
Sylvania Platinum Limited
Results for the year ended 30 June 2015
(“Sylvania”, “the Company” or “the Group”)
AIM (SLP)

The Directors of the Company are pleased to present the results for the financial year ended 30 June 2015. Unless otherwise stated, the consolidated financial information contained in this report is presented in US Dollars. The complete Annual Report for the financial year ended 30 June 2015 is available on the Company website (www.sylvaniaplatinum.com).

Financial snapshot

- Revenue up 1% to \$47.8 million (FY2014: \$47.2 million) despite a 12% drop in the gross basket price from \$1,224/oz in 2014 to \$1,072/oz;
- EBITDA increased 13% to \$12.6 million for the Sylvania Dump Operations (“SDO”) (FY2014: \$11.2 million);
- Group adjusted EBITDA increased by 35% to \$10.1 million (FY2014 \$7.6million);
- General and administrative costs down by 18% from \$4.0 million in 2014 to \$3.3 million;
- Gross profit up by 51% year-on-year from \$4.3 million in 2014 to \$6.5 million;
- Profit after income tax of \$1.7 million achieved;
- Group cash increased by 58% to \$8.4 million (FY2014: \$5.3 million); Cash generated from operations up 78% to \$9.1 million (FY2014: \$5.1 million);
- Group capital and exploration expenditure down by 27% to \$4.0 million (FY2014: \$5.5 million);

Operations snapshot

- SDO production for the year was up 7% to a Company annual record of 57,587 ounces; an increase from the previous record achieved in 2014 of 53,808 ounces, exceeding not only the stated guidance of 53,000 ounces provided in the 2014 annual report, but also exceeding the revised guidance of between 55,000 and 57,000 ounces announced in Q3 2015;
- Group cash cost \$642/oz, below the Company’s guidance of \$700/oz;

Corporate snapshot

- Directorate change – departure of Mr Grant Button and appointment of Ms Eileen Carr;

SYLVANIA OVERVIEW

The SDO production set a Company record for the 2015 financial year in producing 57,587 PGM ounces, a 7% increase from the previous record of 53,808 ounces achieved in 2014.

Revenue increased by 1% year-on-year to \$47.8 million, up from \$47.2 million in 2014 despite a 12% drop in the gross basket price to \$1,072/oz from \$1,224/oz in 2014. SDO EBITDA also improved by 13% to \$12.6 million from \$11.2 million recorded in 2014 with cash costs per PGM feed ton increasing marginally by 3% to \$32/ton (FY2014: \$31/ton). Cash costs per 3E & Au ounce however decreased by 9% to \$603/oz from \$665/oz in the prior year. SDO capital expenditure has increased 129% when compared to FY2014 as a result of the construction of new tailings facilities at Lannex, Doornbosch and Tweefontein, as well as the changeover from mechanical mining of the dumps to a hydro-mining process. The hydro-mining conversion is expected to reduce mining costs by up to 20% overall on an annual



basis. The Group capital and exploration expenditure however, decreased by 27% year-on-year from \$5.5 million to \$4.0 million.

The Group cash balance at 30 June 2015 was \$8.4 million, up \$3.1 million (58%) from \$5.3 million in the prior year with cash generated from operations growing 78% to \$9.1 million. The Group cash profit (earnings after interest and tax paid, before non-cash items including depreciation, amortisation, impairment, foreign exchange loss, share-based payments, rehabilitation provision movements and deferred tax) was \$8.4 million. During the year, \$0.6 million cash outflow was incurred on exploration activities and \$2.7 million on the stay in business capital for the SDO plants (FY2014: \$1.2 million). A repayment of \$0.5 million was received from Ironveld Holdings (Pty) Ltd under the terms of the loan agreement entered into with Ironveld Plc. The impact of the exchange rate fluctuations on cash held at year end was \$1 million. At 30 June 2015, the group cash balance grew by 8% from \$7.8 million reported at the end of H1 to \$8.4 million H2.

