RNS Number : 5535Q
Sylvania Platinum Limited
21 February 2023

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**Sylvania Platinum Limited**
**("Sylvania", the "Company" or the "Group")**

**Interim financial results for the six months ended 31 December 2022**

Sylvania (AIM: SLP), the platinum group metals ("PGM") producer and developer with assets in South Africa, is pleased to announce its results for the six months ended 31 December 2022 ("HY1 FY2023"). Unless otherwise stated, the consolidated financial information contained in this report is presented in United States Dollars ("USD" or "$").

**Financial Highlights**

- Net revenue generated for the period totalled $79.9 million (HY1 FY2022: $69.1 million);
- Group EBITDA of $45.6 million (HY1 FY2022: $36.2 million);
- Net profit of $32.6 million (HY1 FY2022: $24.4 million);
- Cash balance at 31 December 2022 of $123.9 million (HY1 FY2022: $110.1 million);
- Bought back 1,085,000 ordinary $0.01 shares ("Ordinary Shares") from employees, all transferred to Treasury;
- Cancelled 1,155,657 Ordinary Shares held in Treasury;
- Final dividend of 8p per Ordinary Share for FY2022 paid in December 2022 (FY2021:4p);
- New Dividend Policy approved by the Board and effective from 1 July 2022; and
- Interim dividend of 3p per Ordinary Share declared by the Board, to be paid in April 2023.

**Operational Highlights**

- Sylvania Dump Operations ("SDO") delivered 38,471 4E PGM ounces (HY1 FY2022: 32,376 4E PGM ounces);
- ROM grades at Mooinooi have increased significantly contributing to additional ounce production;
- Construction of the Tweefontein MF2 complete with optimisation to be concluded during Q3;
- An updated Mineral Resource Estimate ("MRE") and Scoping Study on the Volspruit North Body was reported in October 2022; and
- An updated MRE for the La Pucella Target area of the Aurora Project and Exploration results for the Hacra Project on the Far Northern Limb reported during the period.

**ESG Highlights**

- Zero Lost-time Injuries ("LTI") across all SDO;
- Quarterly Carbon Footprint reporting undertaken for the HY1 FY2023 period;
- New initiatives relating to improved water management undertaken at the Company's operations during the period and a Water Balance developed for each plant; and
- Support for three ongoing internships and eight internal learnerships, plus twelve external bursaries maintained, and Community Based Employee Training provided to ten employees.

**Outlook**

- FY2023 production guidance increased, targeting 70,000 to 72,000 4E PGM ounces following strong production in HY1 FY2023;

- Lannex MF2 project scheduled for commissioning towards the end of Q4 FY2023;
- An updated MRE and Scoping Study to combine the Volspruit North and South Body and to include rhodium anticipated to be completed in Q1 FY2024;
- Reagent optimisation at all SDO underway to explore improved efficiencies; and
- The Group remains debt free and continues to generate sufficient cash reserves to fund capital expansion projects, process optimisation projects, upgrade the Group's exploration and evaluation assets and to return value to shareholders.

**Commenting on the period, Sylvania's CEO Jaco Prinsloo said:**

*"I am pleased to report that the SDO have achieved 38,471 ounces of PGM production in the period. The 19% year-on-year increase in HY1 production is testament to the commitment of both our operations and management teams to delivering on forecast and through their continued efforts, particularly in working together with our host mine, to overcome the difficulties previously faced with ROM and feed grades at our Western operations.*

*"A result of the increased ounces produced, is the healthy Revenue and Net Profit reported, both of which are robust and provide the Company with sufficient cash reserves to continue to fund capital and optimisation projects, as well as the advanced studies undertaken at our exploration projects. It also gives me great pleasure to announce that the Board has approved a new Dividend Policy for FY2023 and has declared our first interim dividend of 3p payable in April. This is a great achievement for the team considering the 15% drop in the average gross basket price and a 15% average ZAR/$ depreciation over the period.*

*"As we advance into the second half of the financial year, I anticipate continued solid results as the Tweefontein MF2 capital project is optimised and as we work towards the commissioning of the Lannex MF2 in the latter part of the period. Additionally, we expect to provide further clarity on the significant potential at our exploration projects as we continue our studies and increase our resources.*

*"I look forward to keeping shareholders updated on our progress."*

**Disclaimer**
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.

The Sylvania cash generating subsidiaries are incorporated in South Africa with the functional currency of these operations being South African Rand ("ZAR"). Revenues from the sale of PGMs are received 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, Pounds Sterling ("GBP") and ZAR.

