

29 April 2022

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

Third Quarter Report to 31 March 2022

Sylvania (AIM: SLP) announces its results for the quarter ended 31 March 2022 (“Q3” or the “quarter”). Unless otherwise stated, the consolidated financial information contained in this report is presented in United States Dollars (“USD” or “\$”).

Achievements

- Sylvania Dump Operations (“SDO”) achieved 15,840 4E PGM ounces in Q3 (Q2: 16,605 ounces).;
- SDO recorded \$47.9 million net revenue for the quarter (Q2: \$38.8 million), enhanced by strong PGM basket prices;
- Group EBITDA of \$30.0 million (Q2: \$22.3 million);
- Net profit of \$21.2 million (Q2: \$15.5 million);
- Group cash balance of \$138.0 million (Q2: \$110.1 million); and
- Lesedi plant fully operational since March 2022 following earlier tailings and water related disruptions.

Challenges

- PGM feed grades in ROM material remain at a lower level at the Mooinooi operation during the quarter: Investigation of potential solutions undertaken in conjunction with the host mine have proven positive. Preferred ore sources have been identified which have led to improved ROM feed grades post quarter end. This is expected to improve PGM grades and therefore production and output in the coming months; and
- Higher production costs per ounce at the operations impacted by an increase in the cost of reagents, increased fuel and transport cost and the lower ounce production quarter on quarter.

Opportunities

- The new Lesedi tailings storage facility (“TSF”) has been completed and commissioning of the tailings deposition facility commenced in February;
- Cold commissioning of the new Lesedi MF2 project commenced during March 2022 and circuit optimisation is in progress. First slurry was treated post-period end;
- Tweefontein MF2 remains on track for commissioning H1 FY2023;
- Production is expected to increase significantly during the next quarter due to progress at Lesedi and the improvements identified post quarter end at Mooinooi; 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 returning value to all stakeholders.

Commenting on the Q3 results, Sylvania's CEO, Jaco Prinsloo said:

“The SDO achieved 15,840 ounces for the quarter, in line with expectations taking into account the production downtime and instability experienced at Lesedi during the first part of the quarter due to the temporary suspension of operations. Low-grade ROM resources at our Mooinooi operation continue to be addressed with the host mine, with measures identified to increase the grade post quarter end.”

“From a financial perspective, we benefited from a significantly stronger PGM basket price during the quarter, with net revenue increasing 24% to \$47.9 million and net profit increasing 36% to \$21.2 million. SDO cash costs per ounce increased, mainly due to the drop in ounces produced for the quarter as well as being impacted by higher reagent costs. SDO cash costs are expected to improve during Q4 based on higher projected ounce production.”

“I am expecting a strong operational performance from all operations during the final quarter of FY2022 based on initial positive results at Mooinooi to improve ROM feed grades in collaboration with our host mine, and at Lesedi, where production is expected to increase significantly during the next quarter as feed is stabilised and the MF2 circuit optimised. This should enable us to achieve the target production of 66,000 to 68,000 ounces for FY2022 as communicated earlier.”

