CEO's REVIEW

Despite the current challenges facing the PGM sector with the lower PGM basket pricing, we have performed well on our current operations, and the rapid development of the Thaba JV stands as a testament to our forward-looking and innovative management approach. The SDO delivered a respectable 72,704 4E PGM ounces this year.

Once again, our dedication to health and safety was sustained during the year and the goal of achieving Zero Harm across all operations remains our top priority. Our Doornbosch plant achieved 12 years LTI-free in June 2024, and also achieved the remarkable milestone of being total injury-free for three years, while Lannex also concluded the year total injury-free. These are noteworthy achievements for the respective operations and showcase Sylvania's substantial emphasis on safety standards.

The Company remains dedicated to delivering value to shareholders, demonstrating strong discipline and careful management of capital and cash resources. In line with the Company's Dividend Policy, an interim dividend and special dividend of one pence per Ordinary Share each were paid in April and June 2024, and a final dividend of one pence per Ordinary Share has now been declared to be paid out on 6 December 2024. As a reminder, the Dividend Policy allows for a pay out of a minimum of 40% of adjusted free cash flow for the financial year. The payment of dividends remains at the discretion of the Board.

During the year, we also conducted a Share Buyback programme in which 1.8 million Ordinary Shares ($1.3 million) were bought back in the market and 0.9 million Ordinary Shares ($0.8 million) were bought back from employees and for tax purposes. Additionally, the Company received early settlement of the loan and proceeds for the sale of Grasvally Chrome Mine (Pty) Ltd (Grasvally), amounting to an equivalent of $6.2 million, the special dividend, amounting to $3.3 million, was paid from the proceeds, bringing the total dividends paid during the year to three pence per Ordinary Share.

All capital projects were funded from cash reserves, totalling approximately $15.8 million (ZAR296.0 million) and the Company maintained a stable cash position of $97.8 million at the end of the financial year.

Our goal is to ensure we maintain sufficient cash reserves to support working capital needs, finance identified capital projects, enable growth and exploration, and protect against potential future challenges, all while continuing to deliver value to shareholders. In this regard, it is therefore encouraging that our lower-cost operations, which place us in the lowest quartile of the industry cost curve, have enabled the Company to remain cash generative with a healthy cash position.

The development of the Thaba JV represents a major step in the delivery of the Company's growth strategy, expanding Sylvania Metals' operations and adding attributable annual production of approximately 6,800 4E PGM ounces and introducing 210,000 tons of chromite concentrate to the existing production profile. The Thaba JV is progressing well, with the first PGM and chrome production expected in HY2 FY2025, commencing the addition of chrome revenue to our income stream.

The Thaba JV combines the complementary strengths of Sylvania Metals and LMC to produce PGMs and chromite concentrate, leveraging Sylvania's expertise in PGM recovery and LMC's proficiency in fine chromite beneficiation. This partnership aims to maximise the value of resources from the Middle Group Reef in South Africa's BIC while enhancing Sylvania Metals' commodity portfolio. With an expected return exceeding a 20% internal rate of return and a cash payback period of less than three years post-commissioning, the JV promises significant financial benefits. Strategically, it aligns with Sylvania Metals' growth ambitions by expanding resource access, boosting production, and strengthening distribution; ultimately enhancing shareholder value.

HEALTH, SAFETY AND ENVIRONMENT

During the Period, there were no significant occupational health or environmental incidents reported and all operations have remained fatality free since inception in 2006. Doornbosch's record 12-years LTI-free in addition to being total injury-free for three years together with Lannex achieving Zero Harm during the Period is testament to our commitment to a safe and healthy environment.

Unfortunately, during FY2024, Tweefontein and Mooinooi each experienced one LTI. Management's proactive stance towards safety measures, which include routine risk assessments, has played a pivotal role in fostering a workplace ethos that places a high priority on the well-being of both employees and contractors.