We are pleased to report that the Company achieved a profit after income tax of \$1.7 million. General and administrative costs are also down by 18% from \$4 million in 2014 to \$3.3 million this year, with gross profit showing a 51% growth year-on-year from \$4.3 million in 2014 to \$6.5 million. Revenue remained stable increasing marginally to \$47.8 million (FY2014: \$47.2 million) despite adverse market conditions.

Commenting on the annual results, Sylvania Platinum CEO Terry McConnachie said:

“The 2015 financial year has seen difficult market conditions in the platinum sector. We have faced these challenges by creating a more stable production environment through continuous production and technical focus as well as improvement initiatives across all operations. Sylvania has seen record PGM ounce production for the second consecutive year. We could not have achieved all this without our management team’s continued dedication and effort to attaining the goals set by the Board. Looking ahead, we will continue to build on this; our aim being to achieve a production target of 55,000 PGM ounces at a cash cost of under \$700/oz and a capital expenditure cap of \$3 million for the financial year 2016. Given the adverse market conditions, the Board has decided not to pay its maiden dividend at this time but intends to do so when the sector improves, in line with its dividend policy”

Financial and production summary Half-year and Full year

	Unit	Jan - Jun 2015 H2	Jul – Dec 2014 H1	+ - % Change	FY 2015	FY 2014	+ - % Change
Group Revenue							
Revenue ¹	\$'000	20,518	27,488	-25%	47,791	47,221	1%
Gross Basket Price	\$/oz	1,041	1,115	-7%	1,072	1,224	-12%
Gross Cash Margin – Group	%	13%	29%	-55%	23%	19%	21%
Capital & Exploration Expenditure	\$'000	1,978	2,072	-5%	4,051	5,530	-27%
Adjusted EBITDA ²	\$'000	2,278	8,116	-72%	10,140	7,592	34%
Ave R/\$ rate ¹	R/\$	11.91	10.98	8%	11.43	10.37	10%
Group Cash Cost³							
Per 3E & Au oz	\$/oz	678	611	11%	642	712	-10%



	Unit	Jan - Jun 2015 H2	Jul – Dec 2014 H1	+ - % Change	FY 2015	FY 2014	+ - % Change
SDO Revenue							
Revenue	\$'000	20,518	27,488	-25%	47,791	47,221	1%
Gross Basket Price	\$/oz	1,041	1,115	-7%	1,072	1,224	-12%
Gross Cash Margin - SDO	%	18%	35%	-49%	27%	24%	13%
Capital Expenditure	\$'000	1,118	1,798	-38%	2,916	1,272	129%
EBITDA	\$'000	3,203	9,351	-66%	12,554	11,157	13%
Ave R/\$ rate	R/\$	11.91	10.98	8%	11.43	10.37	10%
SDO Cash Cost³							
Per PGM Feed ton	\$/t	26	31	-16%	32	31	3%
Per 3E & Au oz	\$/oz	562	573	-2%	603	665	-9%
Production – SDO							
Plant Feed	T	992,233	1,137,119	-13%	2,129,352	2,510,029	-15%
Feed Head Grade	g/t	2.28	2.31	-1%	2.31	2.05	13%
PGM Plant Feed Tons	T	515,184	575,599	-10%	1,090,783	1,149,756	-5%
PGM Plant Grade	g/t	4.05	4.37	-7%	4.22	3.65	16%
PGM Plant Recovery	%	38.5%	37.7%	2%	38.3%	39.9%	-4%
Total 3E and Au	Oz	26,246	31,341	-16%	57,587	53,808	7%

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

² Adjusted EBITDA is Earnings before Interest, taxation, impairment adjustments, depreciation and amortisation.

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.

A. SYLVANIA DUMP OPERATIONS

Health, safety and environment

The Company has again demonstrated a good health, safety and environmental record during the financial year, evident of its position as a low-risk specialist in the low-cost production of PGM's. There was a Lost Time Injury ("LTI") during September 2014 where an employee at the Millsell operation sustained a fracture to his finger tip during maintenance operations, after the operation had been LTI-free for over five years. A second LTI occurred at the Lannex plant in January 2015, where an artisan fractured a finger whilst maintaining a pump. All other operations were LTI-free, particularly notable is the Steelpoort Plant which has been LTI-free for more than seven years while Tweefontein and Mooinooi achieved significant milestones of 3 years and 500 days LTI-free during the final quarter of the year respectively.

