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**Sylvania Platinum Limited**  
**Fourth Quarter Report to 30 June 2014**  
**(“Sylvania”, “the Company” or “the Group”)**  
**AIM (SLP)**

**24 July 2014**

Sylvania Platinum Limited, the low cost Platinum Group Metal (“PGM”) processor and developer, today announces its results for the quarter ended 30 June 2014 (“Q4 FY2014” or the “quarter”) from its PGM production and development operations in the Bushveld region of South Africa.

**SUMMARY**

- Sylvania Dump Operations (“SDO”) PGM ounce production increased 17% to a record 15,435 ounces (Q3: 13,185 ounces) the fifth consecutive quarter of continuous growth for the Company’s operations
- Total production for the full year up 22% at a record 53,808 ounces for the Company (FY2013: 44,095 ounces), modestly exceeding stated production guidance.
- Revenue up 16% to \$14.2 million (Q3: \$12.2 million)
- EBITDA increased 17% to \$4.66 million for the SDO (Q3: \$3.98 million)
- Group cash increased 10% to \$5.3 million as at 30 June 2014 (Q3: \$4.8 million); this balance after the payment of ZAR20 million (approximately \$1.9 million) for the Grasvally prospecting right in the quarter
- No Lost Time Injuries (“LTI”) for the quarter
- Grasvally Chrome project Section 11 approval received from the Department of Mineral Resources (“DMR”)

**SYLVANIA OVERVIEW**

The Directors of the Company are proud to announce another record production quarter with a combined production for all the SDO of 15,435 ounces, a 17% increase on the previous quarter’s 13,185 ounces. In addition to being the highest quarterly production to date for Sylvania, this is also the fifth consecutive quarter of continuous growth for the Group’s operations. The total annual production for the year ended 30 June 2014 was a record 53,808 ounces, a 22% improvement on the FY2013 production of 44,095 ounces and in excess of the guidance of 51,000 ounces stated in the Company’s Annual Report for FY2013. The production results can be attributed to increased and more consistent plant feed tons, improved plant stability, improved plant feed grades and technical focus on the operations.

Revenue increased 16% in both US Dollar and SA Rand terms during the quarter, from \$12.2 million in the previous quarter to \$14.2 million in the current quarter. The gross basket price also showed a 4% increase in Q4 FY2014 from \$976/oz to \$1,013/oz, which, together with the record production, resulted in the increased revenue. The cost of production remained largely stable at R6,674/oz (\$634/oz), compared to R6,707/oz (\$619/oz) during the previous quarter, again highlighting the improved plant stability.

The total Group cash balance at 30 June 2014 was \$5.3 million. The Group’s cash balance at the end of the previous quarter was \$4.8 million indicating that the cash balance quarter on quarter has increased by approximately \$0.9 million as a result of operating cash inflows of \$3.5 million, and outflows from investment activities of \$2.5 million. This includes payments for exploration assets of \$2.3 million which mainly consists of the final payment of ZAR20 million (approximately \$1.9 million) on the registration of the prospecting right over Grasvally in June 2014. The weak SA Rand also impacted the rand denominated cash balances, with \$0.4 million loss recorded for the quarter.



Commenting on the quarterly report Sylvania Platinum CEO Terry McConnachie praised Jaco Prinsloo and his team for their tremendous efforts in achieving the production record of 15,435 ounces for the quarter:

*“This continuous upward production trend for the last five quarters in a row is no mean feat when one considers that this record was achieved during a period of extreme and unprecedented industrial action in the platinum industry. The capital expenditure on the SDO has been contained to all-time lows, and costs, although slightly up, are still amongst the lowest costs per ounce produced in the industry. Our stable steady state production, reduced capital expenditure and controlled costs bode well for the future of the company.”*

### Summary Sylvania Platinum Performance

Unaudited – Group	Unit	June 2014 Quarter	March 2014 Quarter	% Change
<b>Financials</b>				
Revenue	\$'000	14,208	12,201	16%
Revenue	R'000	151,706	131,155	16%
Ave R/\$ rate	R/\$	10.68	10.75	-1%
<b>Production</b>				
Plant Feed Tons	T	318,302	291,999	9%
3E and Au	Oz	15,435	13,185	17%

## A. SYLVANIA DUMP OPERATIONS

### Health, safety and environment

There were no Lost Time Injuries (“LTI”) or significant health or environmental incidents at any of the operations during the quarter. With the exception of Mooinooi, which had an LTI in the previous quarter, all other operations have been LTI free for periods ranging from 24 months at Doornbosch, to over 6 years at Steelpoort. This is a significant achievement by industry standards.

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 maintain the high standards of the overall safety, health and environment culture and physical condition of our operations.

