

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

**Fourth Quarter Report to 30 June 2016**

***“Record annual production of 60,643 ounces.”***

**29 July 2016**

Sylvania Platinum Limited, the low cost Platinum Group Metal (“PGM”) processor and developer, today announces its results for the quarter ended 30 June 2016 (“Q4” or the “quarter”) from its PGM production and development operations in the Bushveld region of South Africa.

**HIGHLIGHTS**

- SDO produced 16,219 ounces for the quarter, the second highest achieved in the Company’s history and 9% higher than the previous quarter, contributing to an annual record for the Company of 60,643 ounces.
- SDO operating cash cost down 4% in Rand terms to R6,070/oz (\$404/oz) (Q3: R6,317/oz (\$399/oz)).
- SDO capital expenditure down 18% quarter-on-quarter to \$0.3 million (Q3: \$0.4 million).
- No Lost-Time Injuries (“LTI’s”) during the quarter as well as for the year.

**SYLVANIA OVERVIEW**

The Sylvania Dump Operations (“SDO”) achieved the second highest production in the history of the Company for the quarter, producing 16,219 ounces, bringing the total production for the 2016 financial year to a Company record of 60,643 ounces. The PGM feed tons and grades improved and contributed towards the higher ounce production for the quarter. The solid performance during this last quarter enabled the Company to exceed the previously stated guidance of 57,000 to 58,000 ounces for the current financial year.

The cash costs for the SDO in Rand terms have decreased by 4% from R6,317/oz to R6,070/oz, due to a combination of higher PGM ounce production and good operating cost control, but increased slightly in US dollar terms from \$399/oz to \$404/oz due to a stronger R/\$ exchange rate. Revenue increased 5% in US dollar terms to \$10.6 million (Q3: \$10.1 million) but decreased by 1% in Rand terms to R158.7 million (Q3: R159.7 million). The gross basket price remained unchanged at \$859/oz for the quarter compared to the previous quarter’s \$860/oz.

The Group cash balance at 30 June 2016 was \$6.7 million, a \$0.5 million decrease on the previous quarter’s \$7.2 million. Cash generated from operations before working capital movements was \$3.6 million with net changes in working capital amounting to a reduction of \$1.3 million, \$1.0 million of which can be attributable to the repayment of the 3 month pipeline financing on the sale of concentrate. A further \$2.7 million was paid in income taxes, \$0.2 million spent on the stay-in-business capital for the SDO plants and \$0.1 million spent on share transactions in Sylvania Platinum Limited.

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

*“Most platinum companies continue to fight losses due to the depressed platinum basket price and rising costs. Despite these negative market conditions, where Sylvania, like other platinum miners, have very little influence on such fundamentals, we*



are however easily managing to keep our head above water by making sure production targets are achieved, costs are continuously reduced and capital spending is controlled by stringent allocation discipline. Our costs are lower this year than they were last year and our capital expenditure is just less than 4% of turnover (3.59%).

Sylvania achieved an exceptional production quarter and, for the first time ever, exceeded 60,000 ounces of production for the year. Moreover, costs on the lowest quartile of any producer have resulted in Sylvania generating a decent net profit. We are proud that this year we paid back our pipeline finance package and bought back 7,383,974 Sylvania shares. We have also achieved the significant milestone of one year LTI-free across all operations and received no Section 54 Stoppage Orders for the year. Furthermore, we have not had any electricity load-shedding affecting operations.

Wage negotiations for our Western Operations are underway and we anticipate a decision before the end of the next quarter, whereas our Eastern Operations were negotiated as applicable for two years and as such remain in force until 2017.

I am delighted with the Sylvania production performance, not only this quarter but over the past year. The record ounce production is testament to the abilities of our operation management team's abilities to optimise the opportunities before them."

