27 July 2020

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

Fourth Quarter Report to 30 June 2020

The Directors are pleased to present the results for the quarter ended 30 June 2020 (“Q4” or the “quarter”). Unless otherwise stated, the consolidated financial information contained in this report is presented in United States Dollars (“USD”).

Achievements

- Sylvania Dump Operations (“SDO”) successfully running at full capacity since June 2020 after national lockdown regulations implemented to prevent the spread of COVID-19 placed the SDO on care and maintenance from 27 March 2020 to 30 April 2020 (“hard lockdown”);
- SDO declared 9,055 4E PGM ounces in Q4 as a result of the impact of hard lockdown and the gradual ramp up to full production in accordance with amended regulations (Q3: 19,968 4E PGM ounces) resulting in a total of 69,026 4E PGM ounces for the financial year;
- Tweefontein and Doornbosch operations respectively achieved eight years Lost-Time Injury (“LTI”) free milestones during Q4;
- The SDO recognised $13.2 million net revenue for the quarter;
- Cash costs per 4E PGM ounce increased in Rand and Dollar terms to ZAR17,008/ounce and $948/ounce quarter-on-quarter (Q3: ZAR8,673/ounce and $565/ounce) due to reduced production and high proportion of fixed costs;
- A positive EBITDA of $4.2 million despite the drop in ounces and its consequent effect on operational costs in Q4;
- Net profit of $2.2 million (Q3: $25.3 million) due to the lower production in the quarter;
- Bought back a total of 5.6 million ordinary $0.01 shares at a total cost of $3.4 million during the quarter; and
- Cash balance of $55.9 million after share buybacks during Q4.

Challenges

- Post hard lockdown of six weeks up to the end of April, operations recommenced at 50% capacity in May and then successfully ramped up to full capacity during June 2020. The result of COVID-19 and its impact on production is evident in the declaration of lower than historic production achieved in the fourth quarter; and
- Reduced mining operations at certain host mines due to both the COVID-19 shutdown and the depressed chrome market has resulted in lower volumes of run of mine (“RoM”) and current arisings material resulting in lower PGM feed grades and recoveries.

Opportunities

- Optimisation project initiated at Lesedi plant on the Western operations to construct a new secondary milling and flotation module to improve the upgrading and recovery of PGMs;
- New Lannex mill and spiral upgrade project to improve processing efficiencies and profitability based on current feed sources, expected to commission during Q1 of FY2021;
- Potential open cast mining material from host mines are being evaluated as alternative feed sources at operations affected by host mines’ cut-back in production;

- Strong cash reserves allow for the maintenance of the plants and the safeguarding of our employees during these times of uncertainty; and
- The Group remains debt free and continues to generate sufficient cash reserves to fund capital expansion and process optimisation projects.

Commenting on the Q4 results, Sylvania's CEO, Jaco Prinsloo said:

"There is no denying that the unprecedented nature and circumstances under which the operations performed during the past quarter is one to go down not only in the history of the Company, but in industries worldwide. The SDO produced 9,055 4E PGM ounces for the quarter despite an almost six-week interruption related to the national lockdown to prevent the spread of COVID-19 in South Africa, and associated restrictions and limitations placed upon the subsequent start-up in May, with progressive ramp-up to full production in June 2020. As a result, the Company is pleased to report that it has produced 69,026 4E PGM ounces for the financial year.

The SA Government imposed lockdown and the consequential placing of plants on care and maintenance until the hard lockdown ended, inevitably had a significant impact on both production and costs. However, the Company is in the robust position of having sufficient cash reserves to mitigate against the rise in costs and the possible reduction in future cash inflows due to the on-going situation.

Sylvania's respective management teams must be commended for their tireless efforts to balance production during these extremely challenging times, whilst ensuring that the health and safety of all our employees and their families remained our first priority, ensuring that support structures continue to be implemented to assist those in need during the current pandemic and beyond. With our management and employees working together, maintaining our production standards and embracing this 'new normal' I am confident that we will continue to safeguard both the health and safety of our employees, as well as the operational and financial health of the Group during this very challenging time."

