30 April 2018

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

Third Quarter Report to 31 March 2018

The Directors are pleased to present the results for the quarter ended 31 March 2018 ("Q3" or the "quarter"). Unless otherwise stated, the consolidated financial information contained in this report is presented in USD.

Achievements

- Positive group cash balance for the quarter, increasing 38% from $12.6 million to $17.4 million;
- SDO delivered 16,857 4E PGM ounces for Q3;
- Highest monthly production of 6,631 4E PGM ounces achieved in March 2018;
- Revenue generated for the quarter improved 3% to $14.5 million, net of pipeline sales adjustments on the back of a stronger PGM basket price;
- The Group achieved a net profit after tax of $1.1 million for the quarter; and
- Positive Group EBITDA of $3.4 million for Q3.

Challenges

- PGM ounce production is 3% lower than Q2 after a challenging start in January 2018, however the monthly production trend improved steadily by around 1,000 ounces month-on-month for the quarter;
- Lower PGM feed grades at Millsell and Mooinooi during December 2017 and January 2018, and the decision to delay the construction of the Tweefontein MF2 module due to power supply constraints necessitated the production guidance revision during the quarter, now between 71,000 ounces and 75,000 ounces for FY2018; and
- Group cash costs increased 10% quarter-on-quarter in ZAR terms to ZAR7,916/ounce ($662/ounce), primarily due to lower PGM ounces produced during January.

Opportunities

- Improved gross basket price of $1,141/ounce for the quarter, a 7% increase on Q2 ($1,067/ounce) due to higher Platinum and Palladium prices, mitigated the impact of the lower PGM ounce production during Q3;
- Company remains debt free with a positive Group cash balance enabling the funding of the remaining modules of Project Echo from existing cash resources;
- Cost and PGM recovery optimisation initiatives continue at the Lesedi operation and have resulted in the operation contributing profitable PGM ounces following the take-over by Sylvania in November 2017; and
- PGM grade and recovery optimisation initiatives, incorporating proprietary processing modifications at Millsell, Doornbosch and Tweefontein operations, have been identified to mitigate negative impact on PGM ounce production associated with the Tweefontein MF2 delay, supporting the forecast production profile.

Commenting on the Q3 results, Sylvania's CEO Terry McConnachie said:

"January 2018 was a particularly difficult month due to the impact of the delays with a license at our newly constructed Millsell tailings facility. When the permissions were eventually received to use the new tailings facility, nearly barren waste slime on top of the dump had to be processed first. All credit to our team for overcoming this problem towards the end of the third quarter. Once we migrated down into the higher grade feed the project rapidly started generating increased ounces, resulting in March being our highest ever ounce production month with 6,631 ounces. This record production will help make up ounces in the fourth quarter in order to meet the revised guidance of 71,000 to 75,000 ounces."

USD						ZAR		
Q2 2018	**Q3 2018**	**% Change**	Unit	**Unaudited**	Unit	**% Change**	**Q3 2018**	**Q2 2018**
573,064	561,973	-2%	T	Plant Feed	T	-2%	561,973	573,064
2.47	2.50	1%	g/t	Feed Head Grade	g/t	1%	2.50	2.47
309,993	318,808	3%	T	PGM Plant Feed Tons	T	3%	318,808	309,993
3.56	3.53	-1%	g/t	PGM Plant Feed Grade	g/t	-1%	3.53	3.56
46.43%	46.53%	0%	%	PGM Plant Recovery	%	0%	46.53%	46.43%
17,302	16,857	-3%	Oz	Total 4E PGMs	Oz	-3%	16,857	17,302
23,199	22,017	-5%	Oz	Total 6E PGMs	Oz	-5%	22,017	23,199
1,067	1,141	7%	$/oz	Average gross basket price	R/oz	-4%	13,503	14,084
				Financials				
12,331	12,759	3%	$'000	Revenue (4E)	R'000	-9%	152,634	167,752
891	1,302	46%	$'000	Revenue (by products)	R'000	28%	15,576	12,123
834	407	-51%	$'000	Sales adjustments	R'000	-57%	4,872	11,349
14,056	14,468	3%	$'000	Net revenue	R'000	-9%	173,082	191,223
8,787	10,587	20%	$'000	Operating costs	R'000	6%	126,648	119,543
4,876	3,363	-31%	$'000	Group EBITDA	R'000	-40%	39,996	66,329
58	143	147%	$'000	Net Interest	R'000	117%	1,708	788
2,707	1,111	-59%	$'000	Net profit	R'000	-64%	13,292	36,827
2,687	2,016	-25%	$'000	Capital Expenditure	R'000	-34%	24,119	36,550
-	-	-	R/$	Ave R/$ rate	R/$	-12%	11.96	13.60
				Unit Cost/Efficiencies				
507	615	21%	$/oz	SDO Cash Cost Per 4E PGM oz	R/oz	7%	7,355	6,903
378	471	25%	$/oz	SDO Cash Cost Per 6E PGM oz	R/oz	9%	5,631	5,148
528	662	25%	$/oz	Group Cash Cost Per 4E PGM oz	R/oz	10%	7,916	7,177
393	507	29%	$/oz	Group Cash Cost Per 6E PGM oz	R/oz	13%	6,061	5,353
574	682	19%	$/oz	All-in sustaining cost (4E)	R/oz	4%	8,154	7,812
683	781	14%	$/oz	All-in cost (4E)	R/oz	1%	9,343	9,285

