

30 April 2021

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

Third Quarter Report to 31 March 2021

Sylvania (AIM: SLP) is pleased to announce the results for the quarter ended 31 March 2021 (“Q3” or the “quarter”). Unless otherwise stated, the consolidated financial information contained in this report is presented in United States Dollars (“USD”).

Achievements

- Sylvania Dump Operations (“SDO”) delivered 17,420 4E PGM ounces in Q3 (Q2: 18,363 ounces);
- SDO recorded \$74.2 million net revenue for the quarter (Q2: \$43.7 million);
- EBITDA of \$58.7 million (Q2: \$29.1 million);
- Net profit of \$41.3 million (Q2: \$20.3 million);
- First payment made to employees under the Employee Dividend Entitlement Plan (“EDEP”); and
- Cash balance of \$102.1 million (Q2: \$67.1 million). Post period end, the Company paid a one-off Windfall Dividend of \$14.3 million.

Challenges

- Higher degree of oxidation in some current feed sources, especially at some Western operations, resulting in lower than anticipated PGM recovery efficiencies; and
- Inconsistent supply of RoM material to the Lannex milling plant during the quarter resulted in production challenges that impacted both processing efficiencies and operating costs.

Opportunities

- Mooinooi chrome proprietary processing modifications and optimisation project commissioned during the quarter, in line with expected timetable, with further optimisation work to continue and be completed during Q4;
- Lesedi MF2 project currently in execution with construction remaining on track and commissioning estimated to commence towards the end of Q2 FY2022; and
- The Group remains debt free and continues to maintain strong cash reserves to allow for funding of capital expansion and process optimisation projects; the safeguarding of employees during these times of uncertainty; 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:

“I am pleased with the reported PGM production of 17,420 ounces for Q3 which is historically a lower production quarter for the Group during Sylvania’s financial year. This performance is in line with management projections and the Group remains on track to produce approximately 70,000 ounces for the current financial year.”

“The Group has benefited from a strong PGM basket price, boosted by the high rhodium price as well as the recent performance of both iridium and ruthenium which contributed to the record profits for quarter. The increase in the dollar

cash operating cost per ounce is largely due to the lower ounce production and fluctuation in the ZAR/USD exchange rate.”

“Whilst COVID-19 remains challenging, I am proud of our management’s and employees’ continued efforts to sustain and enhance the various measures to ensure both the health and safety of all employees and to limit the impact on production.”

“Finally, the Company was pleased to pay the Windfall Dividend of \$14.3 million on 9 April 2021.”

USD			Unit	Unaudited	Unit	ZAR		
Q2 FY2021	Q3 FY2021	% Change				% Change	Q3 FY2021	Q2 FY2021
Production								
740,783	644,087	-13%	T	Plant Feed	T	-13%	644,087	740,783
2.01	2.14	7%	g/t	Feed Head Grade	g/t	7%	2.14	2.01
317,688	317,883	0%	T	PGM Plant Feed Tons	T	0%	317,883	317,688
3.20	3.21	0%	g/t	PGM Plant Feed Grade	g/t	0%	3.21	3.20
56.22%	53.05%	-6%	%	PGM Plant Recovery	%	-6%	53.05%	56.22%
18,363	17,420	-5%	Oz	Total 4E PGMs	Oz	-5%	17,420	18,363
24,920	23,618	-5%	Oz	Total 6E PGMs	Oz	-5%	23,618	24,920
Financials²								
40,709	55,310	36%	\$'000	Revenue (4E)	R'000	31%	828,149	634,535
1,726	3,899	126%	\$'000	Revenue (by-products including base metals)	R'000	117%	58,381	26,904
1,262	15,031	1091%	\$'000	Sales adjustments	R'000	1044%	225,056	19,668
43,697	74,240	70%	\$'000	Net revenue	R'000	63%	1,111,586	681,107
Capital Expenditure								
12,305	13,078	6%	\$'000	Direct operating costs	R'000	2%	195,821	191,790
614	573	-7%	\$'000	General and administrative costs	R'000	-10%	8,574	9,568
29,111	58,736	102%	\$'000	Group EBITDA	R'000	94%	879,453	453,748
420	382	-9%	\$'000	Net Interest	R'000	-13%	5,716	6,541
20,330	41,316	103%	\$'000	Net profit	R'000	95%	618,637	316,887
Cash Balance								
1,265	1,627	29%	\$'000	Capital Expenditure	R'000	24%	24,363	19,716
67,095	102,118	52%	\$'000	Cash Balance	R'000	52%	1,502,247	986,406
Exchange Rates								
			R/\$	Ave R/\$ rate	R/\$	-4%	14.97	15.59
			R/\$	Spot R/\$ rate	R/\$	0%	14.71	14.70
Unit Cost/Efficiencies								
662	745	13%	\$/oz	SDO Cash Cost Per 4E PGM oz ³	R/oz	8%	11,161	10,319
488	550	13%	\$/oz	SDO Cash Cost Per 6E PGM oz ³	R/oz	8%	8,232	7,604
687	773	13%	\$/oz	Group Cash Cost Per 4E PGM oz ³	R/oz	8%	11,571	10,701
506	570	13%	\$/oz	Group Cash Cost Per 6E PGM oz ³	R/oz	8%	8,534	7,886
803	923	15%	\$/oz	All-in sustaining cost (4E)	R/oz	10%	13,815	12,522
848	1,027	21%	\$/oz	All-in cost (4E)	R/oz	16%	15,375	13,217

