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

Third Quarter Report to 31 March 2017

“Strong production for the quarter once again, producing 17,096 ounces.”

26 April 2017

Sylvania Platinum Limited, the low cost Platinum Group Metal (“PGM”) processor and developer, today announces its results for the quarter ended 31 March 2017 (“Q3” or the “quarter”) from its PGM production and development operations in the Bushveld region of South Africa.

SNAPSHOT

- Another strong quarter with 17,096 ounces produced by the Sylvania Dump Operations (“SDO”); following two preceding record quarters;
- Gross basket price increased 8% to $951/oz from $881/oz for the previous quarter;
- Revenue increased 10% in US dollar terms to $12.8 million (Q2: $11.6 million) and increased 5% in Rand terms to R168.8 million (Q2: R161.4 million);
- Group EBITDA improved 13% from $3.6 million to $4.1 million quarter-on-quarter;
- No Lost-Time Injuries (“LTI’s”) during the quarter.

SYLVANIA OVERVIEW

The SDO has once again achieved strong production for the quarter, producing 17,096 ounces (although this is 8% lower than last quarter’s company record production of 18,562 ounces) making it the third highest quarterly production achieved by the Company, surpassed only by the last two quarters. FY2017 thus far has been an excellent year in terms of production aided by slightly higher PGM feed grades, improved PGM recovery efficiencies and stable PGM feed. As a result of the excellent performance, the SDO is well positioned to meet, and possibly exceed, the upper end of the revised guidance range of between 63,000 ounces to 65,000 ounces announced in the half year report published in February 2017.

The cash costs for the SDO in Rand terms have increased 11% from R5,603/oz in Q2 to R6,236/oz, due to a combination of lower PGM ounce production and slightly higher maintenance costs during the period. The strengthening of the Rand against the US Dollar exchange rate by 5% over the period, also impacted the 17% increase in cash costs in US dollar terms from $402/oz to $471/oz. Revenue however increased 10% in US dollar terms to $12.8 million (Q2: $11.6 million) as well as 5% in Rand terms to R168.8 million (Q2: R161.4 million). This increase in revenue is partly a result of the increase in basket price, which increased 8% to $951/oz (Q2: $881/oz), as well as the impact of a positive price adjustment for Q2. Capital expenditure increased 144% 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 March 2017 was $16.6 million (including guarantees), a $3.9 million increase on the previous quarter’s $12.7 million, securing the Company’s ability to internally fund Project Echo. Cash generated from operations before working capital movements was $4.4 million with net changes in working capital amounting to an increase of $1.1 million. An amount of $1.5 million was spent on the stay-in-business capital for the SDO plants, $0.05 million expenditure on exploration assets, $0.05 million paid for the rehabilitation insurance guarantee, $0.2 million spent on an investment in a Joint Venture R&D project and the impact of exchange rate fluctuations on cash held at the quarter end was $0.2 million.

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

"The Company continues to exceed its production targets and I am again pleased to report that during the period we produced 17,096 ounces, which follows the two preceding record quarters. As a result, the Company is on track to meet or possibly exceed the top end of the revised guidance of between 63,000 and 65,000 ounces, announced in the Interim Results in February.

Despite the ongoing capital expenditure requirements of Project Echo, the Group remains cash generative. It is pleasing to see the basket price increase 8% from $881 to $951. This has seen revenues increase by 10% and with continued cost vigilance, the operation will continue to generate positive cash flows.

Project Echo continues to progress and remains on track to deliver on the PGM production profile of between 55,000 and 60,000 ounces for many years to come.

These results are testament to our dedicated employees and we are confident in delivering further positive results during the next quarter and beyond."

GROUP PERFORMANCE

Unaudited – Group	**Unit**	**March 2017 Quarter**	**December 2016 Quarter**	**% Change**
Financials				
Revenue	$'000	12,754	11,577	10%
Capital Expenditure[1]	$'000	1,599	684	134%
Ave R/$ rate	R/$	13.23	13.94	-5%
EBITDA[2]	$'000	4,141	3,665	13%
Production				
PGM Plant Feed	T	288,359	290,832	-1%
Total 3E and Au	Oz	17,096	18,562	-8%
Group Cash Cost[3]				
Per 3E & Au oz	$/oz	501	417	20%

[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 and the SDO operations are maintaining excellent safety standards and levels of performance. During the quarter Lannex and the combined Eastern operations achieved two years LTI-free, while Steelpoort remains more than nine years LTI-free. Tweefontein remains more than four years LTI-free, and Doornbosch and Millsell more than three and two years LTI-free respectively.

