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**Sylvania Platinum Limited**  
**Interim financial results for the period ended 31 December 2014**  
**(“Sylvania”, “the Company” or “the Group”)**  
**AIM (SLP)**

The Directors of the Company are pleased to present the interim financial results for the period ended 31 December 2014. Unless otherwise stated, the consolidated financial information contained in this report is presented in US Dollars.

**Financial snapshot**

- Revenue up 34% to \$27.5 million (H1 FY2014: \$20.5 million)
- Group adjusted EBITDA improved to \$8.1 million (H1 FY2014 \$1.3 million)
- Group profit before tax improved to \$4.8 million (H1 FY2014 loss \$5.2 million)
- EBITDA increased 212% to \$9.35 million for the Sylvania Dump Operations (“SDO”) (H1 FY2014: \$3 million)
- Cash generated from operations up to \$6.1 million (H1 FY2014: \$0.1 million)
- Group cash increased 98% to \$7.75 million (H1 FY2014: \$3.9 million)  
SDO Capital expenditure up 113% to \$1.8 million (H1 FY2014: \$0.8 million) due to new tailings facilities constructed and conversion from mechanical to hydro-mining at all SDO

**Operations snapshot**

- Total SDO production for the period up 24% to 31,341 ounces (H1 FY2014: 25,189oz; H2 FY2014: 28,619oz)
- Group cash costs down 18% to \$611/oz (H1 FY2014: \$744/oz)

**Corporate snapshot**

- Volspruit Project Water Use License Application (“WULA”) process has commenced with public participation; awaiting the granting of the Mining Right Application (“MRA”) by the Department of Mineral Resources (“DMR”)
- Section 20 permission from the DMR for Grasvally to remove and dispose of bulk sample to recover information critical to complete the MRA
- 3,195,000 shares bought back and held in treasury intended to be used for future allocations of shares to staff as part of the Company share option plan

**SYLVANIA REVIEW**

The main operational focus of the Company for the six months to 31 December 2014 has been on maintaining production stability and ounce production. The consistent production over the last eighteen months is indicative of the stability of the operations. The SDO produced 31,341 ounces for the six months to 31 December 2014 against 25,189 ounces in the six months to 31 December 2013 and 28,619 ounces in the six months to 30 June 2014.

Revenue for the reporting period increased to \$27,487,991 from \$20,532,343 (up 34%) for the six months to 31 December 2013. The gross basket price dropped 1% from \$911/oz in the corresponding period in the prior financial year to \$899/oz. Group cash costs decreased 18% to \$611/oz in comparison to the \$744/oz for the same period in FY2014 and an 11% decrease from \$683/oz for the six months to 30 June 2014. The decrease in costs is attributable mainly to continual improvement of cost controls, a reduction in ore transport and equipment hire and lower maintenance costs as a result of fewer breakdowns.



The Group adjusted Earnings before Interest, Tax, Depreciation and Amortisation (“EBITDA”) for the reporting period was \$8,115,884 compared to \$1,256,448 for the corresponding period to 31 December 2013.

General and administration charges are down 17% to \$1,585,060 from \$1,912,642. SDO capital expenditure has increased 286% when compared to H2 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.

As at 31 December 2014, the Company’s cash and cash equivalents amounted to \$7,754,013. The Group cash increased by \$2,433,666 (46%) from \$5,320,347 at 30 June 2014 and 98% from \$3,907,832 at 31 December 2013 with cash generated from operations of \$6,060,731. 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 \$7,061,148. During the half year, \$412,467 cash was spent on the rehabilitation insurance guarantee and \$1,810,774 cash on the stay-in-business capital for the SDO plants and administration (December 2013: \$945,078). The impact of the exchange rate fluctuations on cash held for the half year ended 31 December 2014 was a decrease of \$545,648.

## A. SYLVANIA DUMP OPERATIONS

### Health, safety and environment

The Company is always 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 our operations.

No significant health or environmental incidents were recorded at any of the operations during the six months to 31 December 2014. There was one 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. In January 2015 another LTI was recorded at Lannex where an employee’s finger was also fractured during maintenance operations.

The Steelpoort operation reached a significant milestone achievement of seven years LTI free during November 2014, with Doornbosch more than two years LTI free.

### Operations

The combined operations for the six months ended 31 December 2014 is 31,341 ounces, up 24% from 25,189 ounces for the same period last year (H1 FY2014) and a 10% increase on the 28,619 ounces recovered in the preceding six months.