USD			Unit	Unaudited	Unit	ZAR		
Q2 FY2022	Q3 FY2022	% Change				% Change	Q3 FY2022	Q2 FY2022
				Production				
584,620	561,110	-4%	T	Plant Feed	T	-4%	561,110	584,620
1.94	1.98	2%	g/t	Feed Head Grade	g/t	2%	1.98	1.94
295,011	300,869	2%	T	PGM Plant Feed Tons	T	2%	300,869	295,011
3.17	3.17	0%	g/t	PGM Plant Feed Grade	g/t	0%	3.17	3.17
55.20%	51.59%	-7%	%	PGM Plant Recovery	%	-7%	51.59%	55.20%
16,605	15,840	-5%	Oz	Total 4E PGMs	Oz	-5%	15,840	16,605
21,431	20,080	-6%	Oz	Total 6E PGMs	Oz	-6%	20,080	21,431
2,710	3,327	23%	\$/oz	4E Gross basket price ¹	R/oz	21%	50,654	41,831
				Financials²				
32,955	38,462	17%	\$'000	Revenue (4E)	R'000	15%	585,639	508,797
2,824	3,004	6%	\$'000	Revenue (by-products including base metals)	R'000	5%	45,743	43,596
2,984	6,415	115%	\$'000	Sales adjustments	R'000	112%	97,671	46,073
38,763	47,881	24%	\$'000	Net revenue	R'000	22%	729,054	598,466
13,393	14,270	7%	\$'000	Direct operating costs	R'000	5%	217,284	206,331
735	751	2%	\$'000	General and administrative costs	R'000	1%	11,442	11,348
22,331	30,009	34%	\$'000	Group EBITDA	R'000	33%	456,929	344,769
12	424	3,433%	\$'000	Net Interest	R'000	3,410%	6,459	184
15,518	21,165	36%	\$'000	Net profit	R'000	35%	322,275	239,581
4,274	4,241	-1%	\$'000	Capital Expenditure	R'000	-2%	64,580	65,993
110,062	138,037	25%	\$'000	Cash Balance	R'000	15%	2,020,382	1,755,066
			R/\$	Ave R/\$ rate	R/\$	-1%	15.23	15.44
			R/\$	Spot R/\$ rate	R/\$	-8%	14.64	15.95
				Unit Cost/Efficiencies				
772	839	9%	\$/oz	SDO Cash Cost Per 4E PGM oz ³	R/oz	7%	12,770	11,915
598	662	11%	\$/oz	SDO Cash Cost Per 6E PGM oz ³	R/oz	9%	10,074	9,231
832	938	13%	\$/oz	Group Cash Cost Per 4E PGM oz ³	R/oz	11%	14,287	12,844
645	740	15%	\$/oz	Group Cash Cost Per 6E PGM oz ³	R/oz	13%	11,270	9,951
968	1,141	18%	\$/oz	All-in sustaining cost (4E)	R/oz	16%	17,368	14,942
1,192	1,379	16%	\$/oz	All-in cost (4E)	R/oz	14%	21,002	18,397

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 March 2022 gross 4E basket used for revenue recognition of ounces delivered in Q3 FY2022, before penalties/smeltering costs and applying the contractual payability, while historic gross basket price quoted in earlier announcements included revenue from 6E elements.

² Revenue (6E) for Q3, before adjustments is \$41.3 million (6E prill split is Pt 50%, Pd 19%, Rh 9%, Au 0.3%, Ru 16%, Ir 5%). Revenue excludes profit/loss on foreign exchange.

³ The cash costs include direct operating costs and exclude royalty tax and EDEP payments.

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 the Doornbosch operation remains nine-years Lost-time Injury (“LTI”) free, while Lesedi achieved the milestone of two-years LTI-free during the period and Lannex remains one-year LTI-free.

Operational performance

The SDO delivered 15,840 4E PGM ounces for the quarter, a 5% decrease quarter-on-quarter, but in line with expectations. The ROM ore feed grade challenges at Mooinooi and production interruptions and instability continued through the quarter at Lesedi as reported on in the half year results, with operational improvements to mitigate these challenges detailed below.

PGM Plant feed tonnages increased 2% compared with the previous quarter. While the PGM plant feed grade remained consistent the PGM recovery efficiency decreased 7% during the period, which contributed towards the 5% lower PGM ounce production for the quarter. The PGM recovery efficiency was primarily impacted by a higher ratio of more oxidised open cast ROM sources at Mooinooi as well as oxidised current arisings at Millsell during the period.

