CHAIRMAN'S LETTER

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Dear Shareholder

WHAT A YEAR! As FY2022 progressed and Covid-19 eased, FY2022 was going to be easier than FY2021 – right? However, we saw riots in South Africa (SA); Russia's invasion of Ukraine; Covid-19 lockdowns in China; Supply chain problems; Ongoing loadshedding; Global interest rate hikes; Volatile Dollar metal prices and an unstable SA Rand exchange rate: for a business operator it's enough to make many a grown-up cry! Shareholders can rightly feel that they were riding a roller coaster this last year.

NAVIGATING A CHALLENGING ENVIRONMENT

After the unprecedented disruption occasioned by the coronavirus pandemic and governments' attempts worldwide to contain its impact, the Russian invasion of Ukraine reverberated across the global stage, wreaking widespread economic havoc, particularly in the West's energy and food sectors. The South African operating environment, which is host to our business, presented its own hurdles, compounding the effects on the business of the global markets. These have taken the shape of ongoing and escalating power supply instability; rapidly rising costs of certain imports; a restive labour environment and a government which is sluggish in its responses. Against this background, your Chief Executive, Jaco, and his team deserve great praise for your Company's general performance over the past 12 months.

PERFORMANCE AND FINANCIALS

Sound management and prudent decisions during the period have kept our results very acceptable for FY2022, despite a slight drop of circa 4% in PGM production and a drop of 23% in the Dollar PGM basket price received over the period compared to FY2021. Although tailings related downtime at the Lesedi plant during HY1 and lower PGM feed grades and recovery efficiencies associated with Run-of-Mine (ROM) material received from the host mines at Mooinooi and Lannex accounted for lower volumes, we still managed to produce 67,053 ounces and generated approximately $56.2 million net profit for the financial year.

Efficiency and optimisation remain the cornerstone of our management allowing the Company to deliver a solid financial performance. During the period, the increase in unit cash costs was fuelled by the lower PGM ounce production, ongoing higher electricity prices and mining costs – the latter owing to a temporary host mine subsidy paid to secure higher-grade feed material in the first half of the financial year. Management is making a concerted effort to mitigate these impacts wherever possible. The declining value of the ZAR against the USD exacerbates the rising cost of imported consumables, fuel and power and will continue to influence the cost of doing business in South Africa for at least the medium term.

In the current labour environment, now more than ever it is important for us to maintain exceptionally good relationships with our workforce. Although this is an ongoing concern for the industry, we have been very fortunate with a very stable and positive labour environment over the years and Jaco and his team continue to work hard on this aspect of the business, keeping lines of communication open and dealing with

CHAIRMAN'S LETTER (continued)

matters promptly as they arise. Our employee profile differs from that of the conventional South African underground mine, in that we have a relatively small complement of 422 unionised members with a high skill level. Given the current scenario, the decision to share in the wellbeing of the Company has seen our employees enjoy a cash distribution through the Employee Dividend Entitlement Plan (EDEP), as implemented in the previous year, which has proven to be both appropriate and wise.

Management will continue to focus on that which we are able to control: direct operating costs, maintaining a safe, stable and efficient production environment, and ensuring disciplined capital allocation and spending controls, all of which will continue to be the main drivers of our business. We also continue to run a conservative financial operating structure.

Decisions taken in the year saw us increase stock levels such as steel balls, ceramic beads and reagents. This has helped mitigate the logistics supply chain disruptions that are being felt in the sector and has meant that our operations were able to continue with minimal disruption. The global logistics disruption has the potential to severely challenge procurement operations and it takes careful and prudent financial management to keep consumables and other stocks at appropriate levels in-line with maintaining a conservative financial balance sheet.

SAFETY

The safety and health of all our employees is critical and that is why we are so proud of our sustained good safety performance during the period. The quality of the people, and the training and management have all contributed to this continued exceptional safety performance. We have come a long way with managing safety, and there can be no doubt that the shift from an authoritarian, paternalistic approach, to one which empowers our employees to take responsibility for their own safety, and on proactively being aware of risks, was a timely and key development in the workspace. Safety performances across our operations have been excellent, as illustrated by the Doornbosch plant which has just recorded a phenomenal ten years without a Lost-Time Injury (LTI). Our ESG report, Embedding our Strategy, provides more detail on safety and health, which is such a significant element of our social performance.