The successful last quarter of the calendar year "Silly Season" campaign, spanning from November 2023 through January 2024, effectively emphasised the significance of a hazard-free and injury-free environment. Through a range of creative initiatives, employees embraced a culture of mindfulness, remaining vigilant, and adhering to safety protocols, resulting in an outstanding achievement of zero injuries throughout the festive season.

Sylvania's annual anti-gender-based violence (GBV) campaign further solidified a workplace culture grounded in respect and equality. Informative sessions and open dialogues provided employees with a profound understanding of the repercussions of GBV, empowering them to become advocates for positive change. This reiterates the Company's dedication to nurturing a workplace that champions inclusivity, ultimately contributing to a more harmonious and supportive professional community.

Concurrently, the Company's environmental endeavours have propelled responsible resource management, significantly reducing Sylvania's ecological footprint.

OPERATIONAL PERFORMANCE

The SDO annual production of 72,704 4E PGM ounces was 4% lower than the prior financial year, largely due to the slower than expected ramp-up of operations after the wage related strike action in February 2024 at our Western operations that impacted production at Mooinooi and Millsell in particular. The slower-than expected ramp-up was a result of a backlog of maintenance during the strike period due to limited resources at the time, which ultimately resulted in lower plant availabilities and runtime, and process stability on the Mooinooi run of mine (ROM) section. Additionally, lower PGM feed grades, as well as a decrease in associated metal recoveries related to the ore mix treated at Lannex during the Period, were also a factor.

The Western operations have since improved with enhanced maintenance and runtime, while measures are being implemented to address the lower grade feed material and related recoveries at affected operations. The Lannex MF2 Project was executed during the year together with commissioning of the flotation circuit and the fine grinding circuit and optimisation continues. Progressive improvements in recoveries were achieved at Lannex throughout the year.

PGM plant feed tons for the Period remained flat with 1.4 million tons treated, but PGM flotation feed grades and recovery efficiencies decreased by 3% and 1% year-on-year respectively, primarily influenced by lower PGM feed grade and recovery potential in the dump feed sources to Lannex, and Lesedi.

The SDO direct cash cost per 4E PGM ounce increased by 25% in ZAR (the functional currency) from ZAR11,355/ounce to ZAR14,244/ounce, while the USD cash cost increased 19% to $761/ounce against $640/ounce in the prior year due to the 4% reduction in production, the temporary purchase of higher grade external material for the Eastern operations that contributed to a 10% increase which is expected to endure until June 2025, and increased power, reagent and milling costs.. The effects of rising inflation worldwide and international instability continue to directly impact the cost of fuel and transport, all of which cause operating costs to increase.

During the Period, the SDO implemented a new planned maintenance system, which was successfully piloted at Millsell. The "On Key" Enterprise Asset Management System is currently being rolled-out at Mooinooi, which aims to optimise maintenance management planning and scheduling tasks. It will also assist in improving plant availabilities and runtime, resulting in improved process stability and increased efficiencies. The maintenance system will be rolled out at the other plants during the course of FY2025 and FY2026.

ROM feed grades at Mooinooi have been at satisfactory levels during the Period but remain a focus area for the operation. Management continues to collaborate with the host mine in determining the preferred source of ROM and associated grades in order to sustain these higher grades. Higher-grade third-party dump feed material is continuously sourced, evaluated and, where suitable, treated at selected operations that have low-grade resources in order to optimise the overall PGM feed grade and profitability in the current PGM price environment.

Reagent optimisation continues, especially at the recently commissioned MF2 circuits, to achieve improved efficiencies and further contribute to an increase in metal recoveries. Focus remains on the operational aspects of the SDO TSFs by the operations teams, the engineer on record, relevant expert advisers, and associated service providers.

Furthermore, in view of the performance of Lesedi over the past 12 months, which has been impacted by a combination of low feed grades from current feed sources and continued subdued PGM prices, the Company has commenced consultation with stakeholders under Section 189A (S189A) of the Labour Relations Act, 66 of 1995 (LRA) on the possible restructuring of the operation. The aim of this process is to improve the overall profitability of the SDO in the current subdued PGM price environment and further updates on this process will be provided in due course.

