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

First Quarter Report to 30 September 2015

28 October 2015

Sylvania Platinum Limited, the low cost Platinum Group Metal ("PGM") processor and developer, today announces its results for the quarter ended 30 September 2015 ("Q1 FY2016" or the "quarter") from its PGM production and development operations in the Bushveld region of South Africa.

HIGHLIGHTS

- Sylvania Dump Operations ("SDO") PGM ounce production increased 2% to 13,729 ounces for the quarter (Q4 FY2015: 13,468 ounces).
- SDO cash cost down 17% from $638/oz to $532/oz.
- Group EBITDA improved 135% from $0.53 million to $1.25 million,
  - SDO EBITDA improved 29% to $1.49 million from $1.15 million.
- Gross basket price dropped 15% from $1,032 to $879.
- No Lost-Time Injuries ("LTI's") during the quarter.

SYLVANIA OVERVIEW

The SDO produced 13,729 ounces for the quarter, a 2% improvement quarter-on-quarter (Q4 FY2015: 13,468 ounces). This increase is attributable to a slight improvement in recoveries, despite lower PGM plant feed grades and lower tons treated. The cash costs for SDO decreased by 17% in dollar terms from $638/oz to $532/oz for the quarter, whilst in Rand terms the cash costs decreased 11% from R7,714/oz to R6,900/oz quarter-on-quarter. The reduction in cash costs is as a result of improved maintenance planning and cost controls at the operations combined with the improved recoveries.

The gross basket price dropped 15% to $879/oz for the quarter from $1,032/oz in the previous quarter. The platinum price dropped to a six year low on 30 September 2015 of $908/oz. This drop from $1,082/oz at the beginning of July 2015 has had a direct impact on the Sylvania basket price. Despite the higher ounces for the quarter, the low metal prices resulted in a drop in revenue from $10 million to $8.8 million (12%) after smelting and penalty costs.

The Group cash balance at 30 September 2015 was $6.8 million, down from $8.4 million at the end of the previous quarter. The reduction in cash can be attributed to a cash outflow from operations of $0.09 million due mainly to the low basket price and the reduction in the pipeline finance; cash spent on sustaining capital expenditure and exploration assets rights applications of $0.4 million; $0.4 million was spent on share repurchases and $0.1 million on rehabilitation guarantees. As much of the cash generated is held in SA Rand, the impact of the Rand/US dollar exchange rate movement between 30 June 2015 and 30 September 2015 resulted in a further reduction in dollar terms of $0.5 million.

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

"Despite the lower metal prices, electrical substation fire and subsequent one week downtime at the Mooinooi operation during August 2015, as well as two weeks of violent community protests regarding demands for improved infrastructure and jobs at the Eastern operations, all of which impacted negatively on plant availability and tons treated during the quarter, the higher ounce production in the quarter and lower unit costs have resulted in the Group EBITDA improving significantly quarter-on-quarter (135%) from $0.53 million to $1.25 million.

During the quarter 2,583,974 shares in the Company were acquired and are being held in treasury to satisfy future management awards and the SDO pipeline finance was reduced by half, both of which had an impact on the cash balance at the end of the quarter. As mentioned in previous announcements, the basket price of platinum remains a concern for the foreseeable future but we are confident that the SDO can continue to produce profitably (before tax), provided the basket price does not drop significantly and management continue to keep tight control on costs, thus preserving cash."

GROUP PERFORMANCE

Unaudited – Group	Unit	Sep 2015 Quarter	Jun 2015 Quarter	% Change
Financials				
Revenue	$'000	**8,817**	10,013	-12%
Capital Expenditure[1]	$'000	**388**	837	-54%
Ave R/$ rate	R/$	**12.97**	12.09	7%
EBITDA[2]	$'000	**1,250**	531	135%
Production				
PGM Plant Feed	T	**260,166**	270,526	-4%
Total 3E and Au	Oz	**13,729**	13,468	2%
Group Cash Cost[3]				
Per 3E & Au oz	$/oz	**571**	672	-15%

[1] Capital expenditure on SDO and exploration and evaluation assets.

[2] EBITDA is Earnings before Interest, 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 LTI's or significant health or environmental incidents during the quarter. The Millsell operation reached one year LTI-free during the quarter, while Tweefontein and Steelpoort operations remain LTI-free for more than three and seven years respectively.

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 our operations.

