

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

**Second Quarter Report to 31 December 2015**

***“Revenue up despite a significantly lower PGM basket price”***

**28 January 2016**

Sylvania Platinum Limited, the low cost Platinum Group Metal (“PGM”) processor and developer, today announces its results for the quarter ended 31 December 2015 (“Q2” or the “quarter”) from its PGM production and development operations in the Bushveld region of South Africa.

**HIGHLIGHTS**

- Sylvania Dump Operations (“SDO”) PGM ounce production increased 15% to 15,791 ounces for the quarter (Q1: 13,729 ounces); the second highest number of ounces produced in any quarter.
- SDO cash cost down 21% from \$532/oz to \$420/oz; the lowest operating costs recorded in six years.
- Revenue increased 10% in Dollar terms to \$9.7 million (Q1: \$8.8 million) and 20% in Rand terms to R137.4 million (Q1: R114.4 million) despite an 11% decrease in gross basket price to \$785/oz (Q1: \$879/oz).
- Group EBITDA improved 83% from \$1.2 million to \$2.3 million.
- No Lost-Time Injuries (“LTI’s”) during the quarter.

**SYLVANIA OVERVIEW**

The SDO produced 15,791 ounces for the quarter, bringing the year to date total to 29,519 ounces, a 15% improvement quarter-on-quarter (Q1: 13,729 ounces) and the second highest number of ounces produced in any quarter by Sylvania. This increase is attributable to a combination of higher PGM tons treated and an improvement in both plant feed grades and recovery efficiencies for the quarter. The cash costs for the SDO decreased by 21% in Dollar terms from \$532/oz to \$420/oz for the quarter, whilst in Rand terms the cash costs decreased 13% from R6,900/oz to R5,971/oz. This is the lowest operating cost recorded in six years and is the result of disciplined operating cost controls, higher PGM ounce production and a weaker SA Rand to the US Dollar.

The gross basket price of \$785/oz for the quarter is an 11% decrease compared to the previous quarter’s \$879/oz. This drop from \$1,082/oz at the beginning of July 2015 has had a direct impact on the Sylvania basket price. Despite the significantly lower PGM basket price, revenue increased 10% in Dollar terms to \$9.7 million (Q1: \$8.8 million) and 20% in Rand terms to R137.4 million (Q1: R114.4 million) primarily due to the increase in volumes produced.

The Group cash balance at 31 December 2015 was \$5.1 million, a \$1.7 million decrease on the previous quarter’s \$6.8 million. Cash generated before working capital movements was \$2.5 million, net changes in working capital amounted to a reduction of \$2 million, taxation paid \$0.8 million, \$0.4 million was spent on the stay-in-business capital for the SDO plants and \$0.4 million spent on share transactions in Sylvania Platinum Limited. The impact of exchange rate fluctuations on cash held was a decrease of \$0.5 million.



Commenting on the quarter, Sylvania Platinum CEO Terry McConnachie said:

*“The SDO have performed incredibly well this quarter, achieving a 15% improvement in PGM ounce production (the second highest ever produced since the start of the SDO). All of this was achieved in spite of difficult circumstances. The communities in the East have continued their violent protests demanding jobs and better infrastructure, which resulted in production downtime. The precious metals market has also taken a few knocks with the platinum price falling as low as \$827/oz in November and palladium to \$528/oz in December. January 2016 has shown little sign of the metal prices recovering and palladium has in fact dropped even lower. Despite this the Group EBITDA has improved 83% to \$2.3 million and Group cash costs have been reduced by 20%.*

*In spite of the setbacks mentioned above, the team has performed incredibly well in this historically slow Christmas quarter and all credit goes to the SDO management and crews. This performance shows that even in depressing times with regards to metal prices, cost control and achieving production targets will allow Sylvania to prosper when the decline in metal prices is reversed.*

*During the quarter 2,583,974 shares in the Company were acquired and are being held in treasury to satisfy future management awards. Cash preservation remains a priority and we will continue to monitor the basket price closely.”*

## GROUP PERFORMANCE

| Unaudited – Group                  | Unit   | December 2015 Quarter | September 2015 Quarter | % Change |
|------------------------------------|--------|-----------------------|------------------------|----------|
| <b>Financials</b>                  |        |                       |                        |          |
| Revenue                            | \$'000 | 9,662                 | 8,817                  | 10%      |
| Capital Expenditure <sup>1</sup>   | \$'000 | 447                   | 388                    | 15%      |
| Ave R/\$ rate                      | R/\$   | 14.22                 | 12.97                  | 10%      |
| EBITDA <sup>2</sup>                | \$'000 | 2,293                 | 1,250                  | 83%      |
| <b>Production</b>                  |        |                       |                        |          |
| PGM Plant Feed                     | T      | 303,631               | 260,166                | 17%      |
| Total 3E and Au                    | Oz     | 15,791                | 13,729                 | 15%      |
| <b>Group Cash Cost<sup>3</sup></b> |        |                       |                        |          |
| Per 3E & Au oz                     | \$/oz  | 454                   | 571                    | -20%     |

<sup>1</sup> Capital expenditure on SDO and exploration and evaluation assets.

<sup>2</sup> EBITDA is Earnings before Interest, taxation, depreciation and amortisation.

<sup>3</sup> 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 LTI's or significant health or environmental incidents during the quarter. The Steelpoort operation reached the significant milestone of eight years LTI-free in November 2015, while Doornbosch and Tweefontein operations remain LTI-free for more than three years.

