31 January 2019

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

Second Quarter Report to 31 December 2018

The Directors are pleased to present the results for the quarter ended 31 December 2018 (“Q2” or the “quarter”). Unless otherwise stated, the consolidated financial information contained in this report is presented in USD.

Achievements

- 14,907 4E PGM ounces produced in Q2;
- PGM grade and recovery optimisation projects, incorporating proprietary processing modifications, were commissioned at the Millsell, Doornbosch and Tweefontein operations;
- A three-year wage agreement concluded for the Western operations;
- Cash balance increased 14% from $17.7 million to $20.2 million;
- Paid maiden dividend of 0.35 pence per Ordinary $0.01 Share (“Ordinary Shares”) in Q2; and
- 516,632 Ordinary Shares bought back and cancelled.

Challenges

- Late summer rains have resulted in make-up water boreholes drying up on the Western Limb. As a result, Lesedi stood with no process water for 20 days;
- Power infrastructure and supply continues to present challenges at Tweefontein and Lannex plants;
- Re-mining of tailings dump 1 at Doornbosch, which is approaching its end of life, resulted in erratic grade and mining downtime; and
- Section 54 stoppages at the host mine during the period resulted in less feed to Sylvania’s plants on the Eastern Limb.

Opportunities

- Increased production from the recently commissioned PGM grade and recovery optimisation projects expected in H2 FY2019;
- Rains have restored the ground water table and host mines are back to full production after the Christmas shut down;
- Project Echo MF2 module for Mooinooi progressing well and still on track for commissioning in Q4 FY2019; and
- Company continues to generate free cash.

Commenting on the Q2 results, Sylvania's CEO Terry McConnachie said:

"Despite the challenges we faced this quarter, the SDO delivered 14,907 ounces. The reasons for the average performance this quarter has been extensively analysed. Plans have been put in place to prevent a repeat of operations running out of water and to address the mining at Doornbosch, which is now performing significantly better. Current arisings from host mines are also back to normal levels Management are focusing on grade planning and uptime to ensure that we achieve our forecasts in the second half of the year.

I am pleased to report that during the quarter $1.3 million was paid out to shareholders as a maiden cash dividend and 516,632 ordinary shares have been bought back and cancelled.

We also wish to inform shareholders that the Company will release its results for the Half Year ended 31 December 2018 on Monday 18 February 2019."

USD			Unit	Unaudited	Unit	ZAR		
Q1 FY2019	Q2 FY2019	% Change				% Change	Q2 FY2019	Q1 FY2018
				Production				
635,051	560,855	-12%	T	Plant Feed	T	-12%	560,855	635,051
2.44	2.21	-9%	g/t	Feed Head Grade	g/t	-9%	2.21	2.44
328,127	278,891	-15%	T	PGM Plant Feed Tons	T	-15%	278,891	328,127
3.75	3.56	-5%	g/t	PGM Plant Feed Grade	g/t	-5%	3.56	3.75
48.39%	46.75%	-3%	%	PGM Plant Recovery	%	-3%	46.75%	48.39%
19,137	14,907	-22%	Oz	Total 4E PGMs	Oz	-22%	14,907	19,137
25,723	20,003	-22%	Oz	Total 6E PGMs	Oz	-22%	20,003	25,723
1,149	1,204	5%	$/oz	Average gross basket price	R/oz	5%	17,146	16,263
				Financials				
14,230	12,301	-14%	$'000	Revenue (4E)	R'000	-12%	176,122	200,032
1,634	1,388	-15%	$'000	Revenue (by products)	R'000	-13%	19,874	22,964
1,370	1,188	-13%	$'000	Sales adjustments	R'000	-12%	17,005	19,261
17,234	14,877	-14%	$'000	Net revenue	R'000	-12%	213,001	242, 257
9,726	9,016	-7%	$'000	Operating costs	R'000	-6%	129,106	136,754
464	585	26%	$'000	General & administration	R'000	28%	8,376	6,524
7,075	5,269	-26%	$'000	Group EBITDA	R'000	-24%	75,451	99,477
182	194	7%	$'000	Net Interest	R'000	9%	2,781	2,560
3,785	3,742	-1%	$'000	Net profit	R'000	1%	53,584	53,220
1,205	2,626	118%	$'000	Capital Expenditure	R'000	122%	37,605	16,942
17,719	20,220	14%	$'000	Cash Balance	R'000	16%	289,556	249,126
			R/$	Ave R/$ rate	R/$	2%	14.32	14.06
				Unit Cost/Efficiencies				
508	606	19%	$/oz	SDO Cash Cost Per 4E PGM oz	R/oz	22%	8,672	7,137
378	451	20%	$/oz	SDO Cash Cost Per 6E PGM oz	R/oz	22%	6,463	5,310
531	635	20%	$/oz	Group Cash Cost Per 4E PGM oz	R/oz	22%	9,094	7,461
395	473	20%	$/oz	Group Cash Cost Per 6E PGM oz	R/oz	22%	6,777	5,551
540	657	22%	$/oz	All-in sustaining cost (4E)	R/oz	24%	9,402	7,592
593	821	38%	$/oz	All-in cost (4E)	R/oz	41%	11,757	8,338

