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

Second Quarter Report to 31 December 2016

“Highest quarterly production in the history of the Company of 18,562 ounces.”

30 January 2017

Sylvania Platinum Limited, the low cost Platinum Group Metal (“PGM”) processor and developer, today announces its results for the quarter ended 31 December 2016 (“Q2” or the “quarter”) from its PGM production and development operations in the Bushveld region of South Africa.

SNAPSHOT

- 18,562 ounces produced by the SDO marking a new Company production record (8% increase on last quarter’s Company record of 17,257 ounces).
- Group cash balance of $12.7 million, a $1.6 million increase on the previous quarter’s $11.1 million.
- Group cash cost of $417/oz, down 3% from previous quarter.
- Gross basket price decreased 6% to $881/oz from $937/oz for the previous quarter.
- Revenue decreased 11% in US dollar terms to $11.6 million (Q1: $13.0 million) and decreased 12% in Rand terms to R161.4 million (Q1: R182.7 million) as a result of the drop in basket price, a negative price adjustment for Q1 and slightly higher PGM penalties during Q2.
- SDO expected to exceed the previously stated guidance of 60,000oz.

SYLVANIA OVERVIEW

The Sylvania Dump Operations (“SDO”) has once again achieved record production for the quarter, producing 18,562 ounces against 17,257 ounces in the previous quarter. This 8% quarter-on-quarter improvement was aided primarily by slightly higher PGM feed tons and feed grades, while the PGM recovery efficiency was slightly down from the previous quarter’s record performance. Based on its solid year-to-date performance and the expected outlook for the remainder of the year, the SDO is expected to exceed the previously stated guidance of 60,000oz. A revised guidance is currently under review and will be announced in the forthcoming half year report to be published in February 2017.

The cash costs for the SDO in Rand terms have decreased 2% from R5,745/oz in Q1 to R5,603/oz, due to a combination of higher PGM ounce production and disciplined operating cost control. Furthermore there was a 1% decrease in cash costs in US dollar terms from $408/oz to $402/oz impacted by the 1% movement in the R/$ exchange rate. Revenue however decreased 11% in US dollar terms to $11.6 million (Q1: $13.0 million) and decreased 12% in Rand terms to R161.4 million (Q1: R182.7 million). This decrease in revenue is partly a result of the drop in basket price, which decreased 6% to $881/oz (Q1: $937/oz), as well as the impact of a negative price adjustment for Q1 and slightly higher PGM penalties during Q2. Capital Expenditure increased 209% primarily as a result of the rollout of Project ECHO, previously communicated in the 2016 Annual Report, to ensure a sustainable PGM production profile.

The Group cash balance at 31 December 2016 was $12.7 million (including guarantees), a $1.6 million increase on the previous quarter’s $11.1 million. Cash generated from operations before working capital movements was $3 million with net changes in working capital amounting to a reduction of $1.3 million. $0.5 million was spent on the stay-in-business capital for the SDO plants, $0.05 million expenditure on exploration assets, $0.5 million paid for the rehabilitation insurance guarantee, $0.6 million received from Ironveld Holdings for the part repayment of the loan, $0.09 million invested in a joint venture R&D project, and the impact of exchange rate fluctuations on cash held at the quarter end was $0.08 million.

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

"I am pleased to report on another excellent quarter where production has once again exceeded expectations and resulted in another record quarter. Our Group costs are well contained and are 3% lower than the previous quarter's costs, and are in the lowest quartile of the industry cost curve.

Despite the lower basket price compared to the previous quarter, the Company generated positive cash inflows to increase its cash balance to $12.7million (Q1: $11.1million).

All seven of the Sylvania chrome and platinum plants are producing at steady state and the Board is pleased to see that the initiatives implemented last year, including changing from Mechanical mining to Hydro mining, improving the engineering preventative maintenance schedules and concentrating on reducing penalties, are yielding positive results.

The Company is well on track to exceed its 60,000 ounce production guidance for the year ending in June 2017."

GROUP PERFORMANCE

Unaudited – Group	Unit	December 2016 Quarter	September 2016 Quarter	% Change
Financials				
Revenue	$'000	11,577	12,965	-11%
Capital Expenditure[1]	$'000	684	305	124%
Ave R/$ rate	R/$	13.94	14.09	-1%
EBITDA[2]	$'000	3,665	5,538	-34%
Production				
PGM Plant Feed	T	290,832	283,964	2%
Total 3E and Au	Oz	18,562	17,257	8%
Group Cash Cost[3]				
Per 3E & Au oz	$/oz	417	431	-3%

[1] Capital expenditure on SDO and exploration and evaluation assets.
[2] EBITDA is Earnings before interest, foreign exchange gains and losses, taxation, depreciation and amortisation.
[3] 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 significant safety, health or environmental incidents during the quarter. The SDO operations continued their excellent safety performance during the quarter with Steelpoort remaining LTI free for more than eight years now, Tweefontein and Doornbosch both being LTI free for more than four years, and Millsell on two years LTI-free.