1 The Sylvania cash generating subsidiaries are incorporated in South Africa with the functional currency of these operations being ZAR. Revenues from the sale of PGMs are incurred in USD and then converted into ZAR. The Group's reporting currency is USD as the parent company is incorporated in Bermuda. Corporate and general and administration costs are incurred in USD, GBP and ZAR.

A. OPERATIONAL OVERVIEW

Health, safety and environment

There were no significant health or environmental incidents during the quarter, and the Lannex operation reached a three year LTI-free milestone in January 2018. Lesedi, Tweefontein and Doornbosch operations, already more than five years LTI-free, continue their excellent performance.

Operational performance

After a challenging start to the quarter, most operations performed well during March 2018, which delivered the highest monthly PGM ounce production to date, and we are now well positioned to meet our revised guidance.

The recently commissioned MF2 modules at Millsell and Doornbosch stabilised during the last quarter, with Lesedi also improving on the previous quarter's production, contributing approximately 2,181 ounces towards the combined SDO production of 16,857 ounces for Q3.

Although PGM feed was 3% up compared to the previous quarter, and PGM plant feed grades and recoveries remained consistent, the Q3 declared PGM ounces were approximately 3% lower due to a work in progress that was delivered in Q2.

The SDO cash costs for the period in ZAR terms increased approximately 7% to ZAR7,355/ounce, mainly as a result of lower PGM ounce production. In USD terms cash costs increased by 21% to $615/ounce, due to the additional impact of a 12% strengthening in the ZAR/USD exchange rate during the period.

Operational challenges

There were primarily two factors that had a negative impact on PGM ounce production during the quarter:

- The Millsell operation experienced lower PGM feed grades and feed instability following the new tailings dam commissioning delay and temporary hydro-mining upset which occurred between July 2017 and January 2018 and which only started to normalise during February 2018. This situation was a result of the delayed water use licence authorisation by authorities which was announced in the half-year results.
- Production issues at the host mines, following a slow ramp-up after their Christmas break which resulted in lower-than-planned current arisings at Millsell and Mooinooi, as well as lower-than-planned RoM feed during the quarter, impacted negatively on PGM plant feed grades and ounce production. Our operations responded by increasing dump feed to the plants, but due to the typical lower PGM grade and recovery potential of the dump material compared to that of current arisings and RoM, the PGM ounce production was negatively impacted at these sites.

B. FINANCIAL OVERVIEW

Financial performance

The Gross basket price for PGMs for the quarter was $1,141/ounce, a 7% improvement on Q2's $1,067/ounce. Despite the lower ounce production, the Group recorded a 3% increase in revenue from $14.1 million to $14.5 million (including the sales adjustment for the quarter) due to the increase in the basket price.

The cost of sales for the quarter was in line with the Group's budget and amounted to ZAR127 million (including depreciation). The increased Group cash cost of ZAR7,916 per 4E ounce, up 10% on the previous quarter, is a result of the lower ounces produced. The benefit of the Millsell and Doornbosch MF2 modules has been seen in the March 2018 Group cash cost per ounce with a 16% improvement on that of January 2018.

The all-in sustaining cost for the Group was 4% higher than the Q2 cost at ZAR8,154/ounce (Q2: ZAR7,812/ounce) due to the higher production costs per ounce during the quarter. The Group all-in cost of ZAR9,343/ounce for Q3 remained constant against Q2.

Interest is earned on surplus cash invested in South Africa at an average interest rate of 7% per annum. Cash is held in ZAR to fund the remainder of Project Echo and other strategic production optimisation projects as and when identified.