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

The SDO operations performed well during the quarter without any safety, health or environmental incidents during the period. Lesedi remains seven years LTI-free, Tweefontein and Doornbosch plants both remain more than six years LTI-free, and Millsell more than four years LTI-free.

Operational performance

The SDO delivered 14,907 ounces for the quarter, a 22% decrease on Q1's 19,137 ounces which was the second highest quarterly performance ever achieved by the operations. PGM plant feed grade decreased 5% quarter on quarter and PGM plant feed tons decreased 15%, which together with the 3% decrease in recovery efficiency, resulted in the decrease in ounces produced.

The lower PGM plant feed tons were primarily due to significant downtime experienced during November/December 2018 at the Lesedi operation due to water shortages in the area. This resulted in the plant only being able to treat 45,800 tons compared to a planned 86,700 tons for the quarter. Significant downtime and feed instability at Doornbosch's dump re-mining, where the current dump is reaching its end of life, also contributed to the decrease in tons treated. Lower production at both Tweefontein and Millsell host mines during the quarter, following DMR safety stoppages during September and November 2018 respectively and PGM feed grades and recovery efficiencies across operations were lower quarter-on-quarter due to the lower percentage of fresh current arisings feed received from the host mines during their annual mining-break from early December 2018 to mid-January 2019.

The total SDO operating costs for the period decreased 6% in ZAR terms, however, due to lower PGM ounce production, the cash unit cost increased 22% to ZAR 8,672/ounce, in line with 22% lower PGM ounce production and large fixed cost portion of production. In USD terms the SDO cash costs increased by 19% to $606/ounce. A three year wage agreement was concluded with the National Union of Mineworkers, on behalf of the employees, for the Western operations. This agreement is in line with the SDO cost forecasts going forward. The capital expenditure was ZAR 36.7 million for the quarter and is aligned with the planned and forecast Project Echo roll-out and project schedule.

Operational focus areas

Extreme summer heat conditions and abnormal drought conditions presented a challenge at many operations in terms of water availability, but Lesedi in particular was worst affected due to the absence of a current arisings feed source or tails slurry from the host-mine. Mitigating actions to address the water shortage include both optimising of process parameters to reduce water consumption, as well as evaluating and implementing alternative water supply measures. The Lesedi team have drilled several new boreholes and engaged with host-mines and neighbouring operations as well as the Department of Water and Sanitation in order to secure adequate water for continuous operation and will continue these initiatives. Since January 2019, after some rain and supply improvements, water availability improved significantly. However, the issue has not been fully resolved and will remain a key focus area for management.