COVID-19

The effects of Covid-19 on both employees and operations have remained a key focus of the Company despite the further easing of South Africa's regulations during the period. As we emerge from this pandemic, management will continue to monitor the situation and ensure the health and well-being of the entire workforce. The Employee Assistance Programme (EAP) implemented for all of Sylvania's employees, immediate family members, as well as those living in the same household, will continue to assist our staff. The efficiency and flexibility of our operations allowed the management team to effectively navigate through the uncertainties associated with the pandemic. A significant realisation has been the affirmation of our strategy to provide sufficient working capital as a buffer to cater for unforeseen circumstances and events. This has bolstered our ability to navigate through these uncertainties. I believe it is a strategy that will serve us well into the future.

POWER PROBLEMS & ELECTRICITY COSTS

The current power situation in South Africa remains a matter of concern. With the growth of renewable energy and independent power suppliers, domestic users and small businesses will in the future have access to alternative power supply. For large industrial users like mines and smelters however, the cost of adequate energy supplies from renewable source remains prohibitive, and this is unlikely to change significantly in the near future. The mines and large industrial plants have historically had constructive and cooperative working relations with the national power utility, and indeed the impact of loadshedding on our operations has been somewhat limited. My sense is that there is a recognition of the role these industries play in keeping SA Inc running. However, the annual increase in electricity prices is damaging to large electrical consumers, both us and our host mines included.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

This year, for the first time, we have prepared a standalone ESG report, which should be read along with this annual report. Our ESG report, Embedding our Strategy, seeks to present the Company's operational and non-financial performance to stakeholders in a meaningful way, illustrating how we manage our material issues. In addition, we have included in this annual report, an abridged version of our standalone report.

As a value-driven Company, sustainability is fundamental to the way we run our business, and it underpins our ESG strategy. We are committed to making a positive contribution to the lives of our employees, the industry and our host communities. As a Board, we are tasked with balancing the interests of all stakeholders, which will inevitably impact our management of ESG practices.

PROJECTS UPDATE

The new financial year will see the completion of our MF2 milling and flotation project, Project Echo, and to date, I am pleased to report that it has been a tremendous success. We are currently executing works on both the Tweefontein MF2 and Lannex MF2 plants in a phased approach as part of our capital project strategy and spend.

The next major phase of capital expenditure, being the construction of additional tailings facilities, is now upon us. These necessary installations enable the Sylvania Dump Operations (SDO) to both extend the SDO's life in addition to reprocessing older tailings in an orderly manner with state-of-the-art impoundment. As a result of scheduling each of the new dams construction and tie-ins to older facilities, there will be some disruption to the production profile in FY2023 but these new dams will result in continuing production levels over subsequent years.

GUIDANCE

Production performance for FY2023 is expected to improve slightly with guidance of 68,000-70,000 ounces and targeted to rise above 70,000 ounces during FY2024.

EXPLORATION

Taking advantage of the improved outlook for PGMs in general (as compared to the early years I chaired the Company), the Board approved the spend of $2.3 million last year and has approved a further $4.4 million for the coming year to upgrade the quality of geological information at its Volspruit project. Last year's spend resulted in some limited drilling undertaken and new geological interpretation of certain zones in the portfolio. The new geological interpretation coupled with the spend, builds upon work done in the past and is yielding some noteworthy findings compared to the earlier work. The interpretation work relating to last year's drilling will be completed in Q1 of FY2023 and the new findings released to shareholders thereafter. Work for the FY2023 year will continue to focus on looking at shallow "hot spots" of higher PGM grade mineralisation on the Northern Limb properties. This new strategy is expected to add value and is expected to yield a positive outcome in FY2023 and beyond.

PELLETIZER

Some years ago, the Company partnered with a 'binding technology' player to co-develop a novel chemical bonding process which operates at ambient pressure and temperature to create a chromite ore pellet with physical attributes suitable for ferrochrome (FeCr) smelters but with the anticipated added potential to markedly cut the smelters' electrical energy consumption per ton of FeCr produced. The technology is of interest to our host miner amongst others. In exchange for funding development costs in the venture, Sylvania holds the licence for any future chrome pellet production in South Africa.

