Sylvania Platinum Limited
Third Quarter Report to 31 March 2013
(“Sylvania” or “the Company”)
AIM (SLP)

30 April 2013

Sylvania Platinum Limited, the low cost Platinum Group Metal (“PGM”) processor and developer, today announces its results for the third quarter ended 31 March 2013 (Q3 FY2013) from its PGM production and development operations in the Bushveld region of South Africa.

SUMMARY

- Revenue up 5% in US dollars
- Sylvania Dump Operations (“SDO”) EBITDA of $3.0 million (7% Q-o-Q improvement)
- Newly completed Tweefontein plant maiden quarterly profit
- Grasvally and Zoetveld Farms purchase finalised for Volspruit project
- Positive Group cash balance of $6.6 million at 31 March 2013
- Harriett’s Wish Mining Right Application submitted
- Stuart Murray commences as Chairman of the Company, effective 1 April 2013
- 3rd consecutive quarter LTI free (“Lost Time Injury”)

OVERVIEW

The SDO produced 10,583 PGM ounces for the third quarter ended 31 March 2013. Operations were once again impacted by factors outside of Sylvania’s control, principally being safety stoppages at the host mines. Despite this, revenue increased by 5% from $10.1 million to $10.7 million.

The majority of the payments for the recently completed Tweefontein plant have now been made and it is pleasing to note that the plant’s production ramp up has resulted in a profit before tax of $167k. The other project which was initiated early last year, and completed during the quarter, was the purchase of the Grasvally and Zoetveld farms, being a critical part of the Volspruit project. Consequentially Sylvania is now able to focus on cash generation and improving operations at the seven SDO plants. Capital expenditure reduced in the quarter to $0.5m, in line with the company’s capital expenditure programme.

The Company had a Group bank balance of $6.6 million at 31 March 2013.

Summary Sylvania Platinum Performance

Unaudited – Group	Unit	Mar 2013 Quarter	Dec 2012 Quarter	% Change
Financials				
Revenue	R'000	**95,174**	88,815	7%
Ave R/US$ rate	R/$	**8.94**	8.71	3%
Production				
PGM Plant Feed Tons	t	**225,572**	204,383	10%
PGM 3E and Au	oz	**10,583**	10,635	-

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, and the Company remains committed to zero harm. Continued focus on health and safety compliance at the operations, in order to eliminate safety deviations and to improve the overall conditions, remains a key strategy.

SDO were affected once again by safety stoppages at the host mines during the quarter. During these stoppages, management used the time to address safety training needs and to improve housekeeping standards.

Operational and Financial Summary

Unaudited	Unit	Mar 2013 Quarter	Dec 2012 Quarter	+- % Quarter on Quarter	9 months YTD 2013
Revenue – SDO					
Revenue	$'000	**10,652**	10,188	5%	29,890
Revenue	R'000	**95,174**	88,768	7%	257,728
Gross Basket Price	$/oz	**1,015**	1,005	1%	1,045
Net Basket Price	$/oz	**909**	898	1%	903
Gross Cash Margin	%	**28%**	27%	4%	24%
Capital expenditure	$'000	**509**	3,533	-86%	7,554
Capital Expenditure	R'000	**4,550**	30,775	-85%	65,112
Ave R/US$[1]	R/$	**8.94**	8.71	3%	8.62
EBITDA	$'000	**2,959**	2,750	8%	6,845
EBITDA	R'000	**26,456**	23,953	10%	59,006
SDO Cash Cost[2]					
Per PGM Feed ton	R/t	**318**	317	-	312
Per PGM Feed ton	$/t	**36**	36	-	36
Per 3E & Au oz	R/oz	**6,450**	6,095	6%	6,145
Per 3E & Au oz	$/oz	**721**	700	3%	713
Production - SDO					
Plant Feed	T	**503,506**	428,851	17%	1,410,066
Feed Head Grade	g/t	**1.96**	2.19	-11%	2.05
PGM Plant Feed Tons	T	**225,572**	204,383	10%	630,999
PGM Plant Grade	g/t	**3.60**	3.86	-7%	3.80
PGM Plant Recovery	%	**40.5%**	42.0%	-4%	41.60%
Total 3E and Au	oz	**10,583**	10,635	-	32,062

