31 October 2022

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

First Quarter Report to 30 September 2022

Sylvania (AIM: SLP), the platinum group metals ("PGM") producer and developer with assets in South Africa, announces its results for the quarter ended 30 September 2022 (“Q1” or the “quarter”). Unless otherwise stated, the consolidated financial information contained in this report is presented in United States Dollars (“USD” or “$”).

Highlights

- Sylvania Dump Operations (“SDO”) produced 19,194 4E PGM ounces in Q1 (Q4 FY2022: 18,837 ounces);
- SDO recorded $42.9 million net revenue for the quarter (Q4 FY2022: $34.9 million);
- Group EBITDA of $26.4 million (Q4 FY2022: $16.8 million), with the benefit of increased production and the higher basket price realised in the quarter;
- Group cash balance of $138.6 million (Q4 FY2022: $121.3 million);
- Zero Lost-time Injury (“LTI”) across all SDO;
- Improved performance at the Lesedi operation with the MF2 plant fully commissioned and optimisation of the fine grinding MF2 unit and flotation circuit underway;
- An updated Mineral Resource Estimate (“MRE”) and Scoping Study on the Volspruit North Body was produced and based on these reports the Company has taken the decision to progress to a Pre-Feasibility Study (“PFS”) during the year; and
- An MRE is complete for the La Pucella study area and a concept-level mining study, using the Mineral Resource, will be completed later in Q2 to provide the Preliminary Economic Assessment (“PEA”) for the project area.

Outlook

- Tweefontein MF2 is scheduled to commence commissioning in Q2 FY2023 and is expected to start contributing to additional ounces from Q3 FY2023;
- The Lannex MF2 project is under construction and scheduled for commissioning towards the end of Q4 FY2023;
- ROM PGM feed grade from the host mine at Mooinooi is being managed to ensure a consistent grade is maintained, with focus on continued improvement of recoveries through stability and blending opportunities;
- Focus remains on operational cost controls, which have been managed well during the quarter, and reagent optimisation continues at all SDO to explore improved efficiencies; and
- The Group maintains strong cash reserves to allow funding of capital expansion and process optimisation projects, upgrading the Group’s exploration and evaluation assets and to return value to shareholders.

Commenting on the Q1 results, Sylvania's CEO, Jaco Prinsloo said:

"I am pleased to report that the first quarter of the FY2023 year has yielded strong results in line with our expectations with 19,194 4E PGM ounces achieved by the SDO, which is our best quarterly production since the COVID-lockdowns in early 2020. This increase in production ounces and the 2% higher PGM basket price recorded in the quarter, resulted in stronger profits.

"Higher global cost inflation remains an area of focus, however, the optimisation of reagents to explore improved efficiencies at all SDO is ongoing. In the quarter, it was encouraging to see performance improve at the Lesedi operation following the commissioning of the MF2 plant. At Mooinooi, the management team continue to work diligently with the host mine to explore blending opportunities as a means of stabilising recoveries and improving the feed grade and this has already yielded positive results during recent quarters.

"The Company remains in a strong cash position allowing it to fund carefully selected growth opportunities and return value to shareholders.

"Post quarter end the Company released results of its extensive optimisation studies at the Northern Limb Mineral Assets including detailed Mineral Resource Estimates and a Scoping Study. All results demonstrate attractive projects with significant upside potential across our entire Northern Limb asset portfolio. While the Company continues to focus on delivering value and growing its existing cash generating dump reprocessing operations, the optimisation of value from the exploration assets remains one of the important pillars of Sylvania Platinum's growth strategy and a future value driver."

