31 January 2020

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

Second Quarter Report to 31 December 2019

The Directors are pleased to present the results for the quarter ended 31 December 2019 (“Q2” or the “quarter”). Unless otherwise stated, the consolidated financial information contained in this report is presented in USD.

Achievements

- Sylvania Dump Operations (“SDO”) declared 19,206 4E PGM ounces in Q2 (Q1: 20,797 4E PGM ounces) bringing the H1 FY2020 declared ounces to 40,003 ounces, a new half year record;
- Net revenue of $27.9 million for Q2 (Q1: $31.2 million);
- SDO and Group cash costs decreased 7% to ZAR 7,485/ounce ($510/ounce) and ZAR 7,808/ounce ($532/ounce) respectively;
- Cash balance of $33.8 million (Q1: $26.6 million) after dividends and provisional income tax paid during the quarter.

Challenges

- Power interruptions due to Eskom loadshedding and quality of supply resulted in downtime at operations;
- Water management continues to be a focus area at some operations, despite intermittent rainfall which provided some relief during the period;
- The currently depressed chrome market is putting pressure on chrome miners and could potentially impact on fresh feed sources at some operations, but operations are able to substitute feed with available dump material in order to run plants at capacity.

Opportunities

- Current PGM basket price contributing to higher than planned profits and cash balance;
- Post-commissioning evaluation of PGM grade and recovery optimisation projects, incorporating proprietary processing modifications, at Millsell, Doornbosch and Tweefontein during the past year, identified an opportunity to roll this circuit modification out to the Mooinooi and Lannex plants in order to improve the upgrading and recovery of PGMs.

Commenting on the Q2 results, Sylvania's CEO Terry McConnachie said:

"The Group, through the continued diligence of our management and operations teams, has once again produced a strong result in spite of challenges relating to water and power which are both outside of our control. Despite downtime and consequential chokes to the processing plants, our teams were able to explore and implement mitigatory measures and produce a solid 19,206 4E PGM ounces for the quarter. Historically, the second quarter is known to present challenges in terms of a dip in production due to the host mines' shutdown over the festive period, however, due to careful planning and controls, the SDO were able to perform very well.

The recent communication of potential retrenchments at some of our host mines has necessitated that we review our feed strategy in terms of alternative feed sources to compensate for the potential loss of any current arisings or RoM material to our plants. We have been in similar situations before and I believe that through committed engagement with our host mines, and based on flexibility between current arisings and dump material on our operations, we will be able to manage the potential change in ratio of feed sources effectively to minimise or prevent the potential impact of the host mines downsizing.

The Group has reported a cash balance of $33.8 million, following the $2.9 million dividend payout in November 2019, which was aided by an increase in the PGM basket price. The Group continues to maintain a good cash holding which will enable the funding of any further capital expenditure. The performance in the first half of the year has established a robust production base to build on and sets us on track to deliver on our targets in 2020."

