SYLVANIA
PLATINUM LIMITED

ANNUAL REPORT

2020

CONTENTS

REPORT PROFILE

This 2020 annual report presents a review of the operational and financial performance of Sylvania Platinum Limited (Sylvania) or (the Company) for the 12 months ended 30 June 2020. The report seeks to illustrate the company's business model through the application of the capitals in the process of creating value.

The consolidated financial statements, set out on pages 34 to 85, were approved on 8 September 2020. They include the Company's financial results and were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements represent the ongoing activities of the Sylvania Group.

Throughout the report, financial data is reported in US Dollars, unless otherwise stated. The Company is quoted on AIM, and in accordance with the AIM Rules for Companies (the AIM Rules), has chosen to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 for Smaller Companies. In accordance with the AIM Rules this was adopted and implemented from September 2018, and a summary is available on the Company's website (www.sylvaniaplatinum.com). The corporate governance statement may be found on page 31 of this report.

Scan this QR code to download a PDF version of this report.

VALUES

We value the safety and health of all

We value the fundamental rights of people

We value honesty and integrity

We respect the environment

We value the culture, traditional rights and society in which we operate

For more on our values, please visit our website: www.sylvaniaplatinum.com

CORPORATE PROFILE

Sylvania Platinum Limited is a producer of platinum group metals (PGMs) including platinum, palladium and rhodium. The Company's core business is the retreatment of PGM bearing chrome tailings material. The Company holds mining rights for a number of PGM projects on the Northern Limb of the Bushveld Igneous Complex.

In order to strengthen the Company's position as a low-risk specialist in the lower cost production of PGMs, Sylvania operates according to the following business priorities:

- identifying projects that balance minimal operational and financial risk with the potential for high margins;
- ensuring that the management teams are always well resourced with the right combination of skills;
- focus on cash generation during uncertain economic times; and
- continuously applying appropriate practices/technology to maintain the Company as a lower quartile producer.

The Company's focus is on cash generation and it will return capital to shareholders according to its dividend policy.

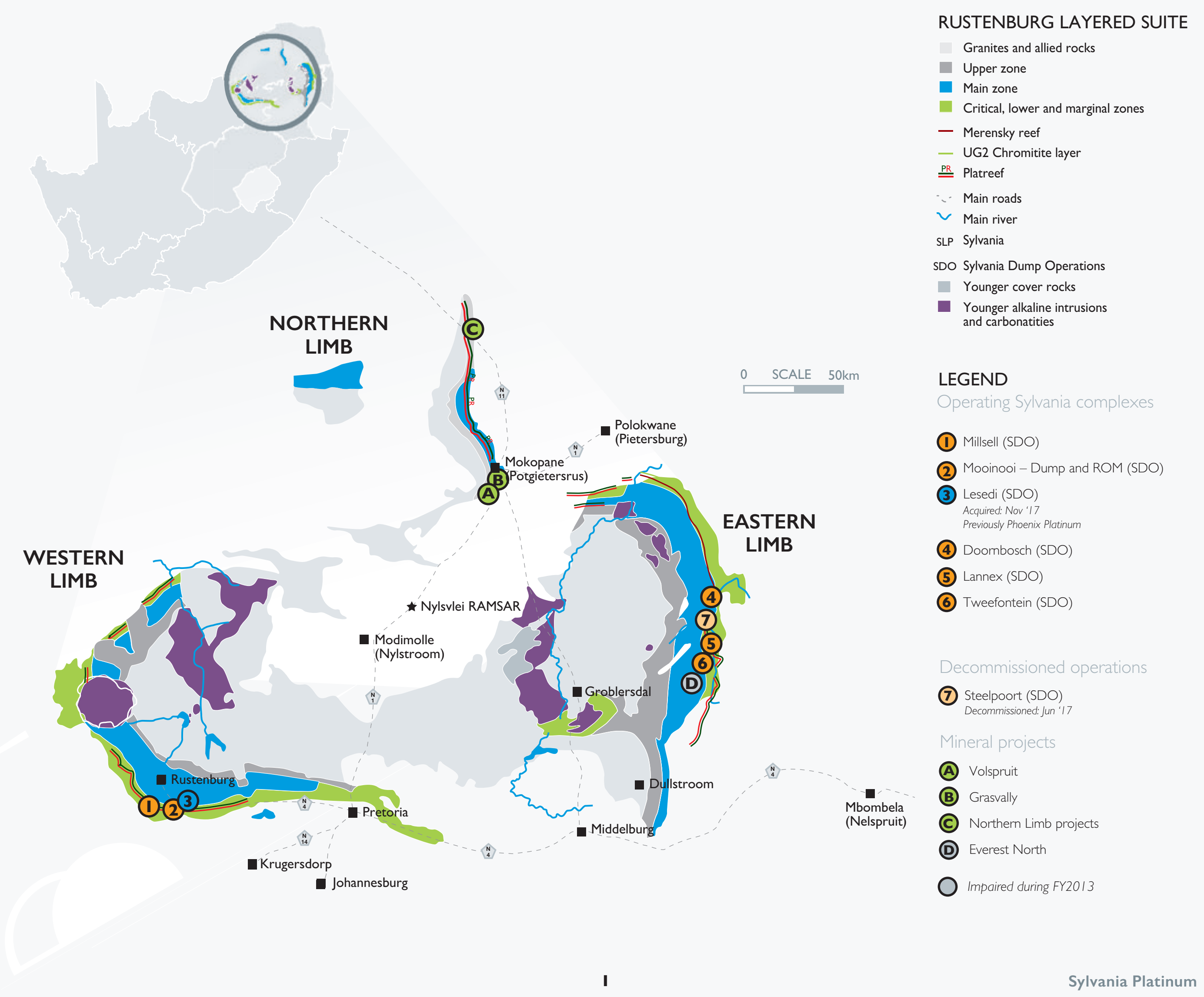
The Board has also recommended the payment of a dividend of 1.60 pence per share (~2.00 US cents), payable on 4 December 2020 after the Annual General Meeting (AGM) to be held on 27 November 2020.