For the six months under review the average USD:ZAR exchange rate was ZAR17.32:$1 and the closing exchange rate at 31 December 2022 was ZAR17.05:$1.

| USD | | | Unit | Unaudited | Unit | ZAR | | |
|---|---|---|---|---|---|---|---|---|
| HY1 2022 | HY1 2023 | % Change | | | | % Change | HY1 2023 | HY1 2022 |
| | | | | **Production** | | | | |
| 1,184,996 | 1,337,785 | 13% | T | Plant Feed | T | 13% | 1,337,785 | 1,184,996 |
| 1.91 | 1.92 | 1% | g/t | Feed Head Grade | g/t | 1% | 1.92 | 1.91 |
| 589,240 | 690,912 | 17% | T | PGM Plant Feed Tons | T | 17% | 690,912 | 589,240 |
| 3.17 | 3.19 | 1% | g/t | PGM Plant Feed Grade | g/t | 1% | 3.19 | 3.17 |
| 53.93% | 56.47% | 5% | % | PGM Plant Recovery | % | 5% | 56.47% | 53.93% |
| 32,376 | 38,471 | 19% | Oz | Total 4E PGMs | Oz | 19% | 38,471 | 32,376 |
| 41,828 | 48,697 | 16% | Oz | Total 6E PGMs | Oz | 16% | 48,697 | 41,828 |
| | | | | | | | | |
| 2,966 | 2,513 | -15% | $/oz | Average gross basket price[1] | R/oz | -2% | 43,532 | 44,574 |
| | | | | | | | | |
| | | | | **Financials[2]** | | | | |
| 65,812 | 70,923 | 8% | $'000 | Revenue (4E) | R000 | 24% | 1,228,715 | 989,094 |
| 5,628 | 7,020 | 25% | $'000 | Revenue (by-products including base metals) | R000 | 44% | 121,614 | 84,585 |
| -2,384 | 1,959 | 182% | $'000 | Sales adjustments | R000 | 195% | 33,936 | -35,842 |
| 69,056 | 79,902 | 16% | $'000 | Net Revenue | R000 | 33% | 1,384,265 | 1,037,837 |
| | | | | | | | | |
| 23,838 | 23,170 | -3% | $'000 | Direct Operating costs | R000 | 12% | 401,418 | 358,292 |
| 6.661 | 8,923 | 34% | $'000 | Indirect Operating costs | R000 | 54% | 154,593 | 100,112 |
| 1,352 | 1,503 | 11% | $'000 | General and administrative costs | R000 | 28% | 26,032 | 20,322 |
| 36,166 | 45,639 | 26% | $'000 | Group EBITDA[4] | R000 | 45% | 790,467 | 543,532 |
| 10,527 | 13,241 | 26% | $'000 | Taxation | R000 | 45% | 229,334 | 158,214 |
| 1,641 | 1,967 | 20% | $'000 | Depreciation and amortisation | R000 | 38% | 34,068 | 24,659 |
| 24,360 | 32,633 | 34% | $'000 | Net profit[4] | R000 | 54% | 565,204 | 366,108 |
| | | | | | | | | |
| 7,414 | 6,206 | -16% | $'000 | Capital Expenditure | R000 | -4% | 107,488 | 111,421 |
| | | | | | | | | |
| 110,062 | 123,895 | 13% | $'000 | Cash Balance | R000 | 20% | 2,112,410 | 1,755,066 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| - | - | - | R/$ | Ave R/$ rate | R/$ | 15% | 17.32 | 15.03 |
| - | - | - | R/$ | Spot R/$ rate | R/$ | 7% | 17.05 | 15.95 |
| | | | | | | | | |
| | | | | **Unit Cost/Efficiencies** | | | | |
| 736 | 602 | -18% | $/oz | SDO Cash Cost per 4E PGMoz[3] | R/oz | -6% | 10,434 | 11,067 |
| 570 | 476 | -16% | $/oz | SDO Cash Cost per 6E PGMoz[3] | R/oz | -4% | 8,243 | 8,566 |
| 881 | 742 | -16% | $/oz | Group Cash Cost Per 4E PGMoz[3] | R/oz | -3% | 12,851 | 13,247 |
| 682 | 586 | -14% | $/oz | Group Cash Cost Per 6E PGMoz[3] | R/oz | -1% | 10,150 | 10,254 |
| 1,025 | 889 | -13% | $/oz | All-in sustaining cost (4E) | R/oz | 0% | 15,398 | 15,404 |
| 1,216 | 1,017 | -16% | $/oz | All-in cost (4E) | R/oz | -4% | 17,623 | 18,273 |
| | | | | | | | | |

1 The gross basket price in the table is average gross basket for the period, used for revenue recognition of ounces delivered over HY1 FY2023, before penalties/smelting costs and applying the contractual payability.

2 Revenue (6E) for HY1 FY2023, before adjustments is $77.5 million (6E prill split is Pt 52%, Pd 18%, Rh 9%, Au 0.2%, Ru 16%, Ir 5%).

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

4 Net profit and Group EBITDA exclude profit from the sale of Grasvally Chrome Mine (Pty) Ltd previously held as an asset for sale.

## A. OPERATIONAL OVERVIEW

### Health, safety and environment

During the period under review there were no significant occupational health or environmental incidents reported. There were no LTIs recorded and the Doornbosch operation remains 10 years LTI-free. The Lesedi operation achieved the milestone of three years LTI-free during the period and Lannex has exceeded two years LTI-free. Mooinooi and Tweefontein have each exceeded one-year LTI-free.