Through the continued focus and dedication of the respective operational management teams and employees, the Company is able to remain compliant in terms of health, safety and environmental systems and legislation, which is a key-priority for the Company.

Operations

We are very pleased with the quarter's SDO production of 18,562 PGM ounces, an 8% increase on the previous quarter's performance of 17,257 ounces, representing a new consecutive quarterly record for the Company.

Most operations performed exceptionally well during the quarter, with Lannex, Mooinooi and Tweefontein achieving the best quarterly PGM ounce production figures in the history of the operations, Doornbosch achieved slightly lower performance than the previous quarter, associated with the repositioning of its hydro-mining pump station at the dam.

The higher PGM ounces during the quarter can be attributed to higher PGM feed tons and feed grades, while the PGM recovery efficiency was slightly down from the previous quarter's record performance. The hydro-mining stability and tonnage feed rates at Lannex and Steelpoort in particular, improved during the quarter based on optimisation initiatives, which contributed to the overall increase in PGM feed tons for the Group and mitigated the impact of the slightly lower feed tons from Doornbosch. While the PGM feed grade was slightly higher than the previous quarter, the PGM recovery efficiency was slightly down due to lower recoveries at Lannex and Mooinooi, associated with higher tonnage throughput and lower flotation mass pull respectively during the quarter.

Cash cost of production decreased in both US dollar and Rand terms and the SDO reported figures of $402/oz (R5,603/oz) down from the $408/oz (R5,745/oz) recorded in the previous quarter. The R/$ exchange rate remained fairly flat over the past two quarters with only a 1% movement.

Operational and Financial Summary

Unaudited – SDO	Unit	December 2016 Quarter	September 2016 Quarter	+- % Quarter on Quarter	6 months to December 2016
Revenue					
Revenue	$'000	11,577	12,965	-11%	24,551
Revenue	R'000	161,428	182,740	-12%	344,168
Gross Basket Price[1]	$/oz	881	937	-6%	883
Gross Cash Margin - SDO	%	36%	46%	-22%	41%
Capital Expenditure	$'000	633	205	209%	837
Capital Expenditure	R'000	8,830	2,896	205%	11,727
Ave R/US$ rate[2]	R/$	13.94	14.09	-1%	14.02
EBITDA	$'000	4,003	5,931	-33%	9,945
EBITDA	R'000	55,820	83,589	-33%	139,408
SDO Cash Cost[3]					
Per PGM Feed ton	$/t	26	25	4%	25
Per PGM Feed ton	R/t	358	349	3%	353
Per 3E & Au oz	$/oz	402	408	-1%	405
Per 3E & Au oz	R/oz	5,603	5,745	-2%	5,671
Production					
Plant Feed	T	545,598	517,552	5%	1,063,150
Feed Head Grade	g/t	2.62	2.40	9%	2.40
PGM Plant Feed Tons	T	290,832	283,964	2%	574,796
PGM Plant Grade	g/t	4.12	3.99	3%	4.05
PGM Plant Recovery	%	46.2%	47.3%	-2%	46.7%
Total 3E and Au	Oz	18,562	17,257	8%	35,819

[1] 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.
[2] The functional currency for SDO is SA Rand and the exchange rate shown is the average over the period indicated.
[3] 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.

Project Echo

Project Echo, the secondary milling and flotation program at various operations, which was announced by the company during August 2016, has commenced during previous quarters and the company is on track to deliver on the PGM production profile as communicated earlier.

This secondary milling and flotation technology ("MF2") roll-out will lead to improved PGM recovery efficiencies, lower PGM production unit costs, increased cash generation, and enable the SDO to extend its profitable operating life and to sustain its production profile at ~55,000oz to 60,000oz going forward.

B. EXPLORATION AND OPENCAST MINING PROJECTS

Volspruit Platinum Exploration

The Company continues to await a decision by the Member of the Executive Council for Economic Development, Environment and Tourism whether to accept the Company's Appeal and set aside the initial refusal of the Environmental Authorisation ("EA") for the project and will report any update as soon as it is received.

Grasvally Chrome Exploration

The Company received approval for its EA for the Grasvally project on 29 November 2016. An Appeal by certain Interested and Affected Parties was received on 6 January 2017. Sylvania and its Consultants are in the process of preparing an Answering Statement in response to the comments received in the Appeal and will submit their response by mid-February 2017.

Sylvania continues to await approval of its Water Use License for processing the waste rock dumps approved under Section 29 of the Act.

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

CONTACT DETAILS

For further information, please contact:

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

Nominated Advisor and Broker

Liberum Capital Limited	+44 (0) 20 3100 2000
Richard Crawley / Neil Elliot	

Communications

Alma PR Limited	+44 (0) 77 8090 1979
Josh Royston / Hilary Buchanan	