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 incurred in United States Dollars (USD) and then converted into ZAR.

The Group's reporting currency is USD as the holding company is incorporated in Bermuda. Corporate and general and administration costs are incurred in USD, Pounds Sterling (GBP) and ZAR.

LOCATION OF OPERATIONS AND PROJECTS

LOCALITY WITHIN SOUTH AFRICA



CAPITALS CREATING VALUE

CAPITAL INPUTS

HUMAN CAPITAL

NATURAL CAPITAL

MANUFACTURED CAPITAL

SOCIAL CAPITAL

FINANCIAL CAPITAL

BUSINESS MODEL

VALUES

Employee safety, human rights, honesty and integrity, environmental custodianship, respect for indigenous cultures and communities

VISION and MISSION

To be the leading mid-tier lower unit cost PGMs producing company, generating wealth for all our stakeholders

STRATEGY

safe and innovative processing techniques

focus on PGMs and exploiting value-adding associate minerals and evaluating potential surface resources

optimising value from existing resources and infrastructure

maximising value by evaluating disposals, JVs, spin-offs

OUTPUTS AND OUTCOMES

570 employees

R257.7 million spent on salaries and wages

227 upskilling learnerships

Community internship programme introduced

Water consumption > 2.4%

Recovery of seepage water

Doornbosch power consumption reduced

PGM production of 69,026 ounces

Lower grade feed material

Focus on consistent recoveries

Community projects received R1.4 million

Commercial opportunities being identified

Taxes and royalties absorb R233.0 million

Providers of capital receive $2.86 million

570 EMPLOYEES

DISCLAIMER

To the best knowledge and belief of Sylvania Platinum and its Directors (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information, prepared in accordance with applicable law and regulations.

2020 AT A GLANCE

HIGHLIGHTS

- Marginal drop in SDO production to 69,026 ounces
- 62% growth in net revenue to $114.1 million
- Adjusted Group EBITDA surges by 130% to $69.6 million
- Group net profit more than doubles to $41.0 million
- Basic EPS higher by 130% at 14.62Uscps
- Cash dividend of 1.68 pence (FY2019: 0.78 pence)
- Positive cash balance of $55.9 million
- Debt free; no pipeline financing

"62% growth in net revenue to $114.1 million"

2 CHALLENGES

- COVID-19 associated production losses
- Constrained water supply
- Power and infrastructure restrictions
- Depressed chrome markets
- Non-cash impairment charge of US$9.5 million on Aurora

3 OPPORTUNITIES

- Debt free, positive cash balance: ability to fund expansion and optimisation projects
- Proprietary processing ability
- Mooinooi optimisation project on track for commissioning
- Lannex mill completed to contribute to plant life-extension project
- New secondary milling and flotation modules at Lesedi on track
- Alternative feed sources being evaluated
- Advanced R&D work into chrome/coal pelletising project
- Reviewing Volspruit and Northern Limb exploration assets

CHAIRMAN'S LETTER

"As a shareholder in Sylvania you will get facts and figures in a clear and transparent manner and you will get them released timeously and correctly..."

Stuart Murray
Chairman

Dear shareholder

OVERVIEW OF THE YEAR

The first half of the 2020 financial year started well and performance continued much as was planned a year ago, with stable operations in line with forecasts, some production achievements, and a favourable and gently rising basket price for our metals in both US Dollars and SA Rand. The year opened with a basket price of ~ZAR18,700 per 4E ounce and by the end of HY1, the basket price had hit an all-time high of ~ZAR25,900 per 4E ounce, propelled by ever-rising palladium and rhodium by-product prices: all was well in the Sylvania world.
By the end of February 2020 and around the time of our HY1 results, that basket price had hit a rather frothy ZAR43,800 per 4E ounce and market sentiment drove the share price to around 60 pence, a doubling since the beginning of the year!

At the time a shareholder commented:
"The main risk to the SLP share price is probably the global economy more than stuff closer to home. Famous last words." Indeed!

He could not have made a more prescient comment. I have, in this letter, highlighted certain shareholder observations, taking the opportunity to respond more directly with you, our shareholders, noting both your positive impressions and more worrying concerns.