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 (4E) in the table is the March 2021 gross basket used for revenue recognition of ounces delivered in Q3, before penalties/smeltering costs and applying the contractual payability.

² Revenue (6E) for Q3, before adjustments is \$59.2 million (6E prill split is Pt 47%, Pd 17%, Rh 9%, Au 0.2%, Ru 21%, Ir 5%)

³ The cash costs include direct operating costs and exclude royalty tax. The Q2 comparative has been re-stated to 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 both the Tweefontein and Doornbosch operations have remained at a significant industry milestone of more than eight and a half years Lost-time Injury (“LTI”) free. The Lannex operation again achieved one-year LTI-free during the period.

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

The Company navigated its way through the second wave of infections that emerged in the country towards the end of the previous quarter, assisted by the initiatives implemented by management in the previous financial year. Following the second wave, the Company’s overall COVID-19 cases increased to 42, of which 40 employees have now returned to work. Unfortunately, we sadly lost one of our employees from our Eastern operations due to COVID-19 related complications on 18 April 2021. Our thoughts and prayers go out to her family and friends, as well as those that worked closely with her at the plant.

South Africa remains at a further revised Level-3 status as of the beginning of March 2021 and the Group continues to monitor the impact of COVID-19 closely. The Group has recently appointed a new Head of Safety and Security who, alongside the management team, will continue to sustain and enhance the various measures to ensure both the health and safety of all employees and to limit the impact on production. Access to sites remains restricted to employees and essential services required to sustain operational performance. Currently, all plants continue to operate at full capacity and in accordance with all legislated safety and occupational regulations pertaining to the industry and country as a whole.

Operational performance

SDO produced 17,420 ounces in Q3, a 5% decrease compared to 18,363 ounces in Q2 FY2021 but in line with management’s projections for the quarter which is historically a lower producing quarter during our financial year. PGM feed tons and PGM feed Grade remained constant quarter-on-quarter, but PGM recovery efficiency declined by 6%, due to the specific ore mix being treated in the quarter.

The 13% lower plant feed tons is a function of approximately 30% less RoM material received during Q3. To mitigate the impact and to ensure that the PGM feed tons remained constant and the PGM plants kept running at capacity, the SDO operations substituted the shortfall in RoM with historical dump material, which typically has a higher percentage of fines that report to the PGM plants. The period post the Christmas mining-break is always associated with a slower ramp-up by the host mines, but RoM production at both the Mooinooi and Lannex operations have improved significantly since March.

