

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

First Quarter Report to 30 September 2016

“Another record quarterly production of 17,257 ounces.”

26 October 2016

Sylvania Platinum Limited, the low cost Platinum Group Metal (“PGM”) processor and developer, today announces its results for the quarter ended 30 September 2016 (“Q1” or the “quarter”) from its PGM production and development operations in the Bushveld region of South Africa.

HIGHLIGHTS

- SDO achieved a new production record of 17,257 ounces for the quarter, representing a 6% increase over the previous quarter.
- Gross basket price increased 9% to \$937/oz (Q4: \$859/oz).
- SDO operating cash cost down 5% in Rand terms to R5,745/oz (\$408/oz) (Q4: R6,070/oz (\$404/oz)).
- SDO capital expenditure down 32% quarter-on-quarter to \$0.21 million (Q4: \$0.30 million).
- SDO gross cash margin up 24% to 46% (Q4: 37%).
- Group cash balance of \$11.1 million, a \$4.4 million increase on the previous quarter’s \$6.7 million.
- Group EBITDA up 112% to \$5.5 million (Q4: \$2.6 million).

SYLVANIA OVERVIEW

The Sylvania Dump Operations (“SDO”) has again achieved record production with the highest quarterly production in the history of the Company, producing 17,257 ounces for the quarter. Improved PGM recovery efficiencies for the quarter contributed towards higher PGM production despite the PGM feed tons and grades being slightly lower than the previous quarter. With the solid performance during the first quarter of the year, the Company is confident of achieving the 60,000 ounce guidance for the current financial year

The cash costs for the SDO in Rand terms have decreased by 5% from R6,070/oz to R5,745/oz, due to a combination of higher PGM ounce production and disciplined operating cost control, but increased by 1% in US dollar terms from \$404/oz to \$408/oz due to a stronger R/\$ exchange rate. Revenue increased 15% in Rand terms to R182.7 million (Q4: R158.7 million) and increased by 23% in US dollar terms to \$13.0 million (Q4: \$10.6 million) aided by higher production and an improved basket price. The gross basket price increased 9% to \$937/oz from \$859/oz for the previous quarter.

The Group cash balance at 30 September 2016 was \$11.1 million, a \$4.4 million increase on the previous quarter’s \$6.7 million. Cash generated from operations before working capital movements was \$5.6 million with net changes in working capital amounting to a reduction of \$1.4 million, \$0.2 million spent on the stay-in-business capital for the SDO plants, \$0.5 million net inflow after the review of the underlying investment for the rehabilitation insurance guarantee and \$0.5 million spent on share buy backs and the impact of exchange rate fluctuations on cash held at the quarter end was \$0.4 million.



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

"Another sterling effort from our production teams. I am proud of our ability to once again set a quarterly production record. This is testament to commitment, work ethic and strong loyalty to the Company. Our operating cash costs in Rand terms are down again and the gross basket price is beginning to show signs of life and as a result, we have seen a healthy increase in revenue."

GROUP PERFORMANCE

Unaudited – Group	Unit	September 2016 Quarter	June 2016 Quarter	% Change
Financials				
Revenue	\$'000	12,965	10,566	23%
Capital Expenditure ¹	\$'000	305	242	26%
Ave R/\$ rate	R/\$	14.09	15.02	-6%
EBITDA ²	\$'000	5,538	2,609	112%
Production				
PGM Plant Feed	T	283,964	292,577	-3%
Total 3E and Au	Oz	17,257	16,219	6%
Group Cash Cost³				
Per 3E & Au oz	\$/oz	431	487	-11%

¹ Capital expenditure on SDO and exploration and evaluation assets.

² EBITDA is Earnings before interest, foreign exchange gains and losses taxation, 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

There were no significant health or environmental incidents during the quarter, but there was unfortunately one Lost-Time Injury ("LTI") at the Mooinooi operation where a contractor employee suffered a laceration to his wrist which is disappointing given that the Company has been LTI free for the past financial year. On the positive side, the Millsell operation achieved two years LTI free, while Steelpoort remains LTI free for more than eight years and Tweefontein and Doornbosch both being LTI free for more than four years.