The higher PGM ounce production was boosted by higher plant feed grades at the Doornbosch and Tweefontein operations due to the type of material treated during the period as well as stable plant performance on most operations.

SDO cash costs are down 17% for the reporting period to \$573/oz from \$693/oz for the corresponding period to 31 December 2013 (down 9% on H2 FY2014 \$633/oz), assisted by the higher PGM production during the period.

Both the new PGM concentrate off-take agreement terms and conversion to hydro-mining across the operations, which were concluded during the reporting period, will assist to reduce operating costs and improve profitability of the operations going forward.

Continuous technical and production focus, as well as ongoing operational improvement initiatives across all operations over the first portion of the financial year have contributed to an improved and more stable production environment.

## B. EXPLORATION AND OPENCAST MINING PROJECTS

### Volspruit Platinum Exploration

The Company continues to await the outcome of the MRA for the Volspruit project, however we are commencing with public participation on the WULA in February 2015. This will include a presentation on the findings of the extensive



testing conducted during the Nylsvley River flood event witnessed in the previous year, as well as the opinions of the independent peer reviewers on these findings. The flood study confirmed the presence of the clay layer and therefore the separation of surface and ground water which is a positive result for the mine as the projected drawdown cone, which overlaps the Nylsvley River during mining, will not have a significant impact on the flood itself.

### **Grasvally Chrome Exploration**

The Company has obtained permission from the DMR in terms of section 20 of the Mineral and Petroleum Resources Development Act ("MPRDA") to remove and dispose of a bulk sample of the minerals recovered during the course of prospecting activities. The Sylvania prospecting team plans to extract a bulk sample from small open pits in three separate areas on the chromite seam outcrop to ascertain metallurgical recovery information, obtaining critical information to complete the MRA. Based on the high chrome to iron ratios found during the initial exploration phase of the project, the Company believes that the test work to be done will prove that the chromite is of unusually high quality by South African standards.

A resource model is furthermore being completed over the southern half of the property and the near surface resource will be classified into indicated and inferred categories of the South African Code for the reporting of exploration results, mineral resources and mineral reserves ("SAMREC Code"). Further exploration will consist of a drilling programme in the north of the property for a near surface resource, and additional drilling will be performed to categorise the deeper underground resource.

### **Harriet's Wish, Aurora and Cracouw Exploration**

The Company continues to await the outcome of the MRA for this project and will keep the market updated with progress reports as appropriate.

## **C. CORPORATE ACTIVITIES**

### **Treasury Shares**

Three share purchase transactions were concluded during the first half of the financial year. 2,300,000 ordinary shares of \$0.10 each were purchased at a cost of 7.2145 pence per ordinary share, 400,000 shares at 7.625 pence per ordinary share and 495,000 shares at 8.118 pence per ordinary share. Of the 297,981,896 issued shares, there are accordingly 4,895,000 held in treasury and 293,086,896 with voting rights. It is intended to use these treasury shares for future allocations of shares to staff as part of the Company share option plan.



## FINANCIALS

### CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2014

	Note	31 December 2014 \$	31 December 2013 \$
Revenue	1	27,487,991	20,532,343
Cost of sales	2	(21,317,642)	(21,045,792)
<b>Gross profit/(loss)</b>		<b>6,170,349</b>	<b>(513,449)</b>
Other income		26,998	57,215
Loss on sale of property, plant and equipment		(72)	(3,833)
Foreign exchange gain/(loss)	3	123,306	(19,308)
Impairment of available-for-sale financial assets		(14,032)	-
Loss on revaluation of financial assets at fair value through profit and loss		-	(12,897)
Impairment of exploration and evaluation assets		-	(1,444,000)
Impairment of investment in associate		-	(1,328,091)
Share of equity accounted entities net loss		-	(53,485)
General and administrative costs	4	(1,585,060)	(1,912,642)
Finance revenue		182,293	102,601
Finance costs		(138,328)	(89,770)
<b>Profit/(loss) before income tax</b>		<b>4,765,454</b>	<b>(5,217,659)</b>
Income tax (expense)/benefit		(1,797,065)	9,594
<b>Profit/(loss) for the period</b>		<b>2,968,389</b>	<b>(5,208,065)</b>
<b>Profit/(loss) per share attributable to the ordinary equity holders of the Company:</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share		0.99	(1.74)
Diluted earnings/(loss) per share		0.95	(1.74)