SDO operating cash costs per 4E PGM ounce increased in rand and dollar terms quarter-on-quarter by 7% and 9% respectively to ZAR12,770/ounce and \$839/ounce (Q2: ZAR11,915/ounce and \$772/ounce) mainly as a result of the lower ounce production in Q3. The total operating costs were in line with the previous quarter and increased slightly as a result of annual increases in reagents, increased fuel and transport cost and the lower ounce production quarter on quarter. The average ZAR:USD exchange rate depreciated by 1% during the quarter.

The Group incurred capital expenditure of ZAR64.6 million (\$4.2 million), which is aligned with planned capital project schedules, the majority of which related to the newly commissioned Lesedi TSF and Lesedi MF2 projects. Capital expenditure was also incurred for the Doornbosch and Mooinooi TSF projects that are in progress.

Operational focus areas

The new Lesedi TSF was successfully commissioned during March 2022 while monitoring of the old Lesedi tailings dam, which is in a safe and stable condition, continues. The commissioning of the new TSF has allowed for the Lesedi plant to return to full operation with the focus on ramping up production during Q4 as the recently commissioned MF2 circuit is being optimised and is expected to contribute to improved efficiencies and ounces going forward.

While the low ROM grade at the Mooinooi plant has persisted throughout the quarter, significant technical work and source testing together with the host mine has progressed satisfactorily to a point where the preferred ore sources have been identified. Post the reporting period, improved ROM feed grades were observed during April 2022 and an improvement in PGM grade is expected to manifest throughout the months going forward with improved production and output for Q4 at the Mooinooi plant.

Operational opportunities

Construction of the Tweefontein MF2 Plant continues and is on target to be commissioned during the latter part of Q2 FY2023. Focus remains on areas of continuous improvement through all SDO Operations, on both the Eastern and Western Limbs.

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

During the quarter, the South African Government imposed State of Disaster was lifted and thus the lockdown regulations imposed on the nation were eased further. The Company reported 5 active cases of COVID-19 during the quarter, totalling 142 since the start of the pandemic. Sylvania continues to encourage our employees to be vaccinated against COVID-19 with the intent to limit the impact and spread of the virus, whilst remaining cognisant that vaccines are a personal choice. Management continues to monitor the situation and to implement measures for both the corporate office and operations to limit interaction and exposure where possible and the Employee Assistance Program (“EAP”) implemented for all Sylvania’s employees, immediate family members as well as those living in the same household, continues to enhance the corporate culture of caring and wellness amongst our staff.

B. FINANCIAL OVERVIEW

Financial performance

Despite lower ounce production, revenue (4E) for the quarter increased 17% to \$38.5 million (Q2: \$33.0 million) on the back of the higher basket price in March applied to record revenue for the quarter. Net revenue for the quarter, which includes base metals and by-products, and the quarter-on-quarter sales adjustment, increased 24%. The average 4E gross basket price for Q3 was \$3,327/ounce against \$2,710/ounce in Q2.

Group cash costs per 4E PGM ounce increased by 11% in rand from ZAR12,844/ounce to ZAR14,287/ounce and increased 13% in dollar terms from \$832/ounce in the previous quarter to \$938/ounce during Q3.

General and administrative costs increased quarter-on-quarter from \$0.74 million to \$0.75 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 from \$22.3 million to \$30.0 million and net profit increased from \$15.5 million to \$21.2 million as a result of the increase in the basket price.

The Group cash balance increased from \$110.1 million to \$138.0 million during the quarter. Cash generated from operations before working capital movements, was \$31.0 million with net changes in working capital amounting to a decrease of \$1.0 million. The net decrease in working capital is the combined effect of an increase in trade receivables (\$3.8 million) mainly due to an increase in basket price, and an increase in trade payables (\$2.8 million). The Group spent \$4.2 million on capital during the current quarter.

Post period end, the Company paid a Windfall Dividend of 2.25p per Ordinary Share (\$8.3 million) to shareholders on the register on 4 March 2022.

