31 July 2019

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

Fourth Quarter Report to 30 June 2019

The Directors are pleased to present the results for the quarter ended 30 June 2019 (“Q4” or the “quarter”). Unless otherwise stated, the consolidated financial information contained in this report is presented in USD.

Achievements

- Record ounce production of 21,789 4E PGM ounces in Q4, to achieve a record of 72,090 ounces for FY2019;
- SDO PGM plant recoveries improved 12% to 54%, boosting ounce production;
- Net revenue increased 10% to $20.2 million;
- Group EBITDA improved 14% to $9.3 million in Q4;
- Group cash costs decreased 21% to $496/ounce;
- Third MF2 module of Project Echo commissioned at Mooinooi in Q4;
- Commissioning of Lesedi chrome section commenced in Q4; and
- Significant safety milestones achieved at Lesedi, reaching eight years Lost Time Injury (LTI) free, and Tweefontein and Doornbosch operations both reaching seven years LTI-free during the quarter.

Challenges

- Although minimal disruptions were experienced during Q4, power supply infrastructure constraints and water availability at certain operations remain focus areas and management continue to explore alternatives to minimise disruptions and mitigate impact on operations; and
- Fluctuations in the average gross basket price and exchange rates impact the earnings and profitability of the Group and are continually monitored even though they remain outside of the Company’s control.

Opportunities

- An optimised re-mining strategy, utilising a hybrid mechanical-hydro mining approach, has been developed and is being rolled-out in order to enable more efficient blending, grade control and feed stability; and
- Optimisation of recently commissioned projects at Mooinooi and Lesedi to contribute towards improved process efficiencies.

Commenting on the Q4 results, Sylvania's CEO Terry McConnachie said:

"In April 2019 we set out to achieve a record target for Q4. I am pleased to report that the SDO did not only reach this quarterly production record, but also achieved the annual guidance revised at the Half Year, resulting in an annual Company production record of 72,090 ounces for the financial year ending 30 June 2019.

Following a challenging start to the year, there was significant operational improvement during the quarter and I would like to thank the operations teams and management for their continued dedication and hard work.

The Company concluded the financial year with cash of $21.8 million following the payment of $5.3 million in tax during the quarter as well as the MF2 capital spend and maintains a good cash holding which will enable us to continue to internally fund any further capital expenditure. We are also beginning to see the results from the MF2 and capital project roll-out and these are expected to be sustainable in the coming financial years.

Due to the four-month payment agreement with our off-taker, this quarter's solid performance will contribute to an increase in our cash on hand during FY2020 which, combined with the decreased production costs, means we are in a strong financial position moving forward. I am optimistic about what the next quarter and new financial year will bring for the Company and Shareholders."