USD			Unit	Unaudited	Unit	ZAR		
Q4 FY2022	**Q1 FY2023**	**% Change**				**% Change**	**Q1 FY2023**	Q4 FY2022
				Production				
647,249	691,953	7%	T	Plant Feed	T	7%	691,953	647,249
2.04	1.89	-7%	g/t	Feed Head Grade	g/t	-7%	1.89	2.04
331,578	349,384	5%	T	PGM Plant Feed Tons	T	5%	349,384	331,578
3.30	3.15	-5%	g/t	PGM Plant Feed Grade	g/t	-5%	3.15	3.30
53.49%	54.26%	1%	%	PGM Plant Recovery	%	1%	54.26%	53.49%
18,837	19,194	2%	Oz	Total 4E PGMs	Oz	2%	19,194	18,837
23,751	24,067	1%	Oz	Total 6E PGMs	Oz	1%	24,067	23,751
2,589	2,650	2%	$/oz	4E Gross basket price[1]	R/oz	12%	45,161	40,361
				Financials[2]				
34,397	36,905	7%	$'000	Revenue (4E)	R'000	17%	628,830	536,161
3,232	3,382	5%	$'000	Revenue (by-products including base metals)	R'000	14%	57,626	50,381
-2,683	2,634	198%	$'000	Sales adjustments	R'000	207%	44,879	-41,825
34,946	42,921	23%	$'000	Net revenue	R'000	34%	731,335	544,717
12,175	11,789	-3%	$'000	Direct operating costs	R'000	6%	200,876	189,782
3,600	4,032	12%	$'000	Indirect operating costs	R'000	22%	68,703	56,107
758	690	-9%	$'000	General and administrative costs	R'000	-1%	11,756	11,816
16,787	26,423	57%	$'000	Group EBITDA[4]	R'000	72%	450,242	261,678
499	830	66%	$'000	Net Interest	R'000	82%	14,147	7,781
13,817	18,621	35%	$'000	Net profit[4]	R'000	47%	317,303	215,384
4,350	2,554	-41%	$'000	Capital Expenditure	R'000	-36%	43,520	67,810
121,268	138,629	14%	$'000	Cash Balance	R'000	26%	2,509,178	1,985,958
			R/$	Ave R/$ rate	R/$	9%	17.04	15.59
			R/$	Spot R/$ rate	R/$	11%	18.10	16.38
				Unit Cost/Efficiencies				
646	614	-5%	$/oz	SDO Cash Cost Per 4E PGM oz[3]	R/oz	4%	10,465	10,075
513	490	-4%	$/oz	SDO Cash Cost Per 6E PGM oz[3]	R/oz	4%	8,347	7,990
794	737	-7%	$/oz	Group Cash Cost Per 4E PGM oz[3]	R/oz	1%	12,563	12,390
630	588	-7%	$/oz	Group Cash Cost Per 6E PGM oz[3]	R/oz	2%	10,019	9,826
911	873	-4%	$/oz	All-in sustaining cost (4E)	R/oz	5%	14,876	14,205
1,108	987	-11%	$/oz	All-in cost (4E)	R/oz	-3%	16,823	17,269

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 in the table is the September 2022 gross 4E basket used for revenue recognition of ounces delivered in Q1 FY2023, before penalties/smelting costs and applying the contractual payability.

2 Revenue (6E) for Q1, before adjustments is $40.1 million (6E prill split is Pt 53%, Pd 18%, Rh 9%, Au 0%, Ru 16%, Ir 4%). Revenue excludes profit/loss on foreign exchange.

3 The cash costs include direct operating costs and exclude indirect cost for example royalty tax and EDEP payments.

4 The net profit and Group EBITDA excludes the profit on the sale of Grasvally Chrome Mine (≈$2.1 million) previously held as an asset held for sale.

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 that all plants were LTI-free for the period. The Doornbosch operation remains at 10 years LTI-free, Lesedi and Lannex have exceeded two-years LTI-free, and Mooinooi and Tweefontein have each exceeded one-year LTI-free. In addition, the combined Eastern operations have achieved six months all-injury free at the end of September, which is a truly commendable achievement.

Operational performance

The SDO delivered 19,194 4E PGM ounces for the quarter, a 2% increase quarter-on-quarter. The overall SDO PGM recovery has increased by 1.4%, which together with a 5% increase in throughput, resulted in the increased ounces. ROM feed from the host mine at Mooinooi has increased by 18%, while feed grades have increased and stabilised resulting in improved performance for the period. The Lesedi MF2 plant has been fully commissioned with optimisation of the fine grinding and flotation circuit resulting in improved performance, which, together with improved feed stability and flotation performance at Mooinooi, has contributed towards the overall improved recovery performance. Focus has remained on increasing runtime and improving operational stability and has also contributed to improved efficiencies at all sites.