1. The revenue for the six months to 31 December 2014 is up 34% on the comparative prior period due to higher ounce production and improved concentrate sale terms.
2. Cost of production (including indirect and general and administration and non-cash items) increased on 1%. In Rand terms the cost of sales increased 11%, but this was mostly mitigated by the weakening of the SA Rand.
3. The foreign exchange gain is as a result of the repayment of an inter-company loan.
4. General and administration costs reduced by 17%. These costs include those required to ensure regulatory compliance, further new and existing business development as well as legal, tax and financial advisory.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the six months ended 31 December 2014**

		<b>31 December 2014</b>	31 December 2013
		<b>\$</b>	<b>\$</b>
Net cash inflow from operating activities	5	6,060,731	128,786
Net cash outflow from investing activities	6	(2,445,956)	(2,488,810)
Net cash outflow from financing activities	7	(635,461)	(330,804)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,979,314</b>	<b>(2,690,828)</b>
<b>Cash and cash equivalents at the beginning of reporting period</b>		<b>5,320,347</b>	6,564,885
<b>Effect of exchange fluctuations on cash held</b>		<b>(545,648)</b>	33,775
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>7,754,013</b>	3,907,832

5. Net cash inflow from operating activities includes a net operating cash inflow of \$7,427,742, net finance revenue of \$86,943 and taxation paid of \$1,442,569.
6. Net cash outflow from investing activities includes payments for property, plant and equipment of \$1,810,774, exploration and evaluation assets of \$222,715 and an amount of \$412,467 invested to cover the rehabilitation insurance guarantee for the SDO.
7. The net cash outflow from financing activities consists of the repayment of borrowings of \$110,257, repayment of loans from related parties of \$155,580 and the cost of the purchase of the Company's own shares which have been placed in treasury of \$369,624.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2014

	Note	31 December 2014 \$	31 December 2013 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in associates		-	11
Financial assets	8	2,779,587	2,547,183
Exploration and evaluation assets	9	61,779,445	64,558,091
Property, plant and equipment	10	45,351,296	54,092,241
<b>Total non-current assets</b>		<b>109,910,328</b>	<b>121,197,526</b>
<b>Current assets</b>			
Cash and cash equivalents		7,754,013	3,907,832
Trade and other receivables	11	15,674,540	12,607,722
Inventories	12	863,661	935,960
Current tax asset		-	24,831
<b>Total current assets</b>		<b>24,292,214</b>	<b>17,476,345</b>
<b>Total assets</b>		<b>134,202,542</b>	<b>138,673,871</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Issued capital		29,515,534	29,515,534
Reserves		58,029,745	66,756,763
Retained profits		18,702,090	15,639,824
<b>Equity attributable to the owners of the parent</b>		<b>106,247,369</b>	<b>111,912,121</b>
Non-controlling interest		-	-
<b>Total equity</b>		<b>106,247,369</b>	<b>111,912,121</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	13	157,409	142,538
Provisions	14	3,185,479	2,486,036
Deferred tax liability		17,414,898	17,607,751
<b>Total non-current liabilities</b>		<b>20,757,786</b>	<b>20,236,325</b>
<b>Current liabilities</b>			
Trade and other payables		6,740,440	6,358,529
Interest-bearing loans and borrowings	13	110,325	159,597
Current tax liability		346,622	7,299
<b>Total current liabilities</b>		<b>7,197,387</b>	<b>6,525,425</b>
<b>Total liabilities</b>		<b>27,955,173</b>	<b>26,761,750</b>
<b>Total liabilities and shareholders' equity</b>		<b>134,202,542</b>	<b>138,673,871</b>

8. Loans to Ironveld Holdings (Pty) Ltd and rehabilitation guarantee investment.
9. Includes exploration and evaluation costs of Volspruit, Grasvally and all other Northern Limb exploration projects.
10. Comprises mainly of the SDO plants and the properties previously acquired.
11. The trade and other receivables is mainly debtors receivable on concentrate sales.
12. Inventory held is consumables and spares for the SDO.
13. Interest bearing loans and borrowings are secured over various motor vehicles, plant and equipment and computer equipment.
14. Provision is made for the present value of closure, restoration and environmental rehabilitation costs in the financial period when the related environmental disturbance occurs.



The financial information contained in this announcement does not comprise full consolidated interim financial report. The full consolidated interim report can be viewed on the Company's website, [www.sylvaniaplatinum.com](http://www.sylvaniaplatinum.com).

The consolidated interim financial report 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.

## CORPORATE INFORMATION

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