Through the continued focus and dedication of the 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

The Directors are once again very pleased with the quarter's SDO production of 17,096 PGM ounces, (although an 8% decrease on the previous quarter's Company record performance of 18,562 ounces) which represents the third highest quarterly production for the Company.

Whilst production for the quarter exceeded forecast, ounces produced were lower than Q2 due to lower PGM recovery efficiencies. Comparatively, PGM feed tons were stable and feed grades slightly higher. The PGM recovery efficiencies were primarily lower at Tweefontein and Doornbosch operations due partly to a lower ratio of fresh current arisings feed material from host mines during January 2017, which have better recovery potential than historic dump sources. A further factor which contributed to the reduced recovery efficiencies at these plants was the lower flotation feed stability and efficiency that has since been resolved. However, overall the SDO is performing better than forecast and is well on the way to achieve, or possibly exceed the upper end of the revised forecast figures.

Cash cost of production increased for the quarter to $471/oz (R6,236/oz) from the $402/oz (R5,603/oz) recorded in the previous quarter. The 17% US dollar unit cost increase is primarily as a result of the decrease in PGM ounce production during the quarter, a strengthening of the Rand against the US dollar of 5%, and slightly higher maintenance cost during the period.

Operational and Financial Summary

Unaudited – SDO	Unit	March 2017 Quarter	December 2016 Quarter	+- % Quarter on Quarter	9 months to March 2017
Revenue					
Revenue	$'000	12,754	11,577	10%	37,303
Revenue	R'000	168,776	161,428	5%	512,944
Gross Basket Price[1]	$/oz	951	881	8%	892
Gross Cash Margin - SDO	%	37%	36%	3%	40%
Capital Expenditure	$'000	1,545	633	144%	2,340
Capital Expenditure	R'000	20,447	8,830	132%	32,174
Ave R/US$ rate[2]	R/$	13.23	13.94	-5%	13.75
EBITDA	$'000	4,628	4,003	16%	14,578
EBITDA	R'000	61,249	55,820	10%	200,458
SDO Cash Cost[3]					
Per PGM Feed ton	$/t	28	26	8%	26
Per PGM Feed ton	R/t	370	358	3%	359
Per 3E & Au oz	$/oz	471	402	17%	426
Per 3E & Au oz	R/oz	6,236	5,603	11%	5,858
Production					
Plant Feed	T	529,576	545,598	-3%	1,592,726
Feed Head Grade	g/t	2.83	2.62	8%	2.40
PGM Plant Feed Tons	T	288,359	290,832	-1%	863,155
PGM Plant Grade	g/t	4.12	4.12	0%	4.07
PGM Plant Recovery	%	43.7%	46.2%	-5%	45.7%
Total 3E and Au	Oz	17,096	18,562	-8%	52,915

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 project being rolled out at various operations, is well underway and the Company remains 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 operating life and to sustain its production profile at ~55,000oz to 60,000oz going forward.

The budget for the project remains $12 million and thus far a total of $1.4 million has been spent with a further $2.4 million already committed.

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. Any update will be reported as soon as it is received.

Grasvally Chrome Exploration

The Company has commenced with extraction of a Chrome Bulk Sample pursuant to consent granted by the Department of Mineral Resources ("DMR") in terms of section 20 of the Mineral and Petroleum Resources Development Act ("MPRDA"). Approval of the Water Use License under section 29 of the National Water Act, for processing the waste rock dumps, is awaited from the Department of Water and Sanitation.

All documents necessary to finalise the Appeal against the granting of the EA, lodged by interested and affected parties ("I&AP's), have been filed by the Applicants and the Company, and the Company now awaits the decision of the DMR whether to uphold the Appeal or set it aside.

Nonnenworth, La Pucella and Altona Platinum Exploration

Sylvania is pleased to report that the rights to mine copper, gold, nickel and PGMs as well as heavy minerals, iron and vanadium were granted by the DMR on 31 March 2017. The next step is to formally execute the mining rights at the offices of the DMR, after which it will be submitted to the Mining Titles Office for registration. Application will be made to the DMR for consent in terms of section 11 of the MPRDA to transfer the right to mine heavy minerals, iron and vanadium to a subsidiary of Ironveld Plc. This will be the final transfer of rights to fulfil the transaction between Sylvania and Ironveld as announced in July and August 2012.

C. CORPORATE

Joint Venture

During the quarter, a Joint Venture was formed to pursue a chrome beneficiation project which was brought to the Company by a director who holds an interest in the project. To date an amount of $0.2million has been contributed to on-going research.

CORPORATE INFORMATION

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