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 maintain the high standards of the overall culture and condition of our operations.



## Operations

The combined production for all the SDO was 15,791 PGM ounces for the period, a 15% improvement on the previous quarter (Q1: 13,729 ounces). With PGM basket prices declining further during the past quarter, disciplined operational cost control and increased PGM ounce production volumes assisted to reduce the SDO cash cost of production to \$420/oz (R5,971/oz) which was 21% lower in dollar terms compared to the previous quarter (Q1 : \$532/oz (R6,900/oz)).

The higher PGM ounce production for the quarter can be attributed primarily to a significant increase in tons treated (15% improvement) and improved recovery efficiencies (8% improvement) for the quarter, while plant feed grades also improved slightly by approximately 3.5%.

Although the impact on plant availability from violent community protests regarding demands for improved infrastructure and jobs at the Eastern operations was lower than the previous quarter, some operations still experienced downtime of approximately one week during the last quarter.

## Operational and Financial Summary

| Unaudited – SDO                  | Unit   | December 2015<br>Quarter | September 2015<br>Quarter | + - %<br>Quarter on<br>Quarter | 6 months to<br>December 2015 |
|----------------------------------|--------|--------------------------|---------------------------|--------------------------------|------------------------------|
| <b>Revenue</b>                   |        |                          |                           |                                |                              |
| Revenue                          | \$'000 | 9,662                    | 8,817                     | 10%                            | 18,532                       |
| Revenue                          | R'000  | 137,435                  | 114,362                   | 20%                            | 251,797                      |
| Gross Basket Price <sup>1</sup>  | \$/oz  | 785                      | 879                       | -11%                           | 829                          |
| Gross Cash Margin - SDO          | %      | 31%                      | 17%                       | 82%                            | 25%                          |
| Capital Expenditure              | \$'000 | 383                      | 332                       | 15%                            | 718                          |
| Capital Expenditure              | R'000  | 5,782                    | 4,304                     | 34%                            | 10,086                       |
| Ave R/US\$ rate <sup>2</sup>     | R/\$   | 14.22                    | 12.97                     | 10%                            | 13.59                        |
| EBITDA                           | \$'000 | 3,024                    | 1,492                     | 103%                           | 4,590                        |
| EBITDA                           | R'000  | 43,015                   | 19,351                    | 122%                           | 62,366                       |
| <b>SDO Cash Cost<sup>3</sup></b> |        |                          |                           |                                |                              |
| Per PGM Feed ton                 | \$/t   | 22                       | 28                        | -21%                           | 25                           |
| Per PGM Feed ton                 | R/t    | 311                      | 364                       | -15%                           | 335                          |
| Per 3E & Au oz                   | \$/oz  | 420                      | 532                       | -21%                           | 471                          |
| Per 3E & Au oz                   | R/oz   | 5,971                    | 6,900                     | -13%                           | 6,403                        |
| <b>Production</b>                |        |                          |                           |                                |                              |
| Plant Feed                       | T      | 601,917                  | 522,105                   | 15%                            | 1,124,022                    |
| Feed Head Grade                  | g/t    | 2.40                     | 2.19                      | 10%                            | 2.26                         |
| PGM Plant Feed Tons              | T      | 303,631                  | 260,166                   | 17%                            | 563,797                      |
| PGM Plant Grade                  | g/t    | 4.08                     | 3.94                      | 4%                             | 4.01                         |
| PGM Plant Recovery               | %      | 43.1%                    | 40.1%                     | 7%                             | 41.8%                        |
| Total 3E and Au                  | Oz     | 15,791                   | 13,729                    | 15%                            | 29,519                       |

<sup>1</sup> 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.

<sup>2</sup> The functional currency for SDO is SA Rand and the exchange rate shown is the average over the period indicated.

<sup>3</sup> 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 continues to await the decision of the Limpopo Department of Economic Development, Environment and Tourism (“LEDET”) and Department of Mineral Resources (“DMR”) on the Addendum and Comments and Responses report delivered in the first quarter and any updates will be reported to shareholders timeously.

### Grasvally Chrome Exploration

With the fulfilment of the most recent exploration phase, an upgraded Mineral Resource Estimate (“MRE”) has been completed. This has covered the entire strike length of 5.2km of the known chromitite body on the prospect. An MRE statement has declared a South African Mineral Resources Committee (“SAMREC”) compliant resource which will be required by the Company in order to exercise a mining right over the resource. As planned, the MRE has classified shallow indicated resources and deeper inferred resources compliant with SAMREC. The Grasvally mining right application (“MRA”) for chrome was submitted in September 2015 and has been accepted by the DMR. The Environmental Impact Assessment (“EIA”) document was released to the interested and affected parties (“I&AP’s”) on 6 January 2016 with public participation meetings to be held in February 2016.

As previously stated, the Company intends to sell the Chrome deposit for cash and an international agent has been appointed to handle the marketing of the deposit to potential ferrochrome smelters. More information on the sale process will be published as it becomes available.

### Harriet’s Wish, Aurora and Cracouw Platinum Exploration

Notarial execution of the Mining Rights occurred at the offices of the DMR Polokwane on 9 December 2015, whereafter the application in terms of Section 11 of the Mineral and Petroleum Resources Development Act (“MPRDA”) for ministerial consent to transfer the right to mine iron ore, vanadium and heavy minerals to a subsidiary of Ironveld Plc was lodged. The Company awaits the decision of the DMR in this regard and will keep shareholders apprised of any developments.

## CORPORATE INFORMATION

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