DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (the Group) consisting of Sylvania Platinum Limited (the Company or Sylvania) and the entities it controlled at the end of, or during, the financial year ended 30 June 2024. Sylvania is a limited company incorporated and domiciled in Bermuda. Unless otherwise stated, the consolidated financial information contained in this report is presented in USD.

Principle activities

The principal activity of the Group is the low-cost extraction of PGMs from chrome dumps and current arisings, as well as investment in mineral exploration. Further information is provided in the CEO's review.

Business review

Principle risks and uncertainties

The Group is exposed to a variety of risks both in the mining and exploration industry as well as various other non-industry specific risks. The Board and the Audit Committee guide risk management and the alignment thereof with the Group's risk and overall strategy. However, all employees should be made aware of internal and external risk factors.

The Board and management recognise that the risks are more complex and interlinked than before, hence risk assessments are performed on an ongoing basis by those members of the management team responsible for risk management. Identified risks are linked to the Group's business plan and strategy to ensure that the necessary mitigating factors are put in place. A risk register is maintained for all principal risks, which is reviewed and considered by the Board and management on a regular basis. A minimum of two formal risk workshops are held annually and considered in all safety, operations and Executive meetings. Short-term and long-term risks and the effect thereof on the Group's business plan and strategy is assessed, including extraordinary risks.

The Board also considers financial indicators including cash availability, solvency and liquidity, key financial ratios, market and commodity risk as well as inflation and interest rate risk. The Group's ability to continue as a going concern is formally assessed bi-annually and as part of the annual budgeting process. Further consideration of the Group's solvency and liquidity ratios are performed when dividend payments are made.

Principal risks described below are known risks, however risks may also exist that the Board and management are not aware of. The disclosure below is not in any particular order of importance or relevance and immaterial risks are not noted.

Geopolitics and economics

Risk and impact:

The global mining industry has faced challenges which are both unprecedent but also familiar. Political instability and geopolitical uncertainty always play an important role in the mining industry. The tension between China and the United States, the ongoing war in Ukraine and the Gaza strip as well as the introduction of new laws and elections in key countries emphasises that mining companies must remain vigilant to geopolitical risks and opportunities. As a result of the global uncertain economy, commodity prices remain at the lower end of the spectrum, exchange rates remain volatile, and increased interest rates and cost bases continue to be challenging.

Logistical constraints for bulk commodity exports, a poorly organised cadastral system, challenges with illegal mining compromising the safety of and viability of mining operations as well as a shortage of critical skills adds to the pressure that mining companies in South Africa are facing.

Mitigation:

The Board and management constantly monitor the market in which the Group operates. The medium- and long-term strategies include diversification, both vertically and laterally, in terms of services, technology, research and development as well as new and long-term partnerships. The multi-layered diversification will enable the Company to capitalise on the potential of Africa becoming an alternative supplier of PGMs in the wake of the war in Ukraine and sanctions against Russia.

The Board and management monitor the market in which the Group operates, and the Group makes use of external advisors to ensure optimal management of foreign exchange exposure. Cash management is aligned with the Treasury Policy which includes detailed long- and short-term cashflow forecasts. Cash is held in ZAR for the operational and capital requirements expenditure and surplus cash is held in USD to limit the impact of exchange rate fluctuation.

Environmental, social and governance

The expectations of investors and stakeholders continues to increase, and it is becoming more important to balance business goals with ESG priorities. Companies tend to focus more and more on achieving a net-positive impact which gives them a competitive advantage in terms of improved access to capital, a healthier talent pipeline and a stronger licence to operate. Transparency drives trust and companies need to focus on disclosing the relevant financial and non-financial value that they bring to communities and investors in addition to just meeting the regulatory expectations.

Environmental

Risk and impact:
Climatic events due to climate change remain a high risk and tend to increase in number and have a greater effect on communities and day-to-day operations. The mining industry operates in a challenging environment where the expectation is to not only provide minerals for the energy transition but to also reduce greenhouse gas emissions. De-carbonisation projects are expensive and have long time frames, in addition the returns are hard to quantify. Scientists advise that if global warming exceeds 1.5 degrees Celsius it will cause irreversible impacts on the ecosystem and societies. The effects of climate change could also threaten water and food availability in certain communities.

Mitigation:
The Board views ESG not only as a risk, but also as an opportunity to incorporate the principles into the Company's strategy. The principles of a circular economy supported by circular business models and closed material loops are embedded in the Board's medium- and long-term strategic objectives.

A key focus area for The Board and Management is tailings and waste management, the concept of a carbon-neutral mine, water stewardship and using technology to ensure safer working conditions. The Group formed part of a study, which indicated positive outcomes, to investigate alternative rehabilitation techniques for tailings dams which are more environmentally friendly. Carbon emissions and water usage is measured continuously and reported on various platforms and new technologies and systems are being investigated to improve data collection and reporting to enhance decision making.

