
Sylvania Platinum Limited
Third Quarter Report to 31 March 2014 (Q3:2014)
("Sylvania", "the Company" or "the Group")
AIM (SLP)

30 April 2014

Sylvania Platinum Limited, the low cost Platinum Group Metal ("PGM") processor and developer, today announces its results for the quarter ended 31 March 2014 ("Q3 FY2014" or the "quarter") from its PGM production and development operations in the Bushveld region of South Africa.

SUMMARY

- Revenue up 24% to \$12.2 million (Q2: \$9.8 million)
- PGM ounce production increased 4% to 13,185 ounces (Q2: 12,673 ounces); the fourth consecutive quarter of continuous growth for Company operations
- EBITDA increased 330% to \$3.98 million for the Sylvania Dump Operations ("SDO")(Q2: \$0.925 million)
- SDO cash costs down 11% from \$696/oz to \$619/oz
- Third quarter SDO capex reduced 41% from \$381,000 in Q2 to \$224,000
- Group cash of \$4.8 million as at 31 March 2014 (Q2: \$3.9 million)
- High grade chrome ore outcrop exposed on the farms Grasvally and Zoetveld

SYLVANIA OVERVIEW

The SDO achieved record production during Q3 FY2014. The combined production for the dump operations was 13,185 ounces for the Quarter, a 4% increase on the previous quarter's 12,673 ounces. This is the highest quarterly production for Sylvania to date and is the fourth consecutive quarter of continuous growth for the Group's operations. Consistent plant feed tons and improved plant stability, as well as technical focus on the operations, enabled these production levels, and the operations remain on track to achieve the target 50,000 plus ounces for the financial year ending 2014.

Revenue increased 24% in US Dollar terms (29% in Rand terms) during Q3 FY2014 to \$12.2 million, up from \$9.8 million in the previous quarter. This was the result of a 10% increase in the basket price and the increased production. The cash cost of production for the quarter was R6,707/oz (\$619/oz), a 6.9% improvement on the R7,204/oz (\$696/oz) in the previous quarter (11% lower in US Dollar terms). This drop in production cash cost is due to a combination of higher PGM ounce production and lower overall operating costs. At a time when South Africa is experiencing high mining costs, the steady increase in production performance, as well as reduction in costs, indicates the positive direction in which the Company is being steered.

The total Group cash balance at 31 March 2014 was \$4.8 million. As the Group's main operations are in South Africa, a large majority of the cash balance is held in SA Rand. Of the \$4.8 million, \$4.5 million (ZAR 47.7 million) was held in South Africa. The Group's cash balance for the previous quarter was \$3.9 million, of which \$3 million (ZAR 31.9 million) was held in SA Rand. The cash balance quarter on quarter has increased by approximately \$612,737 with the effect of exchange fluctuations on cash held of \$259,037. This increase is a result of operating cash inflows of \$1.4 million and outflow from investment activities of \$761,330 (stay in business capital expenditure and exploration).



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

"The constant increase in production of PGM ounces and the decrease in costs were commendable. The Company's tight control over capital expenditure is also helping to increase our cash reserves. The SDO target of over 50,000 ounces by financial year end (June 2014) is well within reach."

Summary Sylvania Platinum Performance

Unaudited – Group	Unit	Mar 2014 Quarter	Dec 2013 Quarter	% Change
Financials				
Revenue	\$'000	12,201	9,844	24%
Revenue	R'000	131,155	101,864	29%
Ave R/\$ rate	R/\$	10.75	10.35	4%
Production				
Plant Feed Tons	t	291,999	288,777	1%
3E and Au	Oz	13,185	12,673	4%

A. SYLVANIA DUMP OPERATIONS

Health, safety and environment

After being Lost Time Injury ("LTI") free for 19 months, the company unfortunately had one LTI at the Mooinooi operation on 14 January 2014. All other operations remain LTI free with Steelpoort achieving over six years without an LTI. The other plants have been LTI free for between 21 months and three years.

There were no significant health or environmental incidents on any of the SDO during the quarter, and despite several inspections at our operations by the Inspector of Mines from the Department of Mineral Resources ("DMR") during the quarter, no formal Section 54 stoppage notices were issued during this period.

The Company remains committed to zero harm and will continue 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.

