

31 October 2018

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

First Quarter Report to 30 September 2018

The Directors are pleased to present the results for the quarter ended 30 September 2018 (“Q1” or the “quarter”). Unless otherwise stated, the consolidated financial information contained in this report is presented in USD.

Achievements

- 19,137 4E PGM ounces produced in Q1;
- Group EBITDA of \$7.1 million;
- Total operating costs down 2% in ZAR terms and 12% in USD quarter on quarter;
- Cash balance up 26% quarter on quarter to \$17.7 million from \$14.0 million;
- Capital expenditure in line with planned expansion for Project Echo;
- Millsell operation achieved four years lost time injury (LTI) free during the quarter; and
- Completed the non-UK Shareholders buy-back program on 24 August 2018 and a total of 2,407,481 shares were cancelled.

Challenges

- Utility infrastructure and supply of power continues to present challenges to existing operations and the execution of expansion projects;
- The consistently low Platinum price continues to put pressure on the gross basket price, although weaker ZAR and strong Palladium and Rhodium prices are mitigating factors; and
- Lower recovery efficiencies at Millsell MF2 module, due to challenges with fines flotation mechanisms, are currently being upgraded.

Opportunities

- Project Echo MF2 module for Mooinooi on track for commissioning in H2 FY2019;
- Relocation of redundant Steelpoort chrome circuit to Lesedi in progress to improve chrome removal ahead of flotation and to enable higher PGM feed; and
- Company continues to generate sufficient cash reserves to fund capital expansion projects.

Commenting on the Q1 results, Sylvania's CEO Terry McConnachie said:

“The SDO teams have once again performed consistently by producing 19,137 ounces this quarter, the second highest quarterly production in the history of the Company. Preceded by last quarter’s production record, this period was impacted by some operational instability and ‘teething’ issues at Doornbosch and Mooinooi, which have since been resolved and Management continues to focus on optimisation initiatives on operations. As promised, we have endeavoured to keep costs controlled and our cash reserves remain at a level which will enable the Company to continue to fund capital projects and Project Echo moving forward.”



USD			Unit	Unaudited	Unit	ZAR		
Q4 FY2018	Q1 FY2019	% Change				% Change	Q1 FY2019	Q4 FY2018
				Production				
643,019	635,051	-1%	T	Plant Feed	T	-1%	635,051	643,019
2.46	2.44	-1%	g/t	Feed Head Grade	g/t	-1%	2.44	2.46
338,167	328,127	-3%	T	PGM Plant Feed Tons	T	-3%	328,127	338,167
3.75	3.75	0%	g/t	PGM Plant Feed Grade	g/t	0%	3.75	3.75
49.67%	48.39%	-3%	%	PGM Plant Recovery	%	-3%	48.39%	49.67%
20,278	19,137	-6%	Oz	Total 4E PGMs	Oz	-6%	19,137	20,278
27,062	25,723	-5%	Oz	Total 6E PGMs	Oz	-5%	25,723	27,062
1,167	1,149	-2%	\$/oz	Average gross basket price	R/oz	5%	16,263	15,509
				Financials				
16,243	14,230	-12%	\$'000	Revenue (4E)	R'000	-3%	200,032	205,372
1,653	1,634	-1%	\$'000	Revenue (by products)	R'000	10%	22,964	20,905
2,195	1,370	-38%	\$'000	Sales adjustments	R'000	-31%	19,261	27,756
20,092	17,234	-14%	\$'000	Net revenue	R'000	-5%	242, 257	254,032
11,052	9,726	-12%	\$'000	Operating costs	R'000	-2%	136,754	139,732
615	464	-25%	\$'000	General & administration	R'000	-16%	6,524	7,773
8,600	7,075	-18%	\$'000	Group EBITDA	R'000	-8%	99,477	108,682
65	182	180%	\$'000	Net Interest	R'000	212%	2,560	820
3,914	3,785	-3%	\$'000	Net profit	R'000	8%	53,220	49,489
1,508	1,205	-20%	\$'000	Capital Expenditure	R'000	-11%	16,942	19,070
14,017	17,719	26%	\$'000	Cash Balance	R'000	41%	249,126	177,217
			R/\$	Ave R/\$ rate	R/\$	11%	14.06	12.64
				Unit Cost/Efficiencies				
553	508	-8%	\$/oz	SDO Cash Cost Per 4E PGM oz	R/oz	2%	7,137	6,996
415	378	-9%	\$/oz	SDO Cash Cost Per 6E PGM oz	R/oz	1%	5,310	5,242
562	531	-6%	\$/oz	Group Cash Cost Per 4E PGM oz	R/oz	5%	7,461	7,101
421	395	-6%	\$/oz	Group Cash Cost Per 6E PGM oz	R/oz	4%	5,551	5,323
550	540	-2%	\$/oz	All-in sustaining cost (4E)	R/oz	9%	7,592	6,953
612	593	-3%	\$/oz	All-in cost (4E)	R/oz	8%	8,338	7,740

¹ 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 past quarter, the Millsell operation achieved the significant safety milestone of being LTI-free for four years, and all SDO operations performed well without any significant health or environmental incidents during the period. Lesedi remains seven years LTI-free, while Tweefontein and Doornbosch plants both remain more than six years LTI-free.

Operational performance

The SDO delivered a solid performance of 19,137 ounces for Q1 which is the second highest quarterly performance for operations. While PGM plant feed grade remained static quarter on quarter, the PGM plant feed tons and recovery efficiency were both 3% lower, resulting in a 6% decrease in PGM ounces compared to the Q4 FY2018 record performance.

