

31 January 2022

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

Second Quarter Report to 31 December 2021

Sylvania (AIM: SLP) is pleased to announce the results for the quarter ended 31 December 2021 (“Q2” 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 16,605 4E PGM ounces in Q2 (Q1: 15,771 ounces);
- SDO recorded \$37.9 million net revenue for the quarter (Q1: \$29.8 million);
- SDO cash costs per 4E PGM ounce decreased to \$772/ounce (Q1: \$862/ounce);
- Group EBITDA of \$22.3 million (Q1: \$13.6 million);
- Net profit of \$15.5 million (Q1: \$8.6 million); and
- Group cash balance of \$110.1 million (Q1: \$132.7 million)

Challenges

- The Western operations have faced continuing challenges due to water shortages at the plant;
- Water shortages at Lesedi were exacerbated by the temporary tailings deposition strategy;
- PGM feed grades in ROM material remain low at Mooinooi operation, but the Company continues to explore alternative feed sources, in conjunction with the host mine, and to implement processes to optimise ROM feed grades and increase recovery efficiency at the operation; and
- A modest adjustment in PGM production estimate, with 66,000 to 68,000 ounces now targeted by the Company for the full year.

Opportunities

- The secondary milling and flotation (“MF2”) projects at Lesedi and Tweefontein are on track to start contributing towards production during H2 FY2022 and H1 FY2023 respectively; 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 Q2 results, Sylvania's CEO, Jaco Prinsloo said:

“I am pleased to report that the operations achieved a solid 16,605 ounces for the quarter notwithstanding the impacts associated with the temporary suspension of operations at Lesedi during Q1 and continued low grade ROM resources at our Western operations. The majority of our operations performed well and as a result we managed to achieve 5% higher PGM recovery efficiency for the period, which is commendable. Cost controls remain a focus for the SDO and Group as a whole.”

“Net revenue increased 27% to \$37.9 million and net profit increased 80% to \$15.5 million, with the PGM basket price realised from our smelters of \$2,892/ounce remaining at similar levels as Q1. Our capital projects remain fully funded from current cash reserves and we are making significant progress in terms of access to additional chrome tailings resources at both the Eastern and Western Operations.

“The impact of the temporary suspension of the Lesedi operation, together with the subsequent water shortages at our Western operations and the lower than planned PGM feed grade of Mooinooi ROM material is such that we are now targeting an estimated PGM production of 66,000 to 68,000 ounces for FY2022.”

USD			Unit	Unaudited	Unit	ZAR		
Q1 FY2022	Q2 FY2022	% Change				% Change	Q2 FY2022	Q1 FY2022
Production								
600,376	584,620	-3%	T	Plant Feed	T	-3%	584,620	600,376
1.90	1.94	2%	g/t	Feed Head Grade	g/t	2%	1.94	1.90
294,229	295,011	0%	T	PGM Plant Feed Tons	T	0%	295,011	294,229
3.17	3.17	0%	g/t	PGM Plant Feed Grade	g/t	0%	3.17	3.17
52.66%	55.20%	5%	%	PGM Plant Recovery	%	5%	55.20%	52.66%
15,771	16,605	5%	Oz	Total 4E PGMs	Oz	5%	16,605	15,771
20,397	21,431	5%	Oz	Total 6E PGMs	Oz	5%	21,431	20,397
Financials²								
29,321	32,199	10%	\$'000	Revenue (4E)	R'000	16%	497,126	429,267
2,968	2,759	-7%	\$'000	Revenue (by-products including base metals)	R'000	-2%	42,596	43,451
-2,448	2,984	222%	\$'000	Sales adjustments	R'000	229%	46,073	-35,842
29,841	37,942	27%	\$'000	Net revenue	R'000	34%	585,795	436,876
Capital Expenditure								
14,288	13,364	-6%	\$'000	Direct operating costs	R'000	-1%	206,331	209,175
615	735	20%	\$'000	General and administrative costs	R'000	26%	11,348	9,004
13,577	22,331	64%	\$'000	Group EBITDA	R'000	73%	344,769	198,774
360	12	-97%	\$'000	Net Interest	R'000	-97%	184	5,265
8,607	15,518	80%	\$'000	Net profit	R'000	90%	239,581	126,002
Cash Balance								
3,103	4,274	38%	\$'000	Capital Expenditure	R'000	45%	65,993	45,428
132,715	110,062	-17%	\$'000	Cash Balance	R'000	-12%	1,755,066	1,988,597
Average Rates								
			R/\$	Ave R/\$ rate	R/\$	5%	15.44	14.64
			R/\$	Spot R/\$ rate	R/\$	6%	15.95	14.98
Unit Cost/Efficiencies								
862	772	-10%	\$/oz	SDO Cash Cost Per 4E PGM oz ³	R/oz	-6%	11,915	12,615
666	598	-10%	\$/oz	SDO Cash Cost Per 6E PGM oz ³	R/oz	-5%	9,231	9,754
934	832	-11%	\$/oz	Group Cash Cost Per 4E PGM oz ³	R/oz	-6%	12,844	13,674
722	645	-11%	\$/oz	Group Cash Cost Per 6E PGM oz ³	R/oz	-6%	9,951	10,573
1,085	968	-11%	\$/oz	All-in sustaining cost (4E)	R/oz	-6%	14,942	15,880
1,239	1,192	-4%	\$/oz	All-in cost (4E)	R/oz	1%	18,397	18,135