There were no significant production losses from Section 54 stoppage notices issued by the Department of Mineral Resources ("DMR") at any of the Sylvania operations, however a five-day safety stoppage issued by the DMR at the host mines of the Mooinooi and Millsell plants indirectly affected production during the third quarter.

The Company remains committed to zero harm and will continue 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 our operations.

Operations

The SDO began the year well with achieving its sixth consecutive quarter of continuous growth during the first quarter of the financial year. This tapered off during the second and third quarter largely as a result of the start-up and commissioning of hydro-mining, the planned holiday shut down period which affected December and January's supply of current arisings as well as a structural failure on the Lannex plant's thickener which resulted in some downtime at the plant. Community unrest as a result of poor municipal service delivery furthermore exacerbated operating conditions at our Eastern operations as employees were prevented from entering the plants.



Feed material to the operations declined slightly from the second quarter onwards due to commencement of second-pass treatment at Millsell, Lannex and Doornbosch, as well as the final scrapings at the Steelpoort dump, but these stabilised at lower production rates to align with the annual guidance. As a result, plant feed tons for the year are down 15% to 2,129,352 tons from 2,510,029 tons recorded in 2014, however the 13% increase in feed head grade from 2.05g/ton to 2.31g/ton, combined with subsequent upgrading of the PGM's before flotation, contributed to the record annual production of 57,587 ounces.

EXPLORATION AND OPENCAST MINING PROJECTS

Harriet's Wish, Aurora and Cracouw Exploration

The Company was pleased to receive notice from the DMR that the mining rights for PGMs and iron ore, vanadium and heavy minerals were awarded to its subsidiary, Hakra Mining and Exploration (Pty) Ltd. The official signing to execute the mining right was delayed pending a request to the DMR to reduce the amount of financial provision for rehabilitation. On 6 August 2015, the DMR agreed to reduce the financial provision to R6 million. A financial guarantee will be issued and arrangements made with the DMR for execution of the right, which will subsequently be followed by a Section 11 Application in terms of the Mineral and Petroleum Resources Development Act ("MPRDA") to transfer the right to mine iron ore, vanadium and heavy minerals to Ironveld Plc in terms of the Iron Ore transaction concluded in FY2013.

Volspruit Platinum Exploration

Sylvania continues to await the outcome of the Mining Right Application ("MRA") from the DMR for the Volspruit project. It would appear that the mining right approval rests on the decision to be taken by the Limpopo Department of Economic Development and Environment ("LEDET") whether to grant an Environmental Authorisation to mine. The Company remains confident that every effort has been taken in the preparation of the Environmental Impact Assessment ("EIA") and Environmental Management Plan ("EMP"). Referrals by both the Company and LEDET for independent peer review of the EIA raises confidence even further that the decision will be favourable.

LEDET requested clarification from Sylvania on certain aspects of the EIA, as well as an instruction to provide for biodiversity and wetland offset strategies which will form the basis of implementing remediation towards a zero net impact should planned mitigation during the mine's operation prove to be insufficient. The response, in the form of an addendum to the report, was released for public review and comment and will result in a decision by LEDET being taken within the following six months, if not sooner.

As was announced in our interim report released 16 February 2015, public participation towards the Water Use License Application ("WULA") was held during February 2015 and included a presentation on the findings of the extensive testing conducted during the Nylsvlei River flood event witnessed in the prior year. Submission of the application will require preliminary detailed civil designs of all dam facilities. As civil designs will result in further costs, these have been postponed pending the decision on the MRA and environmental authorisation as part of our continual focus on improvement of cost controls.