Operations

The combined production for all the SDO was 13,729 PGM ounces in the first quarter of the 2016 financial year, a 2% improvement on the previous quarter (Q4 FY2015: 13,468 ounces). In the light of declining PGM basket prices, improved operational cost control assisted to reduce the SDO cash cost of production to $532/oz (R6,900/oz), which was 17% lower in dollar terms compared to the previous quarter (Q4 FY2015: $638/oz (R7,714/oz)) and down 21% compared to $674/oz in the same period during the previous year.

While the combined PGM plant feed grade was slightly lower than the previous quarter, improved recovery efficiencies contributed to more PGM ounces being produced, despite a reduction in tons treated during the quarter.

The electrical substation fire and subsequent one week downtime at the Mooinooi operation during August 2015, and two weeks of violent community protests regarding demands for improved infrastructure and jobs at the Eastern operations impacted negatively on plant availability and tons treated during the quarter. These events were partly mitigated by higher utilisation and plant throughput rates at Millsell and Lannex plants compared to the previous quarter.

Operational and Financial Summary

Unaudited – SDO	Unit	Sep 2015 Quarter	June 2015 Quarter	+- % Quarter on Quarter	3 months to Sep 2015
Revenue					
Revenue	$'000	8,817	10,013	-12%	8,817
Revenue	R'000	114,362	121,081	-6%	114,362
Gross Basket Price[1]	$/oz	879	1,032	-15%	879
Gross Cash Margin - SDO	%	17%	14%	21%	17%
Capital Expenditure	$'000	332	560	-41%	332
Capital Expenditure	R'000	4,304	6,770	-36%	4,304
Ave R/US$ rate[2]	R/$	12.97	12.09	7%	12.97
EBITDA	$'000	1,492	1,159	29%	1,492
EBITDA	R'000	19,351	14,013	38%	19,351
SDO Cash Cost[3]					
Per PGM Feed ton	$/t	28	32	-13%	28
Per PGM Feed ton	R/t	364	384	-5%	364
Per 3E & Au oz	$/oz	532	638	-17%	532
Per 3E & Au oz	R/oz	6,900	7,714	-11%	6,900
Production					
Plant Feed	T	522,749	527,749	-1%	522,749
Feed Head Grade	g/t	2.19	2.18	-	2.19
PGM Plant Feed	T	260,166	270,526	-4%	260,166
PGM Plant Grade	g/t	3.94	4.00	-2%	3.94
PGM Plant Recovery	%	40.1%	39.0%	3%	40.1%
Total 3E and Au	Oz	13,729	13,468	2%	13,729

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.

B. EXPLORATION AND OPENCAST MINING PROJECTS

Volspruit Platinum

The biodiversity and wetland offset strategies as requested by the Limpopo Department of Economic Development, Environment and Tourism ("LEDET") and reported on in the previous quarter were released for public review with a significant time allowed for the provision of comments and responses by Interested and Affected Parties. Following a review of all comments received and completion of the Comments and Responses report, the Addendum and report was delivered to LEDET and the Department of Mineral Resources ("DMR") on 14 September 2015. In terms of legislation, LEDET has 120 days from submission in which to consider the Addendum and, if the Addendum and EIA is accepted, another 30 days to grant the EIA.

Grasvally Chrome

The Grasvally mining right application (“MRA”) for chrome was submitted in September 2015 and has been accepted by the DMR.

The exploration programme has been completed over the northern portions of Grasvally in order to declare a South African Mineral Resources Committee (“SAMREC”) compliant resource which will be required by the Company in order to exercise a mining right over the resource. With all logging and data collection completed following the extensive drilling programme - targeting both the upper and the lower chromitite layers over the property - the work to compile the resource statement is in its final stages and is expected to be completed by the end of October 2015. It is expected that the resources will comprise a SAMREC compliant shallow indicated resource and a deeper inferred resource.

Harriet’s Wish, Aurora and Cracouw (Hacra)

The Company received the decision from the DMR to reduce the amount of financial provision for rehabilitation on 6 August 2015. Arrangements have been made to issue the financial guarantees in order to provide for this reduced financial security for rehabilitation. It is anticipated that this will be received shortly, thereafter arrangements will be made with the DMR for the notarial execution of the Mining Rights.

Application in terms of Section 11 of the Mineral and Petroleum Resources Development Act (“MPRDA”) for ministerial consent to transfer the right to mine iron ore, vanadium and heavy minerals to a subsidiary of Ironveld Plc has also been submitted to the DMR.

Hacra must now proceed with the Water Use License Application. However, this will be delayed as the original landowners are all deceased, and the Company will have to facilitate the transfer of the title deeds to the lawful land occupants and descendants of the original land owners. This process will then allow the application to be submitted on agreement to the project by the current land occupants.

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