CAPITAL PROJECTS

Capital expenditure for the year increased 9% to ZAR296.0 million ($15.8 million) from ZAR257.2 million ($14.5 million) in the 2023 financial year, in line with the Group's capital project strategy. Capital expenditure included the $5.7 million attributable capital on the Thaba JV, $3.3 million for new tailings dam infrastructure, $2.1 million for the Lannex MF2 roll-out, and $0.8 million on exploration projects. All capital projects are fully funded from current cash reserves.

A central filtration plant project is in execution to facilitate the conversion to dry filtered concentrate, instead of the current slurry. This will assist in reducing concentrate transport costs and remediate handling challenges at off-take smelters.

In order to mitigate power interruptions at Lesedi and Millsell, which are most affected by the national power utility's load curtailment programme, back-up power generation projects were initiated during FY2023. The Lesedi unit was commissioned in February 2024. Lesedi experienced approximately 81 hours of downtime during HY1 FY2024 due to load curtailment (total downtime during FY2023 was 544 hours). The installation of the Millsell standby generator was completed during Q4 FY2024. The generators will significantly reduce potential future power related losses at the operations.

In order to expand our operating footprint and to increase diversification of our revenue stream by adding additional chrome revenue, a feasibility study for a potential new treatment facility for chrome tailings and ROM ore sources at the Eastern operations is in progress.

Finally, in order to sustain current operations and to secure deposition capacity for the next ten years, we are currently busy with a build program for new TSFs at all of our current operations, which are rightly designed according to latest regulatory safety and environmental standards.

FINANCIAL PERFORMANCE

When analysing the financial results, it is important to note that the Group generates revenues in USD, which are converted to ZAR, while we incur costs in ZAR, USD and GBP. The average ZAR/USD exchange rate was ZAR18.71:$1 at 30 June 2024 (FY2023ZAR17.75:$1) and the spot exchange rate was ZAR18.19:$1 at 30 June 2024 (FY2023: ZAR18.89:$1). The Group net profit for the year was $7.0 million (FY2023: $45.4 million).

The average gross basket price for PGMs in the financial year was $1,339/ounce, a 36% decrease on the previous year's basket price of $2,086/ounce. The decrease in the overall PGM basket price was primarily due to a circa 51% decrease in rhodium prices and a 38% decrease in palladium prices.

Revenue on 4E PGM ounces delivered decreased by 38% in USD terms to $71.7 million year-on-year (FY2023: $116.6 million) with revenue from base metals and by-products contributing $13.0 million to the total revenue (FY2023: $13.3 million). Net revenue, after adjustments for ounces delivered in the prior year but invoiced in FY2024, decreased 37% on the previous year's $130.2 million to $81.7 million. The decrease in revenue is as a result of the 38% drop in the basket price and 4% lower production.

Group cash costs increased by 18% year-on-year from $771/ounce (ZAR13,685/ounce) to $907/ounce (ZAR16,970/ounce). Direct operating costs increased 21% in ZAR (the functional currency) from ZAR856.9 million to ZAR1.0 billion and indirect operating costs decreased 21% from ZAR239.5 million to ZAR189.1 million. The decrease in indirect costs is attributable to the reduction in mineral royalty taxes.

All-in-sustaining costs (AISC) increased by 11% to $967/ounce (ZAR18,088/ounce) from $874/ounce (ZAR15,509/ounce). Similarly, all-in costs (AIC) of 4E PGMs increased by 13% to $1,168/ounce (ZAR21,852/ounce) from $1,033/ounce (ZAR18,345/ounce) recorded in the previous period as a result of the lower ounce production during FY2024.

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. All capital projects are fully funded from current cash reserves.

Basic earnings per share (EPS) decreased 84% to 2.66 US cents per share from 17.01 US cents per share in FY2023.

The cash balance on 30 June 2024 was $97.8 million (FY2023: $124.2 million). This balance excludes $1.2 million restricted cash (FY2023: $0.8 million) relating to guarantees. A new cash guarantee of $0.3 million was issued to Eskom during FY2024 relating to the Thaba JV.