### Operational performance

The SDO achieved 38,471 ounces for the first half of the 2023 financial year which was 19% higher than the corresponding period in the 2022 financial year. The increase in production is primarily due to improved feed grades, stability and flotation performance at Mooinooi as well as the newly commissioned Lesedi MF2 plant and improved recovery efficiencies. A step change improvement in recovery following the implementation of a new flotation reagent regime at Lannex also contributed to the increased ounces.

PGM plant feed grade increased by 1% during the period and PGM plant recovery increased 5% when compared to HY1 FY2022, primarily related to the increase in and stabilisation of ROM feed from the host mine at Mooinooi.

Consequently, due to the improved production performance, an increase to the full year PGM production estimate was announced in January 2023 with 70,000 to 72,000 ounces now targeted by the Company for the full year.

SDO cash costs per ounce decreased 18% from $736/ounce to $602/ounce while the average ZAR:USD exchange rate depreciated 15%.

### Operational focus areas

During the period, the SDO developed a new improved planned maintenance system which was successfully implemented at Millsell. This is expected to improve plant availabilities and runtime, resulting in improved process stability and increased efficiencies and is being rolled out to selected priority operations.

ROM grades at the Mooinooi operation have increased significantly and the operation continues to focus on communication with the host mine in relation to the preferred source of ROM and associated grades in order to sustain these better grades.

Focus remains on the operational aspects of the SDO tailings facilities by the operations teams, the engineer on record, relevant expert advisers, and associated service providers.

Reagent optimisation continues at all plants to explore improved efficiencies and further contribute to an increase in metal recoveries.

The control of operational costs has been well managed during the period with continued attention being paid by the SDO.

### Capital Projects

Capital spend decreased during the current period compared to the corresponding period in FY2022 from $7.4 million to $6.2 million during HY1 FY2023, comprising $5.3 million optimisation and stay-in-business capital, as well as $0.9 million spent on exploration projects. All capital projects are fully funded from current cash reserves.

The secondary milling and flotation (MF2) project at Tweefontein was completed during the period and commissioning commenced during December 2022. Full optimisation is planned to be reached in the coming months.

The Lannex MF2 project is under construction and scheduled for commissioning during early FY2024. The construction of the MF2 module will improve the upgrading and recovery of PGMs at the plants.

In order to mitigate current power interruptions at Lesedi and Millsell operations which are most affected by the current Eskom loadshedding stages, back-up power generation projects have been initiated and are currently in execution at these operations, with commissioning of the first system at Lesedi anticipated during the next four to six months.

### Outlook

The first half of the financial year has created a strong platform for the Company. The Lesedi MF2 plant, improved feed grades and recovery efficiencies have resulted in increased production and, subsequently, the increase in the production guidance for FY2023 to 70,000 to 72,000 4E PGM ounces.

The Lannex MF2 project is scheduled for commissioning towards the end of the financial year which should see further improvements to PGM recoveries. Additionally, the Company is continuing to explore reagent optimisation across all SDO in order to improve efficiencies.

While not anticipating a more significant impact on operations than during HY1, the Company acknowledges the risks associated with the current electricity supply situation in South Africa and Eskom's loadshedding programme, and hence we maintained a relatively cautious outlook for the remainder of the year in terms of our production guidance

guidance.

The exploration projects in the Northern Limb hold significant potential for the Company. In the second half of this year focus remains on further improving the confidence in and expanding resources and quantifying the potential benefit from these assets. An updated Scoping Study is underway at Volspruit which will now include value from the South Body and rhodium, which were initially excluded from the North Body Scoping Study, as well as studies aimed at improving the resources estimate for the Aurora project and towards declaring a maiden mineral resource estimate for the Hacra project.

Despite the lower 4E PGM basket price, the Board remains optimistic on the overall PGM price outlook, whereby palladium and rhodium are expected to remain in deficit and the demand forecast is robust with anticipated increased automotive sales. The SDO is well positioned, with low operating costs and improving PGM recoveries and ROM grades.

As always, the Company will continue to focus on the parameters that it is able to control, with specific focus on improving direct operating costs, maintaining a safe, stable and efficient production environment, and ensuring disciplined capital allocation and control.

Sylvania remains committed to its ESG initiatives and will continue to publish an ESG Report annually.

## B. FINANCIAL OVERVIEW

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**
**For the half year ended 31 December 2022**

