Sylvania Platinum Limited
First Quarter Report to 30 September 2013
(“Sylvania” or “the Company”)
AIM (SLP)

31 October 2013

Sylvania Platinum Limited, the low cost Platinum Group Metal (“PGM”) processor and developer, today announces its results for the quarter ended 30 September 2013 (Q1 FY2014) from its PGM production and development operations in the Bushveld region of South Africa.

SUMMARY

- EBITDA of $2.1 million at Sylvania Dump Operations (“SDO”), a 19% improvement (Q4 FY2013: $1.7 million)
- 11% increase in revenue to $10.5 million (Q4 FY2013: $9.5 million)
- 4% increase in PGM ounces produced to 12,516 ounces (Q4 FY2013:12,033 ounces)
- Net Group cash of $4.5 million as at 30 September 2013
- Zero Lost Time Injuries (“LTI”) since June 2012

OVERVIEW

The combined production for the SDO was 12,516 ounces for the quarter ended 30 September 2013, a 4% increase on the previous quarter’s 12,033 ounces. Production improvements started to show results in the last two months of the previous quarter with production in excess of 4,000 ounces per month. This level of production was maintained into the current quarter and the SDO has seen five consecutive months of production volumes in excess of 4,000 ounces.

The SDO suffered two significant production disruptions during the quarter, being the total failure of the state utility substation at Tweefontein which took eleven days to repair and a ten day stoppage at Steelpoort due to the changing of the tailings dam wall configuration. Following the failure of the power supply to Tweefontein, the feed tonnes into the plants dropped 2%. However recoveries increased by 3% from 39.5% to 40.7% over the quarter.

Whilst every effort was made to control the negative impact on production, some increased costs were realised. The cash cost of production for SDO was R6,732/oz ($674/oz), 5% higher than the R6,439/oz ($642/oz) during the previous quarter. Despite the increase in costs, the EBITDA for Q1 FY2014 increased to $2.1 million compared to the $1.7 million of the previous quarter.

The Company had cash of $4.5 million at 30 September 2013 a reduction of $2 million since the end of the previous quarter. As part of the R15 million loan facility agreement to Ironveld Holdings (Pty) Ltd (“Ironveld”) (repayable on 30 June 2016), relating to the disposal of the iron ore assets (which were distributed in August 2012), Ironveld drew down on the facility to the sum of R10.1 million (approximately $1 million) in the quarter. The remaining R500,000 was drawn in October. The remainder of the $2m variance comes from a combination of variations in pipeline finance (operating capital) and the stoppages at Tweefontein and Steelpoort that incurred additional costs which were split between operating costs and stay in business capital.

Summary Sylvania Platinum Performance

Unaudited – Group	Unit	Sep 2013 Quarter	June 2013 Quarter	% Change
Financials				
Revenue	$'000	**10,522**	9,496	11%
Revenue	R'000	**105,116**	95,250	10%
Ave R/US$ rate	R/$	**9.99**	10.03	0%
Production				
PGM Plant Feed Tons	t	**250,678**	261,987	-4%
PGM 3E and Au	oz	**12,516**	12,033	4%

A. SYLVANIA DUMP OPERATIONS

Health, safety and environment

There were no significant health, safety or environmental incidents on any of the SDO during the quarter. The Company remains committed to zero harm and will continue to focus on health and safety compliance at our respective operations in order to eliminate safety deviations and to improve the overall condition of our operations.

The SDO were 15 months LTI Free at the end of September 2013.

Operational and Financial Summary

Unaudited - SDO	Unit	Sep 2013 Quarter	June 2013 Quarter	+/- % Quarter on Quarter	3 months YTD 2014
Revenue – SDO					
Revenue	$'000	**10,522**	9,496	11%	10,522
Revenue	R'000	**105,116**	95,250	10%	105,116
Gross Basket Price	$/oz	**961**	1,007	-5%	961
Estimated Net Basket Price	$/oz	**842**	840	0%	842
Gross Cash Margin	%	**20%**	19%	5%	20%
Capital Expenditure	$'000	**453**	546	-17%	453
Capital Expenditure	R'000	**4,528**	5,477	-17%	4,528
Ave R/US$[1]	R/$	**9.99**	10.03	0%	9.99
EBITDA	$'000	**2,059**	1,733	19%	2,059
EBITDA	R'000	**20,578**	17,380	18%	20,578
SDO Cash Cost[2]					
Per PGM Feed ton	R/t	**336**	296	14%	336
Per PGM Feed ton	$/t	**34**	29	17%	34
Per 3E & Au oz	R/oz	**6,732**	6,439	5%	6,732
Per 3E & Au oz	$/oz	**674**	642	5%	674
Production – SDO					
Plant Feed	T	**587,715**	602,567	-2%	587,715
Feed Head Grade	g/t	**1.95**	1.97	-1%	1.95
PGM Plant Feed Tons	T	**250,678**	261,987	-4%	250,678
PGM Plant Grade	g/t	**3.83**	3.62	6%	3.83
PGM Plant Recovery	%	**40.7%**	39.5%	3%	40.7%
Total 3E and Au	Oz	**12,516**	12,033	4%	12,516

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

[2] 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.

Millsell

The Millsell operation produced 2,160 ounces for the quarter ended 30 September 2013, 8% higher than the 1,993 ounces in the previous quarter. Millsell still treats a combination of current arisings from the host mine and dump material from the Waterkloof dump.

The cash cost remained steady at R4,501/oz ($451/oz) against R4,491/oz ($473/oz) in the previous quarter.