SDO operating cash costs per 4E PGM ounce increased 4% in rand terms and decreased 5% in dollar terms quarter-on-quarter to ZAR10,465/ounce and $614/ounce (Q4 FY2022: ZAR10,075/ounce and $646/ounce) respectively. The higher ounce production had a positive influence on unit costs while reagent price increases, transport costs and fuel price increases continued to impact on operating costs. The average ZAR:USD exchange rate depreciated by 9% during the quarter.

The Group incurred capital expenditure of ZAR43.5 million ($2.6 million), in line with planned capital project schedules.

Operational focus areas

The development of a new formal planned maintenance system has been successfully implemented at Millsell and anticipated to be rolled out to selected priority operations during FY2023. This is expected to improve plant availabilities and runtime, resulting in improved process stability and increased efficiencies.

Focus and communication with the host mine on the preferred source of ROM and associated grades remains a priority for the Mooinooi operation and is producing positive results. The declining feed grades of the surface sources are being managed to ensure a consistent grade is maintained, with focus on improving recoveries through stability and blending opportunities.

Significant focus continues to be placed on the operational aspects of the SDO tailings facilities by the operations teams, the engineer on record, relevant expert advisers, and associated service providers.

Operational opportunities

Continuous focus on improving availabilities, runtime and associated stability has resulted in improved performance and further improvements are expected. Reagent optimisation continues at all SDO to explore improved efficiencies.

Tweefontein MF2 is scheduled for commissioning in Q2 and is expected to contribute to additional ounces reaching stability during early Q3. The Lannex MF2 project is under construction and scheduled for commissioning towards the end of Q4 FY2023.

Focus remains on the control of operational costs, which have been well controlled during the period.

Impact of COVID-19 and South African Government imposed lockdown regulations

The Company reported one active case of COVID-19 during the quarter with a total of 143 infections reported since the start of the pandemic. While all regulations have been lifted, Sylvania continues to encourage responsible behaviour amongst employees and will continue to monitor the situation and to implement measures for both the corporate office and operations to limit interaction and exposure where possible.

B. FINANCIAL OVERVIEW

Financial performance

Revenue (4E) for the quarter increased by 7% to $36.9 million (Q4 FY2022: $34.4 million) mainly on account of the increased ounces but also due to the 2% increase in the basket price recorded in September and applied to calculate revenue for ounces produced and delivered in the quarter but only invoiced in Q2 as well as the impact of the average USD to ZAR exchange rate changes. The average 4E gross basket price for the quarter was $2,650/ounce against $2,589/ounce in Q4 FY2022. Net revenue for the quarter, which includes base metals and by-products, and the quarter-on-quarter sales adjustment increased 23% to $42.9 million (Q4 FY2022: $34.9 million). Net revenue also includes attributable revenue received for ounces produced from material processed from a third-party on a trial basis.

Group cash costs per 4E PGM ounce during Q1 increased by 1% in rand terms from ZAR12,390/ounce to ZAR12,563/ounce and decreased 7% in dollar terms from $794/ounce in the previous quarter to $737/ounce as a result of the stronger dollar.

General and administrative costs decreased 9% quarter-on-quarter from $0.76 million to $0.69 million. These costs are incurred in USD, GBP and ZAR and are impacted by the exchange rate fluctuations over the reporting period.

Group EBITDA increased 57% from $16.8 million to $26.4 million and net profit increased from $13.8 million to $18.6 million, primarily as a result of the 2% increase in both ounces produced and the basket price received.

The Group cash balance increased 14% from $121.3 million to $138.6 million during the quarter. Cash generated from operations before working capital movements was $26.4 million with net changes in working capital amounting to $6.0 million, which is mainly due to the change in trade debtors and trade creditors. The increase in basket price and higher ounce production during Q1 resulted in a higher trade debtors balance quarter-on-quarter. Trade debtors arise from the concentrate delivered in the quarter but only paid for in the following quarter as per the concentrate off-take agreements.

Provisional payments for both royalty tax and income tax are payable in December 2022 in line with the South African tax authority timelines, at an anticipated rate of 7% for royalty tax on applicable ounces, and a rate of 27% for income tax. A cash dividend for FY2022 of 8 pence per Ordinary Share was declared and is payable on 2 December 2022 to all shareholders on the register at the close of business on 28 October 2022.