USD			Unit	Unaudited	Unit	ZAR		
Q1 FY2020	Q2 FY2020	**% Change**				**% Change**	Q2 FY2020	Q1 FY2020
				Production				
634,525	714,244	13%	T	Plant Feed	T	13%	714,244	634,525
2.47	2.12	-14%	g/t	Feed Head Grade	g/t	-14%	2.12	2.47
307,946	308,034	0%	T	PGM Plant Feed Tons	T	0%	308,034	307,946
3.55	3.53	1%	g/t	PGM Plant Feed Grade	g/t	1%	3.53	3.55
59.46%	54.82%	-8%	%	PGM Plant Recovery	%	-8%	54.82%	59.46%
20,797	19,206	-8%	Oz	Total 4E PGMs	Oz	-8%	19,206	20,797
27,633	25,429	-8%	Oz	Total 6E PGMs	Oz	-8%	25,429	27,633
1,654	1,872	13%	$/oz	Gross basket price	R/oz	13%	27,499	24,314
				Financials				
24,631	23,748	-4%	$'000	Revenue (4E)	R'000	-4%	348,860	362,176
1,827	1,529	-16%	$'000	Revenue (by products)	R'000	-16%	22,464	26,857
4,694	2,602	-45%	$'000	Sales adjustments	R'000	-45%	38,225	69,027
31,152	27,879	-11%	$'000	Net revenue	R'000	-11%	409,549	458,061
11,435	9,904	-13%	$'000	Operating costs	R'000	-13%	145,489	168,100
575	578	1%	$'000	General and administrative costs	R'000	1%	8,491	8,445
19,180	17,427	-9%	$'000	Group EBITDA	R'000	-9%	256,006	281,947
317	346	9%	$'000	Net Interest	R'000	9%	5,088	4,665
12,534	11,381	-9%	$'000	Net profit	R'000	-9%	167,192	184,246
1,463	1,538	5%	$'000	Capital Expenditure	R'000	5%	22,592	21,509
26,627	33,818	27%	$'000	Cash Balance	R'000	27%	496,781	391,410
			R/$	Ave R/$ rate	R/$	0%	14.69	14.70
			R/$	Spot R/$ rate	R/$	-8%	14.04	15.28
				Unit Cost/Efficiencies				
550	510	-7%	$/oz	SDO Cash Cost Per 4E PGM oz	R/oz	-7%	7,485	8,081
414	385	-7%	$/oz	SDO Cash Cost Per 6E PGM oz	R/oz	-7%	5,653	6,082
573	532	-7%	$/oz	Group Cash Cost Per 4E PGM oz	R/oz	-7%	7,808	8,420
431	401	-7%	$/oz	Group Cash Cost Per 6E PGM oz	R/oz	-7%	5,897	6,337
586	551	-6%	$/oz	All-in sustaining cost (4E)	R/oz	-6%	8,095	8,615
642	616	-4%	$/oz	All-in cost (4E)	R/oz	-4%	9,044	9,444

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

During the quarter there were no significant occupational health or environmental incidents reported, but in terms of safety, the SDO did experience one lost time injury ("LTI") where an operator suffered a leg injury at Lesedi, and unfortunately the operation lost its record of being LTI-free for more than eight years. This was the first LTI of the financial year for the Company.

Safety records at most other operations remain on track and Tweefontein and Doornbosch both remain LTI-free for more than seven years, while Millsell and Lannex are LTI-free for five years.

The Group 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. A new safety campaign was launched in December 2019 at both the Eastern and Western operations, which has assisted in further enhancing the culture of a safe working environment.

Operational performance

The SDO delivered 19,206 ounces for the quarter, the third highest production quarter, and more significantly, the highest Q2 in the history of operations. The Group's production during the quarter was 8% lower than Q1, but during any financial year, Q2 and Q3 are historically lower production quarters than Q1 and Q4 due to the impact of public holidays and our host mines closing their operations over the holiday period.

PGM plant feed tons and PGM plant feed grade remained stable quarter-on-quarter. Although PGM recovery efficiencies were higher than planned for the quarter, recoveries decreased 8% from Q1 due to a combination of feed characteristics of material treated during the quarter, reduced concentrate mass pull strategy, and an increase of work-in-progress ounces at the end of December 2019.

As the volumes of fresh current arisings and RoM fines received from the host mines decrease at some operations over the December holiday period, operations compensate for this by processing higher volumes of lower-grade dump material, which has a lower PGM recovery potential than the freshly mined sources and hence has an impact on overall recovery efficiency. Besides the impact of feed sources that resulted in approximately 3.5% lower recovery for the quarter, the operations had an increase of work-in-progress PGM ounces at the end of December 2019, equating to an additional 4.5% recovery impact for the past quarter.

The total SDO cash costs decreased in both Dollar and Rand terms by 7% quarter-on-quarter to ZAR 7,485/ounce and $510/ounce (Q1: ZAR 8,081/ounce and $550/ounce respectively) attributable to maintaining tight cost controls and planning at the operations.

Capital expenditure at ZAR 22.0 million during the quarter was in line with the capital budget to improve efficiencies at the plants and the stay-in-business capital spend programme.