### Operational and Financial Summary

Unaudited – SDO	Unit	June 2014 Quarter	March 2014 Quarter	+ - % Quarter on Quarter	12 months to June 2014
<b>Revenue</b>					
Revenue	R'000	151,706	131,155	16%	489,840
Revenue	\$'000	14,208	12,201	16%	46,406
Gross Basket Price	\$/oz	1,013	976	4%	970
Net Basket Price	\$/oz	890	887	0%	868
Gross Cash Margin - SDO	%	31%	33%	-6%	25%
Capital Expenditure	R'000	2,469	2,375	4%	13,454
Capital Expenditure	\$'000	233	224	4%	1,272
Ave R/US\$ rate from Refineries	R/\$	10.68	10.75	-1%	10.56
EBITDA	R'000	49,047	42,819	15%	122,015
EBITDA	\$'000	4,658	3,983	17%	11,796



Unaudited – SDO	Unit	June 2014 Quarter	March 2014 Quarter	+ - % Quarter on Quarter	12 months to June 2014
<b>SDO Cash Cost</b>					
Per PGM Feed ton	R/t	324	303	7%	318
Per PGM Feed ton	US\$/t	30	28	7%	30
Per 3E & Au oz	R/oz	6,674	6,707	0%	6,795
Per 3E & Au oz	US\$/oz	634	619	2%	655
<b>Production</b>					
Plant Feed	T	681,198	619,131	10%	2,510,029
Feed Head Grade	g/t	2.15	2.03	6%	2.05
PGM Plant Feed Tons	T	318,302	291,999	9%	1,149,756
PGM Plant Grade	g/t	3.86	3.63	6%	3.65
PGM Plant Recovery	%	39.1%	38.7%	1%	39.9%
Total 3E and Au	Oz	15,435	13,185	17%	53,808

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

<sup>2</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.

<sup>3</sup> The net basket price reported is based on the estimated 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 2,140 ounces for the quarter, a 21% increase on the 1,771 ounces in the previous quarter. The higher production is due to increased plant throughput tons and improved recovery efficiencies. Millsell continues to treat current arisings from the host mine's Millsell plant, as well as the final scrapings from the Waterkloof dump which are expected to be depleted during the next quarter. The second pass treatment of the plus one million ton primary dump will then commence by early 2015.

The cash operating cost of R5,228/oz (\$496/oz) is 14% lower in Rand terms (12% in US Dollar terms) than the R6,086/oz (\$561/oz) during the previous quarter, as a result of higher PGM ounce production.

### Steelpoort

Steelpoort plant produced 2,061 ounces during the current quarter, in line with the previous quarter's 2,058 ounces. Steelpoort is processing second pass treatment material from the old Steelpoort Tailings Dams and the operation remains stable.

The cash cost per ounce for the quarter was 8% higher in Rand terms (11% in US Dollar terms) than the previous quarter, totalling R6,033/oz (US\$573/oz) compared to R5,569/oz (US\$514/oz) in Q3.

### Lannex

The Lannex operation produced 2,171 ounces during the quarter, 15% higher than the previous quarter's 1,894 ounces. This is the plant's highest quarterly production for the year. Increased feed tons, and a significantly improved recovery efficiency associated with flotation optimisation, contributed towards the higher ounces. Lannex is treating a combination of dump material from the old Lannex Tailings Dam complex and current arisings from the host mine's Lannex operation.

The cash operating cost for the quarter was R7,356/oz (US\$699/oz), 0.2% lower in Rand and 3% higher in US dollar terms than the previous quarter's R7,374/oz (US\$680/oz). This is attributable to increased maintenance costs associated with major mill repairs outweighing the benefit of the higher ounces in terms of unit cost for the quarter.

### Mooinooi Dump Operation

The Mooinooi Dump operation produced 1,932 ounces for the quarter, 7% higher than the 1,814 ounces of the previous quarter which was primarily due to increased plant feed tons and plant stability. The Mooinooi Dump plant continues to treat material from the old Mooinooi dumps and current arisings from the host mine's Mooinooi plant.



The cash operating cost for the quarter was R8,182/oz (US\$777/oz) compared to R7,726/oz (US\$671/oz) in the previous quarter.

### **Mooinooi ROM Operation**

The Mooinooi ROM Plant production of 1,323 ounces in the quarter was a 3% improvement on the previous quarter's production of 1,286 ounces. Although the plant feed tons were 12.2% lower than the previous quarter due to significant downtime associated with repairs and upgrades on the ROM mills, higher recovery efficiencies assisted to compensate in terms of the ounce production.

The cash operating cost for the quarter was R13,391/oz (US\$1,272/oz), which was substantially inflated by the abnormal maintenance costs associated with the repairs and upgrade to the ROM SRR (rubber roller) and Girth Gear Mills respectively. If the abnormal costs are removed, the normalised cash operating cost for the quarter would be R9,798/oz (US\$931/oz) compared to R8,888/oz (US\$820/oz) for the previous quarter.

