22 October 2019

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

First Quarter Report to 30 September 2019

The Directors are pleased to present the results for the quarter ended 30 September 2019 (“Q1” or the “quarter”). Unless otherwise stated, the consolidated financial information contained in this report is presented in USD.

Achievements

- Net revenue increased 54% to $31.2 million ($20.2 million Q4 FY2019);
- Group EBITDA improved 106% to $19.2 million ($9.3 million Q4 FY2019);
- The Company bought back 4.2 million shares during the quarter;
- Sylvania Dump Operations (“SDO”) produced 20,797 4E PGM ounces in Q1 FY2020 (21,789 4E PGM ounces Q4 FY2019);
- SDO PGM plant recoveries improved 11% to 59.46%;
- Millsell achieved five years lost time injury (“LTI”) free during September 2019;
- Commissioning of Lesedi milling and chrome beneficiation plant completed.

Challenges

- Community protests in the Steelpoort area, related to community demands and expectations of employment and commercial opportunities, resulted in disruptions at the Eastern operations during September 2019;
- Water management is still a focus area, especially due to severe drought in most areas at the end of the dry season, impacting on operations at Lesedi and Tweefontein;
- Managing cash holding in the face of rising costs of doing business such as electricity, labour and taxes.

Opportunities

- Continued optimisation of MF2 modules and Lesedi chrome section to improve process efficiencies;
- Current PGM basket price contributing to higher profits and cash balance.

Commenting on the Q1 results, Sylvania's CEO Terry McConnachie said:

“I am pleased to say that the SDO achieved another solid production performance in the first quarter of our financial year towards our annual guidance of 74,000 to 76,000 ounces. Recovery efficiencies improved well to 59.46% and are attributable to a combination of the Mooinooi MF2 circuit running for a full quarter, improved feed stability and circuit configuration at Lesedi and higher flotation mass pull philosophy at some of the operations.

This recovery figure will taper off to an expected rate of around 52% going forward due to a lower flotation mass pull which will be required to address concentrate quality and payability.

The Company also undertook a share buyback programme during the quarter whereby a total of 4.2 million shares were purchased from both the market and employees so as to fulfil the current shortfall in shares held in Treasury needed to cover the bonus share awards and options, which vest over the next five years.

We continue to maintain a good cash holding due to Q4’s pipeline and a healthy basket price. However, we are ever mindful of the payment of tax on revenue which increases in line with our earnings and because of this, we will continue with tight cost controls to ensure the Company can meet its tax obligations as well as continue to internally fund further capital expenditure and the payment of dividends.”

USD			Unit	Unaudited	Unit	ZAR		
Q4 FY2019	Q1 FY2020	**% Change**				**% Change**	Q1 FY2020	Q4 FY2019
				Production				
592,511	634,525	7%	T	Plant Feed	T	7%	634,525	592,511
2.58	2.47	-4%	g/t	Feed Head Grade	g/t	-4%	2.47	2.58
327,635	307,946	-6%	T	PGM Plant Feed Tons	T	-6%	307,946	327,635
3.85	3.55	-8%	g/t	PGM Plant Feed Grade	g/t	-8%	3.55	3.85
53.78%	59.46%	11%	%	PGM Plant Recovery	%	11%	59.46%	53.78%
21,789	20,797	-5%	Oz	Total 4E PGMs	Oz	-5%	20,797	21,789
29,210	27,633	-5%	Oz	Total 6E PGMs	Oz	-5%	27,633	29,210
1,328	1,654	25%	$/oz	Average gross basket price	R/oz	32%	24,557	18,659
				Financials				
17,781	24,631	39%	$'000	Revenue (4E)	R'000	42%	362,176	255,747
1,749	1,827	4%	$'000	Revenue (by products)	R'000	7%	26,857	25,150
644	4,694	628%	$'000	Sales adjustments	R'000	645%	69,027	9,270
20,174	31,152	54%	$'000	Net revenue	R'000	58%	458,061	290,167
10,424	11,435	10%	$'000	Operating costs	R'000	12%	168,100	149,892
475	575	21%	$'000	General and administrative costs	R'000	24%	8,445	6,829
9,309	19,180	106%	$'000	Group EBITDA	R'000	111%	281,947	133,869
313	317	1%	$'000	Net Interest	R'000	4%	4,665	4,502
4,849	12,534	158%	$'000	Net profit	R'000	164%	184,246	69,724
2,199	1,463	-33%	$'000	Capital Expenditure	R'000	-32%	21,509	31,625
			R/$	Ave R/$ rate	R/$	2%	14.70	14.38
21,812	26,627	22%	$'000	Cash Balance	R'000	25%	391,410	313,650
				Unit Cost/Efficiencies				
485	550	13%	$/oz	SDO Cash Cost Per 4E PGM oz	R/oz	16%	8,081	6,969
361	414	15%	$/oz	SDO Cash Cost Per 6E PGM oz	R/oz	17%	6,082	5,198
496	573	16%	$/oz	Group Cash Cost Per 4E PGM oz	R/oz	18%	8,420	7,128
370	431	17%	$/oz	Group Cash Cost Per 6E PGM oz	R/oz	19%	6,337	5,317
538	586	9%	$/oz	All-in sustaining cost (4E)	R/oz	11%	8,615	7,734
606	642	6%	$/oz	All-in cost (4E)	R/oz	8%	9,444	8,721

