**29 January 2021**

**Sylvania Platinum Limited**
**("Sylvania", the "Company" or the "Group")**

**Second Quarter Report to 31 December 2020**

Sylvania (AIM: SLP) is pleased to announce the results for the quarter ended 31 December 2020 ("Q2" 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") declared 18,363 4E PGM ounces in Q2 (Q1: 17,972 ounces);
- SDO recorded $43.7 million net revenue for the quarter (Q1: $41.5 million);
- EBITDA of $29.1 million (Q1: $28.8 million);
- Net profit of $20.3 million (Q1: $20.1 million);
- Cash balance of $67.1 million (Q1: $60.9 million) after payment of dividends, royalties and income tax.

Challenges

- The global COVID-19 pandemic, with South Africa at a revised level 3 lockdown, remains a challenge we continue to monitor; and
- Significant power interruptions were experienced at Western operations related to vandalism of Eskom sub-stations and electrical cable theft in the area during the past quarter and management is evaluating the outcomes of a power mitigation study to determine the possible measures to reduce any impact.

Opportunities

- Ongoing circuit optimisation at the new Lannex mill and spiral upgrade is progressing well and will improve processing efficiencies and profitability based on current feed sources;
- Mooinooi chrome proprietary processing modifications and optimisation project remains on track to commission during Q3; and
- The Group remains debt free and continues to maintain strong cash reserves to allow for funding of capital expansion and process optimisation projects; the safeguarding of our employees during these times of uncertainty; upgrading our exploration and evaluation assets and returning value to all stakeholders.

Commenting on the Q2 results, Sylvania's CEO, Jaco Prinsloo said:

*"Operational performance has continued to stabilise from previous quarters as the operations teams have embraced the 'new normal' way of production incorporating COVID-19 related protocols implemented during H2 FY2020 and I am pleased to report that the Company produced 18,363 ounces for the quarter."*

*"This solid performance during Q2 was in line with our internal plan and we therefore remain on track to achieve the estimated target production of approximately 70,000 ounces of PGMs for the year. I commend our operations teams in the way they have adapted and achieved despite the inconsistency in supply received from our host mines. The benefits of the implementation of Project Echo and the optimisation projects is evident."*

*“In light of the global pandemic and as a result of the increasing contagion of COVID-19 in the country, the Company continues to refine and enhance safety measures to ensure the health and safety of all employees and their loved ones. Although we are fortunate not to have had any production interruption during this period, the impact on our team has been more significant due to the physical and emotional burden on our employees who either fell ill due to the virus, or had to deal with the loss of loved ones and we continue to offer our support and keep them in our prayers.”*

*“Financially the Company continued to benefit from the stronger PGM basket price in recent months and a decision will be taken on the windfall dividend at the review of the interim accounts at the forthcoming Board meeting in February 2021.”*