### **Doornbosch**

The Doornbosch operation produced 3,390 ounces in the quarter, 53% higher than the 2,209 ounces produced in the previous quarter. This is a new quarterly record for the operation. Significantly improved plant feed tons and higher plant feed grade contributed towards the higher ounces. The operation is expected to start treating the lower grade second pass material from the old Doornbosch Dump during FY2015 as well as current arisings from the host mine's Doornbosch operation. The primary metallurgical focus areas remain PGM concentrate grade and chrome in concentrate in order to reduce smelter penalties, improving plant recovery efficiency, and to improve plant throughput rates to optimise flotation capacity.

Total operating cash costs for the quarter was R3,864/oz (US\$367/oz), which was 36% lower in Rand and 34% lower in US Dollar terms than the R6,070/oz (US\$560/oz) for the previous quarter, primarily due to the significant increase in ounces.

### **Twefontein**

The Twefontein operation produced 2,418 ounces in the quarter, which was 12% higher than the 2,153 ounces in the previous quarter and also a new quarterly record for this operation. Higher PGM feed tons were the primary contributor towards the higher ounces. Twefontein is currently still treating a blend of MG1-MG4 ROM Fines and tailings material from the host mine's Klarinet Opencast mine, current arisings from the host mine's Twefontein operation and old dump material from the Twefontein Paddocks.

Total operating cost for the quarter was R6,751/oz (US\$641/oz) compared to R5,921/oz (US\$546/oz) in the previous quarter.

## **B. EXPLORATION AND OPENCAST MINING PROJECTS**

### **Volspruit Platinum Exploration**

The Company still awaits the outcome of the Mining Right Application for the Volspruit project and, further to communication received from the DMR, the Company expects this decision to occur in Q1 FY2015.

### **Grasvally Chrome Exploration**

The Company is pleased to announce that registration of the Section 11 Consent to transfer the Prospecting Right to its subsidiary in accordance with the Mineral and Petroleum Resources Development Act ("MPRDA") was registered at the Mining Titles Office on 3 June 2014. The balance of the purchase price in the amount of ZAR20 million (approximately \$1.9 million) has therefore been paid in accordance with the terms of the acquisition of the rights, and the Company has begun with enquiries towards the eventual application for a Mining Right on the property.

Trenching continued at the Grasvally chromitite project during the quarter and is nearing completion over the upper chromitite layer in the area south-west of the main inclined shaft. This layer has now been exposed over some 1,390m of strike. Additional trenching over 220m is currently being geologically mapped and many old winzes and ventilation holings have been exposed. This, combined with the results of some 28 vertically inclined percussion holes for 484m, has indicated that the crown pillar in some of the previously mined areas varies from 6m to 10m in extent, slightly shallower than expected, however with the high chrome grades and chrome to iron ratios, the results to date motivates the continuation of exploring this exceptional chrome and platinum potential on the Grassvally and Zoetveld farms.



## C. CORPORATE ACTIVITIES

### Appointment of Jaco Prinsloo to Managing Director Sylvania Metals (Pty) Limited

Effective 1 April 2014, Jaco Prinsloo, previously Executive Officer Operations, was appointed as MD of Sylvania Metals (Pty) Ltd. Having joined the Company in January 2012, he has shown exceptional leadership skills, which is evident in the Company's continued improvement in operations. The Board believes that Jaco will lead the SDO team in further sustainable growth and wish him the best of luck in his new role.

### Withdrawal of Platmin Matter

The Company, through its legal representatives, received notification on 11 July 2014 that Platmin South Africa (Pty) Ltd ("Platmin"), previously Boynton Investments (Pty) Ltd, had removed the matter for hearing on 1 August 2014. In this matter, Platmin claims co-ownership of the tailings, alternatively of the PGMs contained in the Lannex Tailings Dam. This is a similar claim to that which Platmin has previously brought, with such previous claim being later withdrawn in its entirety and with Platmin required to pay all costs. In that the withdrawal in this instance merely relates to the date the matter was set to proceed to trial, it appears that Platmin still intends to proceed at a later date. The Company, having consulted its legal advisers, accordingly continues to refute these claims and will keep shareholders apprised of any developments as they arise.

### Change of Reporting Format

As of Q1 FY2015 the Company will move away from the current reporting format per plant towards a combined SDO reporting procedure. The Company strongly believes that this will streamline current reporting measures, as well as formalise focus on driving sustainable growth as a single entity.

## CORPORATE INFORMATION

**Registered office:** Sylvania Platinum Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

**Postal address:** PO Box 976  
Florida Hills, 1716  
South Africa

**Sylvania Website:** [www.sylvaniaplatinum.com](http://www.sylvaniaplatinum.com)

## CONTACT DETAILS

### For further information, please contact:

Terence McConnachie (Chief Executive Officer)  
+44 777 533 7175

### Nominated Advisor and Broker

Liberum Capital Limited  
Richard Crawley/Tom Fyson  
+44 (0) 20 3100 2000

### Communications

Newgate Threadneedle  
Graham Herring/Adam Lloyd  
+44 (0) 20 7653 9850