USD			Unit	Unaudited	Unit	ZAR		
Q3 FY2020	Q4 FY2020	% Change				% Change	Q4 FY2020	Q3 FY2020
				Production				
597,025	395,658	-34%	T	Plant Feed	T	-34%	395,658	597,025
2.10	1.62	-23%	g/t	Feed Head Grade	g/t	-23%	1.62	2.10
280,880	195,770	-30%	T	PGM Plant Feed Tons	T	-30%	195,770	280,880
3.60	2.91	-19%	g/t	PGM Plant Feed Grade	g/t	-19%	2.91	3.60
60.61%	49.40%	-18%	%	PGM Plant Recovery	%	-18%	49.40%	60.61%
19,968	9,055	-55%	Oz	Total 4E PGMs	Oz	-55%	9,055	19,968
26,575	12,512	-53%	Oz	Total 6E PGMs	Oz	-53%	12,512	26,575
2,038	2,107	3%	$/oz	Gross basket price[1]	R/oz	6%	36,076	33,921
				Financials				
29,647	10,407	-65%	$'000	Revenue (4E)	R'000	-59%	186,801	455,215
1,631	2,337	43%	$'000	Revenue (by products)	R'000	68%	41,946	25,039
12,348	484	-96%	$'000	Sales adjustments	R'000	-95%	8,696	189,594
43,626	13,228	-70%	$'000	Net revenue	R'000	-65%	237,443	669,848
11,383	8,617	-24%	$'000	Operating costs	R'000	-12%	154,675	174,784
559	434	-22%	$'000	General and administrative costs	R'000	-9%	7,790	8,590
31,972	4,220	-87%	$'000	Group EBITDA	R'000	-85%	75,753	490,910
447	685	53%	$'000	Net Interest	R'000	79%	12,296	6,858
25,369	2,156	-92%	$'000	Net profit	R'000	-90%	38,703	389,523
1,333	934	-30%	$'000	Capital Expenditure	R'000	-18%	16,769	20,469
45,335	55,877	23%	$'000	Cash Balance	R'000	17%	961,434	818,514
			R/$	Ave R/$ rate	R/$	17%	17.95	15.35
			R/$	Spot R/$ rate	R/$	-5%	17.21	18.06
				Unit Cost/Efficiencies				
565	948	68%	$/oz	SDO Cash Cost Per 4E PGM oz	R/oz	96%	17,008	8,673
424	686	62%	$/oz	SDO Cash Cost Per 6E PGM oz	R/oz	89%	12,308	6,517
591	983	66%	$/oz	Group Cash Cost Per 4E PGM oz	R/oz	94%	17,636	9,068
444	711	60%	$/oz	Group Cash Cost Per 6E PGM oz	R/oz	87%	12,764	6,814
599	1,004	68%	$/oz	All-in sustaining cost (4E)	R/oz	96%	18,024	9,202
643	1,081	68%	$/oz	All-in cost (4E)	R/oz	97%	19,402	9,871

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.

[1] The gross basket price (4E) in the table is the June 2020 gross basket used for revenue recognition of ounces delivered in Q4. The average gross basket price (4E) for ounces invoiced and the resultant cash inflows in Q4 is $1,883 (Q3: $2,229), before penalties/smelting costs and applying the contractual playability.

A. OPERATIONAL OVERVIEW

Health, safety and environment

Both the Tweefontein and Doornbosch operations have achieved the significant industry milestone of eight years Lost-time Injury ("LTI") free during June 2020, while Millsell is approaching six years LTI-free in September 2020.

While there were no significant occupational health or environmental incidents reported during the quarter, Mooinooi unfortunately suffered one LTI during June 2020 related to a slip and fall incident where an employee dislocated his shoulder.

Focusing on and ensuring that employees' health and safety remains a priority, especially during the challenging times that we are experiencing with COVID-19 at the moment, and to ensure full compliance with health, safety and environmental legislation and procedures, requires a relentless effort and management teams across the Group's operations remain committed to this goal.

Impact of COVID-19 and South African Government Imposed Lockdown

More than four months have elapsed since the first COVID-19 case was confirmed in South Africa but the pandemic is only expected to peak in the country during August/September 2020, particularly in those provinces in which the Group operates. President Ramaphosa, in his address to the nation on 23 July 2020, confirmed that South Africa has now risen to the fifth highest positive COVID-19 cases in the world, but thankfully has one of the lowest mortality rates. Although the country has managed to successfully delay the spread of the virus by working together, he reiterated that the virus will be with us for many months to come and the next few weeks will put the country's "*resources and resolve to the test as never before.*"

Although the operations were not able to operate during the hard lockdown period, the Group has been in the fortunate position to continue to pay all employee salaries, which eased any potential financial burden on employees as a result of the pandemic. Having commenced with scaled-down operations in May 2020, management has implemented various initiatives in order to safeguard employees. Sylvania supports the lockdown measures implemented by the Government and our priority is to protect the health and safety of our employees both during the lockdown and especially now that operations have recommenced.