Grasvally Chrome Exploration

Also announced in our interim report, the Company obtained permission from the DMR in terms of section 20 of the MPRDA to remove and dispose of a bulk sample of the minerals recovered during the course of the prospecting activities. It was believed that test work to be done would prove that the chromite is of unusually high quality by South African standards. It has since been found that the Grasvally resource contains some of the best quality chromitite ore in the country, comparable with Turkish-grade chromitite, and presents a very exciting opportunity should the Company wish to diversify its operations or decide to sell this asset.

Exploration continued over the northern portions of the property in order to declare a South African Mineral Resources Committee ("SAMREC") compliant resource which will be required in order to apply for a mining right over the resource. Using all data acquired during the course of exploration by way of an extensive drilling programme totalling some 2,539m, a 3D model of the complete resource will be developed over the whole property and incorporate the previously published southern resource model. This will describe both the shallow resource minable by opencast methods, as well as the deeper underground resource which will be classified in accordance with the SAMREC regulations as indicated and inferred respectively.



CORPORATE ACTIVITIES

Directorate change

As announced in the Q3 report released 27 April 2015, Eileen Carr was appointed as a Non-executive Director of Sylvania, effective 1 May 2015. Ms Carr replaces Grant Button who stepped down from the Board, effective 30 April 2015.



FINANCIALS

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Revenue	1	47,790,535	47,220,684
Cost of sales		(41,280,681)	(42,895,037)
Gross profit		6,509,854	4,325,647
Other income		54,534	84,796
Losses on sale of property, plant and equipment		(78)	(3,725)
Foreign exchange gain/(loss)	2	235,109	(445,852)
Loss on financial assets at fair value through profit and loss		-	(16,524)
Impairment of available-for-sale financial assets		(7,250)	-
Impairment of exploration and evaluation assets	3	(18,552)	(1,591,444)
Impairment of investment in associate	4	-	(1,290,604)
Share of loss of associates	4	-	(51,975)
General and administrative costs	5	(3,270,718)	(4,011,699)
Operating profit/(loss) before finance costs and income tax expense		3,502,899	(3,001,380)
Finance income		413,245	227,166
Finance costs		(311,688)	(152,542)
Profit/(loss) before income tax expense		3,604,456	(2,926,756)
Income tax expense		(1,907,567)	(2,187,431)
Net profit/(loss) for the year		1,696,889	(5,114,187)
		Cents	Cents
Profit/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share		0.57	(1.70)
Diluted earnings/(loss) per share		0.55	(1.70)

- Revenue is generated from the sale of PGM ounces produced at the seven retreatment plants.
- An inter-company loan denominated in AUD was partially repaid during the year and the exchange rate difference arising on the translation of that loan has been included in the foreign exchange gain in the current year.
- Additional exploration and evaluation costs incurred in terms of the agreement with Aquarius Platinum SA (Pty) Ltd in the current financial year relating to the Group's Everest North project which was fully impaired in the prior year were also impaired.
- The Group's 25% investment in Chrome Tailings Retreatment Project ("CTRP") was impaired in the prior financial year. The plant remains on care and maintenance and there is no agreement between the parties or plan to restart the operation. The Group ceased to recognise its share of losses of CTRP from the date of impairment.
- General and administrative costs include consulting fees (\$0.7 million), legal fees (\$0.2 million), travel (\$0.3 million), advisor and PR costs (\$0.2 million), director's fees (\$0.3 million), share based payments (\$1 million) and other smaller administrative costs.



CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Net cash inflow from operating activities	6	9,082,095	5,063,234
Net cash outflow from investing activities	7	(3,262,109)	(5,516,207)
Net cash outflow from financing activities	8	(1,732,439)	(442,771)
Net increase/(decrease) in cash and cash equivalents		4,087,547	(895,744)
Effect of exchange fluctuations on cash held		(991,552)	(348,794)
Cash and cash equivalents beginning of year		5,320,347	6,564,885
Cash and cash equivalents, end of year		8,416,342	5,320,347