| | Note(s) | 31 December 2022 $ Reviewed | 31 December 2021 $ Reviewed |
|---|---|---|---|
| ***Continuing Operations*** | | | |
| Revenue | 1 | **79,901,718** | 69,055,528 |
| Cost of sales | | **(30,271,919)** | (29,192,755) |
| Royalties tax | | **(3,796,403)** | (3,046,322) |
| **Gross profit** | | **45,833,396** | **36,816,451** |
| Other income | | **45,547** | 38,607 |
| Other expenses | 2 | **(2,202,060)** | (2,330,331) |
| **Operating profit before net finance income/costs and income tax expense** | | **43,676,883** | **34,524,727** |
| Finance income | | **2,359,757** | 731,855 |
| Finance costs | | **(536,505)** | (369,302) |
| **Profit before income tax expense from continuing operations** | | **45,500,135** | **34,887,280** |
| Income tax expense | 3 | **(12,866,977)** | (10,527,209) |
| **Net profit for the period from continuing operations** | | **32,633,158** | **24,360,071** |
| ***Discontinued Operations*** | | | |
| Profit after tax for the period from discontinued operations | 4 | **1,351,227** | - |
| **Net profit for the period** | | **33,984,385** | **24,360,071** |
| ***Other comprehensive loss*** | | | |
| Items that are or may be subsequently reclassified to profit and loss: | | | |
| Foreign operations - foreign currency translation differences | | **(4,977,923)** | (13,222,604) |
| **Total other comprehensive loss (net of tax)** | | **(4,977,923)** | (13,222,604) |
| **Total comprehensive income for the year** | | **29,006,462** | **11,137,467** |

| | Cents | Cents |
|---|---|---|
| Earnings per share attributable to the ordinary equity holders of the Company: | | |
| Basic earnings per share | 12.75 | 8.93 |
| Diluted earnings per share | 12.65 | 8.86 |

1. Revenue is generated from the sale of PGM ounces produced at the six retreatment plants, net of pipeline sales adjustments.
2. Other expenses relate to corporate activities and include consulting fees, audit fees, travel, advisor and PR costs, share registry costs, directors' fees, share based payments and other smaller administrative costs.
3. Income tax expense includes current tax, deferred tax and capital gains tax.
4. Profit on discontinued operations is the profit after tax of Grasvally Chrome Mine (Pty) Ltd, previously held as an asset held for sale.

The average gross basket price for PGMs for the six months to 31 December 2022 was $2,513/ounce compared to $2,966/ounce for the period ended 31 December 2021. The Group recorded net revenue of $79.9 million for the six months to 31 December 2022, a 16% increase half-year on half-year, as a result of the higher PGM ounce production, slightly lower basket price, as well as a positive sales adjustment for the period.

The operational cost of sales represents the direct and indirect costs of producing the PGM concentrate and amounted to ZAR556.0 million for the reporting period compared to ZAR458.4 million for the six months to 31 December 2021. The main cost contributors being salaries and wages of ZAR170.4 million (HY1 FY2022: ZAR144.5million), mining costs of ZAR61.1 million (HY1 FY2022: ZAR53.2 million), reagents and milling costs of ZAR51.1 million (HY1 FY2022: ZAR33.0 million) and electricity of ZAR64.9 million (HY1 FY2022: ZAR55.8 million).

Group cash cost per ounce was ZAR12,851/ounce compared to ZAR13,247/ounce in the previous corresponding period. The all-in sustaining cost ("AISC") for the Group amounted to ZAR15,398/ounce and an all-in cost ("AIC") of ZAR17,623/ounce for the period to 31 December 2022. This compares to the AISC and AIC for 31 December 2021 of ZAR15,404/ounce and ZAR18,273/ounce respectively.

General and administrative costs were $1.5 million (ZAR26.0 million) for the six months against $1.4 million (ZAR20.3 million) for the corresponding period in the prior year. These costs are incurred in USD, GBP and ZAR and relate mainly to regulatory costs, insurance, advisory and public relations costs, consulting and legal fees, directors' fees, computer expenses and travelling costs.

Interest is earned on surplus cash invested in South Africa at an average interest rate of 4.35% per annum as well as on the loan to Forward Africa Mining with regards to the Grasvally Chrome Mine (Pty) Ltd ("Grasvally") sale at JIBOR + 3%. Interest expense is accounted for on various lease agreements for example office rental at rates intrinsic to the relevant lease agreements.

Income tax is paid in ZAR on taxable profits generated at the South African operations at a rate of 27%. The income tax charge for the six months to 31 December 2022 was ZAR228.0 million compared to ZAR136.1 million for the six months to 31 December 2021 due to the increase in profit and the capital gains tax as a result of the sale of shares with regards to Grasvally. Deferred tax movements of ZAR6.0 million for the Group relate mainly to unredeemed capital expenditure and provisions.

**CONSOLIDATED STATEMENT OF CASHFLOWS**
**For the half year ended 31 December 2022**

| | | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| | | $ | $ |
| | | Reviewed | Reviewed |
| **Net cash inflow from operating activities** | 5 | **37,678,401** | 31,599,803 |
| **Net cash outflow from investing activities** | 6 | **(6,554,000)** | (8,109,477) |
| **Net cash (outflow) from financing activities** | 7 | **(26,909,718)** | (17,178,177) |
| **Net increase in cash and cash equivalents** | | **4,214,683** | 6,312,149 |
| Effect of exchange fluctuations on cash held | | **(1,601,737)** | (2,385,646) |
| Cash and cash equivalents at the beginning of reporting period | | **121,282,425** | 106,135,435 |
| **Cash and cash equivalents at the end of the reporting period** | | **123,895,371** | 110,061,938 |

*Note: This is a condensed cashflow statement. Please refer to the Half Year Interim Financial Statements for more detail.*

5. Net cash inflow from operating activities includes a net operating cash inflow of $43.2 million, net finance income of $2.1 million and taxation paid of $7.7 million.
6. Net cash outflow from investing activities includes payments for property, plant and equipment of $5.3 million, exploration and evaluation assets of $0.9 million, and loans to joint operations and third parties of $0.35 million.
7. The net cash outflow from financing activities includes the repayment of borrowings of $0.2 million, payments of share transactions of $1.1 million and payments of dividends to shareholders of $25.6 million.