The 6% decrease in PGM Recovery efficiencies from the previous quarter was primarily as a result of the lower percentage of fresh RoM and current arisings received during Q3. To a lesser extent this was also associated with slightly lower PGM concentrate mass pull employed to manage concentrate quality and payability. Based on current plant feed sources and concentrate quality, management’s philosophy is to ensure that operations balance PGM recoveries versus mass pull and concentrate quality. PGM recovery is expected to remain in the 52% to 54% range during the next financial year.

Total SDO cash costs increased in rand and dollar terms quarter-on-quarter by 8% and 13% respectively to ZAR11,161/ounce and \$745/ounce (Q2: ZAR10,319/ounce and \$662/ounce). The ZAR:USD exchange rate strengthened 4% during the quarter, which impacted the dollar cost increase, and the lower quarter-on-quarter PGM ounces which impacted unit costs in both rand and dollar. Combined, the effect was a \$64/oz increase in SDO cash cost per ounce.

Lower RoM and current arisings tonnages at some of the host mines as announced previously, resulted in the dump operations making short to medium term changes to mitigate the impact which, as expected, had a negative impact on operating costs but supported the PGM ounce production.

The reduced and inconsistent RoM feed tons received at Lannex resulted in the mill sustaining significantly higher than anticipated liner wear which necessitated earlier replacement and inflated the majors and abnormal maintenance costs. It is expected that this was a one-off issue as the host mine ramps up production.

In addition to the aforementioned costs, a number of the SDO suppliers apply annual increases in January of every year impacting the quarter-on-quarter cost per ounce.

The Company made the first bonus payment to employees under the EDEP in January 2021, which was aligned with the declared dividend for the FY2020.

The mineral royalty tax which is calculated as a percentage of PGM revenue remains a significant cost impacting the Group which is enjoying higher PGM basket prices.

SDO incurred capital expenditure of ZAR24.4 million (\$1.6 million) during the quarter, which is aligned with planned capital project schedules.

Operational focus areas

In light of the higher cash costs in Q2 and Q3, management is focusing on various initiatives to reduce operating costs, especially to optimise mining costs and associated equipment hire and to optimise the blend of feed sources. While some additional feed sources may attract higher mining costs while host mine RoM production is affected, it does contribute towards stable PGM ounce production and mitigate the impact on life of mine of operations.

In terms of improving the stability of power supply to operations and to minimise resultant operational downtime experienced from time to time, management have evaluated various power mitigation strategies with conceptual designs completed for the three operations most severely impacted in this regard. It is anticipated that these projects can be rolled out during the next three to six months.

Operational opportunities

Optimisation of flotation performance and recovery efficiencies is ongoing and remain a focus area at the Western operations where lower grade and more oxidised open cast RM material is currently being treated as a result of the previously announced scale-down at the host mines.

As the supply of RoM material at Lannex is improving, process optimisation of both the chrome beneficiation and PGM circuits can progress after the commissioning of the new RoM circuit in H1 FY2021. Improved performance on the RoM circuit will assist to lower current operating costs and stabilise PGM production at the operation as well as adding substantial value to the host mine in terms of significant improvement in chrome production.

The Mooinooi chrome proprietary processing modifications and optimisation project to improve fines classification and fine chrome recovery efficiency, as announced earlier, is expected to be fully operational during Q4 where further optimisation work will continue and be completed.

The approved MF2 expansion project at the Lesedi Plant to construct a new secondary milling and flotation module to improve the upgrading and recovery of PGMs, similar to successful Project Echo modules rolled out between 2016 and 2020, has commenced and is scheduled to commission towards the end of H1 FY2022.

B. FINANCIAL OVERVIEW

Financial performance

Revenue (4E) for the quarter increased 36% from \$40.7 million to \$55.3 million as a result of the increase in the basket price quarter-on-quarter. The gross basket price for the quarter increased 38% from \$3,323/ounce in Q2 to \$4,576/ounce as a result of the continued rise in the rhodium price. The 6E basket price was further improved by the increase in the iridium and ruthenium prices which hit all-time highs during the past quarter. The sales adjustment includes the revenue adjustment for ounces produced in Q2, but invoiced in Q3 at the higher basket price.