Mooinooi Dump Operation

The Mooinooi Dump operation produced 1,920 ounces for the quarter to 30 September 2013, which is a 15% improvement on the 1,669 ounces in the previous quarter. The higher ounce production was the result of more consistent treatment tons, higher plant feed grade from dump material, and improved recovery efficiencies in the plant. The Mooinooi Dump plant continues to treat material from the old Mooinooi dumps and current arisings from the host mine.

The cash cost for the quarter was R6,639/oz (US$665/oz), 17% lower than the previous quarter of R7,969/oz (US$839/oz).

Mooinooi run of mine (“ROM”) Operation

The Mooinooi ROM operation produced 1,345 ounces for the quarter to 30 September 2013, up 10% on the 1,225 ounces from the previous quarter. This is the highest quarterly production for the ROM Plant to date, and was achieved through a combination of higher PGM feed grades and recovery efficiencies. The Mooinooi ROM plant continues to treat MG2 material from the host mines underground operation. Flotation feed stability, reagent regime, and concentrate grade improvement remain the primary focus areas to improve overall metallurgical performance. Specific initiatives to improve tonnage throughput rates and feed stability into the plant and to improve recovery efficiencies include Ultra-fine Grinding Toll Milling (similar to Mooinooi Dump plant) to be commissioned during the next quarter, and the construction of an intermediate mill feed stockpile that is expected to commence during the next six months.

The cash cost for the quarter was R7,893/oz (US$790/oz), 15% lower than the previous quarter of R9,330/oz (US$983/oz).

Steelpoort

Steelpoort plant produced 1,614 ounces for the quarter to 30 September 2013, 6% lower than the previous quarters 1,725 ounces. Steelpoort is the first plant to solely treat second pass dump material. The increased amount of fine material resulted in an unexpected deterioration of freeboard on the tailings dam as until now, cyclones have been used to build the dam walls. The dam wall configuration has now been changed and uses paddock deposition and the walls are being maintained successfully. This change resulted in a 10 day delay in production at the plant in August.

Even though the Steelpoort operation is processing second pass material from the Steelpoort Dam 1, the recovery efficiency and feed grade to the plant were similar to the previous quarter. The cost per ounce of R6,888/oz (US$690/oz) was higher than the R5,910/oz (US$622/oz) in the previous quarter, primarily due to the lower production volumes treated.

Lannex

The Lannex operation produced 1,983 ounces for the quarter to 30 September 2013, an increase of 78 ounces on the previous quarter’s 1,905 ounces. Lannex continues to treat a combination of dump material from the old Lannex Tailings Dam complex and current arisings from the host mine. The feed grade is expected to improve in the coming months as the mining of the dump moves away from the outer walls and the finer material is processed.

The cash cost of R7,830/oz (US$784/oz), was higher than the R6,285/oz (US$662/oz) in the previous quarter, due to higher maintenance costs associated with mechanical breakdowns, higher mechanical mining costs, and the lower PGM feed grades that resulted in lower ounces per ton treated.

Doornbosch

Doornbosch operation produced 2,048 ounces for the quarter to 30 September 2013, compared to 2,348 ounces produced in the previous quarter. While Doornbosch is still processing the final scrapings from the higher grade Montrose dump, the operation started to treat the lower grade second pass material from the old Doornbosch Dump, resulting in the 12.7% drop in production. The Doornbosch operation will be focusing primarily on the treatment of second pass material in the future as well as current arisings from the host mine.

The cash cost for the current quarter was R5,792/oz (US$580oz) which was higher than the R4,790/oz (US$504/oz) for the previous quarter, due to a combination of higher mining cost and lower ounce production.

Tweefontein

Tweefontein plant produced a record 1,446 ounces for the quarter to 30 September 2013, 23.8% higher than the previous quarter of 1,168 ounces. Although the plant feed grade of the dump material and especially the ROM Fines from Klarinet Opencast mine, were still lower than anticipated, the tonnage throughput and recovery efficiency of the plant improved significantly from the previous quarters. Power supply problems related to Eskom's supply capacity and voltage stability continued to impact negatively on the plant's availability, stability and production during the quarter, but the main Eskom substation was upgraded during an 11 day shutdown in August 2013 whereafter the electrical supply improved significantly. Tweefontein is currently treating a blend of MG1-MG4 ROM fines and tailings material from the hosts opencast mine, current arisings from the hosts underground operation and old dump material from the Tweefontein paddocks.

The cash cost for the current quarter was R8,284/oz (US$830/oz) compared to R8,959/oz (US$944/oz) for the previous quarter. Costs are expected to drop significantly with the upgraded power supply infrastructure and the need to run the diesel generators for extended periods being reduced.

B. EXPLORATION AND OPENCAST MINING PROJECTS

The Company has submitted mining right applications for PGM's on the Harriett's Wish, Aurora and Cracouw farms and the Volspruit farm. The Environmental Impact Assessment on Volspruit is progressing well and will be submitted to the Department of Mineral Resources before 28 January 2014.

The Board will decide on the best way to advance these projects once the mining rights have been received.

C. CORPORATE ACTIVITIES

Grant of options

On 29 August 2013, the Company announced that it had granted 1,600,000 options over ordinary shares of $0.10 each in the Company under the Sylvania Platinum Option Plan.

800,000 of the options awarded were granted to Directors of the Company and the balance was awarded to senior and operational management. The options have a nil exercise price and will vest between 29 August 2015 and 29 August 2017. The options are subject to the participants continued employment and will expire on 29 August 2023.

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 Broker
Liberum Capital Limited
Tom Fyson/Ryan de Franck
+44 (0) 20 3100 2000

Communications
Newgate Threadneedle
Graham Herring
+44 (0) 20 7653 9850