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 December 2021 gross basket used for revenue recognition of ounces delivered in Q2 FY2022, before penalties/smeltering costs and applying the contractual payability.

² Revenue (6E) for Q2, before adjustments is \$35.0 million (6E prill split is Pt 50%, Pd 18%, Rh 9%, Au 0.3%, Ru 18%, Ir 5%).

³ The cash costs include direct operating costs and exclude 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 the Doornbosch operation remains nine-years Lost-time Injury (“LTI”) free, while Lesedi achieved two-years LTI-free during November. The Mooinooi and Lannex operations remain one-year LTI-free.

Operational performance

The SDO delivered a solid quarterly performance of 16,605 4E PGM ounces for the quarter, which equates to a 5% increase quarter-on-quarter.

While the plant feed head grades increased marginally compared with the previous quarter, the PGM plant feed grade and PGM plant feed tons remained consistent quarter-on-quarter. A 5% increase in PGM recovery efficiency, as flotation stability improved during the period, contributed towards the 5% higher PGM ounce production for the period.

Direct operating cash costs per 4E PGM ounce decreased in rand and dollar terms quarter-on-quarter by 6% and 10% respectively to ZAR11,915/ounce and \$772/ounce (Q1: ZAR12,615/ounce and \$862/ounce) and the average ZAR:USD exchange rate depreciated by 5% during the quarter.

The Group incurred capital expenditure of ZAR66.0 million (\$4.3 million), which is aligned with planned capital project schedules and includes the new Lesedi tailings facility, the Doornbosch tailings facility and the roll out of the Lesedi MF2 circuit.

Operational focus areas

In order to safeguard the facility, reduce the water level and load, and resume partial production at the operation, Lesedi commenced with hydro-mining of the affected tailings dam facility during the period. However, due to the nature of the temporary emergency tailings deposition facility and the difficulty in recovering return-water from it, combined with general water shortages in the area, the operation has not been able to ramp up to normal production levels as yet. Consequently, Lesedi produced approximately 1,500 ounces lower than anticipated for the period. The commissioning of a new water supply during this January, from additionally installed boreholes, will mitigate water shortages, whilst the operation will remain under pressure until the commissioning of the new tailings deposition facility, expected during the latter part of Q3 FY2022.

Low PGM grades in ROM material from the host mine at the Mooinooi operation remained a challenge during the period and various sampling campaigns and investigations have been performed during the past quarter, in conjunction with the host mine, to evaluate potential alternative feed sources in an attempt to mitigate the effect on operations. It is anticipated that ROM feed grades should improve during H2 FY2022.

Operational opportunities

Despite the significant impact of recent global chip shortages on the availability and delivery of some process control units and plant equipment, the Lesedi MF2 at the Western operations is still expected to commission towards the end of March 2022. In addition, the execution of the Tweefontein MF2 project at the Eastern operations is progressing well and expected to commission later this calendar year.

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

South Africa entered the fourth wave of COVID-19 infections in December 2021 and the Company reported 23 active cases during the period. Post period end, the Company has reported one active case and overall COVID-19 cases totalled 138 since the start of the pandemic.

Sylvania believes that vaccines are key in the fight against the pandemic, together with other control protocols. Although we acknowledge that vaccines are a personal choice, we do encourage our employees to be vaccinated against COVID-19 with the intent to limit the impact and spread of the virus. Management continues to monitor the situation and to implement measures for both the corporate office and operations to limit interaction and exposure where possible.

The COVID-19 pandemic and its effects have exerted a toll on people’s general mental wellbeing and the Company recognises the need for health and mental wellbeing support for its employees. We understand that employees have

their own individual needs and we are committed to make a difference and improve lives where possible to develop healthier and happier employees.

The Company has thus taken steps to implement an Employee Assistance Program (“EAP”) for all its employees, immediate family members as well as those living in the same household. This program will allow not only a focus on treatment and prevention, but also enable continuous management and measurement to reduce risk and ultimately create more resilient employees. We believe that this program will enhance the corporate culture of caring and wellness amongst our staff.