Social

Risk and impact:
Health and safety and the related risks are inherent in how the mining and metals industry operates. Mental wellbeing is becoming more prevalent and can become a challenge where mines are in remote locations and employees are away from their support structures for extended periods of time. Human rights and the possible abuse thereof are under scrutiny by investors and mining companies' action to protect the human rights of employees and indigenous people is continuously evaluated.

Community unrest and local protests in the areas where the Company operates is a reality and could potentially lead to downtime at the mining sites and pose a financial risk.

Mitigation:
Management and the Board monitor the wellbeing of employees, including mental health, and various support programmes are available to assist employees and their families. It is the Board's ambition to go beyond Zero Harm and to focus on opportunity and positive contributions. The concept of wellbeing is constantly broadening. Campaigns against gender-based violence have been introduced and various community projects to aid local communities are maintained and expanded on, for example feeding schemes, donations to schools and sports equipment, to name a few. Wellness programmes are in place to support employees and contractors with work and personal life support services, which include daily monitoring of wellbeing at the various operations as well as annual physical medical surveillance processes.

Management engages with the local communities on a regular basis and consults with the various community leaders on relevant topics. The Company appoints community liaison officers, who, in collaboration with management, engage with the communities to determine their essential needs and to strategies that funds can be applied in the most effective manner. Health and safety and employee wellbeing is a key focus area for the Company and forms part of the measurable key performance indicators (KPIs) of management.

Cost of Capital

Risk and impact:
There is a significant increase in the demand for strategic and sustaining capital. Companies compete for investment to accelerate exploration and development of minerals which are vital to energy transition. As the energy transition accelerates, future shortfalls in key commodities are becoming apparent putting pressure on mining companies to enter into arrangements that support this trajectory.

The cost of capital to sustain existing business is also increasing drastically due to, amongst others, stricter and more stringent laws and regulations. The cost to build and maintain tailings dams to sustain production and also to meet the standards of the Global Industry Standard on Tailings Management (GISTM) has escalated significantly. Additional legislative requirements also add to the increased capital demands.

Mitigation:
The reassessing of business models to better address capital risks and opportunities is an ongoing process to balance growth and economic returns. Capital allocation decisions are directed to where they will have maximum impact and cost savings initiatives are constantly being investigated and explored. Although the Group is not mandated to subscribe to the GISTM standards, it chose to align the tailings dam strategies to the GISTM. Good progress is made in implementing an advanced level 9 proximity detection system solution to ensure compliance but also to prioritise safety on the operations. These initiatives support the Group's goal of Zero Harm.

Strategic as well as sustaining capital projects are carefully selected to ensure that they are aligned with the Group strategy. For any new projects, a business case supported by an advanced project plan is required and vigilant project management is undertaken throughout the projects to ensure that risks are identified timeously and addressed efficiently.

Cost management and supply chain

Risk and impact:
It appears that inflation is easing slightly but the positive impact on realised costs is taking time to filter through. Energy cost as well as labour costs are rising above inflation rates and continue to remain high. Energy costs are affected by the Ukraine war and the effect it has on supply and demand and labour costs seems to rise as a result of the shortage of skilled staff.

Mitigation:
The Board and management continue to emphasise the importance of controlling operational costs without compromising the promotion of our ESG strategy. The mission statement of the Group underpins the principle of a low cost but efficient operating model. While the current bottom line is important, the Board and Management work around strategies that will enhance future performance and sustainability.

Human capital

Risk and impact:
Finding and retaining talent is always a challenge. Younger employees might have an affinity towards energy transition projects rather than the mining sector. The Group is reliant on a small team with a specialised skill set to ensure the success of the Company. Corporate intelligence and the continuation thereof is a key factor for operational excellence. A fast turnover in management might affect employee morale negatively. The lack of a succession plan for both key management and the Board can potentially lead to the unnecessary disruption of the operations and potentially lead to a loss of investor confidence.

Mitigation:
The Group creates a supportive work environment for all employees with emphasis on employee health which is supported by the employee assistance plan. The Company incentivises key management through the granting of bonus share awards, regular salary benchmarking and opportunities to further any relevant studies. Succession planning is a focus area of the Board and forms part of the Executive strategy workshops.

Group financial results

A summary of the Group's performance for the period is summarised below and a more detailed description is further provided.