6. Net cash inflow from operating activities includes a net operating cash inflow of \$11,475,200, net finance income of \$198,726 and taxation paid of \$2,591,831.
7. Net cash outflow from investing activities includes payments for property, plant and equipment of \$2,658,768, exploration and evaluation assets of \$624,084, cash inflow of \$525,000 from Ironveld Holdings for a loan facility granted and an amount paid of \$504,257 for the rehabilitation investment guarantee.
8. The net cash outflow from financing activities consists of the repayment of borrowings of \$181,500, payments for the purchase of the Company's own shares held as treasury shares of \$729,641, payments of \$383,131 for the settlement of share options and bonus shares and a payment of \$438,167 as settlement of the Minex shares.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2015

	Notes	2015 \$	2014 \$
Assets			
Non-current assets			
Investments in associates	9	-	10
Other financial assets	10	509,106	2,551,296
Exploration and evaluation assets		58,785,429	70,220,438
Property, plant and equipment		40,984,682	51,070,245
Total non-current assets		100,279,217	123,841,989
Current assets			
Cash and cash equivalents	11	8,416,342	5,320,347
Trade and other receivables	12	13,150,608	16,696,829
Other financial assets	10	1,823,362	-
Inventories	13	964,973	758,893
Total current assets		24,355,285	22,776,069
Total assets		124,634,502	146,618,058
Equity and liabilities			
Shareholders' equity			
Issued capital	14	29,798,190	29,515,534
Reserves	15	50,910,179	70,419,757
Retained profit		17,430,590	15,733,701
Total equity		98,138,959	115,668,992
Non-current liabilities			
Interest bearing loans and borrowings	16	216,547	205,948
Provisions	17	2,974,536	3,411,056
Deferred tax liability		16,090,844	19,424,960
Total non-current liabilities		19,281,927	23,041,964
Current liabilities			
Trade and other payables		6,938,983	7,745,669
Interest bearing loans and borrowings	16	265,442	158,899
Current tax liability		9,191	2,534
Total current liabilities		7,213,616	7,907,102
Total liabilities		26,495,543	30,949,066
Total liabilities and shareholders' equity		124,634,502	146,618,058

9. The Group's 25% interest in CTRP was impaired in the prior financial year.
10. Other financial assets include available-for-sale financial assets, financial assets at fair value through profit and loss, the investment linked to the rehabilitation insurance guarantee and loans receivable granted to Ironveld Holdings (Pty) Ltd from Sylvania South Africa (Pty) Ltd and Sylvania Metals (Pty) Ltd, both South African subsidiaries of the Group.
11. The majority of the cash and cash equivalents are held in South Africa and ZAR denominated balances amount to \$5,379,515 (ZAR 65,780,320).
12. Trade and other receivables consist mainly of amounts receivable for the sale of PGMs.
13. Inventory held is stores and materials for the SDO.
14. The total number of issued ordinary shares at 30 June 2015 is 297,981,896 (including shares held in treasury).
15. Reserves include the share premium reserve, unrealised gains reserve for fair value adjustments on available-for-sale financial assets, foreign currency translation reserve, which is used to record exchange differences arising from the translation of financial statements of foreign controlled entities, share-based payments reserve, reserve for own shares, the non-controlling interests reserve and the equity reserve.
16. Interest bearing loans and borrowings are secured instalment sale agreements over various motor vehicles, plant and equipment and computer equipment.
17. Provision is made for the present value of closure, restoration and environmental rehabilitation costs in the financial period when the related environmental disturbance occurs.



1. The financial information contained in this announcement does not comprise full financial statements.
2. The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investments, embedded derivatives, and investments carried at fair value through profit or loss, which have been measured at fair value. The consolidated financial information is presented in US Dollars and the parent's functional currency is Australian Dollars. The presentation currency differs from the functional currency of the parent as the sales of platinum are denominated in US Dollars; and alignment of the functional currency with the sales price is considered to provide more appropriate information to the users of the financial statements.

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 Joint Broker

Liberum Capital Limited +44 (0) 20 3100 2000
Richard Crawley / Tom Fyson

Joint Broker

GMP Securities Europe LLP +44 (0) 20 7647 2800
Richard Greenfield / Alexandra Carse

Communications

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