| USD | | | Unit | Unaudited | Unit | ZAR | | |
|---|---|---|---|---|---|---|---|---|
| Q1 FY2021 | Q2 FY2021 | % Change | | | | % Change | Q2 FY2021 | Q1 FY2021 |
| | | | | **Production** | | | | |
| 680,662 | 740,783 | 9% | T | Plant Feed | T | 9% | 740,783 | 680,662 |
| 1.86 | 2.01 | 8% | g/t | Feed Head Grade | g/t | 8% | 2.01 | 1.86 |
| 314,391 | 317,688 | 1% | T | PGM Plant Feed Tons | T | 1% | 317,688 | 314,391 |
| 3.21 | 3.20 | 0% | g/t | PGM Plant Feed Grade | g/t | 0% | 3.20 | 3.21 |
| 55.09% | 56.22% | 2% | % | PGM Plant Recovery | % | 2% | 56.22% | 55.09% |
| 17,972 | 18,363 | 2% | Oz | Total 4E PGMs | Oz | 2% | 18,363 | 17,972 |
| 24,324 | 24,920 | 2% | Oz | Total 6E PGMs | Oz | 2% | 24,920 | 24,324 |
| | | | | | | | | |
| 2,834 | 3,323 | 17% | $/oz | Gross basket price[1] | R/oz | 3% | 48,707 | 47,372 |
| | | | | | | | | |
| | | | | **Financials** | | | | |
| 37,314 | 42,436 | 14% | $'000 | Revenue (4E) | R'000 | 5% | 661,439 | 630,911 |
| 4,143 | 1,262 | -70% | $'000 | Sales adjustments | R'000 | -72% | 19,668 | 70,050 |
| 41,457 | 43,697 | 5% | $'000 | Net revenue | R'000 | -3% | 681,107 | 700,961 |
| | | | | | | | | |
| 12,173 | 14,015 | 15% | $'000 | Operating costs[2] | R'000 | 6% | 218,443 | 205,817 |
| 512 | 614 | 20% | $'000 | General and administrative costs | R'000 | 11% | 9,568 | 8,653 |
| 28,813 | 29,111 | 1% | $'000 | Group EBITDA[2] | R'000 | -7% | 453,748 | 487,170 |
| 417 | 420 | 1% | $'000 | Net Interest | R'000 | -7% | 6,541 | 7,054 |
| 20,161 | 20,330 | 1% | $'000 | Net profit[2] | R'000 | -7% | 316,887 | 340,884 |
| | | | | | | | | |
| 1,018 | 1,265 | 24% | $'000 | Capital Expenditure | R'000 | 15% | 19,716 | 17,206 |
| | | | | | | | | |
| 60,889 | 67,095 | 10% | $'000 | Cash Balance | R'000 | -3% | 986,406 | 1,013,863 |
| | | | | | | | | |
| | | | R/$ | Ave R/$ rate | R/$ | -8% | 15.59 | 16.91 |
| | | | R/$ | Spot R/$ rate | R/$ | -12% | 14.70 | 16.65 |
| | | | | | | | | |
| | | | | **Unit Cost/Efficiencies** | | | | |
| 665 | 756 | 14% | $/oz | SDO Cash Cost Per 4E PGM oz[2] | R/oz | 5% | 11,779 | 11,238 |
| 491 | 557 | 13% | $/oz | SDO Cash Cost Per 6E PGM oz[2] | R/oz | 5% | 8,679 | 8,303 |
| 699 | 780 | 12% | $/oz | Group Cash Cost Per 4E PGM oz[2] | R/oz | 3% | 12,153 | 11,818 |
| 516 | 575 | 11% | $/oz | Group Cash Cost Per 6E PGM oz[2] | R/oz | 3% | 8,956 | 8,731 |
| 701 | 803 | 15% | $/oz | All-in sustaining cost (4E)[2] | R/oz | 6% | 12,522 | 11,846 |
| 754 | 848 | 12% | $/oz | All-in cost (4E)[2] | R/oz | 4% | 13,217 | 12,753 |

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 December 2020 gross basket used for revenue recognition of ounces delivered in Q2. The average gross basket price (4E) for ounces invoiced and the resultant cash inflows in Q2 is $2,903 (Q1: $2,734, before penalties/smelting costs and applying the contractual payability.

**2** Operating costs adjusted for mineral royalty tax**.**

## A. OPERATIONAL OVERVIEW

### Health, safety and environment

The Company is pleased to report that no significant occupational health or environmental incidents occurred during the quarter and both the Tweefontein and Doornbosch operations have remained at a significant industry milestone of eight and a half years Lost-time Injury ("LTI") free achieved during the quarter.

### Impact of COVID-19 and South African Government Imposed Lockdown

Having recommenced operations in Q4 FY2020, management implemented various initiatives to safeguard employees from the effects of COVID-19. The new COVID-19 variant which has emerged in the country, has presented new challenges to the Company with four positive cases being reported during December 2020, and 20 new cases reported during January 2021 after not having any infections during August to November 2020. The total reported infections since March 2020 to date is 38 of which 31 employees have recovered and returned to work.