		2024	2023	+- % Change
Average 4E Gross basket price	$/oz	1,339	2,086	(36)
Net Revenue	$ 000	81,713	130,196	(37)
Group cash cost	ZAR/oz	16,970	13,685	24
Group cash cost	$/oz	907	771	18
Gross profit	$ 000	11,287	64,001	(82)
General administration costs	$ 000	(2,838)	(2,790)	2
Profit before income tax expense	$ 000	13,469	66,977	(80)
Group EBITDA	$ 000	13,464	65,964	(80)
Cash generated from operations				
(before working capital changes)	$ 000	13,389	63,962	(79)
Changes in working capital	$ 000	1,611	13,716	(88)
Net finance income received	$ 000	5,936	5,094	17
Taxation paid	$ 000	(6,231)	(19,785)	(69)
Net increase/(decrease) in cash and cash equivalents	$ 000	(26,972)	6,639	(506)

Cash and cash equivalents, end of year*	$ 000	**97,845**	**124,160**	(21)
Production				
Plant feed	T	**2,483,610**	**2,615,994**	(5)
Total 3E and Au	Oz	**72,704**	**75,469**	(4)
PGM plant recovery	%	**55.27**	**55.86**	(1)
Capital expenditure				
Property, plant and equipment	$ 000	**14,969**	**12,869**	16
Exploration and evaluation assets	$ 000	**847**	**1,622**	(48)
Total capital expenditure	$ 000	**15,816**	**14,491**	9

**An additional $301,979 (FY2023: $823,144) was transferred to Other Financial Assets for reporting purposes. It relates to cash guarantees to Eskom and the DMRE.*

Net Revenue

Net Revenue decreased 37% year-on-year mainly due to the 36% decrease of the gross basket price from $2,086/ounce in FY2023 against $1,339/ounce recorded in the current year. The 4% decrease in production marginally contributed to a lower revenue.

Cash costs

Cash costs for the Group (4E) increased by 24% from ZAR13,685/ounce to ZAR16,970/ounce in the previous year, due to the 15% increase in direct cost and 4% decrease in 4E production.

General and administration

General and administrative costs, included in the Group cash costs, are incurred in USD, GBP and ZAR and are impacted by exchange rate fluctuations over the reporting period. These costs marginally increased by 2% to $2.83 million from $2.79 million in the reporting currency year-on-year.

Mining and income tax

Income tax paid for the financial year amounted to ZAR67.3 million ($3.6 million) compared to ZAR349.7 million ($19.8 million) for the previous financial year, as a result of decreased taxable profits at the operations and after mining capital allowances. Income tax is paid in ZAR on taxable profits generated at the South African operations. Mineral royalty tax of ZAR25.8 million ($1.4 million) was paid for the financial year against ZAR99.3 million ($5.6 million) in the prior year.

Profit

The consolidated profit before tax of the Group at 30 June 2024 was $13.5 million (FY2023: $67.0 million), an 80% decrease on the prior year. The decrease in profit is as a result of the decreased revenue due to the lower basket prices compared to the prior year and the 4% decrease in production. Adjusted Group EBITDA decreased by 80% from $66.0 million to $13.5 million, which excludes the $1.2 million historical interest written off as a result of the early settlement of the loan and sales proceeds with regards to the Grasvally transaction.

Capital

Capital expenditure increased in USD terms during the current financial year from $14.5 million (ZAR257.2 million) in the prior year to $15.8 million (ZAR296.0 million) in the current year. During the current period $8.4 million was spent on strategic and stay in business capital, $5.7 million was spent on the Thaba JV attributable capital and $0.8 million was spent on exploration capital. The main strategic projects during the period included the centralised filtration plant $6.7 million, the Lannex classification plant $1.5 million, the Lannex MF2 $1.1 million and the generators at Millsell and Mooinooi $2.4 million.

Cash

The cash balance decreased by 21% year on year to $97.8 million (FY2023: $124.2 million). This balance excludes $1.2 million restricted cash (FY2023: $0.8 million) relating to guarantees with the DMRE, Eskom and Growthpoint. A new cash guarantee of $0.3 million was issued to Eskom during FY2024 relating to the Thaba JV.

Income tax of $3.6 million, dividend withholding tax of $2.6 million on intercompany dividends and mineral royalty tax of $1.4 million was paid to the South African Revenue Services during FY2024. Total dividends of $23.3 million were paid during the Period, being a special dividend of $3.3 million as a result of the early settlement of the Grasvally sale proceeds and loan of $6.2 million in April 2024, a final dividend for FY2023 in December 2023 and an interim dividend for FY2024 in April 2024 of $16.7 million and $3.3 million respectively. A further $0.7 million was paid through the Employee Dividend Entitlement Plan (EDEP) to all qualifying employees. Surplus cash invested earned interest income amounting $5.9 million.

The Group spent $15.8 million (FY2023: $14.5 million) on capital, comprising of $9.3 million improvement and stay in business capital, $5.7 million attributable capital on the Thaba JV and $0.8 million on exploration projects. Lease payments for the rental of various equipment amounting to $0.6 million was made during the Period.