## GROUP PERFORMANCE

Unaudited – Group	Unit	June 2016 Quarter	March 2016 Quarter	% Change
<b>Financials</b>				
Revenue	\$'000	10,566	10,092	5%
Capital Expenditure <sup>1</sup>	\$'000	345	385	-10%
Ave R/\$ rate	R/\$	15.02	15.82	-5%
EBITDA <sup>2</sup>	\$'000	3,422	3,747	-9%
<b>Production</b>				
PGM Plant Feed	T	292,577	277,534	5%
Total 3E and Au	Oz	16,219	14,905	9%
<b>Group Cash Cost<sup>3</sup></b>				
Per 3E & Au oz	\$/oz	443	420	5%

<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, with all operations remaining LTI-free for the year, and Tweefontein achieving the noteworthy milestone of four years LTI-free.

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 combined production for all the SDO was 16,219 PGM ounces for the period, a 9% increase on the previous quarter's performance (Q3: 14,905 ounces) and the second highest production for a quarter in the history of the Company.

The higher than planned PGM production for the quarter can be attributed primarily to increased PGM plant feed tons and higher than anticipated grades, with stable production at all operations. The group recovery efficiency was slightly down from



the previous quarter due to a combination of higher PGM ounce contributions from lower recovery operations and the impact of PGM concentrate stock movement at the end of the quarter.

SDO cash cost of production was \$404/oz (R6,070/oz) which was 1% higher in US dollar terms compared to the previous quarter (Q3 : \$399/oz (R6,317/oz)) due to a stronger R/\$ exchange rate, while the cash cost was down 4% in Rand terms.

## Operational and Financial Summary

Unaudited – SDO	Unit	June 2016 Quarter	March 2016 Quarter	+ - % Quarter on Quarter	12 months to June 2016
<b>Revenue</b>					
Revenue	\$'000	10,566	10,092	5%	39,511
Revenue	R'000	158,655	159,689	-1%	570,141
Gross Basket Price <sup>1</sup>	\$/oz	859	860	0%	850
Gross Cash Margin - SDO	%	38%	41%	-7%	33%
Capital Expenditure	\$'000	303	370	-18%	1,420
Capital Expenditure	R'000	4,556	5,853	-22%	20,495
Ave R/US\$ rate <sup>2</sup>	R/\$	15.02	15.82	-5%	14.43
EBITDA	\$'000	3,993	4,133	-3%	12,999
EBITDA	R'000	59,959	65,390	-8%	187,570
<b>SDO Cash Cost<sup>3</sup></b>					
Per PGM Feed ton	\$/t	22	21	5%	23
Per PGM Feed ton	R/t	336	339	-1%	337
Per 3E & Au oz	\$/oz	404	399	1%	436
Per 3E & Au oz	R/oz	6,070	6,317	-4%	6,295
<b>Production</b>					
Plant Feed	T	521,598	533,848	-2%	2,179,468
Feed Head Grade	g/t	2.68	2.63	2%	2.40
PGM Plant Feed Tons	T	292,577	277,534	5%	1,133,908
PGM Plant Grade	g/t	4.20	3.87	9%	4.03
PGM Plant Recovery	%	41.0%	43.2%	-5%	43.2%
Total 3E and Au	Oz	16,219	14,905	9%	60,643

<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

### Volsspruit Platinum Exploration

An appeal against the decision by the Limpopo Department of Economic Development, Environment and Tourism (“LEDET”) to refuse the Environmental Authorisation was submitted to the relevant appeal authority and the outcome of the appeal is awaited.

### Grasvally Chrome Exploration

The final Environmental Impact Assessment/Environmental Management Programme (“EIA/EMP”) was submitted to the Department of Mineral Resources (“DMR”) on 10 May 2016. The Water Use License Application (“WULA”) for the Grasvally



project (Open Cast mining and waste rock treatment) was submitted to the Department of Water and Sanitation (“DWS”) on 1 June 2016. The Company now awaits the DWS review process to commence.

With regard to the potential sale of the Grasvally Chrome deposit, the international agent handling this process is in the process of setting up meetings with interested parties in order to explore options and share more information. The process has taken a little longer than anticipated due to a downturn in chrome markets in recent months, but prices have recovered somewhat and Sylvania remains optimistic that potential buyers will understand the value of the project given the premium quality of the minerals.

### **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 attended to and the documents were lodged with the Mining Titles Office for registration. The Company will report with any updates as they arise.

This announcement contains inside information.

## **CORPORATE INFORMATION**

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