The Sylvania cash generating subsidiaries are incorporated in South Africa with the functional currency of these operations being ZAR. Revenues from the sale of PGMs are incurred in USD and then converted into ZAR. The Group's reporting currency is USD as the parent company is incorporated in Bermuda. Corporate and general and administration costs are incurred in USD, GBP and ZAR.

A. OPERATIONAL OVERVIEW

Health, safety and environment

The SDO experienced a good safety quarter, with no LTIs recorded during the period. The Millsell operation reached the significant milestone of five years LTI-free during the quarter, Lesedi reached eight years LTI-free and Tweefontein and Doornbosch operations both remain LTI-free for seven years.

The Company continues to focus on health, safety and environmental compliance and, through the collaborative efforts of management and all employees across the operations, we strive to maintain high safety standards and plant conditions at the respective operations.

Operational performance

The SDO delivered a solid, above guidance, performance of 20,797 ounces for the quarter, the second highest production quarter for the SDO. Whilst PGM plant feed tons and PGM plant feed grade were 6% and 8% lower respectively, PGM recovery efficiencies increased 11% to mitigate the impact and produce a solid production performance for the quarter.

Although front-end plant feed improved 7% during the period, the coarser nature of material being mined from current mining areas impacted negatively on the proportion of fines reporting to the PGM plant and hence a 6% reduction in PGM plant feed tons.

PGM feed grade was negatively affected by lower quantities of higher-grade current arisings received at the Tweefontein operation, after a production disruption at the host mine. Lower grade current arisings received at Mooinooi, related to a temporary change in feed source at the host mine further impacted feed grade.

The significant improvement in the PGM recovery efficiency can be attributed to a combination of the Mooinooi MF2 circuit that has now been running for a full quarter, after being commissioned during mid-Q4 FY2019, improved feed stability and circuit configuration at Lesedi, following the commissioning of the new milling and chrome beneficiation circuit, and higher flotation mass pull philosophy at some of the operations which also improved recoveries. Although the new circuits at Mooinooi and Lesedi will continue to contribute towards recovery efficiencies going forward, flotation mass pull will have to be lower in the coming quarters to address concentrate quality and payability, unfortunately at the expense of recovery. Steady-state PGM recovery efficiency for FY2020 is planned at approximately 52% to 53% 4E going forward.

The total SDO cash costs for the period were within budget, but increased by 16% in ZAR terms to ZAR 8,081/ounce and 13% in USD terms to $550/ounce. Higher re-mining costs associated with additional feed-screening of coarse dump material at Lesedi, and a minus ZAR 8.0 million rehabilitation adjustment that was processed in Q4 FY2019, were some of the most significant contributors to the increase in operating cost.

Capital expenditure at ZAR 21.5 million was in line with the Project Echo roll-out and payment schedule and the stay-in-business capital spend program.