The global COVID-19 pandemic, with SA now at a revised Level 3 status, remains an area of concern and management continue to sustain and enhance the various measures to ensure both the health and safety of all employees and to limit the impact on production. Access to sites has been restricted to employees and essential services required to sustain operational performance. Sylvania continues to support the revised Level 3 lockdown measures announced during December 2020 and implemented by the Government. At present, all plants are operating at full capacity and in accordance with all legislated safety and occupational regulations pertaining to the industry and country as a whole.

### Operational performance

SDO produced 18,363 ounces in Q2, a 2% increase compared to 17,972 ounces in Q1 FY2021. PGM plant feed tons and PGM plant feed grade remained stable quarter-on-quarter and PGM recovery efficiencies increased marginally by 2% from Q1. Operational performance has continued to stabilise from previous quarters as the operations have embraced the "new normal" way of production post COVID-19 related disruptions experienced during H2 FY2020.

Total SDO cash costs increased in Rand and Dollar terms quarter-on-quarter by 5% and 14% respectively to ZAR11,779/ounce and $756/ounce (Q1: ZAR11,238/ounce and $665/ounce) due to a combination of the higher Rand cost and 8% stronger ZAR/$ exchange rate. The Rand cost was impacted by higher process consumables and re-mining costs associated with lower grade opencast ROM sources treated at some operations as well as the mineral royalty tax that is calculated on the half year ounces and paid in December 2020. The Q1 royalty tax expense was adjusted in Q2 and the higher basket price and lower capital allowance in Q2, as it was fully utilised in the prior financial year, resulted in a higher royalty tax percentage over the full period.

SDO incurred capital expenditure of ZAR19.7 million ($1.2 million) during the quarter, a 15% increase which is aligned with planned capital project schedules.

### Operational focus areas

Optimisation of flotation performance and recovery efficiencies remain a focus area at Western operations where lower grade and more oxidised open cast ROM material is currently being treated as a result of the previously announced scale-down at the host mines.

Optimisation of the new milling and upgraded spiral sections at Lannex will continue during the next quarter, after being commissioned during August 2020, enabling the plant to improve processing efficiencies and profitability on the current suite of resources. Open cast ROM supply from the host mine was inconsistent during the past quarter, but ROM feed is expected to stabilise during Q3.

Although the uncertainty at the national power utility relating to power supply remains a key focus for the Group, there were no significant power disruptions or production losses related to load-shedding by the utility during the past quarter. However, there has been a significant increase in vandalism and theft of copper cables at various sub-stations of the utility that affected power supply and production, especially at Mooinooi and Millsell at the Western Operations, which had approximately 80 hours and 85 hours downtime respectively. Management is currently evaluating the outcomes of a power mitigation study that compared various back-up supply options to determine the best way forward for operations to mitigate the impact of either potential future load-shedding or supply interruptions by the utility.

### Operational opportunities

The Mooinooi chrome proprietary processing modifications and optimisation project to improve fines classification and fine chrome recovery efficiency, as announced earlier, is on track and is expected to be commissioned towards the end of Q3 FY2021 which will contribute towards improving PGM feed grades and ounces at the plant.

The proposed MF2 expansion project at the Lesedi Plant to construct a new secondary milling and flotation module to improve the upgrading and recovery of PGMs, similar to successful Project Echo modules rolled out between 2016 and 2020, has commenced and is scheduled to commission towards the end of FY2021.

Based on recent results from the Company's specific fine chrome recovery research and test work initiative that was initiated in late 2019, a circuit configuration and technology has been identified to enable the economic recovery of fine chrome from some existing dumps, that historically was uneconomical to recover. This latest development could enable the Company to re-treat low PGM grade tailings resources, that would otherwise have been sterilised, to extend the operational life of PGM operations at selected sites while adding value to the host mines through increased chrome recovery and production.