Cash is held in USD and ZAR. As at 31 December 2022, the Company's cash and cash equivalents balance was $123.9 million. Cash generated from operations before working capital was $46.8 million for the reporting period, with a change in working capital of $3.6 million mainly due to the movement in trade receivables and trade payables as a result of the higher ounces produced and an increase in the cost base. $7.7million was paid in provisional income tax and the Company spent $6.2 million on capital expenditure comprising of $5.3 million on specific optimisation and stay in business projects, and $0.9 million on exploration projects. In December 2022, $25.6 million was paid to shareholders as a dividend. The Group holds a portion of cash in ZAR to fund operational working capital and capital projects. A foreign exchange loss of $1.6 million was incurred due to the 7% depreciation of the ZAR against the USD.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**As at 31 December 2022**

| | | 31 December 2022 | 30 June 2022 |
|---|---|---|---|
| | | $ | $ |
| | Note(s) | Reviewed | Audited |
| **ASSETS** | | | |
| ***Non-current assets*** | | | |
| Exploration and evaluation expenditure | | **46,647,621** | 46,087,453 |
| Property, plant and equipment | | **48,200,777** | 46,298,978 |
| Other financial assets | **8** | **6,425,154** | 283,450 |
| Other assets | | **15,012** | - |
| **Total non-current assets** | | **101,288,564** | **92,669,881** |
| ***Current assets*** | | | |
| Cash and cash equivalents | **9** | **123,895,371** | 121,282,425 |
| Trade and other receivables | **10** | **56,850,687** | 52,939,589 |
| Other financial assets | **8** | **1,309,622** | 1,029,205 |
| Inventories | **11** | **5,430,203** | 4,258,960 |
| Current tax asset | | **-** | 3,486,226 |
| | | **187,485,883** | **182,996,405** |
| Assets held for sale | | **-** | 3,771,661 |
| **Total current assets** | | **187,485,883** | **186,768,066** |
| **Total assets** | | **288,774,447** | **279,437,947** |
| **EQUITY AND LIABILITIES** | | | |
| ***Shareholders' equity*** | | | |
| Issued capital | **12** | **2,790,000** | 2,801,557 |
| Reserves | **13** | **33,091,971** | 38,663,288 |
| Retained profit/(Accumulated losses) | | **218,104,153** | 209,221,487 |
| **Total equity** | | **253,986,124** | 250,686,332 |
| ***Non-current liabilities*** | | | |
| Borrowings | **14** | **593,854** | 35,031 |
| Provisions | **15** | **5,416,237** | 5,936,804 |
| Deferred tax liability | | **11,804,808** | 11,614,765 |
| **Total non-current liabilities** | | **17,814,899** | 17,586,600 |
| **Current liabilities** | | | |
| Trade and other payables | | **14,364,861** | 11,110,196 |
| Current tax liability | | **2,249,120** | - |
| Borrowings | **14** | **359,443** | 48,957 |
| | | **16,973,424** | 11,159,153 |
| Liabilities directly associated with the assets classified as held for sale | | **-** | 5,862 |
| **Total current liabilities** | | **16,973,424** | 11,165,015 |
| **Total liabilities** | | **34,788,323** | 28,751,615 |
| **Total liabilities and shareholder's equity** | | **288,774,447** | 279,437,947 |

8. Other financial assets mainly consist of:

- A loan granted to TS Consortium by Sylvania South Africa (Pty) Ltd $362,141 (2022: $348,420). The loan is unsecured, bears interest at 7% per annum and is repayable on demand.
- A loan granted to Forward Africa Mining by Sylvania Metals (Pty) Ltd $947,480 (2022: $680,785). The loan is secured over the Grasvally Plant, bears interest at the Johannesburg Inter-Bank Offer Rate (JIBOR) + 3%, compounded monthly in arrears.
- A loan granted to Forward Africa Mining by Sylvania Metals (Pty) Ltd and Sylvania Resources (Pty) Ltd with regards to the sale of shares and claims agreement in respect of the Grasvally Chrome Mine (Pty) Ltd sale $6,142,227 (2022: $0 nil). The loan is secured over the Grasvally plant, bears interest at the Johannesburg Inter-Bank Offer Rate (JIBOR) + 3%, compounded monthly in arrears. The loan is repayable in 15 equal instalments commencing at the end of the quarter following the first anniversary of the effective date.
- Contribution paid to the host mine for rehabilitation purposes $282,928 (2022: $283,450). The debtor is ZAR denominated and was translated at a spot rate of ZAR17.50 (2022: ZAR16.38).

