at fair value through profit and loss were sold during the current year.
8. The majority of the cash and cash equivalents are held in South Africa and ZAR denominated balances amount to $6,024,044 (ZAR 89,113,081).
9. Trade and other receivables consist mainly of amounts receivable for the sale of PGM's.
10. Inventory held is stores and materials for the SDO and finished goods not yet delivered.
11. The total number of issued ordinary shares at 30 June 2016 is 297,981,896 (including shares held in treasury).
12. Reserves include the share premium reserve, foreign currency translation reserve, which is used to record exchange differences arising from the translation of financial statements of foreign controlled entities, share-based payments reserve, reserve for own shares, the non-controlling interests reserve and the equity reserve.
13. Interest bearing loans and borrowings are secured instalment sale agreements over various motor vehicles and plant and equipment.
14. Provision is made for the present value of closure, restoration and environmental rehabilitation costs in the financial period when the related environmental disturbance occurs.

1. The financial information contained in this announcement does not comprise full financial statements.

2. The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investments, embedded derivatives, and investments carried at fair value through profit or loss, which have been measured at fair value. The consolidated financial information is presented in US Dollars and the parent's functional currency is Australian Dollars. The presentation currency differs from the functional currency of the parent as the sales of platinum are denominated in US Dollars; and alignment of the functional currency with the sales price is considered to provide more appropriate information to the users of the financial statements.

CORPORATE INFORMATION

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