The Company has had eleven confirmed COVID-19 cases recorded amongst its employees to date. However, thankfully three of the employees have already fully recovered and returned to work and the other employees are currently recovering in isolation after experiencing mild symptoms of the virus. We are also aware of some employees who have either had to deal with infected family members or who have had to deal with the loss of close family members that unfortunately succumbed to the virus. Our support and prayers go out to all those affected during this challenging period.

As always, the safety and wellbeing of all our employees and their families remain a key priority for the Company and we are adhering to the Government's special regulations and Guidelines that have been provided by the Department of Mineral Resources and Energy ("DMRE") with reference to COVID-19. Management will continue to ensure that the necessary controls are in place to minimise exposure to the virus in the workplace and also that these controls are stringently enforced as required by our respective policies and procedures.

Operational performance

The SDO produced 9,055 ounces for the quarter, compared to 19,968 ounces in Q3, largely as a result of the COVID-19 national lockdown regulations placing operations on temporary care and maintenance for six weeks up to the end of April 2020. Ramp-up operations commenced on a limited basis during May 2020 with operations only returning to full-scale during June 2020.

PGM plant feed tons for the quarter reduced by 30%, while PGM plant feed grade reduced by 19% quarter-on-quarter and PGM recovery efficiencies decreased by 18% from Q3.

Lower PGM feed tons were primarily due to the operational downtime associated with the shutdown of operations as a result of the hard lockdown and interruptions during start-up and ramp-up post the hard lockdown period. The suspension of underground mining by the host mine at the Mooinooi and Lannex operations due to the suppressed chrome market, as well as the impact of national lockdown on other host mine operations, resulted in a reduction of current arisings and RoM volumes at various operations that necessitated the increase in treatment rates of lower grade surface material.

Both the reported PGM feed grade and recovery efficiency decreases are associated with the increased amount of lower grade material treated and the lower ore recovery potential of the various surface sources being processed. Various technical initiatives are in progress to improve process efficiencies at some Western operations and to improve the blend of feed material to increase PGM feed grades and recoveries, while the Eastern operations are already back at historic performance levels.

The total SDO cash costs increased in Rand and Dollar terms quarter-on-quarter by 96% and 68% respectively to ZAR17,008/ounce and $948/ounce (Q3: ZAR8,673/ounce and $565/ounce respectively) mainly as a result of the lower production and lower absorption of fixed costs. While being in the fortunate position to continue paying all employee salaries during the lockdown period, even when unable to operate, this unfortunately did contribute to the higher operating unit costs.

The SDO incurred capital expenditure of ZAR16.8 million during the quarter, an 18% decrease which is largely aligned with Project Echo and other major capital project execution schedules, but also impacted by the reduced stay-in-business capital spend associated with the national lockdown period.

Operational focus areas

The global COVID-19 pandemic continues to be an area of concern and management implemented various special measures to ensure both the health and safety of all employees and to limit the impact on production. A National State of Disaster was declared in South Africa on 15 March 2020, followed by the implementation of a national lockdown from 27 March 2020 that required all SDO operations to be placed on temporary care and maintenance from midnight 26 March 2020 until the end of April 2020. As the government regulations and restrictions on economic activity eased during various phases of the lockdown, the Group started resuming operations on 1 May 2020. Although initial mining production was limited to 50% of capacity, surface operations were allowed to scale up to full capacity during May and June 2020 and most operations are now currently running at design capacity.

As a result of *force majeure* notices issued by both smelters that the SDO deliver PGM concentrate to during the national lockdown, which were only fully lifted during May and June 2020 respectively, respective operations had to construct temporary stockpile facilities and manage flotation mass pull in line with capacities in order to continue with production, while smelters were not able to receive concentrate. Although this impacted on concentrate deliveries and PGM recovery efficiencies at some operations, associated with lower mass pull strategy, all stockpiled PGM concentrate produced during the *force majeure* period was dispatched to the relevant smelters by year-end.

Retrenchments at the host mines at Sylvania's Mooinooi and Lannex operations and associated production cuts have been concluded during the quarter. During the next twelve to eighteen months the affected operations will continue to substitute current arisings and underground RoM sources with a combination of historic dump material and ad-hoc open-cast RoM material from the host mines as alternative feed sources. However, the lower grade and more oxidised dump and open cast material has resulted in lower PGM feed grades and recoveries as expected. Technical work is ongoing to assess potential improvements in surface ore blends and reagent regimes in an attempt to optimise feed grades and metal recoveries. The anticipated net impact of the above-mentioned host mine reductions on SDO PGM ounce production will be approximately ten to fifteen percent during this period.