Operational focus areas

Water supply issues remain an area of focus for the Group albeit that there was some reprieve during the quarter where plants experienced some rainfall. The Lesedi and Tweefontein operations in particular are most affected by water shortages, but a successful intervention was implemented at Lesedi towards the end of the quarter, which assisted in the reduction of overall water losses in tailings. Management will now focus on implementing similar measures at Tweefontein during the next quarter. This action should assist in alleviating production pressures associated with any shortage of water in the coming quarters.

Power constraints in the form of load-shedding, power cuts due to maintenance and power interruptions associated with frequent trips from the utility provider, have impacted operations and led to downtime during the interruptions and frequent consequential chokes in the processing plants. The Group continues to investigate and evaluate alternative long-term solutions to help mitigate this impact.

As per recent news reports, our host mine has communicated potential retrenchments and production cuts related to some of their Eastern and Western operations, which could potentially result in lower volumes of current arisings and

RoM at some plants during the current depressed chrome market environment. The SDO operations are able to substitute current arisings and RoM sources in order to mitigate this impact, albeit at slightly lower PGM feed grades and recoveries. Management is in continuous engagement with our host mine to optimise operations as feed splits change.

Operational opportunities

With all Project Echo modules now fully commissioned, barring the Tweefontein MF2 project that has been delayed pending the completion of a power supply upgrade by the power utility scheduled towards the end of 2020, and the new milling and chrome beneficiation circuit commissioned at Lesedi, management continues to focus on plant optimisation of the installed infrastructure to improve PGM recoveries and concentrate quality.

Following the successful commissioning of PGM grade and recovery optimisation projects, incorporating proprietary processing modifications at Millsell, Doornbosch and Tweefontein during the past year, the opportunity has been identified to roll this circuit modification out to Mooinooi and Lannex plants. This process circuit modification utilises enhanced fine screening technology for more efficient upgrading and recovery of PGMs.

Commissioning of the new Lannex mill, as part of the Lannex plant life-extension project initiated in 2019, is scheduled for April / May 2020, which will enable the plant to improve processing efficiencies and profitability based on the current feed sources and further enable the plant to accommodate alternative coarser feed sources, such as RoM fines from underground or open cast operations, which will contribute to extend the life of this operation.

B. FINANCIAL OVERVIEW

Financial performance

Net revenue for the quarter decreased 11% from $31.2 million to $27.9 million as a result of lower production compared to Q1. This was partly mitigated by the 13% increase in the gross basket price from $1,654/ounce to $1,872/ounce.

The total operating costs, which are incurred in ZAR, decreased 13% to ZAR 145.5 million ($9.9 million), compared to the ZAR 168.1 million ($11.4 million) in Q1 and is attributable in part to continued cost controls and planning at the operations.

The general and administrative costs increased 1% quarter-on-quarter from $0.57 million to $0.58 million. These costs are incurred in USD, GBP and ZAR and are impacted by exchange rate fluctuations over the reporting period.

Group cash costs were down 7% in both ZAR and USD from ZAR 8,420/ounce ($573/ounce) to ZAR 7,808/ounce ($532/ounce) despite the lower ounce production.

The all-in sustaining cost (“AISC”) and all-in cost (“AIC”) decreased during the quarter to ZAR 8,095/ounce (Q1: ZAR 8,615/ounce) and ZAR 9,044/ounce (Q1: ZAR 9,444/ounce) respectively.

The Group EBITDA decreased 9% from $19.2 million to $17.4 million during the quarter and net profit decreased 9% to $11.4 million from $12.5 million as a result of the lower revenue in Q2.

The Group cash balance at 31 December 2019 was $33.8 million (including guarantees), a $7.2 million increase on the previous quarter’s cash balance of $26.6 million. Cash generated from operations before working capital movements was $17.5 million with net changes in working capital amounting to a decrease of $1.0 million due mainly to the decrease in trade and contract debtors. $1.5 million was spent on capital during the quarter and dividends of $2.9 million were paid to shareholders in November 2019. Provisional income tax of $6.8 million was also paid in South Africa in Q2.

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

At this time, there is nothing further to report on 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. The Company will continue to keep shareholders updated on developments.

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