The lower PGM plant feed tons were primarily due to the downtime and feed instability associated with the commissioning of a new process circuit at Doornbosch during the quarter as well as some operational challenges at Mooinooi during September 2018 that have since been resolved. PGM recovery efficiencies were impacted by a lower percentage of fresh current arisings feed to some operations compared to the previous quarter as well as oil-contaminated feed material received at the Mooinooi operation that negatively impacted the PGM flotation process.

The SDO cash costs for the period in ZAR terms increased 2% to ZAR7,137/ounce, which was attributable to lower ounce production as a result of lower than planned current arisings supplemented with lower grade dump tons. In USD terms, cash costs decreased by 8% to \$508/ounce, assisted by an 11% weakening of the ZAR in the ZAR/USD exchange rate during the period. Capital expenditure reduced 20% quarter-on-quarter based on the current capital project schedule and in line with Project Echo construction plan.

Operational focus areas

Operational challenges experienced at Millsell after the commissioning of the Millsell MF2 module earlier this year resulted in some design changes and upgrades to flotation mechanisms which will enable improved PGM recoveries during Q2.

Process circuit modifications, utilising enhanced fine screening technology for more efficient upgrading of PGMs, at Doornbosch, Millsell and Tweefontein will be completed in Q2, and optimisation of these new circuits will be done post-commissioning in order to further improve PGM feed grades and ounce production.

Operational opportunities

The Project Echo MF2 module for Mooinooi, which is being fast-tracked to counter the previously communicated delay in the execution of the Tweefontein MF2 module of Project Echo, is progressing well and is planned to enable SDO to deliver on the Group production forecast of 76,000 to 78,000 ounces as announced in the Annual Report in August 2018.

The Lesedi chrome plant project, comprising of the dismantling and relocation of the redundant Steelpoort chrome circuit, has commenced and is expected to be completed in the second half of the financial year. This will enable chrome removal ahead of Lesedi's PGM plant, aligned with the standard SDO operating model employed at existing operations in the Group, and will contribute towards higher PGM feed grades and ounce production at the operation.

B. FINANCIAL OVERVIEW

Financial performance

The gross basket price for PGMs for the quarter was \$1,149/ounce, a 2% decrease on Q4 FY2018 \$1,167/ounce. The decrease in ounces quarter on quarter as well as the slightly lower basket price resulted in the net revenue dropping 14% to \$17.2 million. This is however in line with the Board's expectation for the quarter.

The total operating costs decreased 2% in ZAR terms (the SDO functional currency) to ZAR137.0 million compared to the ZAR140.0 million in Q4 FY2018. However, SDO cash costs per ounce increased 2% in ZAR terms from



ZAR6,996/ounce to ZAR7,137/ounce. The Group cash cost increased 5% from ZAR7,101/ounce in Q4 FY2018 to ZAR7,461/ounce, due to lower ounces in Q1 compared to Q4 FY2018.

The all-in sustaining cost for the Group increased by 9% against Q4 FY2018 to ZAR7,592/ounce (Q4: ZAR6,953/ounce). The Group all-in cost for the quarter is ZAR8,338/ounce, an 8% increase on the ZAR7,740/ounce recorded in Q4 FY2018 due again to the lower production quarter on quarter.

The Group general and administrative costs decreased 16% quarter on quarter in ZAR terms from ZAR7.7 million to ZAR6.5 million.

The surplus cash held and invested in ZAR earned interest at an average rate of 7%. This cash will be used to fund the balance of Project Echo and other production optimisation projects. The increase in cash invested resulted in an increase in the net interest earned for the quarter.

The Group cash balance at 30 September 2018 was \$17.7 million (including guarantees), a \$3.7 million increase on the previous quarter's \$14.0 million. Cash generated from operations before working capital movements was \$7.1 million with net changes in working capital amounting to a decrease of \$1.9 million due mainly to the increase in trade debtors which have a four-month payment pipeline. An amount of \$1.2 million was spent on capital and the impact of exchange rate fluctuations on cash held at the quarter end was a reduction of \$0.3 million.

Financial management

Sylvania reports and generates its revenues in USD, however the operations' functional currency is ZAR. This requires strict cashflow controls and management to ensure ongoing growth in cash reserves. The Company remains committed to funding all planned capital projects and expansion from internal cash reserves.

Platinum has remained in the \$800 range during the quarter, however Palladium has continued its steady increase over the quarter, increasing 15% from July 2018 and averaging \$951 for Q1. Rhodium increased 10% from June to September 2018, and appears to be continuing this upward trend. The increase in the by-product metal prices has also assisted in keeping the basket price at a favorable level, albeit lower than for the previous quarter.

In light of the current South African political environment, the ZAR/USD exchange rate remains just as volatile trading above ZAR14.00 to the USD for most of the quarter. Although not under management's control, the metal prices and the ZAR/USD exchange rate continue to be monitored.

C. EXPLORATION AND OPENCAST MINING PROJECTS

Northern Limb Projects

The Company has not pursued its exploration activities during the quarter, but will continue to defend title as and when this becomes necessary, until an improvement in market conditions warrants further development.

D. CORPORATE ACTIVITIES

Share buy-back programme

The Share Buyback Programme (the Programme) closed on 24 August 2018. The Company purchased 2,407,481 Ordinary \$0.01 Shares (Ordinary Shares) from small non-UK based shareholders at a price of A\$0.1619 per Ordinary Share, representing 57.6% of the shares on offer under the Programme.

The shares purchased under the programme have been cancelled bringing the Company's issued share capital to 290,241,404 Ordinary Shares, of which a total of 4,206,885 Ordinary Shares are held in treasury. The total number of Ordinary Shares with voting rights in Sylvania is 286,034,519 Ordinary Shares.



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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