The Group spent $2.6 million on capital for the quarter mainly on the Project Echo MF2 modules at both Tweefontein and Lannex.

The impact of exchange rate fluctuations on cash held at the end of Q1 was a $3.3 million loss due to the spot ZAR to USD exchange rate depreciating by 11%.

C. MINERAL ASSET DEVELOPMENT

Volspruit Project

Post quarter end, the Company released an update to its Volspruit project, including an updated MRE and Scoping Study which focused solely on the Volspruit North Body, with the Volspruit South Body still to be completed during FY2023. The Scoping Study was produced on conservative assumptions and does not yet include a JORC compliant rhodium (“Rh”) resource, although it does illustrate the project’s promising potential based on conservative assumptions, particularly when considering the inclusion of potential Rh revenue and additional material from the South Body which could be treated through already capitalised infrastructure in the future. The Company has accordingly taken the decision to progress to a PFS during the year on the entire Volspruit asset.

Far Northern Limb Projects

The MRE using new geological interpretation and covering an estimated 12% of the deposit strike length, is complete for the La Pucella target area. A concept-level mining study, using the reported JORC compliant Mineral Resource, will be completed later in Q2 to provide the PEA for the La Pucella target area. Future studies are aimed at applying the new geological interpretation along the strike length to increase the Mineral Resource volume and improve analytical confidence to include Rh and base metals in the MRE that are currently at inferred level. The Exploration Results previously reported on the Hacra Project will be subject to a MRE and is anticipated to provide a maiden Mineral Resource early in the 2023 calendar year.

D. CORPORATE ACTIVITIES

Exercise of vested bonus shares and buyback

During the period, the Company announced that a total of 1,755,000 Ordinary Shares in the capital of the Company had been exercised by employees and PDMRs of the Company, following the vesting of deferred share awards granted under the Sylvania Platinum Limited Deferred Share Award Scheme. Of the 1,755,000 shares that were exercised, 465,000 related to PDMRs.

The Company agreed to repurchase 702,300 Ordinary Shares at the vesting price of 96.5 pence in order to satisfy the tax liabilities of the employees and PDMRs and a further 382,700 Ordinary Shares were repurchased at the 30-day VWAP of 90.91 pence at the request of certain employees and PDMRs under the terms of the Deferred Share Award Rules.

Following the above transaction, the Company's issued share capital amounted to 280,155,657 Ordinary Shares of which a total of 13,354,869 Ordinary Shares are held in Treasury. Therefore, the total number of Ordinary Shares with voting rights in Sylvania is 266,800,788 Ordinary Shares.

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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 in the Northern Limb of the Bushveld Complex.

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

ANNEXURE

GLOSSARY OF TERMS FY2023

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
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
EIA	Environmental Impact Assessment
EIR	Effective interest rate
EMPR	Environmental Management Programme Report
ESG	Environment, Social and Governance
GBP	Pounds Sterling
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
JORC	Australian Joint Ore Reserves Committee
LSE	London Stock Exchange
LTI	Lost-time injury
LTIFR	Lost-time injury frequency rate
MF2	Milling and flotation technology
MPRDA	Mineral and Petroleum Resources Development Act
MRA	Mining Right Application
MRE	Mineral Resource Estimate
NWA	National Water Act 36 of 1998
PGM	Platinum group metals comprising mainly platinum, palladium, rhodium and gold
PDMR	Person displaying managerial responsibility
PEA	Preliminary Economic Assessment
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
PFS	Pre-Feasibility Study
Project Echo	Secondary PGM Milling and Flotation (MF2) program announced in FY2017 to design and install additional new fine grinding mills and flotation circuits at Millsell, Doornbosch, Tweefontein, Mooinooi and Lesedi.
Revenue (by products)	Revenue earned on Ruthenium, Iridium, Nickel and Copper
Rh	Rhodium
ROM	Run of mine
SDO	Sylvania dump operations
Sylvania	Sylvania Platinum Limited, a company incorporated in Bermuda
TRIFR	Total recordable injury frequency rate
TSF	Tailings storage facility
UNSDGs	United Nations Sustainability Development Goals
USD	United States Dollar
WULA	Water Use Licence Application
UK	United Kingdom of Great Britain and Northern Ireland
ZAR	South African Rand