The Group cash balance at 31 March 2018 was $17.4 million (including guarantees), a $4.8 million increase on the previous quarter's $12.6 million. Cash generated from operations before working capital movements was $2.9 million with net changes in working capital amounting to an increase of $6.4 million. An amount of $2.02 million was spent on capital expenditure projects including Project Echo. The impact of exchange rate fluctuations on cash held at the quarter end was $2.4 million.

Financial management

The main challenges that are within management's control remain prudent control of costs and ensuring that cash reserves are effectively utilised. Both of these are monitored closely and strict internal controls continue to ensure that Shareholders will receive the best possible return on their investment.

Although the Dollar denominated Platinum price remains below $1,000/ounce, the Palladium and Rhodium prices have continued to increase over the last nine months. The strengthening of the ZAR against the USD has resulted in the PGM basket price remaining fairly constant in ZAR terms. Both the PGM price and the USD:ZAR exchange rate are impacted by factors outside the control of Management.

C. EXPLORATION AND OPENCAST MINING PROJECTS

Northern Limb Projects

The Company received consent in terms of section 11 of the MPRDA from the DMR to cede the rights to mine heavy minerals, iron ore and vanadium ore on the farms Nonnenwerth, La Pucella and Altona to Lapon Mining (Pty) Ltd, a subsidiary of Ironveld Plc. The Company shall commence with the approved cession which will conclude the agreement dated 14 March 2012 relating to the acquisition of the Ironveld Group from Sylvania by Mercury Recycling Group Plc (now Ironveld Plc), wherein dividends *in specie* were distributed to Sylvania shareholders on 16 August 2012.

CORPORATE INFORMATION

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ANNEXURE

GLOSSARY OF TERMS FY2018

The following definitions apply throughout the period:

4E PGMs	4E PGM ounces include the precious metal elements Platinum, Palladium, Rhodium and Gold
6E PGMs	6E ounces include the 4E elements plus additional Iridium and Ruthenium
AGM	Annual General Meeting
AIM	Alternative Investment Market of the London Stock Exchange
All-in sustaining cost	Production costs plus all costs relating to sustaining current production and sustaining capital expenditure.
All-in cost	All-in sustaining cost plus non-sustaining and expansion capital expenditure
ASX	Australian Securities Exchange
Bonus Shares	Sylvania Platinum Limited Bonus Share Award Plan
CGU	Cash generating unit
Current risings	Fresh chrome tails from current operating host mines processing operations
DMR	Department of Mineral Resources
EBITDA	Earnings before interest, tax, depreciation and amortisation
EA	Environmental Authorisation
EIA	Environmental Impact Assessment
EIR	Effective interest rate
EMPR	Environmental Management Programme Report
GBP	Great British Pound
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
I&APs	Interested and Affected Parties
Ironveld	Ironveld Plc
IRR	Internal Rate of Return
JV	Joint venture
LEDET	Limpopo Department of Economic Development, Environment and Tourism
Lesedi	Phoenix Platinum Mining Proprietary Limited, renamed Sylvania Lesedi
LSE	London Stock Exchange
LTI	Lost time injury
MF2	Milling and flotation technology
MPRDA	Mineral and Petroleum Resources Development Act
MRA	Mining Right Application
MTO	Mining Titles Office
NOMR	New Order Mining Right
NWA	National Water Act 36 of 1998
Option Plan	Sylvania Platinum Limited Share Option Plan
PGM	Platinum group metals comprising mainly platinum, palladium, rhodium and gold
PAR	Pan African Resources Plc
Phoenix	Phoenix Platinum Mining Proprietary Limited, renamed Sylvania Lesedi
Pipeline ounces	6E ounces delivered but not invoiced
Pipeline revenue	Revenue recognised for ounces delivered, but not yet invoiced based on contractual timelines
Pipeline sales adjustment	Adjustments to pipeline revenues based on the basket price for the period between delivery and invoicing
Programme	Sylvania Platinum Share Buyback Programme
Project Echo	Secondary PGM Milling and Flotation (MF2) program announced in FY2017 to design and install additional new additional fine grinding mills and flotation circuits at Millsell, Doornbosch, Tweefontein and Mooinooi.
Revenue (by products)	Revenue earned on Ruthenium, Iridium, Nickel and Copper
RoM	Run of mine
SDO	Sylvania dump operations
Shares	Common shares
Sylvania	Sylvania Platinum Limited, a company incorporated in Bermuda
USD	United States Dollar
WIP	Work in progress
WULA	Water Use Licence Application
UK	United Kingdom of Great Britain and Northern Ireland
ZAR	South African Rand