9. Cash and cash equivalents are held in ZAR and USD.
10. Trade and other receivables consist mainly of amounts receivable for the sale of PGMs.
11. Inventory held is spares and consumables for the SDO.
12. The total number of issued ordinary shares at 31 December 2022 is 279,000,000 Ordinary Shares of US$0.01 each (including 12,199,212 shares held in treasury),
13. Reserves include the share premium, foreign currency translation reserve, which is used to record exchange differences arising from the translation of financial statements of foreign controlled entities, share-based payments reserve, treasury share reserve and the equity reserve.
14. Borrowings relate to the right-of-use liability.
15. Provision is made for the present value of closure, restoration and environmental rehabilitation costs in the financial period when the related environmental disturbance occurs.

## C. Mineral Asset Development of opencast mining projects

The Group owns various mineral asset exploration and development projects on the Northern Limb of the Bushveld Igneous Complex located in South Africa, for which it has approved mining rights. Targeted studies are underway on both the Volspruit and Northern Limb PGM opportunities to determine how best to optimise the respective projects. Significant progress has been made towards unlocking mineral potential on these projects to generate value for shareholders.

### Volspruit Platinum Opportunity

The release of the Exploration Results and Resource Statement in October of 2022 included the MRE and Scoping Study for the Volspruit North Body.

The Volspruit North Body is estimated to include approximately 58% of the total project area and indicated a positive investment return based on a conservative set of assumptions used at the time. To further improve the value of the Voslpruit opportunity, a revised Scoping Study is underway to now include the value from the South Body and rhodium, which were initially excluded from the earlier Scoping Study due to further work that was required at the time in terms of the JORC requirements.

Current studies to include both the rhodium resources and the South Body resources include the relogging of the South Body historical core, a drilling programme to acquire the required samples for rhodium assay from the North Body and additional assay data which will be subjected to a MRE in the fourth quarter with the results becoming available in Q1 FY2024. The updated MRE, that includes 100% of the study area and a rhodium resource will then be subject to a Preliminary Economic Assessment ("PEA") during Q1 FY2024.

Continued investment and workstream requirements for the permitting under the Mining Right is underway and application for the Water-use Licence, the updating of the Environmental Impact Assessment ("EIA") and the finalisation of the Social and Labour Plan ("SLP") all included within these activities.

### Far Northern Limb Projects

The JORC compliant Mineral Resource over the La Pucella target area of the Aurora Project was completed in October 2022, with the exciting new discovery of the T-Zone mineralisation found near surface along the strike of the study area.

Continued resource optimisation studies are underway to determine on the Aurora Project area to fully realise the future value of the asset. Studies will include relogging of historical core and implementing the new geological interpretation on additional available strike length, which will determine an optimised drilling strategy that is planned to start during HY2 FY2023. Based on initial study results and current strategy, a PEA will only be commissioned once an updated MRE for the combined Aurora project area is available.

Work is also in progress towards declaring a maiden Inferred MRE on the Hacra North underground resource and a programme of relogging of the historical core has commenced on the Hacra South near-surface resource, with both expected to be completed in HY2 FY2023. The relogged data will be subject to a MRE using the new geological interpretation as determined on the La Pucella project and is expected to be completed at the financial year end.

## D. CORPORATE ACTIVITIES

### Dividend Payment

On 2 December 2022, the Board paid a dividend for FY2022 totalling $25.6 million, equating to 8p per Ordinary Share, to shareholders on the register on the record date of 28 October 2022.

### Dividend Policy

The Board has reviewed the Company's Dividend Policy and effective 1 July 2022, the New Dividend Policy will be able to pay out a minimum of 40% of adjusted free cash flow for the financial year. Where annual dividends are declared, these will be paid in two tranches with an interim dividend equating to one third of the forecast full dividend and the final dividend equating to the remaining unpaid balance of the minimum of 40% of actual adjusted free cash flow. The payment of dividends remains at the discretion of the Board.

As a consequence of the new Dividend Policy, the Board has declared its first interim dividend of 3p per Ordinary Share, payable on 6 April 2023. Payment of the interim dividend will be made to shareholders on the register at the close of business on 3 March 2023 and the ex-dividend date is 2 March 2023.

### Transactions in Own Shares

1,755,000 Ordinary Shares were exercised by various persons displaying management responsibilities (PDMRs) and employees which vested from bonus shares awarded to them in August 2019. 702,300 of the vested bonus shares were repurchased to satisfy the tax liabilities of PDMRs and certain employees, and an additional 382,700 shares were bought back from various employees. All shares awarded came from Treasury.

On 15 December 2022 1,155,657 Ordinary Shares held in Treasury were cancelled.

Accordingly, at the end of the period the Company's issued share capital was 279,000,000 Ordinary Shares, of which a total of 12,199,212 Ordinary Shares were 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 was 266,800,788.

The Company will continue to evaluate further share buy backs as the opportunity arises as part of its commitment to returning value to the shareholders.