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.

The Company remains debt free with sufficient cash holding to allow for continued funding of capital expansion projects as identified.

For a comprehensive overview of the financial performance of the Group, please refer to the Directors' Report and the accompanying consolidated annual financial statements.

MINERAL ASSET DEVELOPMENT

The Group holds approved mining rights for three PGM–base metal Projects on the Northern Limb of the BIC in South Africa. Following on from the Exploration Results and Resource Statement that was released in FY2023, the Company continues to develop these Projects through additional technical studies and re-interpretation of historical information. A Scoping Study was finalised for Volspruit, and an updated exploration programme is being developed for the Aurora Project. This additional information will assist the Company in ascertaining how best to develop these Projects.

Volspruit Project

Post year-end, SRK Consulting finalised the Scoping Study for Volspruit, with the final report released in August 2024. The study was undertaken to assess the economic viability of the Project based on the updated mineral resource statement that was published during February 2024. The

Volspruit Scoping Study resulted in a significant increase in project pre-tax net present value (NPV) to $69.0 million for a 14-year life of mine, compared to $27.3 million NPV in the original study previously (2022 Scoping Study).

Contributions from rhodium and the additional resources from the South ore body are now included as well as updated input costs.

Recommendations from the Scoping Study are being assessed, and where possible, implemented. The outcomes will be analysed alongside the results from the metallurgical test work completed during FY2024, and a decision will be made on how to progress the Project. On the regulator front, steady progress is being made in the permitting process necessary for the existing mining right.

Local Economic Development projects are gaining traction and the Water Use License (WUL) application for mining and onsite processing operations, as well as the updated Environmental Impact Assessment (EIA) submissions, are expected to be made in the first quarter of FY2025, allowing for a comprehensive public engagement process to be completed.

Far Northern Limb Projects

An exploration programme for Aurora has been compiled based on the reinterpretation of historic drilling. A geophysical survey has been proposed to cover the strike length of the Project and assess the continuity of the mineralisation, as well as gain a greater understanding of the structural setting of the area.

Processing test work has been proposed for a set of samples from the most recent drilling campaign at Aurora to understand the metallurgical characteristics of the mineralised zone.

Based on the outcomes of the geophysical and metallurgical test work, it will be determined if an additional borehole drilling programme will add further value to the Project and will be designed accordingly.

In terms of the Hacra Project, the declaration of an Exploration Target during August 2024 provides sufficient information for the Company to now evaluate various disposal options. Sylvania does not anticipate incurring any significant further exploration or study costs on this particular Project, where the mineralisation occurs at depth, compared to shallow occurrences at Volspruit and Aurora.

Grasvally

The Company agreed to an early settlement, to the amount of ZAR115.0 million ($6.2 million on date of payment), of the loan and sale price related to the sale of Grasvally to Forward Africa Mining (Pty) Ltd (FAM) which was received in April 2024. The original contractual repayment terms of the capital and interest was 15 equal quarterly instalments, commencing at the end of the quarter following the first anniversary of the Effective Date. As a result of the early settlement, the Company agreed to write off the interest accrued.

Following receipt of the early settlement proceeds, the Company declared and paid a special dividend of one pence per Ordinary Share, amounting to $3.3 million in aggregate.

CORPORATE ACTIVITIES

Dividend Approval and Payment

The Board declared an interim dividend of one pence per Ordinary Share in February 2024, which was paid out on 5 April 2024. The free cash flow forecast was adjusted for the capital spend on the Thaba JV as this was funded from previously generated cash held for growth and expansion opportunities.

In accordance with the Dividend Policy, I am happy to announce that, despite the challenging year we have faced, the Board has declared the payment of a final cash dividend for FY2024 of one pence per Ordinary Share, payable on 6 December 2024 to shareholders on the register at the close of business on 1 November 2024 with an ex-dividend date of 31 October 2024.

