

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

**SYLVANIA ANNOUNCES THAT THE ACQUISITION OF PHOENIX PLATINUM IS NOW
UNCONDITIONAL**

7 November 2017

INTRODUCTION

Sylvania Platinum Limited ("SLP"), the low-cost Platinum Group Metal ("PGM") processor and developer, is pleased to announce that the acquisition ("the Transaction") by Sylvania from Pan African Resources Plc ("PAR") of 100% of the shares in and claims against Phoenix Platinum Mining Proprietary Limited ("Phoenix Platinum") is now unconditional.

This follows, amongst other conditions, the approval of the Transaction by the South African Competition Authorities in accordance with the Competition Act 1998.

As a result, the effective date of the implementation of the Transaction was, 6 November 2017 when Sylvania took over control, ownership and management of Phoenix Platinum.

PHOENIX PLATINUM OPERATIONS

Phoenix Platinum has an operational Chrome Tailings Retreatment Plant and approximately 2.3 mt of tailings dump resources situated in close proximity to Sylvania's Millsell and Mooinooi operations in the western bushveld region. See below for further details of Phoenix Platinum's operations.

TERMS OF THE ACQUISITION

The purchase price of R89 million (\$6.3 million) was settled in cash on the effective date from Sylvania's internal cash resources. The SLP Group cash balance stands at approximately \$11.2 million following the payment for Phoenix Platinum.

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

"We believe that these assets provide an attractively priced addition at an advantageous moment in the price cycle. Phoenix Platinum's operations are similar in nature to Sylvania's current retreatment of PGM-rich chrome tailings operations, which will benefit from Sylvania's operational expertise. After extensive engagement with Pan African Resources and completing a thorough operational review, we are confident that we will be able to realise value for our stakeholders by leveraging our successful operating model.

Phoenix Platinum's operations are well positioned geographically to our current operations which will assist us in increasing our production and earnings profile going forward, allowing us to effectively utilise our existing infrastructure and management team to enhance this business. The outcome is a sensible commercial transaction, which is beneficial for both parties.



Phoenix Platinum is a significant acquisition for Sylvania as we look for growth opportunities, and, together with Project Echo (the secondary milling and flotation program) will help contribute to Sylvania's expansion over the coming years.

We look forward to welcoming the Phoenix Platinum employees and beginning the process of integrating the operations into the Sylvania Group."

RATIONALE FOR THE TRANSACTION

This Transaction is consistent with Sylvania's strategy of growing its business in order to enhance and sustain its position as the largest PGM producer from chrome tailings retreatment. The addition of Phoenix Platinum's assets increases Sylvania's fully operational chrome tailings processing complexes from six to seven, after Steelpoort was successfully de-commissioned in June this year. Phoenix Platinum is expected to increase annual PGM production by approximately 8,500oz per year, but based on the effective date of the transaction the attributable ounces from Phoenix Platinum to Sylvania during FY2018 will be approximately 5,500oz, increasing total Sylvania production from 70,000oz to 75,500oz for the year.

The Transaction secures one of the most attractive remaining operating PGM from chrome tailings dump opportunities in the industry.

Immediate and medium term benefits from the Transaction, which is estimated to reduce direct operating cost to a range of \$500/oz to \$550/oz include:

- Phoenix Platinum will form part of the existing Sylvania operations with shared management and infrastructure thereby reducing overall production costs;
- Using Sylvania's proven operating model to reduce direct operating costs at Phoenix Platinum;
- Benefiting from new and improved PGM concentrate off-take agreement concluded in December 2016, the benefits of which have only been realised in recent months due to a long processing pipeline;
- Benefiting from improved PGM recoveries due to a combination of the recently installed high-energy agitation cells at the Phoenix Chrome Tailings Retreatment Plant ("CTRP") and flotation mass-pull optimisation strategy; and
- The utilisation of Phoenix Platinum's remaining unredeemed capex allowances against future taxable income from Phoenix Platinum's operations;