Operational and Financial Summary

Unaudited – SDO	Unit	Mar 2014 Quarter	Dec 2013 Quarter	+ - % Quarter on Quarter	9 months to March 2014
Revenue					
Revenue	R'000	131,155	101,864	29%	338,135
Revenue	\$'000	12,201	9,844	24%	31,950
Gross Basket Price	\$/oz	976	891	10%	954
Nett Basket Price	\$/oz	887	806	10%	856
Gross Cash Margin - SDO	%	33%	10%	230%	22%
Capital Expenditure	R'000	2,375	3,950	-40%	10,985
Capital Expenditure	\$'000	224	381	-41%	1,038
Ave R/US\$ rate from Refineries	R/\$	10.75	10.35	4%	10.58
EBITDA	R'000	42,819	9,572	347%	72,968
EBITDA	\$'000	3,983	925	331%	6,897
SDO Cash Cost					
Per PGM Feed ton	R/t	303	316	-4%	317
Per PGM Feed ton	US\$/t	28	31	-9%	30
Per 3E & Au oz	R/oz	6,707	7,204	-7%	6,879
Per 3E & Au oz	US\$/oz	619	696	-11%	667



Unaudited – SDO	Unit	Mar 2014 Quarter	Dec 2013 Quarter	+ - % Quarter on Quarter	9 months to March 2014
Production					
Plant Feed	t	619,131	622,525	-1%	1,828,831
Feed Head Grade	g/t	2.03	1.75	16%	2.02
PGM Plant Feed Tons	t	291,999	288,777	1%	831,454
PGM Plant Grade	g/t	3.63	3.29	10%	3.57
PGM Plant Recovery	%	38.7%	41.5%	-7%	40.2%
Total 3E and Au	Oz	13,185	12,673	4%	38,374

¹ The functional currency for SDO is SA Rand and the exchange rate shown is the average over the period indicated.

² 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.

³ The net basket price reported is based on the estimate price received from the smelters. The actual net basket price is only determined in the invoicing month which is three months after the delivery month.

Millsell

The Millsell operation produced 1,771 ounces for the quarter ended 31 March 2014, compared to the 1,837 ounces in the previous quarter, primarily due to slightly lower recoveries associated with the final scrapings of the Waterkloof dump. Millsell continues to treat a combination of current arisings from the host mine's Millsell plant and will complete the final scrapings from the Waterkloof dump during the next quarter (Q4 FY2014).

The cash cost of R6,086/oz (\$561/oz) was slightly higher than the R5,511/oz (\$532/oz) during the previous quarter as a result of lower PGM ounce production, higher maintenance costs associated with planned repairs on the mill, and higher mechanical mining costs. The plant is still operating within budget and below \$600/oz.

Steelpoort

Steelpoort plant produced 2,058 ounces for the quarter ended 31 March 2014, 2% higher than the previous quarter's 2,017 ounces. The improved ounce production was a direct result of higher feed tons into the plant. While feed grades and recoveries remained stable, Steelpoort is treating only second pass material from the old Steelpoort Tailings Dams.

The cash cost per ounce of R5,569/oz (US\$514/oz) was 5.7% lower than the previous quarter of R5,906/oz (US\$571/oz) due to the higher PGM ounce production.

Lannex

The Lannex operation produced 1,894 ounces for the quarter ended 31 March 2014, against the previous quarters 1,980 ounces, a 4.3% decline in production. Plant stability and performance improved significantly during the last part of the quarter, with ounce production of 762 ounces for March 2014 being the highest production in 18 months for Lannex. The operation is expected to build and improve on this during the next quarter. Lannex continues to treat a combination of dump material from the old Lannex Tailings Dam complex and current arisings from the host mine's Lannex operation.

The cash cost for the quarter was R7,374/oz (US\$680/oz), 2.8% higher than the previous quarter's R7,170/oz (US\$693/oz) in South African Rand terms, but 1.8% lower than the previous quarter in US Dollar terms.

Mooinooi Dump Operation

The Mooinooi Dump operation produced 1,814 ounces for the quarter to 31 March 2014, 44.8% higher than the 1,253 ounces of the previous quarter. This significant increase in production is due to increased feed tons, plant stability and recovery efficiencies. After the Section 54 Safety Stoppage by the DMR during November/December 2013, various safety improvements and behavioral interventions were implemented and the overall condition of the operation improved. The Mooinooi Dump plant continues to treat material from the old Mooinooi dumps and current arisings from the host mines Mooinooi plant.

The cash cost for the quarter was R7,276/oz (US\$671/oz), compared to R9,556/oz (US\$923/oz) in the previous quarter. The improvement in costs is due to higher production volumes and ounce production for the quarter.