[1] The functional currency for SDO is the 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 1,621 ounces for the quarter ended 31 March 2013, against 1,220 ounces in the previous quarter. Both Millsell and the two Mooinooi plants (Western Operations) lost approximately 900 ounces jointly during the quarter due to operational stoppages following a fatality at the host mine and the subsequent slow resumption of feed to the plants. The accident at the Millsell host mine followed soon after an accident at the Mooinooi host mine and caused a Section 54 (suspension of operations order) to be issued on all the Western Operations. The direct production loss attributable to these incidents amounted to 12 days in total during March.

Millsell treated during the quarter a combination of current arisings from the host mines Millsell plant and dump material from the Waterkloof dump. The second pass treatment of the plus one million ton primary dump is still scheduled to commence towards the end of 2013.

Mooinooi Dump Operation

The Mooinooi Dump operation produced 885 ounces for the quarter to 31 March 2013, compared to 739 ounces in the previous quarter. The plant also suffered production losses due to the stoppages as mentioned in the Millsell report. The hydro-mining section at Mooinooi was upgraded during the quarter and will allow production feed rates to the plant to increase.

New ultra-fine grinding mills were also installed in March on a toll-treatment contract and commissioned early April and, based on earlier laboratory test work and pilot scale test work on the plant, these mills are expected to contribute significantly towards higher recovery efficiencies (+3% to +5%) and improved concentrate grades.

The cash cost for the quarter was $1,135/oz (R10,154/oz), compared to the previous quarter of $1,174/oz (R10,229/oz). The unit cost is higher than most other operations primarily due to lower ounce production during the past quarter and is expected to improve as the aforementioned interventions, and other planned upgrades to the plant's operation, impact operations.

Mooinooi ROM Operation

The Mooinooi ROM operation produced 878 ounces for the quarter to 31 March 2013, compared to the previous quarter of 874 ounces. The plant also suffered production losses due to the stoppages as mentioned in the Millsell report. The Mooinooi ROM plant continues to treat MG2 material from the host mines Mooinooi and Buffelsfontein underground mines.

As with the dump plant, there are currently various initiatives under way to improve overall metallurgical performance with particular focus on flotation feed stability, reagent regimes, and concentrate grade improvement. 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) and the construction of an intermediate mill feed stockpile which will commence during the next quarter.

Cash cost of production for the quarter was 15% lower at $1,205/oz (R10,775/oz) compared to $1,413/oz (R12,308/oz) during the previous quarter.

Steelpoort

Steelpoort plant produced 1,816 ounces for the quarter to 31 March 2013. This is 234 ounces lower than the previous quarter of 2,050 ounces. The drop in ounce production was expected as it is a direct result of the lower grade and lower recovery potential of the second-pass material being fed into the plant. Steelpoort treated the last of the Old Doornbosch and Montrose dump material during the quarter. The host mines Steelpoort plant remains idle due to market related issues and as a result the Sylvania Steelpoort operation is focusing on the second pass treatment of material from the Steelpoort Dam 1. By implementing hydro-mining for this dump the mining cost has been minimised. The cash cost per ounce was $635/oz (R5,682/oz), compared to $630/oz (R5,492/oz) in the previous quarter due to the lower ounce production on lower grade feed material.