## E. ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

The Company's approach to ESG reporting is guided by global frameworks and best practice guidelines including:

- The Global Reporting Initiative ("GRI") - setting the standards for best practice in sustainability reporting;
- The United Nations Sustainable Development Goals ("UNSDGs") - 17 goals to address the global challenges facing the international community;
- The United Nations Task Force on Climate-Related Financial Disclosures ("TCFD") - a framework for improving and increasing reporting on climate-related financial information; and
- The Sustainability Accounting Standards Board ("SASB") - SASB standards identify the ESG issues most applicable to performance in different industries.

FY2022 saw the Company's first ESG report outlining operational and non-financial performance. The following update builds on the initial disclosures as the ESG journey has become embedded throughout the organisation. Further details on the disclosures can be found in the Company's Condensed Consolidated Interim Financial Statements for the half year ended 31 December 2022.

### Environment

***Energy and Greenhouse Gas Emissions***

Quarterly Carbon Footprint reporting was undertaken for the HY1 FY2023 period, measured in metric tonnes of carbon dioxide equivalent ($tCO_2e$) for GHG Protocol Scope 1 and Scope 2 emissions. The Carbon Footprint report for the HY1 FY2023 reporting period showed a slight increase in Scope 1 emissions while there is a slight decrease in Scope 2 emissions. However, the GHG emission intensity, which is a factor of $CO_2$ per tonnes reprocessed tailings, is decreasing over time.

In December 2022, the Company procured the services of specialists who compiled a Baseline TCFD report that aims to develop recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear, and efficient, and provide decision-useful information to investors. Energy Transition and a Carbon Emissions Priority Plan were some of the main themes covered in the TCFD report.

***Water Management***

New initiatives relating to improved water management were undertaken at the Company's operations during the period. A Water Balance was developed for each plant and will be updated biannually. An automated, live water balance system is in the Second Phase of implementation with flow metres installed along the critical line to increase the accuracy of water flow and use at the operations. In addition, the Company together with specialists in the field commenced with investigations into the feasibility to construct and utilise thickeners that will result in a decrease in water volume losses on the tailings.

***Production rate and Tailings Storage Facilities ("TSF")***

Due to the nature of the activities and operations of the Company in the reworking of mineral waste dumps and redepositing (or recycling) tailings, the overall impact is considered to have an inherently positive impact.

In line with the Global Industry Standard on Tailings Management ("GISTM"), in terms of the operations, the condition and management of the Tweefontein, Lannex, Lesedi and Doornbosch TSFs were assessed in separate annual reports and the remaining operations followed in January 2023. The results of the assessments indicated positive findings.

Sylvania and its appointed consultants recently completed the first phase of pilot scale TSF slope rehabilitation trials at the Tweefontein operation. The purpose of the trial is to develop a method of rehabilitating TSFs on decommissioning, which is low-cost, environmentally friendly and sustainable. This trial has delivered results which indicate that this method is also very suitable for rehabilitation during operation of the TSF, to minimise the time and cost of end-use closure.

The first phase of on-site trials prepared five seedbeds on two slopes of the operational TSF using one as a control site with no treatment while different treatments were applied to the remaining four seedbeds. A mixture of six indigenous grass seeds were sown on all seedbeds and on completion of the trials it was found that the seedbed treated with mulch far outperformed the others. All sites indicated a remarkable increase in biodiversity through establishment of insects and other life species.

Further phases of trials will continue to investigate suitable plant species and collect data about biodiversity augmentation. On completion of the trials and subsequent reporting, closure plans can be updated to reflect the organic amendment method for each TSF site, reducing rehabilitation liability and closure cost and proposing a rehabilitation method that will establish a protected biodiversity area on a previously barren and undesirable waste site.

It is currently estimated that two to three years of aftercare would be required to establish a sustainable growth cycle for the seedbeds, and that the growth cycle can be established during the final operating years of the TSF.

### Social

***Incident statistics***

No LTIs, serious or reportable environmental incidents were recorded during the period and all operations remain fatality free since inception. Focused training interventions and other inspections aimed at trackless mobile machinery and tracking management, equipment safeguarding, equipment handling, working in elevated position and slip and fall are being implemented to continuously improve control effectiveness. Annually the Company runs a safety awareness campaign during the months of November and December motivating the importance to drive health and safety during this period. Topics covered this year included road safety, alcohol and drug abuse, gender-based violence, and communication.

***Community, customer and stakeholder relationship***

During the reporting period, 29 additional people were employed by the Company, resulting in a total staff compliment of 641 at December 2022. The percentage of Unionised employees grew from 69% to 81% at December 2022.

The Company continued its ongoing contributions towards Corporate Social Investment ("CSI") Projects during the HY1 FY2023 reporting period. These included maintenance work, provision of supplies, furniture and groceries to various organisations.

Sylvania recognised World Aids Day in December 2022 and supports an ongoing anti gender-based violence campaign at the operations.

As South Africa is one of the most biodiverse countries in the world there is a duty on the stakeholders, such as the mining industry, to ensure that conservation is promoted, and wildlife is protected for current and future generations. As such, Sylvania engaged with non-profit organisations to investigate how to partner on initiatives such as the Endangered Wildlife Trust ("EWT") focussing on threatened wildlife species including the illegal trade of Pangolin scales and Rhino horns as well as partnering on the revegetation of the tailings dams to create renewed biodiversity.