Mooi-nooi ROM Operation

Similar to the Mooi-nooi Dump operation, the Mooi-nooi ROM Plant production of 1,286 ounces for the quarter to 31 March 2014, was also significantly higher than the previous quarter's production of 999 ounces, primarily due to increased feed tons, plant stability and recovery efficiencies. The Mooi-nooi ROM plant continues to treat MG2 material from the host mines Mooi-nooi and Buffelsfontein underground mines. Following the successful implementation and operation of Ultra-fine grinding mills on the Dump Plant between April and September 2013, a new Ultra-fine Grinding Toll Milling facility was also installed and commissioned towards the end of December 2013. This installation assisted to improve PGM recovery efficiencies during the current quarter.

The cash cost for the quarter was R8,888/oz (US\$820/oz), significantly lower than the previous quarter of R14,975/oz (US\$1,447/oz), due to the higher production volumes and ounce production for the quarter.

Doornbosch

Doornbosch operation produced 2,209 ounces for the quarter to 31 March 2014, 2.8% lower than the 2,272 ounces produced in the previous quarter, primarily due to lower feed tons associated with mechanical break-downs on its primary mill. Doornbosch still continues with final scrapings at the higher grade Montrose dump during the past quarter. However, towards the end of the next quarter the operation will start to treat the lower grade second pass material from the old Doornbosch Dump focusing primarily on the treatment of this material as well as current arisings from the host mine's Doornbosch operation. The primary metallurgical focus areas are still PGM concentrate grade and chrome in concentrate in order to reduce smelter penalties and to improve plant recovery efficiency, which was higher in quarter three than in the two previous quarters.

Total cash cost for the current quarter was R6,070/oz (US\$560/oz) which is in line with the R6,114/oz (US\$591/oz) for the previous quarter in South African Rand terms, but 5.2% lower than quarter two in US Dollar terms.

Twefontein

The Twefontein operation produced 2,153 ounces for the quarter to 31 March 2014. This was 7% lower than the record performance of 2,314 ounces in the previous quarter, due to lower PGM feed tons and recovery efficiencies during February 2014. Both the PGM feed tons and recovery again improved in March 2014. Twefontein treats a blend of MG1-MG4 ROM fines and tailings material from the host mines' Klarinet Opencast mine, current arisings from the host mines' Twefontein operation and old dump material from the Twefontein Paddocks.

Total cash cost for the current quarter was R5,921/oz (US\$546/oz), a 4.1% improvement on the previous quarter's R6,175/oz (US\$597/oz) in South African Rand terms, but 8.5% lower in US Dollar terms.

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. In accordance with legislation, the DMR has a 120 day timeframe within which to make a decision, thereby indicating that a decision on the MRA is expected in Q1 FY2015.

As part of the Volspruit Environmental Impact Assessment ("EIA"), a flood event on the Nyl River was hoped for in order to provide crucial data to confirm the expected environmental and hydrological impacts of the proposed mining activity at Volspruit. This flood event took place during the quarter and the required data was obtained and recorded. The information supports the findings of the Environmental Assessment Practitioner ("EAP") included in the MRA and EIA. The data collected from the flood event and subsequent modelling and reporting by specialists will enhance the Water Use License Application process upon receipt of a Mining Right from the DMR.

Grasvalley Chrome Exploration

Further to the announcement on 3 December 2013 detailing the Company's purchase of the prospecting-right on portions of the farms Grasvalley and Zoetveld, thereby consolidating its mineral and surface right position over the properties, Ministerial Consent in terms of Section 11 of the Mineral and Petroleum Resource Development Act ("MPRDA") to transfer the prospecting right to Sylvania's subsidiary has been granted. The documents required for the registration of the transfer of the prospecting right have been lodged in the Mining Titles Office and, upon registration which is expected during the



quarter ending 30 June 2014, the balance of the purchase price in the amount of R20 million (approximately \$1.9 million) will be paid.

The consulting Geologist for the project, Peter Harrison, is moreover making good progress with the exploration and analysis of the Grasvally upper chrome seam outcrop. Surface exploration has to date exposed over 900 meters of outcrop and it is expected that the potential exists to realise up to 4500 meters of surface outcrop. Where initial assay results on the upper seam have indicated Cr₂O₃ values of 46.4% Cr₂O₃ in situ, with a chrome iron ratio of 2.45:1, recent recovery tests conducted on the same samples at Metquip Laboratories have indicated that the main seam can be upgraded to 55.5% Cr₂O₃, with 89 % recovery with only one washing pass. These values indicate some of the highest chrome grades and chrome to iron ratios of any South African chrome deposits. Approximately \$58,000 has been spent on the Grasvally project excluding acquisition costs mentioned above.

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