Lannex

The Lannex operation produced 1,598 ounces for the quarter to 31 March 2013, compared to the previous quarter's 1,948 ounces. The drop in production is as a result of lower than planned feed tons related to a major five-day shutdown to upgrade one of the mill drives and approximately eight days for safety stoppages during the quarter. Lower feed grades and recoveries from material currently being treated also contributed to the lower ounce production. Vacancies in the plant management have now been filled. Reliability and availability of the milling sections have been increased significantly as a result of the mill drive train upgrades. These interventions should enable Lannex to improve on its performance during the next quarter. The cash cost of $846/oz (R7,571/oz), was higher than the $658 (R5,716/oz) in the previous quarter, due to a combination of lower ounces produced and higher maintenance costs associated with the final upgrades of the drive system on one of the mills.

Doornbosch

Doornbosch operation produced 2,358 ounces for the quarter to 31 March 2013, compared to 2,867 ounces produced in the previous quarter. The lower ounces were expected and are due to the higher grade Montrose dump being depleted during the early part of the quarter and the plant is now focusing on the treatment of lower grade current arisings from the host mine and the second pass treatment of the old Doornbosch dumps.

The planned move of Doornbosch and Steelpoort to second pass treatment informed the timing of the construction of the Tweefontein plant which would supplement the lower ounces at these two plants at group level.

The plant recovery efficiency was higher than previous quarters, even at the lower feed grades, and a number of initiatives are underway to increase PGM concentrate grade and to reduce chrome in concentrate thus improving the revenue from the smelters. The cost of smelting penalties reduced significantly (35%) during the quarter due to reagent changes in the flotation process. Total cash cost for the current quarter was $550/oz (R4,916/oz) compared to $432/oz (R3,767/oz) for the previous quarter, primarily as a result of lower PGM ounce production.

Tweefontein

After a successful start-up of the Tweefontein plant in the previous quarter, production ramped up to 1,427 ounces for the quarter to 31 March 2013, compared to 937 ounces in the previous quarter. The dump feed section and scrubber section, which were the last parts of the plant to be commissioned during the quarter, are running well and feed tons into the plant should increase up to steady-state capacity during the following quarter. Tweefontein is treating a blend of MG1-MG4 ROM fines and tailings material from the host mines Klarinet Opencast mine. This ore has a lower feed grade than the Tweefontein Mooigenoeg MG2 and plans are underway to bring the Mooiegenoeg feed to the plant. This was always planned as a part of the Tweefontein phase-2 project, as announced on 25th July 2012. Due to the improved phase 1 design, the cost of phase 2 will be below R20 million and the ability to treat ore incrementally during construction will reduce the impact to the cash-flow significantly. This will have a positive impact on overall plant PGM feed grade and ounce production. The Tweefontein team is currently evaluating different blending strategies of material to optimise the feed grade into the plant until the Mooiegenoeg feed is established.

Cash cost for the current quarter was $653/oz (R5,843/oz) compared to $706/oz (R6,154/oz) for the previous quarter.

B. CTRP (25% Sylvania) managed by AQPSA (50%)

The CTRP operation remains on care and maintenance. Discussions are underway to secure the mineral rights to other PGM bearing dumps in the area and the outcome of these discussions will inform the plant's future. At present no final decisions have been taken by the JV partners on how to proceed.

C. EXPLORATION AND OPENCAST MINING PROJECTS

The mining right application for PGM's on the Harriett's wish farm was submitted to the Department of Mineral Resources by Hacra Mining and Exploration Company (Pty) Ltd, a Sylvania Platinum subsidiary, on 19 April 2013.

All exploration on the Northern Limb has been scaled back with the exception of the environmental studies and the Environmental Impact Assessment being carried out.

The Company's short to medium term strategy is still to maximise profits from the low cost tailings retreatment business.

D. SYLVANIA GROUP

On 17 January 2013, the Company announced the appointment of Stuart Murray as Chairman, effective 1 April 2013. The Board believes that Mr Murray's experience and knowledge of the sector will be an asset to the Company in achieving its strategic goals.

On 27 March 2013, the Company repurchased 250,000 ordinary shares at 9.95 pence per share. All the shares bought back have been cancelled and the Company now has 297,981,896 ordinary shares in issue.

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