The Doornbosch re-mining operation at the current dump, which is at the end of its life, has been receiving a lot of focus and attention. The lower mining-benches and coarser dump material associated with the final clearing of the dump floor impacted negatively on hydro-mining feed stability and caused downtime when pipe-lines choked and the team had to perform certain system upgrades during recent months to address this. Since mid-January 2019, the upgraded system has been commissioned and is performing significantly better which should improve performance during the next quarter and especially when the new dump re-mining is planned to commence during Q4.

Operational opportunities

The commissioning of the enhanced process circuit modifications that utilise enhanced fine screening technology for more efficient upgrading of PGMs at Doornbosch, Millsell and Tweefontein was completed towards the end of Q2, and the optimisation of these new circuits, post-commissioning, should assist in improving PGM feed grades and ounce production in the coming quarters.

The Project Echo MF2 module for Mooinooi is progressing well and scheduled to be commissioned during Q4 FY2019.

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 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 $1,204/ounce, a 5% increase on the $1,149/ounce reported in Q1. Palladium and Rhodium continued their upward trend in Q2 and into January 2019. The performance of both these metals has kept the PGM basket price at favourable levels, with Platinum still remaining under pressure. Despite the increase in basket price, the net revenue dropped 14% to $14.9 million, which is directly related to the decrease in ounce production at the SDO quarter-on-quarter.

The total operating costs decreased 6% in ZAR terms (the SDO functional currency) to ZAR 129.1 million, compared to the ZAR 136.8 million in Q1. However, SDO cash costs per ounce increased 22% in ZAR terms to ZAR 8,672/ounce from ZAR 7,137/ounce and the Group cash cost increased 22% from ZAR 7,461/ounce in Q1 to ZAR 9,094/ounce, as a result of the lower ounces. In dollar terms the SDO cash cost increased 19% from $508/ounce to $606/ounce and Group cash cost increased from $531/ounce to $635/ounce.

The all-in sustaining cost ("AISC") and all-in cost ("AIC") also increased as a result of the increase in capital expenditure and lower ounce production in Q2. The Group AISC increased 24% to ZAR 9,402/ounce against Q1's ZAR 7,592/ounce and the AIC increased 41% to ZAR 11,757/ounce from ZAR 8,338/ounce recorded in Q1. In dollar terms the Group ASIC increased 22% from $540/ounce to $657/ounce and the Group AIC increased 38% to $821/ounce from $593/ounce.

The Group general and administrative costs increased $0.1 million quarter-on-quarter from $0.5 million to $0.6 million.

The Group cash balance at 31 December 2018 was $20.2 million (including guarantees), a $2.5 million increase on the previous quarter's cash balance of $17.7 million. Cash generated from operations before working capital movements was $5.4 million with net changes in working capital amounting to an increase of $2.9 million due mainly to the decrease in trade debtors which have a four-month payment pipeline. During the quarter, the Company paid $1.3 million to shareholders as a maiden dividend and bought back and cancelled 516,632 Ordinary Shares in December 2018. An amount of $2.6 million was spent on capital and the impact of exchange rate fluctuations on cash held at the quarter end was an increase of $0.01 million.

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.

C. MINERAL ASSET DEVELOPMENT AND OPENCAST MINING PROJECTS

The Company has continued to upgrade the value of its mineral asset development activities during the quarter, so as to be able to continue to defend title. However, until an improvement in market conditions occurs, this will result in very limited spend.

Grasvally Chrome Project

The Mining Right granted in Q4 FY2018 has been executed and is being registered in the Mining Titles Office. Under the Mining Right, rehabilitation of the historical mining area has commenced. Sales agreements are in place and the historical dump material will soon be sold as a low-grade chrome ore (<20% Cr^2O^3), Concurrently to the sale of the low-grade rock dump chrome, the Company has appointed a consulting company to prepare financial models as a back up to a possible sale process of the resource.

CORPORATE INFORMATION

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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