***Demographics and diversity***
*Woman in Mining* remains a strategic focus point at Sylvania as noted from a steady growth of female employees during the HY1 FY2023 reporting period. The effectiveness of the current initiatives and internal controls are reflected through the total female representation increasing to 22.15% at the end of December 2022, and 14 (48.28%) of the 29 new recruits being female.

***Human Capital***
In terms of Sylvania's SLP and contribution to community development and training, Sylvania supports three ongoing internships and eight internal learnerships. 12 external bursaries were maintained during the reporting period and Community Based Employee Training was provided to 10 employees. External training was provided to over 600 people.

## Governance

***Regulatory Compliance***
No material legal compliance risks or fines were issued for any aspects linked to governance, tax or other financial management aspects.

For owned land, various initiatives are being undertaken to ensure compliance with issued authorisations, permits and licences linked to all business processes, exploration to rehabilitation and closure requirements. The permits incorporate binding commitments and obligations that must be monitored to ensure compliance. This is crucial, as delays in acquiring permits or failing to comply with their conditions and commitments can have significant financial, operational, legal and reputational consequences.

Sylvania's licence to operate relates directly to environmental permits and authorisations under relevant sections of the:

- Mineral and Petroleum Resources Development Act 2002 (MPRDA) - mining rights, environmental management programme reports as well as social and labour plans;
- National Environmental Management Act 1998 (NEMA), sectorial national legislation and related regulations including environmental impact assessments linked with the listed activities being performed; and
- National Water Act 1998 (NWA) - water-use licences.

***Economic contribution***
The following economic contributions continued during HY1 FY2023:

1. Employee and related payments including:

- Salaries and wages.
- Contributions and employees' tax paid.
- Employee dividend participation scheme.

2. Regulatory payments to South African Revenue Services including:

- Income tax.
- Value added tax.
- Dividend withholding tax.
- Mineral royalty tax.

*Economic Contribution: National and Local Governance:*

| Indicator | Unit | HY1 FY2022 | HY2 FY2022 | HY1 FY2023 |
|---|---|---|---|---|
| Salaries and wages | ZAR | 112,274,767 | 114,173,623 | 165,727,530 |
| Contributions and employee tax paid | ZAR | 49,167,874 | 67,671,874 | 69,771,798 |
| Employee dividend participation scheme | ZAR | 10,379,249 | - | 11,657,520 |
| Income tax | ZAR | 163,263,070 | 179,289,312 | 189,643,504 |
| Value added tax | ZAR | 115,923,116 | 125,187,215 | 119,333,103 |
| Dividend withholding tax | ZAR | 3,821,053 | 15,585,526 | - |
| Mineral royalty tax | ZAR | 42,552,299 | 63,844,707 | 47,902,038 |

## CONTACT DETAILS

**For further information, please contact:**
Jaco Prinsloo CEO | +27 11 673 1171
Lewanne Carminati CFO

**Nominated Adviser and Broker**
Liberum Capital Limited | +44 (0) 20 3100 2000
Richard Crawley / Scott Mathieson / Kane Collings

**Communications**
BlytheRay | +44 (0) 20 7138 3205
Tim Blythe / Megan Ray / Rachael Brooks | sylvania@BlytheRay.com

## CORPORATE INFORMATION

**Registered and postal address:** Sylvania Platinum Limited
Clarendon House

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

**SA Operations postal address:** PO Box 976
Florida Hills, 1716
South Africa

**Sylvania Website**: www.sylvaniaplatinum.com

**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 in the Northern Limb of the Bushveld Complex.

For more information visit https://www.sylvaniaplatinum.com/

## ANNEXURE

**GLOSSARY OF TERMS FY2023**
**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 |
| Adjusted free cash flow | Free cash flow is the calculated cash flow from operating activities less forecast capital expenditure for the reporting period, adjusted for debt commitments and covenants and committed future growth/expansion capital |
| 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 |
| EIA | Environmental Impact Assessment |
| EIR | Effective interest rate |
| EMPR | Environmental Management Programme Report |
| ESG | Environment, Social and Governance |
| GBP | Pounds Sterling |
| IFRIC | International Financial Reporting Interpretation Committee |
| IFRS | International Financial Reporting Standards |
| JIBOR | Johannesburg Inter-Bank Offer Rate from time to time published by the South African Reserve Bank |
| JORC | Australian Joint Ore Reserves Committee |
| 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 |
| MRE | Mineral Resource Estimate |
| NWA | National Water Act 36 of 1998 |
| PGM | Platinum group metals comprising mainly platinum, palladium, rhodium and gold |
| PDMR | Person displaying managerial responsibility |
| PEA | Preliminary Economic Assessment |
| 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 |
| PFS | Pre-Feasibility Study |
| 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 |
| SLP | Social and Labour Plan |
| Rh | Rhodium |
| ROM | Run of mine |
| SDO | Sylvania dump operations |
| Sylvania | Sylvania Platinum Limited, a company incorporated in Bermuda |
| 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 |

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