Operational focus areas

As in previous quarters, water constraints were, and remain, a concern and management continue to both explore technologies to reduce water losses and consumption, and explore and implement alternative measures to supplement water supply to the operations. Additional trial boreholes are being drilled at Lesedi in consultation with water and environmental experts, in order to recover seepage from tailings dam facilities that could potentially be rolled out to other sites if proven to be successful.

Management continues to focus on improving communication and to engage with mandated and recognised forums from neighbouring communities in order to identify potential commercial opportunities and to manage expectations regarding employment and procurement spend. The relationship with these forums is critical, especially when their assistance is needed to manage community members that threaten to interrupt operations, as various neighbouring mines have experienced during the past year.

Operating costs continue to be a focus area, especially with re-mining costs and PGM concentrate penalties to be optimised during coming quarters.

Operational opportunities

Further optimisation of the recently commissioned MF2 module at Mooinooi and the new milling and chrome beneficiation circuit at Lesedi should continue to contribute towards higher PGM recoveries and PGM ounces.

Flotation circuit configuration and optimisation across operations, especially Doornbosch and Lesedi, to address PGM concentrate quality, should contribute towards lower smelter penalties and higher PGM payability in the future.

B. FINANCIAL OVERVIEW

Financial performance

Net revenue for the quarter increased 54% from $20.2 million to $31.2 million. The increase is due mainly to Q4 FY2019's pipeline payment and the increase in commodity prices with the resultant improvement of 25% in the gross basket price quarter-on-quarter from $1,328/ounce to $1,654/ounce. The sales adjustment of $4.7 million is as a result of the adjustment to sales recognised in Q4 FY2019, but only invoiced in this quarter at the higher basket price.

The total operating costs, which are incurred in ZAR, increased 12% to ZAR 168.1 million, compared to the ZAR 149.9 million in Q4 FY2019 largely due to employee-related costs. The changes to the re-mining strategy initially resulted in higher costs and combined with the increase in feed tons, increased the total mining costs during the quarter resulting in higher operating costs. Electricity costs were also higher as the Mooinooi MF2 module was fully operational during the quarter after commissioning in Q4 FY2019. General and administrative costs are incurred in USD, GBP and ZAR and are impacted by exchange rate fluctuations over the reporting period. These costs increased 21% quarter-on-quarter from $0.5 million to $0.6 million due to annual employee cost increases and an escalation in travel costs.

Group cash costs increased 18% from ZAR 7,128/ounce to ZAR 8,420/ounce as a result of the increased costs detailed above as well as the slightly lower ounces this quarter compared to the previous quarter. In dollar terms the Group cash costs increased 16% from $496/ounce to $573/ounce.

The all-in sustaining cost ("AISC") and all-in cost ("AIC") increased during the quarter to ZAR 8,615/ounce (Q4 FY2019: ZAR 7,734/ounce) and ZAR 9,444/ounce (Q4 FY2019: ZAR 8,721/ounce) respectively.

The Group EBITDA increased 106% from $9.3 million to $19.2 million during the quarter and the net profit increased 158% to $12.5 million as a result of the increase in revenue.

The Group cash balance at 30 September 2019 was $26.6 million (including guarantees), a $4.8 million increase on the previous quarter's cash balance of $21.8 million. Cash generated from operations before working capital movements was $19.3 million with net changes in working capital amounting to a decrease of $9.7 million due mainly to the increase in trade and contract debtors recorded at the current basket price. An amount of $1.5 million was spent on capital during the quarter and 4.2 million shares were bought back at a cost of $2.2 million. The impact of exchange rate fluctuations on cash held at the quarter end was a decrease of $1.3 million. The cash balance is before the payment of dividends and SA income tax on companies at 28% of taxable profits in Q2 FY2020.

C. MINERAL ASSET DEVELOPMENT AND OPENCAST MINING PROJECTS

The Company has continued to maintain the value of its mineral asset development activities during the quarter, so as to be able to continue to defend title, however, there are no further developments to report for the quarter.