USD			Unit	Unaudited	Unit	ZAR		
Q3 FY2019	Q4 FY2019	% Change				% Change	Q4 FY2019	Q3 FY2019
				Production				
527,693	592,511	12%	T	Plant Feed	T	12%	592,511	527,693
2.40	2.58	7%	g/t	Feed Head Grade	g/t	7%	2.58	2.40
297,489	327,635	10%	T	PGM Plant Feed Tons	T	10%	327,635	297,489
3.54	3.85	9%	g/t	PGM Plant Feed Grade	g/t	9%	3.85	3.54
48.00%	53.78%	12%	%	PGM Plant Recovery	%	12%	53.78%	48.00%
16,256	21,789	34%	Oz	Total 4E PGMs	Oz	34%	21,789	16,256
22,224	29,210	31%	Oz	Total 6E PGMs	Oz	31%	29,210	22,224
1,383	1,328	-4%	$/oz	Average gross basket price	R/oz	-6%	18,659	19,868
				Financials				
15,739	17,781	13%	$'000	Revenue (4E)	R'000	17%	255,747	219,425
1,726	1,749	1%	$'000	Revenue (by products)	R'000	5%	25,150	24,061
882	644	-27%	$'000	Sales adjustments	R'000	-25%	9,270	12,295
18,347	20,174	10%	$'000	Net revenue	R'000	13%	290,167	255,781
9,774	10,424	7%	$'000	Operating costs	R'000	10%	149,892	136,262
434	475	9%	$'000	General & administration	R'000	13%	6,829	6,052
8,172	9,309	14%	$'000	Group EBITDA	R'000	17%	133,869	113,933
260	313	20%	$'000	Net Interest	R'000	24%	4,502	3,629
4,960	4,849	-2%	$'000	Net profit	R'000	1%	69,724	69,145
2,119	2,199	4%	$'000	Capital Expenditure	R'000	7%	31,625	29,548
23,725	21,812	-8%	$'000	Cash Balance	R'000	-5%	313,650	330,753
			R/$	Ave R/$ rate	R/$	3%	14.38	13.94
				Unit Cost/Efficiencies				
599	485	-19%	$/oz	SDO Cash Cost Per 4E PGM oz	R/oz	-17%	6,969	8,353
438	361	-18%	$/oz	SDO Cash Cost Per 6E PGM oz	R/oz	-15%	5,198	6,110
624	496	-21%	$/oz	Group Cash Cost Per 4E PGM oz	R/oz	-18%	7,128	8,699
456	370	-19%	$/oz	Group Cash Cost Per 6E PGM oz	R/oz	-16%	5,317	6,363
644	538	-17%	$/oz	All-in sustaining cost (4E)	R/oz	-14%	7,734	8,981
756	606	-20%	$/oz	All-in cost (4E)	R/oz	-17%	8,721	10,536

1 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

In terms of safety, three of our operations reached significant milestones during the quarter, with Lesedi achieving eight years LTI-free and both Tweefontein and Doornbosch operations achieving seven years LTI-free. Unfortunately, Mooinooi suffered one LTI in June 2019, when an artisan experienced a laceration to his upper leg caused by a sharp edge of a structure during a lifting operation.

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 Company record of 21,789 ounces for the quarter, a 34% increase on Q3's 16,256 ounces. The increased production was due to a combination of a 10% improvement in PGM feed tons and a 12% improvement in recovery efficiencies, as well as a 9% increase in PGM feed grade.

Improved running times at Lesedi, which experienced less water shortages than in the previous quarter, and increased and more stable re-mining performance at Doornbosch in particular, assisted to increase the PGM feed tons for the period. PGM feed grade was assisted by improved current arisings and ROM fines at operations, which increased approximately 12% compared to Q3, when fresh feed sources had been impacted by the host mines' operating schedule after the Christmas break. Higher grade feed material was also treated at both Lannex and Lesedi during the quarter.

The significant improvement in the PGM recovery efficiency can be attributed to a combination of more stable feed into operations at Lesedi and Doornbosch in particular, as well as the improved efficiencies associated with the commissioning of the MF2 module at Mooinooi during May and June 2019, as well as better-quality feed material being treated at Lannex since May 2019. The improved stability associated with the change in re-mining philosophy and operation, with the ability to have more efficient blending of dump material, as well as an increase in the fresh current arisings received from the host mine, assisted to boost recovery particularly at Doornbosch. Recovery efficiency at Lannex again improved based on higher quality 1st Pass dump material being treated from the neighbouring Tweefontein operation since May 2019, compared to the final batch of historic 2nd Pass dump material from Lannex treated during Q3. Finally, the Mooinooi operation's recovery efficiency improved significantly due to a combination of improved plant stability and the commissioning of the MF2 during May and June 2019, which should continue to add value into the future.

The total SDO cash costs for the period decreased 17% in ZAR terms to ZAR 6,969/ounce and decreased 19% in USD terms to $485/ounce. The capital expenditure was ZAR 31.6 million for the quarter, a 7% increase quarter-on-quarter and is aligned with the planned and forecast Project Echo roll-out and project schedule.

Operational focus areas

Based on the challenges experienced with the water shortages at Lesedi during the past financial year and re-mining challenges at Doornbosch where the current dump reached its end of life during Q2/Q3, significant management focus went into exploring and implementing alternative measures to supplement water to operations and to optimise the current re-mining strategy for historical dumps.