No significant power interruptions occurred during the review period; however, it is evident that power supply will remain constrained in the near term and remains a key focus area for the Group in order to ensure we can mitigate any future impact.

Operational opportunities

The Mooinooi chrome proprietary processing modifications and optimisation project is on track and is expected to be commissioned early in the 2021 calendar year which will improve PGM feed grades and ounces.

The new Lannex mill and spiral upgrade, after being delayed slightly as a result of the COVID-19 pandemic, is currently being commissioned and expected to be in full operation by mid-August 2020. The project will enable the plant to improve processing efficiencies and profitability based on the current feed sources and further enable the plant to accommodate alternative coarser feed sources, such as RoM fines from underground or open cast operations.

Following the delay in Tweefontein MF2 module due to power constraints, as already announced, an optimisation project was initiated at Lesedi plant on the Western operations to construct a new secondary milling and flotation module, similar to existing Project Echo modules rolled out between 2016 and 2020, to improve the upgrading and recovery of PGMs. This proposed MF2 expansion at Lesedi Plant is scheduled to commission towards the end of FY2021.

B. FINANCIAL OVERVIEW

Financial performance

Net revenue for the quarter decreased 70% from $43.6 million to $13.2 million due to a combination of the 55% decrease in 4E PGMs delivered and a significantly lower sales adjustment for the quarter as PGM prices did not fluctuate significantly from Q3. The gross basket price increased 3% from $2,038/ounce to $2,107/ounce. The movement in the gross basket price of ounces delivered in Q3 and invoiced in Q4 as well as a 17% increase on the ZAR/USD exchange rate during the quarter resulted in a positive sales adjustment of ZAR8.7 million ($0.5 million) for PGM concentrate delivered in the previous quarter.

General and administrative costs declined by 23% quarter-on-quarter from $0.56 million to $0.43 million. These costs are incurred in USD, GBP and ZAR and are impacted by exchange rate fluctuations over the reporting period.

Group cash costs increased 94% in ZAR and 66% in USD from ZAR9,068/ounce ($591/ounce) to ZAR17,636/ounce ($983/ounce) as a result of the reduced production in the quarter and its effect on the absorption of fixed costs, including care and maintenance and salaries during the lockdown period and additional costs associated with safeguarding employees and the operations in line with government‘s COVID-19 regulations.

Despite the lack of production in April 2020 the Group still achieved a positive EBITDA and net profit. Group EBITDA decreased from $31.9 million to $4.2 million during the quarter and net profit decreased to $2.2 million from $25.3 million due to the lower production in the quarter.

0000Although the ounces were lower in Q4, the Group cash balance increased by $10.6 million at 30 June 2020 to $55.9 million (including guarantees), compared to the previous quarter’s cash balance of $45.3 million as a result of the cash inflows from Q3 ounces delivered. However, the impact of reduced production in Q4 is expected to flow through into reduced cash generation in Q1 FY2021. Cash generated during the quarter from operations before working capital movements was $5.2 million with net changes in working capital amounting to an increase of $14.0 million due mainly to the decrease in trade and contract debtors. $1.0 million was spent on capital, 5.6 million shares were bought back at a cost of $3.4 million during the quarter and $7.2 million was paid in provisional income tax. The impact of exchange rate fluctuations on cash held at the quarter end was an increase of $2.4 million due to the strengthening of the ZAR against the USD. The Group holds a large majority of its cash in SA Rand and will convert this to USD at opportune times.

D. MINERAL ASSET DEVELOPMENT AND OPENCAST MINING PROJECTS

The Group assesses the value of its mineral asset development projects on a regular and consistent basis and has initiated new studies of the Volspruit and Northern Limb projects respectively in order to assist in developing the most suitable strategy for these projects in the changing economic landscape.

Due to the COVID-19 pandemic and associated global impact there have been no significant developments in other areas to report for the quarter.

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This announcement is released by Sylvania Platinum Limited and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("**MAR**"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Jaco Prinsloo.

ANNEXURE

GLOSSARY OF TERMS FY2020

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
Current risings	Fresh chrome tails from current operating host mines processing operations
DMRE	Department of Mineral Resources and Energy
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
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