Grasvally Chrome Exploration

Following the announcement of the conditional cash sale of Grasvally Chrome Mine (Pty) Ltd ("Grasvally") to Forward Africa Mining (Pty) Ltd ("FAM"), the parties are still within the eight-month period from the date of acceptance of the offer to fulfill the standard conditions precedent. At this time there are no further developments to report.

D. CORPORATE MATTERS

Share buybacks

As announced on 24 and 30 September 2019, the Company bought back 3.0 million shares ordinary shares of $0.01 ("Ordinary Shares") in the market and 1.2 million ordinary shares from employees at the 30-day value weighted average price ("VWAP") of 41.68 pence, as at the close of day on 20 September 2019.

Media Allegations

The Company has become aware of references in the media to the company and its relationship with Samancor Chrome Limited ("Samancor"). It appears that these allegations have emerged from a court application by the Association of Mineworkers and Construction Union ("AMCU") which seeks to compel Samancor to produce accounting records for a number of transactions entered into over a period of time.

The Board and Management of Sylvania would like to reassure its stakeholders that all agreements and share transactions entered into by Sylvania have been conducted lawfully, and in compliance with all regulations. Details relating to these transactions were fully disclosed at the time. Should there be further developments in this regard, the Board and Management will continue to keep stakeholders informed.

CORPORATE INFORMATION

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This announcement is released by Sylvania Platinum Limited and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("**MAR**"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Terence McConnachie.

ANNEXURE

GLOSSARY OF TERMS FY2019

The following definitions apply throughout the period:

4E PGMs	4E PGM ounces include the precious metal elements Platinum, Palladium, Rhodium and Gold
6E PGMs	6E ounces include the 4E elements plus additional Iridium and Ruthenium
AGM	Annual General Meeting
AIM	Alternative Investment Market of the London Stock Exchange
All-in sustaining cost	Production costs plus all costs relating to sustaining current production and sustaining capital expenditure.
All-in cost	All-in sustaining cost plus non-sustaining and expansion capital expenditure
ASX	Australian Securities Exchange
Current risings	Fresh chrome tails from current operating host mines processing operations
DMR	Department of Mineral Resources
EBITDA	Earnings before interest, tax, depreciation and amortisation
EA	Environmental Authorisation
EIA	Environmental Impact Assessment
EIR	Effective interest rate
EMPR	Environmental Management Programme Report
GBP	Great British Pound
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
I&APs	Interested and Affected Parties
Lesedi	Phoenix Platinum Mining Proprietary Limited, renamed Sylvania Lesedi
LSE	London Stock Exchange
LTI	Lost time injury
MF2	Milling and flotation technology
MPRDA	Mineral and Petroleum Resources Development Act
MRA	Mining Right Application
MTO	Mining Titles Office
NOMR	New Order Mining Right
NWA	National Water Act 36 of 1998
Option Plan	Sylvania Platinum Limited Share Option Plan
PGM	Platinum group metals comprising mainly platinum, palladium, rhodium and gold
PAR	Pan African Resources Plc
Phoenix	Phoenix Platinum Mining Proprietary Limited, renamed Sylvania Lesedi
Pipeline ounces	6E ounces delivered but not invoiced
Pipeline revenue	Revenue recognised for ounces delivered, but not yet invoiced based on contractual timelines
Pipeline sales adjustment	Adjustments to pipeline revenues based on the basket price for the period between delivery and invoicing
Programme	Sylvania Platinum Share Buyback Programme
Project Echo	Secondary PGM Milling and Flotation (MF2) program announced in FY2017 to design and install additional new additional fine grinding mills and flotation circuits at Millsell, Doornbosch, Tweefontein and Mooinooi.
Revenue (by products)	Revenue earned on Ruthenium, Iridium, Nickel and Copper
RoM	Run of mine
SDO	Sylvania dump operations
Shares	Common shares
Sylvania	Sylvania Platinum Limited, a company incorporated in Bermuda
USD	United States Dollar
WIP	Work in progress
WULA	Water Use Licence Application
UK	United Kingdom of Great Britain and Northern Ireland
ZAR	South African Rand