Further to the dividends paid to shareholders, in accordance with the Company's Employee Dividend Entitlement Plan (EDEP) whereby eligible employees receive an equivalent dividend paid on shares bought back by the Company in the market and ring-fenced for the EDEP, a total of $0.7 million was paid out during the financial year.

Transactions in Own Shares

Returning capital to shareholders remains a key element of the Company's strategic goals and it will continue to review to do so, when appropriate and value accretive.

At the commencement of the 2024 financial year, shares in the Company were valued at 78.00 pence per Ordinary Share. The share price has since depreciated 26% to 58.00 pence per Ordinary Share, largely influenced by the macroeconomic environment and volatile PGM prices. As stated previously, even though a great many of the factors influencing the share price are outside of the Company's control, management always pays close attention to these and will continue to manage the business in the best way possible to provide maximum value for shareholders.

1,235,000 Bonus share awards vested and were exercised by employees and persons displaying management responsibilities (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. 448,150 shares were immediately repurchased by the Company at the vesting price of 70.00 pence per Ordinary Share in order to satisfy the tax liabilities of PDMRs and employees, and a further 236,600 shares were repurchased at the 30-day VWAP of 76.50 pence per Ordinary Share.

During the Period, the Company conducted an on-market Share Buyback programme to purchase Ordinary 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 Ordinary 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 Ordinary Share equating to $0.1 million.

A total of 2,693,750 Ordinary Shares were bought back by the Company during FY2024 at an average price of 62.18 pence per Ordinary Share, equating $2.1 million in aggregate.

5,633,725 Ordinary Shares held in Treasury were cancelled during the Period such that 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 Ordinary Shares.

Notification of Transaction by PDMR

Eileen Carr, Non-Executive Director and Chair, purchased 60,000 Ordinary Shares in the Company at 49.74 pence per Ordinary Share during the Period. Following this transaction, her shareholding in the Company totals 130,000 Ordinary Shares, representing 0.05% of the total number of Ordinary Shares with voting rights.

Additionally, Adrian Reynolds, Non-Executive Director, purchased 30,000 Ordinary Shares in the Company at an average cost of 73.24 pence per Ordinary Share during the Period. Consequently, his shareholding in the Company totals 50,000 Ordinary Shares, representing 0.02% of the total number of Ordinary Shares with voting rights.

Appointment of New Chair

Stuart Murray stepped down as Chairman of Sylvania with effect from 31 December 2023. After more than a decade of service as Non-Executive Chairman, Mr Murray decided to focus more time on his other business interests. The Board voted unanimously to appoint Eileen Carr, who had been serving as Non-Executive Director and Chair of the Audit Committee, as the Chair of the Board with effect from 1 January 2024. Eileen is a seasoned Board member who has intimate knowledge of the Company and management team, and her forward-thinking leadership, expertise, and steadfast commitment align perfectly with the Company's values and objectives.

THANK YOU AND OUTLOOK

The Board is happy with the results across most of the operations, nevertheless, shall continue in its commitment towards improvement over the coming year. I believe the operations will deliver a solid production performance in FY2025 and, in line with this, Sylvania will target an annual production of between 73,000 to 76,000 4E PGM ounces for the coming financial year.

The ongoing challenge of weak PGM prices, combined with escalating input costs, remains a significant concern for the Board and the broader industry. Despite these headwinds, as detailed in this report, we have maintained a low-cost strategy, controlling production costs effectively, and have consistently adhered to a prudent cash management strategy, ensuring that we remain cash generative.

I want to express my deep appreciation for the outstanding efforts of our management and production teams, as well as our dedicated employees, who have consistently upheld our commitment to safe working practices and strong production performance. I also extend heartfelt thanks to you, our valued shareholders, for your unwavering support of the Company over the years. Despite the current challenges facing the PGM sector, we remain optimistic about the future and look forward to continuing this exciting journey with you. The commencement of the production at the Thaba JV in the second half of FY2025 will mark the official dawn of a new era for the Company and all its stakeholders.

Jaco Prinsloo
Chief Executive Officer
9 September 2024