ASSET SALE

Although formally a post year-end event, the unconditional sale of the Grasvally Chrome Mine was welcome. The mine was included in the purchase of a package of strategic surface property rights adjacent to the Volspruit Project. The Company retains the rights it requires and will see a modest profit on the sale, albeit over a period of time.

RETURNING VALUE TO SHAREHOLDERS

The Board is cognisant that the risks associated with the sorts of disruptive events outlined in the opening paragraph of this statement remain a major concern for shareholders. Whilst maintaining a conservative balance sheet, returning capital to shareholders will continue to be part of the Board's strategic goals through both dividends and share buybacks.

In the FY2022 year, dividends amounting to $22.7 million were paid (comprising normal dividends of $14.6 million and windfall dividends of $8.1 million) and share buybacks of 6.6 million shares with a value of $7.1 million were undertaken. Six million shares were cancelled in the year, resulting in 266,130,788 shares with voting rights in issue with an additional 14 million shares held in Treasury as at 30 June 2022. Considering the current cash balance, the cash generation potential, the working capital requirements and capital expenditures for FY2023, the Board has decided to declare an annual dividend of 8p per Ordinary Share for the 2022 financial year, payable in December 2022. This reflects the second year in a row that total dividend payments are around half the prior financial year's free cashflow.

The Company will continue to pay dividends in a prudent manner guided by the six metrics of our policy. This approach has served us well and enables us to better weather the impact of these challenging times. The Board has committed itself to review the dividend policy in the new financial year and will communicate any updates to shareholders in due course. In addition, the Company will continue to implement further share buybacks as the opportunity arises – our success in this area is on record.

IN CONCLUSION

Attending an industry lunch in May hosted by a leading PGM refiner and fabricator, the key speaker declined to venture an opinion on rhodium supply and demand (and hence price) going forward and caveated his supply and demand predictions and prices for platinum and palladium with questions about possible supply disruptions from Russia. I smiled – if this speaker cannot be drawn on future prices, I pray nobody asks me my opinion! Despite the uncertainties of FY2022, the average gross 4E PGM basket price for FY2022 was 23% lower than FY2021. Precious metals are supposed to be considered a safe haven in uncertain times. Wrong this time around! Russia is the largest producer of palladium – essential for gasoline catalysts – and the price is down around a third from its peak on 2021. For rhodium – what goes up definitely comes down, although I for one remain a happy camper with a rhodium price at ~$15,000 per ounce at this point.

Given the current global disorder, it has become increasingly difficult to predict PGM prices. The levers that historically drove PGM demand and prices – notably internal combustion engine (ICE) car production – are becoming blurred as more technologies arrive for automotive powertrains. Naysayers believe electric marks the end of the ICE and by extension the death of PGM markets. They could not be more wrong. Short-termist politicians who think the car market (that is now heading to 100 million units a year) is going to be all-electric by 2030 live in la-la land. Certain of the new powertrain technologies are more PGM rich relative to ICE! Also, the much-vaunted hydrogen economy of the future needs PGMs – most probably buckets more than are currently produced. For shareholders on this roller coaster – keep the seat belt fastened!

For Sylvania, we are however seeing signs that the chrome market is picking up which benefits the plans of our host mines and will ultimately flow through to us in the medium-term by way of higher quality ROM and current arisings feed sources. We expect the weakening trend of the Rand to the US Dollar to continue especially as the benefits which accrue to the SA current account from the great commodity prices in the prior year starts to wear off.

Sylvania's management and employees have done a remarkable job of navigating the last year. Despite the easing of Covid-19, FY2022 proved a tough year! My thanks go to all of them. To my fellow Board members, my thanks for their hard work and resilience. The year also saw substantial Board renewal. We bade farewell to Roger Williams at the end of the half-year, after ten years of service to the Company. He is sorely missed, but I welcome two new members: Adrian Reynolds and Simon Scott, both already contributing diligently and wisely to your Board. And of course, as always, my thanks go to Eileen Carr for her continued support and guidance to the Board. Jaco Prinsloo and Lewanne Carminati, your two Executive Directors, have done great service in their time on the Board these past two years and I look forward to their contributions as they continue to grow into their roles. I would also like to thank our host mine's management for their continued support as I am aware they too face challenges of their own. And, to you, our shareholders, my thanks for your sustained trust in us to lead your Company forward.

Stuart Murray
Chairman