Health, safety and environmental compliance remains a key-priority for the Company and the combined effort between management and all the employees across the operations, together with the overall safety culture, contribute towards the high safety standards and plant conditions at the respective operations.

Operations

The aggregate production for the SDO was 17,257 PGM ounces for the period, a 6% increase on the previous quarter's performance (Q4: 16,219 ounces) and a new quarterly record for the Company.

Higher PGM recovery efficiencies for the quarter contributed towards higher PGM ounces while the PGM feed tons and grades were slightly lower than the previous quarter. Doornbosch and Tweefontein achieved higher PGM recoveries as a result of improved flotation stability and mass pull strategy, while Mooinooi and Lannex achieved higher recovery efficiencies due to improved residence times associated with lower PGM feed tons for the quarter. The PGM feed tons were slightly lower than the previous quarter due to difficulties experienced with the hydro-mining at Lannex and lower plant feed stability at Mooinooi, both of which have subsequently been resolved.



SDO cash cost of production of \$408/oz (R5,745/oz) was slightly higher in US dollar terms than the \$404/oz (R6,070/oz) recorded in the previous quarter due to a stronger R/\$ exchange rate, however in Rand terms costs were 5% lower.

Operational and Financial Summary

Unaudited – SDO	Unit	September 2016 Quarter	June 2016 Quarter	+/- % Quarter on Quarter	3 months to September 2016
Revenue					
Revenue	\$'000	12,965	10,566	23%	12,965
Revenue	R'000	182,740	158,655	15%	182,740
Gross Basket Price ¹	\$/oz	937	859	9%	937
Gross Cash Margin - SDO	%	46%	37%	24%	46%
Capital Expenditure	\$'000	205	303	-32%	205
Capital Expenditure	R'000	2,896	4,556	-36%	2,896
Ave R/US\$ rate ²	R/\$	14.09	15.02	-6%	14.09
EBITDA	\$'000	5,931	3,993	49%	5,931
EBITDA	R'000	83,589	59,959	39%	83,589
SDO Cash Cost³					
Per PGM Feed ton	\$/t	25	22	14%	25
Per PGM Feed ton	R/t	349	336	4%	349
Per 3E & Au oz	\$/oz	408	404	1%	408
Per 3E & Au oz	R/oz	5,745	6,070	-5%	5,745
Production					
Plant Feed	T	517,552	521,598	-1%	517,552
Feed Head Grade	g/t	2.40	2.68	-10%	2.40
PGM Plant Feed Tons	T	283,964	292,577	-3%	283,964
PGM Plant Grade	g/t	3.99	4.20	-5%	3.99
PGM Plant Recovery	%	47.3%	41.0%	15%	47.3%
Total 3E and Au	Oz	17,257	16,219	6%	17,257

¹ The gross basket price reported is the total estimated price for deliveries made in the quarter and does not include any penalties or smelting costs. The actual net basket price received is only determined in the invoicing month which is three months after the delivery month, prior quarter adjusted for actual prices received if necessary.

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

Following the submission of an Appeal on 3 June 2016 against the decision of the Limpopo Department of Economic Development, Environment and Tourism not to grant Environmental Authorisation (“EA”), Sylvania also submitted an Answering Statement on 12 August 2016 in response to comments received from Interested and Affected Parties. The Company now awaits a decision by the Member of the Executive Council for Economic Development, Environment and Tourism whether to grant the EA for the project. Any update will be reported as soon as one is received.

Grasvally Chrome Exploration

The Department of Mineral Resources has granted an amendment to the existing prospecting right to include the processing of the old waste rock dumps.



The Department of Water and Sanitation visited the site and was provided with an update and status report of prospecting, the development plan and the risks associated with delaying the application. The application is now in its final stages and it is hoped that the issuing of the Water Use License for processing the waste rock dumps will be issued soon.

The Company continues to await the outcome of its Mining Right Application.

Harriet's Wish, Aurora and Cracouw Platinum Exploration

The notarial cession of the right to mine iron ore, vanadium and heavy minerals in favour of a subsidiary of Ironveld Plc has been registered in the Mining Titles Office and the Company remains hopeful that a Mining Right for PGM's will be granted shortly.

CORPORATE INFORMATION

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