Dividend withholding tax amounting to \$1.1 million on dividends declared internally will be paid in Q4 as a result of dividends declared at the end of Q3. Provisional income tax and mineral royalties' tax will also be payable in June 2022 at rates of 28% and 7% respectively.

C. MINERAL ASSET DEVELOPMENT AND OPENCAST MINING PROJECTS

Volspruit Platinum Opportunity

The final reporting of the fieldwork completed in the second quarter is underway and will form part of the applications for the mandated outstanding authorisations. The amendment to the approved Environmental Impact Assessment and the application for a Water Use License are running concurrently and are due to be submitted to the relevant authorities before the end of the calendar year.

A process of review and restating of the JORC compliant resource is near completion with the final reporting of the work due in the fourth quarter. Further metallurgical test work for PGM flotation is required to determine the recovery potential and payability on a revised plant feed grade following the redefined resource, forming part of the current study scope. A Preliminary Economic Assessment will determine the current feasibility status of the project, which will be reported at the financial year end.

Northern Limb Projects

With the current drilling programme completed during the second quarter, all logging and sampling of the drilled core were completed during Q3. The final laboratory report of the submitted samples is expected during Q4, with the mandatory QAQC process (the process used to measure and assure the quality of the product) to follow. Additional relogging on historically drilled core, applying the new geological interpretation, has been commissioned during Q3 to apply the revised interpretation to previously drilled core, which is expected to increase the confidence in the geological model. The resource estimation of the target areas, including the relogged drill core, will be completed in July 2022, as previously reported. The results of the current resource classification will be released to the market when available.

Grasvally

Following the signing of an amended Sale Agreement on 3 November 2021, whereby Sylvania sold its 74% share in Grasvally Chrome Mine (Pty) Ltd to a 100% empowerment company, the parties are in the process of finalising the requirements for the final conditions precedent to be fulfilled, which include an application for ministerial consent for the

sale in terms of section 11 of the Mineral and Petroleum Resources Development Act. This has been submitted to the Department of Mineral Resources and Energy and the Company awaits the outcome.

D. CORPORATE ACTIVITIES

Share Buyback

During the period, the Company announced that it had bought back a total of 263,724 shares at the 30-day VWAP of 100.7725 pence per share from certain employees and a PDMR. The shares had been awarded to the sellers under the Sylvania Platinum Limited Award Scheme, whereby shares acquired through the scheme can be sold back during specified periods, being March and September.

Following the transaction, the Company's issued share capital is 286,155,657 Ordinary Shares, of which a total of 13,433,946 Ordinary Shares are held in Treasury, which includes 7,500,000 Ordinary Shares held for the Employee Dividend Entitlement Plan. Therefore, the total number of Ordinary Shares with voting rights is 272,721,711.

Payment of Windfall Dividend

The Board paid a windfall dividend on 8 April 2022 totalling \$8.3 million. The windfall dividend of 2.25p per ordinary share was paid to shareholders on the register on the record date of 4 March 2022.

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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 FY2022

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
CLOs	Community Liaison Officers
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
EAP	Employee Assistance Program
EEFs	Employment Engagement Forums
ESG	Environment, social and governance
EIA	Environmental Impact Assessment
EIR	Effective interest rate
EMPR	Environmental Management Programme Report
ESG	Environment, Social and Governance
GBP	Pounds Sterling
GHG	Greenhouse gases
IASB	International Accounting Standards Board
ICE	Internal combustion engine
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
Lesedi	Phoenix Platinum Mining Proprietary Limited, renamed Sylvania Lesedi
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
NWA	National Water Act 36 of 1998
PGM	Platinum group metals comprising mainly platinum, palladium, rhodium and gold
PAR	Pan African Resources Plc
PDMR	Person displaying management responsibility
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
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
ROM	Run of mine
SDO	Sylvania dump operations
Sylvania	Sylvania Platinum Limited, a company incorporated in Bermuda
tCO ₂ e	Tons of carbon dioxide equivalent
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