## B. FINANCIAL OVERVIEW

### Financial performance

Revenue, after applying the payability and smelter costs, for the quarter increased 5% from $41.5 million to $43.7 million as a result of the combination of the 2% increase in 4E PGMs delivered and the increase in the basket price. The gross basket price for the quarter increased 17% from $2,834/ounce in Q1 to $3,323/ounce as a result of the continued increase in the rhodium price during the past quarter.

General and administrative costs increased quarter-on-quarter from $0.51 million to $0.61 million which includes the non-cash share-based payment expense on bonus share awards. These costs are incurred in USD, GBP and ZAR and are impacted by the exchange rate fluctuations over the reporting period.

The Group cash balance increased from $60.9 million to $67.1 million during the quarter. Cash generated during the quarter from operations before working capital movements was $29.4 million with net changes in working capital amounting to a decrease of $7.1 million mainly due to the increase in trade and contract debtors as a result of the increase in the gross basket price. $1.3 million was spent on capital and 1,448,075 million shares were bought back at a cost of $1.1 million. $5.9 million was paid out in dividends and provisional South African income tax for the six months to 31 December 2020 of $15.1 million was paid. The impact of exchange rate fluctuations on cash held at the quarter end was an increase of $7.1 million due to the strengthening of the ZAR against the USD. The Group is obliged to hold a large portion of its cash in ZAR and will convert this to USD as and when the opportunity arises.

Group cash costs increased 3% in ZAR from ZAR11,818/ounce ($699/ounce) to ZAR12,153/ounce ($780/ounce), Group EBITDA increased from $28.8 million to $29.1 million and net profit increased to $20.3 million from $20.2 million. Provisional income tax and royalty tax payments made in December 2020 resulted in a cash outflow of $18.01 million.

## D. MINERAL ASSET DEVELOPMENT AND OPENCAST MINING PROJECTS

As previously announced, new studies of the Volspruit and Northern Limb projects were initiated and continue to assist in developing the most suitable strategy for these projects in the changing economic landscape.

### Volspruit Platinum Opportunity

Detail design for the Permitting Applications has been completed. Specialist work for updating the EIA and Water Use License will commence during Q3 as part of the overall process to conclude the final project authorisations.

In terms of the new technical study that was announced earlier, technical consultants have been engaged since mid-2020 to evaluate and optimise mine designs and evaluate the process design and update metallurgical performance parameters through additional test work. Preliminary mining design information has been received already, but the last metallurgical test work was concluded during December 2020, with the final test work report expected during H2 FY2021.

### Northern Limb Projects

The specialist consultants employed to assist Sylvania in evaluating the resources and exploring the economic potential of the respective deposits on the Northern Limb, have completed initial studies and identified specific higher-grade portions along the ore body that could potentially be attractive for shallow, low risk open cast extraction and PGM processing.

In order to confirm initial findings and to improve the current resource estimate, a concept level mining study for the project has been scoped, which will include infill drilling and additional assays, which will start during Q3 and continue until late 2022.

### Grasvally

The sale of Grasvally to Forward Africa Mining (Pty) Ltd ("FAM") to acquire 100% of the shares in and claims against Grasvally Chrome Mine (Pty) Ltd for a total consideration of ZAR115.0 million is still ongoing and the Option Agreement as negotiated and reported in the Company's FY2020 report is still valid.

## CONTACT DETAILS


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## CORPORATE INFORMATION


| | |
|---|---|
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**About Sylvania Platinum Limited**

Sylvania Platinum is a lower-cost producer of platinum group metals (PGM) (*platinum, palladium and rhodium*) with operations located in South Africa. The Sylvania Dump Operations (SDO) comprises six chrome beneficiation and PGM processing plants focusing on the retreatment of PGM-rich chrome tailings materials from mines in the Bushveld Igneous Complex. The SDO is the largest PGM producer from chrome tailings re-treatment in the industry. The Group also holds mining rights for PGM projects and a chrome prospect in the Northern Limb of the Bushveld Complex.

For more information visit https://www.sylvaniaplatinum.com/

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse regulation (EU) no.596/2014 as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019.

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 FY2021**

**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 |