

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

**Third Quarter Report to 31 March 2016**

***“Group EBITDA up 63% to \$3.7 million”***

**26 April 2016**

Sylvania Platinum Limited, the low cost Platinum Group Metal (“PGM”) processor and developer, today announces its results for the quarter ended 31 March 2016 (“Q3” or the “quarter”) from its PGM production and development operations in the Bushveld region of South Africa.

## **HIGHLIGHTS**

- Group EBITDA improved 63% from \$2.3 million to \$3.7 million quarter-on-quarter
- Group cash balance increased 41% from \$5.1 million to \$7.2 million quarter-on-quarter.
- Revenue increased 4% in Dollar terms to \$10.1 million (Q2: \$9.7 million) and 16% in Rand terms to R159.7 million (Q2: R137.4 million).
- No Lost-Time Injuries (“LTI’s”) during the quarter.
- SDO PGM ounce production of 14,905 ounces was 17% higher than the 12,778 ounces achieved in the corresponding quarter in FY2015, but 6% lower than Q2 FY2016 (Q2: 15,790 ounces).
- Annual PGM ounce production guidance revised upwards to between 57,000 and 58,000 ounces.

## **SYLVANIA OVERVIEW**

The SDO continued on a steady production trend, producing 14,905 ounces during the quarter, bringing the total production for the financial year to date to 44,424 ounces. Although PGM feed tons were slightly lower than the previous quarter, higher feed grades and recovery efficiencies contributed towards the good ounce production for the quarter. Based on year to date performance and recent production trends, annual PGM ounce production is expected to be in the range of 57,000 to 58,000 ounces, exceeding the previously stated guidance of 55,000 ounces for the current financial year.

The cash costs for the SDO in Rand terms have increased 6% from R5,971/oz to R6,317/oz primarily as a result of slightly lower PGM ounces when compared to the previous quarter, but decreased by 5% in US dollar terms from \$420/oz to \$399/oz for the quarter, as a result of the weaker Rand against the US dollar.

Revenue increased 4% in Dollar terms to \$10.1 million (Q2: \$9.7 million) and 16% in Rand terms to R159.7 million (Q2: R137.4 million). The gross basket price recovered somewhat increasing 10% to \$860/oz for the quarter compared to the previous quarter’s \$785/oz.

The Group cash balance at 31 March 2016 was \$7.2 million, a \$2.1 million increase on the previous quarter’s \$5.1 million. Cash generated before working capital movements was \$3.8 million with net changes in working capital amounting to a reduction of \$1.7 million, \$0.3 million spent on the stay-in-business capital for the SDO plants and \$0.3 million was received from Ironveld Holdings as partial repayment of their loan.



Commenting on the quarter, Sylvania Platinum CEO Terry McConnachie said:

*“Once again I congratulate the SDO team on their diligent support of our cost control program and the ongoing operational performance. I stated last quarter that cost control and achieving production targets will allow Sylvania to prosper when the decline in metal prices is reversed and we are seeing the fruits of our labour now. We were thankfully offered a bit of a reprieve this quarter by the 10% increase in the gross basket price and, together with the solid ounce production, this translated into the Revenue increase of 4% and 16% in US dollar and Rand terms respectively. It’s rewarding to see the cash balance grow despite poor prices, even though we continue to spend modestly on new dump investigations and the purchase of shares in the market when the opportunity arises.”*

## GROUP PERFORMANCE

| Unaudited – Group                  | Unit   | March 2016 Quarter | December 2015 Quarter | % Change |
|------------------------------------|--------|--------------------|-----------------------|----------|
| <b>Financials</b>                  |        |                    |                       |          |
| Revenue                            | \$'000 | 10,092             | 9,662                 | 4%       |
| Capital Expenditure <sup>1</sup>   | \$'000 | 385                | 447                   | -14%     |
| Ave R/\$ rate                      | R/\$   | 15.82              | 14.22                 | 11%      |
| EBITDA <sup>2</sup>                | \$'000 | 3,747              | 2,293                 | 63%      |
| <b>Production</b>                  |        |                    |                       |          |
| PGM Plant Feed                     | T      | 277,534            | 303,631               | -9%      |
| Total 3E and Au                    | Oz     | 14,905             | 15,791                | -6%      |
| <b>Group Cash Cost<sup>3</sup></b> |        |                    |                       |          |
| Per 3E & Au oz                     | \$/oz  | 420                | 454                   | -7%      |

<sup>1</sup> Capital expenditure on SDO and exploration and evaluation assets.

<sup>2</sup> EBITDA is Earnings before interest, taxation, depreciation and amortisation.

<sup>3</sup> 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 LTI's or significant health or environmental incidents during the quarter, with all operations remaining LTI-free for the year.

The Company remains committed to zero harm and continues 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 culture and condition of its operations.

### Operations

The combined production for all the SDO was 14,905 PGM ounces for the period, a 6% decrease on the previous quarter's record performance (Q2: 15,791 ounces). SDO cash cost of production was \$399/oz (R6,317/oz) which was 5% lower in US dollar terms compared to the previous quarter (Q2 : \$420/oz (R5,971/oz)) as a result of the weaker Rand. In the current PGM price environment, operational cost control and stable PGM ounce production remain crucial and even small movements influence the cash cost of production.