Although minimal disruptions were experienced during Q4 due to water shortages, water availability at certain operations remain a concern and an ongoing focus area. While the water supply system to Lesedi has already been upgraded, more boreholes are being drilled in consultation with water and environmental experts and process options are being explored to minimise consumption which could mitigate the impact of availability.

In order to address challenges with re-mining of dumps, especially those that are close to end of life at certain operations, an optimised re-mining strategy, utilising a hybrid mechanical-hydro mining approach, has been developed and is being rolled-out in order to enable more efficient blending, grade control and feed stability to plants. The hybrid system deviates slightly from a pure hydro-mining approach where water guns are required to be moved constantly on the dumps to maintain acceptable grade blends and consistent production rates. We now utilise a central hydro-mining sump and pump station, mechanically delivering the dump material to this sump to be pulped and pumped to the plant with improved stability but at a similar cost.

Operational opportunities

With the third project Echo MF2 module now commissioned at Mooinooi and the new chrome beneficiation circuit commissioned at Lesedi the respective management teams will now focus on optimising these circuits to unlock the full potential of these projects going forward.

The Mooinooi MF2 module will assist to further improve PGM recovery efficiencies on the operation, while the Lesedi chrome plant project, utilising the dismantled and relocated redundant chrome circuit from the old Steelpoort operation, will enable chrome removal at Lesedi's PGM plant, in line with the standard SDO operating model employed at the Group's existing operations. This circuit will enable the operation to have more flexibility in terms of types and quality of feed material that can be treated in the plant and will contribute towards higher PGM feed grades and ounce production at the operation.

B. FINANCIAL OVERVIEW

Financial performance

Revenue for the quarter increased 10% to $20.2 million from Q3's $18.3 million. The increase is due mainly to the increase in ounces produced at the SDO, however this was negatively impacted by the 4% drop in the gross basket price from $1,383/ounce to $1,328/ounce.

The total operating costs, which are incurred in ZAR, increased 10% to ZAR 149.9 million, compared to the ZAR 136.2 million in Q3. The increase was not unexpected and falls within the Q4 forecast costs. Higher production in Q4 resulted in higher lab costs and concentrate transport costs. Transport costs at the Lannex plant increased due to the change in feed source and the annual electricity increase which was effective as of April 2019. All four of these cost increases combined contributed to the increase in operating costs. 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 9% quarter-on-quarter from $0.434 million to $0.493 million.

Group cash costs decreased 18% from ZAR 8,699/ounce to ZAR 7,128/ounce as a direct result of the higher ounce production. In dollar terms the Group cash costs decreased 21% from $624/ounce to $496/ounce.

The all-in sustaining cost ("AISC") and all-in cost ("AIC") also decreased during the quarter to ZAR 7,734/ounce (Q3: ZAR 8,981/ounce) and ZAR 8,721/ounce (Q3: ZAR 10,536/ounce) respectively. This decrease can also be attributed to the higher ounce production in Q4.

The Group EBITDA increased 14% from $8.1 million to $9.3 million in Q4, however the net profit decreased 2% to $4.8 million as a result of the $5.3 million (ZAR76.2 million) paid in income tax in South Africa.

The Group cash balance at 30 June 2019 was $21.8 million (including guarantees), a $1.9 million decrease on the previous quarter's cash balance of $23.7 million. Cash generated from operations before working capital movements was $9.2 million with net changes in working capital amounting to a decrease of $3.8 million due mainly to the increase in trade and contract debtors which have a four-month payment pipeline resulting in the cash inflows from the production in Q4 only being received in the new financial year. An amount of $2.2 million was spent on capital and income tax of $5.3 million was paid in South Africa. The impact of exchange rate fluctuations on cash held at the quarter end was an increase of $0.01 million.

The Company remains committed to funding all planned capital projects and expansion from internal cash reserves.

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, until an improvement in market conditions occurs, this will result in very limited spend. As such, there are no further developments to report for the quarter.

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