B. FINANCIAL OVERVIEW

Financial performance

Revenue (4E) for the quarter increased 10% to \$32.2 million (Q1: \$29.3 million) as a result of the 5% increase in ounce production and the 5% depreciation in the ZAR/USD exchange rate. Net revenue for the quarter, which includes base metals and by-products, and the quarter-on-quarter sales adjustment increased 27%. The average gross basket price for Q2 is \$2,892/ounce against \$2,897/ounce in Q1, but significantly lower than the \$4,576/ounce and \$4,059/ounce prices for Q3 and Q4 of FY2021 respectively, consequently resulting in a lower than originally planned basket price for the calendar year.

Group cash costs per 4E PGM ounce decreased by 6% in ZAR from ZAR13,674/ounce to ZAR12,844/ounce and decreased 11% in dollar terms from \$934/ounce in the previous quarter to \$832/ounce during Q2. Group EBITDA increased from \$13.6 million to \$22.3 million and net profit increased from \$8.6 million to \$15.5 million as a result of the increase in ounces produced.

General and administrative costs increased quarter-on-quarter from \$0.62 million to \$0.74 million. 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 decreased 17% from \$132.7 million to \$110.1 million during the quarter. Contributing factors to the decrease in cash quarter-on-quarter include the impact of the lower Q1 ounces paid by the smelter in Q2. The Company paid the annual dividend (\$14.6 million), provisional income and royalty taxes of ZAR163.3 million (\$10.2 million) and ZAR42.6 million (\$2.7 million) respectively, during the quarter.

Cash generated from operations before working capital movements was \$22.3 million with net changes in working capital amounting to \$11.3 million, which is mainly due to the change in trade debtors. The higher ounces produced during Q2 compared to Q1 contributed to the increase in trade debtors. Trade debtors arise from the concentrate delivered in the quarter but paid for in the following quarter as per the concentrate off take agreements.

The Group spent \$4.3 million on capital for the quarter which included the new Lesedi and Doornbosch tailings disposal facilities and the Lesedi MF2 projects.

C. MINERAL ASSET DEVELOPMENT AND OPENCAST MINING PROJECTS

Volspruit Platinum Opportunity

The fieldwork for the specialist studies in aid of updating the Environmental Impact Assessment and Water Use License applications have been completed and the final submission is due imminently. The inclusion of these studies and the already completed detailed design form part of the overall process to conclude the outstanding mandated authorisations required on the projects.

The additional metallurgical test work commissioned, following the test work completed in FY2021, is ongoing and includes tests aimed at increasing the payability of the PGM concentrate expected to be produced by the project. The sample preparation for this test work was completed in Q2 FY2022 and the samples will be shipped to an offshore specialist testing facility. The Company expects the report of the current test work in Q4 FY2022.

Northern Limb Projects

The drilling has been completed on the northern limb projects without incident and within the budgeted drilling metres. The geological logging and sampling of the drilled core continues, with reporting on the project expected in July 2022. Results of the exploratory drilling will be released to the market when they become available.

Grasvally

An amended Sale Agreement was signed on 3 November 2021 whereby Sylvania sold its 74% share in Grasvally Chrome Mine (Pty) Ltd to a 100% empowerment company. Sales proceeds of ZAR100.0 million, payable in fifteen equal quarterly instalments, will become payable after completion of certain conditions precedent being fulfilled, including 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

Directorate changes

During the period, the Company announced the appointment of Simon Scott as Independent Non-executive Director, with effect from 1 January 2022, while Roger Williams, who has served on the Board of the Company since 2011, stepped down from his role as a Non-executive Director on Simon Scott's appointment.

As a result of the Directorate changes, and as part of a Board succession plan, the following changes in committee roles were effected: Eileen Carr is now Chair of the Audit Committee, Adrian Reynolds is now Chair of the Remuneration Committee and Simon Scott has become a member of the Audit Committee. Eileen Carr's role as Assistant Company Secretary is now being carried out by a member of the Company's in-house legal staff.

Payment of Annual Dividend

On 3 December 2021, the Board paid a final dividend totalling \$14.6 million, equating to 4p per ordinary share, to shareholders on the register on the record date of 29 October 2021.

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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
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
EIA	Environmental Impact Assessment
EIR	Effective interest rate
EMPR	Environmental Management Programme Report
GBP	Pounds Sterling
IASB	International Accounting Standards Board
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
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
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
USD	United States Dollar
WULA	Water Use Licence Application
UK	United Kingdom of Great Britain and Northern Ireland
ZAR	South African Rand