At a corporate level, a total of 2,693,750 shares amounting to $2.1 million were bought back through the Share Buyback programme ($1.4 million), from certain employees and persons displaying management responsibilities (PDMRs) ($0.3 million) and to satisfy tax requirements on vested shares from individuals ($0.4 million).

Cash generated from operations before working capital movements was $13.4 million, with net changes in working capital of $1.6 million mainly due to the movement in trade receivables of $5.6 million and trade payables of $3.6 million.

The impact of exchange rate differences for the Period amounted to $0.7 million profit, as a result of the net appreciation of the ZAR to the USD during and at the end of FY2024.

For more details on the financial performance of the Group, please refer to the consolidated annual financial statements.

Review of operations and exploration
A detailed review of operations and exploration activities has been included in the CEO's review.

Corporate matters
Dividend approval and payment
During the period under review the Company paid a final dividend for FY2023 totalling $16.7 million, equating to 5 pence per Ordinary Share, to Shareholders on the register on the record date of 27 October 2023. This brought the annual dividend for FY2023 to 8 pence per Ordinary Share. An interim dividend for FY2024 of 1 pence per Ordinary Share was paid to shareholders on the register on the record date of 1 March 2024 on 5 April 2024 and amounted to $3.3 million. A further special dividend of 1 pence per Ordinary Share, amounting to $3.3 million, was paid on 7 June 2024 from the Grasvally settlement proceeds.

Transactions in Own Shares
1,235,000 Bonus share awards vested and were exercised by employees and PDMRs. Of the 1,235,000 shares that were exercised, 425,000 related to PDMRs. The 1,235,000 shares exercised amounts to $0.9 million of which $0.3 million relates to PDMRs and $0.6 million relates to employees.

During the Period, the Company conducted an on-market Share Buyback programme to purchase Ordinary $0.01 Shares of the Company's issued share capital, up to a maximum consideration of $3.0 million. A total of 1,843,000 Ordinary Shares were bought back during the Buyback programme at an average price of 57.21 pence per share, equating to $1.3 million in aggregate. An additional 166,000 Ordinary Shares were bought back from employees at the 30-Day VWAP of 54.95 pence per share equating to $0.1 million. Thus, a total of 2,009,000 shares were bought back by the Company during FY2024 at a cost of $1.4 million.

2,009,000 Ordinary Shares held in Treasury were cancelled. Following the cancellation, the Company's issued share capital, as at 30 June 2024, is 273,366,725 Ordinary Shares, of which a total of 11,765,211 Ordinary Shares are held in Treasury. Therefore, the total number of Ordinary Shares with voting rights in Sylvania is 261,601,514

Likely developments and expected results
Additional comments on production forecasts and operating cash costs are included in the operational performance and outlook section in the CEO's review.

Environmental and legislation
The Group is subject to significant environmental legal regulations in respect of its exploration and evaluation activities in South Africa. There have been no known reportable breaches of these regulations and principles by the Group and its operations.

Company secretary
The Company Secretary role is held by Conyers Corporate Services (Bermuda) Limited.

Going concern
The Group identified the principal risks as the prolonged low metal prices as a result of a globally volatile economy driven by political uncertainty and national elections in some of the largest and most influential economic and political countries worldwide, the ongoing unrest in Ukraine and the Gaza strip and supply and demand uncertainties. This gave rise to an increase in interest rates worldwide, high inflation and prolonged low commodity prices which affected the mining industry negatively.

The demand for PGMs in the remainder of the 2024 calendar year is forecasted to still outweigh supply. The primary supply of platinum is predicted to decline as Russian shipments return to a normalised levels and automative use is forecast to contract due to the decrease in the production of diesel vehicles, but industrial consumption should increase due to the ongoing investment in the glass industry which is supported by the production of wind turbines. PGMs are bound to play a critical role in the energy transition which will incentivise mining companies to be innovative in their strategic planning and to capitalise on the unique properties and cyclical nature of these metals.

Despite economic, structural and sector outlook concerns, there is still an appetite for consolidation in the mining industry, to pursue diversification strategies and for speculative acquisitions. The Board and Management is cautiously positive and exploring diversification and collaboration opportunities that fit into the Group strategy.

After considering the aforementioned risks, the financial position and strong cash position, operational performance, budgets and forecasts as well as the timing of cash flows and sensitivity analyses, the Directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from date of signing the financial statements.

Events after the reporting period
The Directors are not aware of any further matters or circumstances arising since the end of the reporting period, not otherwise dealt with in the financial statements, which significantly affect the financial position of the Group or the results of its operations.

Statement as to disclosure of information to auditors
The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Signed in accordance with a resolution of the Directors

Jaco Prinsloo
Chief Executive Officer
9 September 2024