General and administrative costs decreased quarter-on-quarter from \$0.61 million to \$0.57 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 increased from \$67.1 million to \$102.1 million during the quarter. Cash generated from operations before working capital movements, was \$58.9 million with net changes in working capital amounting to a decrease of \$17.1 million, which is mainly due to the increase in trade debtors as a result of the increase in the gross

basket price. \$1.6 million was spent on capital for the current quarter. A top-up payment on provisional South African income tax for the six months to 31 December 2020 of \$3.3 million as well as dividend withholding tax of \$0.6 million was paid during the quarter.

Post period end, the Company paid a one-off Windfall Dividend of \$14.3 million to shareholders on the register on 4 March 2021. Provisional income tax and minerals royalties tax at a rate of 28% and 7% respectively are also payable in June 2021. The provision of \$33.5 million for the income and mineral royalty tax payable in June 2021 is based on the actual metal prices and ounces for Q3, estimated ounce production for Q4 and current average exchange rate.

Group cash costs per 4E PGM ounce increased 8% in ZAR from ZAR10,701/ounce (\$687/ounce) to ZAR11,571/ounce (\$773/ounce), Group EBITDA increased from \$29.1 million to \$58.7 million and net profit increased from \$20.3 million to \$41.3 million.

C. MINERAL ASSET DEVELOPMENT AND OPENCAST MINING PROJECTS

As previously announced, new studies of the Volspruit and Northern Limb projects were initiated and continue to assist in developing the most suitable strategy for these projects in the changing economic landscape.

Volspruit Platinum Opportunity

Detail design for the Permitting Applications has been completed. Specialist work for updating the EIA and Water Use License commenced during the quarter as part of the overall process to conclude the final project authorisations.

The preliminary mining design information and results from additional metallurgical test work generated as part of the updated specialist study that was initiated in mid-2020 have been received during the quarter and are currently being evaluated to determine the best strategy for this project.

Northern Limb Projects

The Company commenced with a previously announced concept level mining study for the project during the quarter to improve the current resource estimate and confirm initial findings which identified specific higher-grade portions along the ore body. Further exploratory drilling has commenced and this study will continue until late 2022. Updates will be released to the market when new information becomes available.

Grasvally

The potential sale of 100% of the shares in Grasvally and claims against Grasvally Chrome Mine (Pty) Ltd to Forward Africa Mining (Pty) Ltd ("FAM") for a total consideration of ZAR115.0 million is ongoing and the Option Agreement as negotiated and reported in the Company's FY2020 report is still valid.

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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 FY2021

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
ASX	Australian Securities Exchange
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
EIA	Environmental Impact Assessment
EIR	Effective interest rate
EMPR	Environmental Management Programme Report
GBP	Great British Pound
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
I&APs	Interested and Affected Parties
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
MTO	Mining Titles Office
NOMR	New Order Mining Right
NWA	National Water Act 36 of 1998
Option Plan	Sylvania Platinum Limited Share Option Plan
PGM	Platinum group metals comprising mainly platinum, palladium, rhodium and gold
PAR	Pan African Resources Plc
Phoenix	Phoenix Platinum Mining Proprietary Limited, renamed Sylvania Lesedi
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
Programme	Sylvania Platinum Share Buyback Programme
Project Echo	Secondary PGM Milling and Flotation (MF2) program announced in FY2017 to design and install additional new additional fine grinding mills and flotation circuits at Millsell, Doornbosch, Tweefontein and Mooinoi.
Revenue (by products)	Revenue earned on Ruthenium, Iridium, Nickel and Copper
RoM	Run of mine
SDO	Sylvania dump operations
Shares	Common shares
Sylvania	Sylvania Platinum Limited, a company incorporated in Bermuda
USD	United States Dollar
WIP	Work in progress
WULA	Water Use Licence Application
UK	United Kingdom of Great Britain and Northern Ireland
ZAR	South African Rand