Sylvania Platinum Limited
First Quarter Report to 30 September 2014
(“Sylvania”, “the Company” or “the Group”)
AIM (SLP)

28 October 2014

Sylvania Platinum Limited, the low cost Platinum Group Metal (“PGM”) processor and developer, today announces its results for the quarter ended 30 September 2014 (“Q1 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 increased 8% to a Company record of 16,639 ounces (Q4 2014: 15,435 ounces) the sixth consecutive quarter of continuous growth for the Company’s operations
- Revenue up 2% to $14.5 million (Q4 2014: $14.2 million) despite a 12% drop in Gross Basket Price to $895/oz (Q4 2014: $1,013/oz)
- EBITDA increased 18% to $5.49 million for the SDO (Q4 2014: $4.65 million)
- Group cash increased 28% to $6.8 million as at 30 September 2014 (Q4 2014: $5.3 million)

SYLVANIA OVERVIEW

The Directors of the Company are proud to announce the sixth consecutive quarter of continuous growth and another record production quarter for the Company of 16,639 PGM ounces. This is an 8% improvement on the previous quarter’s 15,435 ounces, with the SDO cash cost of production down 15% from $634/oz (R6,674/oz) last quarter to $540/oz (R5,806/oz). Group cash cost, which includes corporate general and administration costs, is also down 16% from $679/oz to $570/oz quarter on quarter. The reduction in cash costs is as a result of continually improving cost controls, a reduction in ore transport and equipment hire, lower maintenance costs compared to the previous quarter as a result of fewer breakdowns, and lower overtime. Despite a 12% drop in gross basket price to $895/oz from $1,013/oz, largely due to a recent reduction in global demand and the strengthening of the US dollar, higher production results contributed to a marginal revenue increase (2%) from $14.2 million in the previous quarter to $14.5 million in the current quarter.

The Group cash balance at 30 September 2014 was $6.8 million, a $1.5 million increase on the previous quarter’s $5.3 million. Cash generated from operations was $3.0 million, with $0.8 million spent on the stay-in-business capital for the SDO plants, $0.4 million paid for the SDO rehabilitation insurance guarantee investment and $0.09 million spent on exploration assets. The impact of exchange rate fluctuations on cash held was a decrease of $0.3 million.

Commenting on the quarterly report Sylvania Platinum CEO Terry McConnachie said:

“I am pleased with the performance of the production team under the excellent leadership of Jaco Prinsloo, the new Managing Director of Sylvania Metals (Pty) Ltd. This is the sixth consecutive quarter with increased production and the first time the SDO operations have produced in excess of 15,500 ounces for a quarter. With the resulting increase in turnover and an 18% reduction in Group costs, our SDO EBITDA increased 18% in spite of the reduced basket price received. The increase in group cash reserves to $6.8 million furthermore bodes well for our stated objective of the payment of a dividend in the next year, subject to PGM price and operational performance”

GROUP PERFORMANCE

Unaudited – Group	Unit	September 2014 Quarter	June 2014 Quarter	% Change
Financials				
Revenue	$'000	14,540	14,208	2%
Capital Expenditure[1]	$'000	894	2,205	-59%
Ave R/$ rate	R/$	10.75	10.68	1%
Adjusted EBITDA[2]	$'000	4,895	3,014	62%
Production				
Plant Feed Tons	T	308,505	318,302	-3%
3E and Au	Oz	16,639	15,435	8%
Group Cash Cost[3]				
Per 3E & Au oz	$/oz	570	679	-16%

[1] Capital expenditure on SDO and exploration and evaluation assets.
[2] Adjusted EBITDA is Earnings before Interest, taxation, impairment adjustments, 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

No significant environmental incidents occurred at any of the operations during the quarter, however there was one Lost Time Injury ("LTI") which occurred at the Millsell operation. After being LTI-free for more than five and a half years, an employee unfortunately sustained a fracture to his finger.

All other operations have maintained significant achievements by industry standards, with Steelpoort set to achieve seven years LTI-free during the next quarter. Doornbosch and Lannex remain LTI-free for more than two and three years respectively.

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 improve the overall culture and condition of our operations.

Operations

The combined production for all the SDO was another Company record for the quarter at 16,639 PGM ounces (Q4 2014: 15,435 ounces). The cost of production is furthermore down 15% to $540/oz (R5,806/oz) from $634/oz (R6,674/oz) in the previous quarter. The increase in production is attributable to higher PGM feed grades, specifically at the Lannex, Millsell and Steelpoort operations, with stable plant feed tons and recovery efficiencies at all operations.

Continuous production and technical focus, as well as improvement initiatives across all operations are contributing to an improved and more stable production environment. Consequently, we have seen PGM ounce production records reached by the Mooinooi, Tweefontein and Doornbosch operations, with Lannex achieving its best monthly performance in more than 24 months for September 2014.

Feed material to the operations is expected to decline slightly during the next quarter due to commencement of second-pass treatment at Millsell, Lannex and Doornbosch, but operations are expected to stabilise at lower productions rates and align with the annual guidance of approximately 53,000 PGM ounces for the financial year.

Operational and Financial Summary

Unaudited – SDO	Unit	September 2014 Quarter	June 2014 Quarter	+- % Quarter on Quarter	3 months to September 2014
Revenue					
Revenue	$'000	14,540	14,208	2%	14,540
Revenue	R'000	156,320	151,706	3%	156,320
Gross Basket Price	$/oz	895	1,013	-12%	895
Net Basket Price[1]	$/oz	822	890	-8%	822
Gross Cash Margin - SDO	%	38%	31%	23%	38%
Capital Expenditure	$'000	780	233	235%	780
Capital Expenditure	R'000	8,383	2,469	240%	8,383
Ave R/US$ rate[2]	R/$	10.75	10.68	1%	10.75
EBITDA	$'000	5,495	4,658	18%	5,495
EBITDA	R'000	59,075	49,047	20%	59,075
SDO Cash Cost[3]					
Per PGM Feed ton	$/t	29	30	-3%	29
Per PGM Feed ton	R/t	313	324	-3%	313
Per 3E & Au oz	$/oz	540	634	-15%	540
Per 3E & Au oz	R/oz	5,806	6,674	-13%	5,806
Production					
Plant Feed	T	618,366	681,198	-9%	618,366
Feed Head Grade	g/t	2.32	2.15	8%	2.32
PGM Plant Feed Tons	T	308,505	318,302	-3%	308,505
PGM Plant Grade	g/t	4.30	3.86	11%	4.30
PGM Plant Recovery	%	39.0%	39.1%	0%	39.0%
Total 3E and Au	Oz	16,639	15,435	8%	16,639

[1] The net basket price reported is an estimated price for deliveries made in the quarter. The actual net basket price is only determined in the invoicing month which is three months after the delivery month.
[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 still awaits the outcome of the Mining Right Application ("MRA") for the Volspruit project and will update the market with progress reports as appropriate.

Grasvally Chrome Exploration

The Company has continued with enquiries towards the eventual application for a Mining Right on the property, however it has also applied for permission in terms of Section 20 of the Mineral and Petroleum Resources Development Act to remove and dispose of a bulk sample of the minerals recovered during the course of prospecting activities. Based on the high chrome to iron ratios found during the initial exploration phase of the project, the Company believes that the test work to be done on the ore removed by the bulk sample will prove that the chromite is of unusually high quality by South African standards.

CORPORATE INFORMATION

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