Sylvania Platinum Limited
Second Quarter Report to 31 December 2014
("Sylvania", "the Company" or "the Group")
AIM (SLP)

30 January 2015

Sylvania Platinum Limited, the low cost Platinum Group Metal ("PGM") processor and developer, today announces its results for the quarter ended 31 December 2014 ("Q2 FY2015" or the "quarter") from its PGM production and development operations in the Bushveld region of South Africa.

SUMMARY

- Sylvania Dump Operations ("SDO") PGM ounce production of 14,701 ounces, a 16% increase year-on-year (Q2 FY2014: 12,673 ounces);
- Gross Basket Price remained consistent: a 1% decrease to $893/oz from $904/oz in the previous quarter (Q2 FY2014: $891/oz);
- Revenue up 32% year-on-year (Q2 FY2014 $9.8 million) but down 11% to $12.9 million (Q1 FY2015: $14.5 million) due to reduced ounces in the December quarter;
- EBITDA at $3.9 million for the SDO, a 319% improvement year-on-year from $0.93 million Q2 FY2014, however down 29% on the previous quarter (Q1 FY2015: $5.5 million);
- Group cash increased 100% year-on-year (Q2 FY2014: $3.9 million); and 15% to $7.8 million quarter-on-quarter (Q1 FY2015: $6.8 million);
- No Lost-Time Injuries ("LTI") during the quarter with Steelpoort achieving seven and Doornbosh three years LTI free;
- All SDO converted from mechanical mining to hydro-mining operations, leading to future mining cost reductions;

SYLVANIA OVERVIEW

After an exceptional quarter in Q1 FY2015, the ounce production declined during the second quarter, however still exceeding the Group's business plan production for the period. The reduced production was due to the start-up and commissioning of hydro-mining as well as the planned holiday shut down period which affected the December and January's supply of current arisings. The SDO produced 14,701 PGM ounces for the quarter, bringing the total to 31,341 ounces for the year to date. Group cash costs, which include corporate general and administration costs, is up 21% from $570/oz to $691/oz quarter-on-quarter, largely as a result of the transition and commissioning cost of converting all mechanical mining to hydro-mining operations at the SDO. Lower ounce production also impacts directly on the cost calculations. The gross basket price remained relatively stable, dropping a mere 1% to $893/oz from the $904/oz in the previous quarter and, as such, despite the lower production when compared to last quarter's record results, revenue dropped only 11% from $14.5 million last quarter to $12.97 million due mainly to the improved concentrate sale terms negotiated during the quarter. This, however is a 32% increase year-on-year (Q2 FY2014 $9.8 million) despite a similar Gross Basket Price of $891/oz for the same period during the last financial year.

The Group cash balance at 31 December 2014 was $7.8 million, a $1 million increase on the previous quarter's $6.8 million and a 100% increase year-on-year (Q2 FY2014: $3.9 million). Cash generated from operations was $3 million, with $1 million spent on the stay-in-business capital for the SDO plants, $0.047 million paid for the SDO rehabilitation insurance guarantee investment, $0.13 million spent on exploration assets and $0.37 million spent on the acquisition of shares in

Sylvania Platinum Limited to be held in treasury. The impact of exchange rate fluctuations on cash held was a decrease of $0.3 million.

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

"It is rewarding to see that in spite of the holiday shut down period in South Africa, the team diligently worked at achieving the company forecasts. It is especially pleasing to see the conversion from mechanical mining of the dumps over to a hydro-mining process being completed during this quarter. These changeovers to new production methods invariably have delays, but I want to congratulate our team for effecting these changes with minimum down time and delay. The impact of this change to hydro-mining, although increasing costs initially, is forecast to reduce mining costs by up to 20% in the future. The company costs for the year to date are, however, well in line with forecast and the Group cash balance has grown to $7.8 million.