The higher than planned PGM production for the quarter can be attributed primarily to higher than planned plant feed grades and recovery efficiencies. The Q3 ounce production was lower due mainly to the 9% decrease in PGM plant treatment tons and the 6% decrease in feed grades when compared to the previous quarter. These decreases were primarily due to lower current arisings and run-of-mine ore from the host mines which resulted in the lower quarter-on-quarter ounce production.



The community protests regarding demands for improved infrastructure and jobs at the Eastern operations significantly reduced during the quarter and no significant downtime was experienced at any operations.

## Operational and Financial Summary

| Unaudited – SDO                  | Unit   | March 2016 Quarter | December 2015 Quarter | +/- % Quarter on Quarter | 9 months to March 2016 |
|----------------------------------|--------|--------------------|-----------------------|--------------------------|------------------------|
| <b>Revenue</b>                   |        |                    |                       |                          |                        |
| Revenue                          | \$'000 | 10,092             | 9,662                 | 4%                       | 28,886                 |
| Revenue                          | R'000  | 159,689            | 137,435               | 16%                      | 411,486                |
| Gross Basket Price <sup>1</sup>  | \$/oz  | 860                | 785                   | 10%                      | 844                    |
| Gross Cash Margin - SDO          | %      | 41%                | 31%                   | 32%                      | 31%                    |
| Capital Expenditure              | \$'000 | 370                | 383                   | -3%                      | 1,119                  |
| Capital Expenditure              | R'000  | 5,853              | 5,782                 | 1%                       | 15,939                 |
| Ave R/US\$ rate <sup>2</sup>     | R/\$   | 15.82              | 14.22                 | 11%                      | 14.25                  |
| EBITDA                           | \$'000 | 4,133              | 3,024                 | 37%                      | 8,968                  |
| EBITDA                           | R'000  | 65,390             | 43,015                | 52%                      | 127,753                |
| <b>SDO Cash Cost<sup>3</sup></b> |        |                    |                       |                          |                        |
| Per PGM Feed ton                 | \$/t   | 21                 | 22                    | -5%                      | 24                     |
| Per PGM Feed ton                 | R/t    | 339                | 311                   | 9%                       | 337                    |
| Per 3E & Au oz                   | \$/oz  | 399                | 420                   | -5%                      | 447                    |
| Per 3E & Au oz                   | R/oz   | 6,317              | 5,971                 | 6%                       | 6,374                  |
| <b>Production</b>                |        |                    |                       |                          |                        |
| Plant Feed                       | T      | 533,848            | 601,917               | -11%                     | 1,657,870              |
| Feed Head Grade                  | g/t    | 2.63               | 2.40                  | 10%                      | 2.29                   |
| PGM Plant Feed Tons              | T      | 277,534            | 303,631               | -9%                      | 841,331                |
| PGM Plant Grade                  | g/t    | 3.87               | 4.08                  | -5%                      | 3.97                   |
| PGM Plant Recovery               | %      | 43.2%              | 43.1%                 | 0%                       | 42.2%                  |
| Total 3E and Au                  | Oz     | 14,905             | 15,791                | -6%                      | 44,424                 |

<sup>1</sup> 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.

<sup>2</sup> The functional currency for SDO is SA Rand and the exchange rate shown is the average over the period indicated.

<sup>3</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.

## B. EXPLORATION AND OPENCAST MINING PROJECTS

### Volsspruit Platinum Exploration

The Company received communication from the Limpopo Department of Economic Development, Environment and Tourism (“LEDET”) on the 14<sup>th</sup> April 2016 that the application for Environmental Authorisation was refused and various reasons were listed for the refusal. Upon assessment of the communication it is the opinion of the Company advisors that LEDET has not given due consideration of the study documentation and additional work done at the request of LEDET during 2015. As such the Company has taken the decision to immediately appeal the refusal.

### Grasvally Chrome Exploration

As previously stated, the Environmental Impact Assessment (“EIA”) document was released to the interested and affected parties (“I&AP’s”) on 6 January 2016 with public participation meetings held at the beginning of February 2016.



I&AP's at the public participation meetings requested that an assessment be done on the potential loss of agriculture and associated income should the project proceed. The DMR granted a 50-day extension to the submission of the EIA to allow for this. The final EIA, with all comments and responses, as well as the additional work, will be submitted during May 2016.

With regards to the sale process of the Chrome deposit, the international agent appointed to handle the marketing of the deposit finalised a marketing teaser during March 2016. Thereafter different companies have been contacted in order to test their interest. The Company will review all feedback as it is received and will update the market in due course.

### Harriet's Wish, Aurora and Cracow Platinum Exploration

The Company was informed that the DMR granted the application in terms of Section 11 of the Mineral and Petroleum Resources Development Act for ministerial consent to transfer the right to mine iron ore, vanadium and heavy minerals to a subsidiary of Ironveld Plc on 15 April 2016. The Company will now take steps to notarially execute the cession of the right in favour of Ironveld's subsidiary and lodge this with the Mining Titles Office for registration.

## 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 +44 (0) 20 3100 2000  
Richard Crawley / Tom Fyson

**Communications**

Newgate +44 (0) 20 7653 9850  
Adam Lloyd / Ed Treadwell / Helena Bogle