Future synergies from the Transaction estimated to reduce direct operating cost to below \$500/oz include:

- Providing extensive flexibility in the use of Sylvania's existing dump resources in the area;
- Pooling Phoenix Platinum and Sylvania's existing adjacent Mooinooi dump resources, thus providing further flexibility in terms of increasing overall production capacity and extending the life of operations;
- Enabling the recovery of PGM ounces from additional Phoenix Platinum resources otherwise sterilised, due to potential blending with existing higher grade feed material from neighbouring operations;
- Improving plant feed grade and extending the life of Phoenix Platinum's operations from future current arisings material, which will accrue should Samancor Chrome resume the mining operation at the Lesedi Host Mine over which Phoenix Platinum has the PGM rights to;
- Securing an independent, approved property for future tailings disposal; and
- Project Echo could be extended to include Phoenix Platinum in the future in order to apply the same processing methodology and technology to deliver similar benefits as identified in SDO.

The Board of Sylvania believes that the purchase price of R89 million (including net working capital of approximately R27.8 million) is an attractive price for a tailings retreatment plant capable of processing 30,000tpm tailings and 2.3mt of tailings dump resources of 2.32g/t 4E PGEs.



BACKGROUND ON PHOENIX

Phoenix Platinum was acquired by PAR in 2009 and contained the PGM rights to the Buffelsfontein, Kroondal and Elandskraal dumps. In 2011, the construction of the CTRP commenced. The Phoenix Platinum operation consists of a 30,000tpm CTRP which was commissioned in November 2011 and reached full production in May 2012. The Phoenix CTRP is located in the North-West Province near to Sylvania's Millsell and Mooinooi complexes.

Phoenix Platinum currently recovers PGM's from chrome tailings dumps and dams through Mineral Rights Agreements pertaining to the Kroondal and Elandskraal tailings dumps, and Buffelsfontein Tailings Dams and potential future current arisings at the Lesedi Mine, recently acquired by Samancor Chrome. As part of the Transaction, Sylvania will acquire an independent property for tailings disposal with associated regulatory approvals.

Phoenix Platinum currently has Chrome dump reserves of approximately 2.3mt, containing ~2.32g/t 4E PGEs and is estimated to sustain current production levels for approximately seven and a half years.

The information in the table below is extracted from Phoenix Platinum's latest published provisional audited results for the year ended 30 June 2017:

	FY 30 June 2017	FY 30 June 2016
Tonnes processed	283 067	248 981
PGE's sold (oz.)	8 709	8 339
	<u>R'million</u>	<u>R'million</u>
PGE Revenue	82.2	74.7
PGE Cost of Production	(86.4)	(74.1)
PGE Production unit cost (\$/oz)	\$730/oz	\$731/oz
Depreciation & other costs*	(17)	(12.1)
Taxation	4.8	2.5
Net loss after tax before impairment charges	(16.4)	(9)
Impairment charges	(100.9)	-
<i>*Excludes inter-company charges</i>		
Net assets excluding goodwill	89	181.1

As at 30 June 2017, Phoenix Platinum's published SAMREC compliant resources and reserves are summarised as follows:

- PGE resources of 0.6Moz (2016: 0.6Moz)
- PGE reserves of 0.2Moz (2016: 0.2Moz)

CONCLUSION

Based on a detailed due diligence review of operational, financial and legal compliance, Sylvania is confident that it will be able to streamline Phoenix Platinum's operating costs and operating efficiencies in line with existing Sylvania dump operations, and that Phoenix will be cash-generative and earnings enhancing transaction for the group.



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ABOUT SYLVANIA PLATINUM

Sylvania Platinum Limited (AIM:SLP) is a rapidly expanding producer of the platinum group metals (“PGMs”) platinum, palladium and rhodium, with two distinct lines of business: the retreatment of PGM-rich chrome tailings material from mines in the region and processing methods for low-cost PGM extraction. All of the Group's assets are situated in various locations across South Africa's Bushveld Igneous Complex (“BIC”), which is the world's richest source of PGMs.