GROUP PERFORMANCE

Unaudited – Group	Unit	December 2014 Quarter	September 2014 Quarter	% Change
Financials				
Revenue	$'000	12,981	14,540	-11%
Capital Expenditure[1]	$'000	1,140	894	28%
Ave R/$ rate	R/$	11.21	10.75	4%
EBITDA[2]	$'000	3,207	4,895	-34%
Production				
PGM Plant Feed Tons	T	267,094	308,505	-13%
3E and Au	Oz	14,701	16,639	-12%
Group Cash Cost[3]				
Per 3E & Au oz	$/oz	691	570	21%

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 were no significant safety, health or environmental incidents at any of the operations during the past quarter. The Steelpoort Plant achieved a significant milestone of seven years LTI free during November 2014 and also notable is the Doornbosch plant, which has remained LTI free for more than two 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 14,701 PGM ounces. This remains in line with the business plan and is a 16% increase on quarterly production for the same period last year (Q2 FY2014: 12,673 ounces) albeit lower than the previous quarter's record performance of 16, 639 PGM ounces. The cash cost of production of $610/oz (R6,841/oz) was down 12.4% in dollar terms compared to the same period in the previous year (Q2 FY2014: $696/oz (R7,204/oz)), but due to lower production volumes the cash cost was up from $540/oz (R5,806/oz) in the previous quarter.

While the overall plant feed tons and recovery efficiencies remained stable for most operations, the lower PGM production for the quarter, when compared to the previous quarter, is primarily attributable to lower PGM feed tons and recovery efficiencies at, specifically, Lannex, Doornbosch and Steelpoort. The deterioration in throughput and recovery efficiencies for these operations is related to the change-over to new resources and mining method during the quarter, as well as the final scrapings at the current Steelpoort dump. Corrective measures have since been put in place and operational performance at all three sites is expected to return to normal levels during the next quarter as both the feed grades and tonnage feed rates stabilise.

All SDO have been converted from mechanical mining to hydro-mining operations during the quarter, and although mining costs were slightly higher than planned during this time due to the transition and commissioning period, a significant mining cost reduction across all operations from the next quarter onwards is expected.

Operational and Financial Summary

Unaudited – SDO	Unit	December 2014 Quarter	September 2014 Quarter	+- % Quarter on Quarter	6 months to December 2014
Revenue					
Revenue	$'000	12,981	14,540	-11%	27,488
Revenue	R'000	145,572	156,320	-7%	301,892
Gross Basket Price[1]	$/oz	893	904	-1%	899
Net Basket Price[1]	$/oz	847	854	-1%	850
Gross Cash Margin - SDO	%	31%	38%	-19%	35%
Capital Expenditure	$'000	1,013	780	30%	1,798
Capital Expenditure	R'000	11,365	8,383	36%	19,749
Ave R/US$ rate[2]	R/$	11.21	10.75	4%	10.98
EBITDA	$'000	3,890	5,495	-29%	9,351
EBITDA	R'000	43,621	59,075	-26%	102,696
SDO Cash Cost[3]					
Per PGM Feed ton	$/t	34	29	16%	31
Per PGM Feed ton	R/t	377	313	20%	343
Per 3E & Au oz	$/oz	610	540	13%	573
Per 3E & Au oz	R/oz	6,841	5,806	18%	6,292
Production					
Plant Feed	T	518,753	618,366	-16%	1,137,119
Feed Head Grade	g/t	2.46	2.32	6%	2.31
PGM Plant Feed Tons	T	267,094	308,505	-13%	575,599
PGM Plant Grade	g/t	4.45	4.30	3%	4.37
PGM Plant Recovery	%	36.3%	39.0%	-7%	37.7%
Total 3E and Au	Oz	14,701	16,639	-12%	31,341

[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.
[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, however we are commencing with public participation on the Water Use License Application ("WULA") in February 2015. This will include a presentation on the findings of the extensive testing conducted during the Nylsvley River flood event witnessed in the previous year, as well as the opinions of the independent peer reviewers on these findings.

Grasvally Chrome Exploration

The Company has begun to compile all relevant documentation and sought consultation for the application for a Mining Right on the property. In the interim, testing and samples removed under the permission granted in terms of Section 20 of the Mineral and Petroleum Resources Development Act ("MPRDA") will be used to further prove the high chrome to iron ratios of the orebody. A resource model is currently being completed over the southern half of the property and the near surface resource will be classified into indicated and inferred categories of the South African Code for the reporting of exploration results, mineral resources and mineral reserves "SAMREC Code". Further exploration will consist of a drilling programme in the north of the property for a near surface resource, and additional drilling will be performed to categorize the deeper underground resource.

CORPORATE INFORMATION

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