My attention over the past year has been drawn to comments in the various forums about the Company's 'neglect' of engaging with shareholders via certain social media platforms. This is not without a rationale: as members of the Board of the Company, the Chairman and the Directors are precluded from participating in chat forums and blogs (albeit that we are permitted to be members). Further, as a responsible company Chairman, I am not tempted to participate in such goings-on, which in my view could be tantamount to market abuse. My fellow Independent Directors concur with me on this point, given our histories with all tiers of listed mining companies.
For certain members of the investor community, day traders in particular, this type of market abuse frequently results in greater volatility, which provides trading conditions which they could potentially thrive on. We will not feed their insatiable need for gossip.

"Increasingly over the past year we have welcomed more retail investors."

As a shareholder in Sylvania you will get facts and figures in a clear and transparent manner and you will get them released timeously, correctly, and without favouring any shareholder, as is our legal responsibility. It should be no surprise to any responsible market players that we are unable to respond to individual shareholder requests for undisclosed market information. Share prices will do what share prices do but we will not aid and abet their movement with gratuitous news flow. Prices go up when there are more buyers than sellers, and go down when there are more sellers than buyers. It is my job and that of other Board members to provide facts which may inform shareholder's own decisions whether to buy or sell.

Increasingly over the past year we have welcomed more retail investors. Perceived risks around South Africa, COVID-19, operation of tailings facilities and the world economy are issues seemingly uppermost in those holders' minds.

We recognise shareholders' need for information and, in the report that follows, we have sought to provide as much information as possible. At the same time, management is considering introducing a forum for communication with shareholders via our website or other platforms, understanding that shareholders are seeking information in a way that is easily accessible to them. We will keep shareholders apprised of these plans.

DEALING WITH COVID-19, AND ITS IMPACT

In March 2020 the COVID-19 threat and the South African government's response to prevent a national health crisis was a watershed. I doubt there is a shareholder who has not followed what ensued, and our prior reporting covers the impact and the efforts of all.

The reality of the impact on Sylvania is that management has been instrumental in operating a company employing 570 people in the face of the pandemic, while recognising the unparalleled importance of employee care and well-being during these uncertain times. We have encouraged and facilitated employees to work from home, where possible, and even now, with the easing of restrictions. However, we operate numerous facilities where there is no opportunity to work from home, and the efforts of those who have to come to work are to be commended. We have adopted stringent measures and protocols to prevent the transmission of COVID-19, and to deal rapidly and empathetically with anyone who has been infected or affected.

Since the heady highs of February, our basket price declined quickly to circa ZAR35,000 per ounce and drifted downward to end the financial year at ZAR33,740. With prudent cashflow management, we were able to maintain salaries and benefits for all employees without any requirements for furlough, forced leave, redundancy or benefit cuts. Strict cost and cash controls have largely cushioned Sylvania during the COVID-19 pandemic; the continued application of these controls will, I believe, get us through the next few years.

I smiled when reading this shareholder comment: *"Since we're all meant to be mean, grasping, gouging shareholders, I'd like to add I'm very happy that the company has continued to pay all employees' wages in full right through the shutdown. That's one "investment" that will repay itself many times over in the future."*

CHAIRMAN'S LETTER continued

DEALING WITH COVID-19, AND ITS IMPACT CONTINUED

Again, a shareholder remarked: *"Someone mentioned salaries of all employees. I utterly concur. This company has a conscience, does the right thing every time and I personally cannot wait for the ride up. Whenever it comes."*

My thanks go to those shareholders and I believe our employees recognise and are grateful for this!

It is also appropriate to mention that the Company's strong balance sheet at the onset of the pandemic has enabled it to pay all of its obligations to creditors and it has not had to request deferment of any taxation payments to the State. Our SA subsidiaries paid over ZAR229.7 million (USD14.8 million) in corporate taxes in FY2020 as well as royalties of ZAR3.5 million ($0.2 million) in the same period as detailed in this annual report.

In terms of reporting, I am pleased to see each year that our reporting improves and adds value to shareholders. One of the shareholder comments of note reads: *"Stick to the valuation story, not the short-term fluctuations. Reread the RNSs and make decisions based on your own research, not market movements. The managed funds seem to be selling but I have no doubt that the hedgies are buying on the back of PGM price movements. The reporting is some of the clearest and best of any company I've seen. The quarterlies are just great: Clearly laid out challenges and opportunities in simple format, not hidden in prose. The table with ZAR on one side and USD on the other is also so easy to read, and the reporting standards are consistent."* Another writes: *"Do note how SLP report their results in full every quarter – it's a model for other AIM companies."*

A comment that caught my attention on these platforms was that Sylvania Platinum should avoid the use of the word 'platinum' in its name. This folly is based on the notion that platinum metal as the price underperformer rubs off on our share price. They would rather we name ourselves 'Sylvania Palladium' or 'Sylvania Rhodium' … This Company was initially listed in Australia as a platinum producer in 2006, before our deregistration in 2012, and listed in London on AIM in 2008. On average, our basket comprises around 61% platinum by mass of the 4E production figure; and a Google search of "listed platinum shares", will come up with our name: it's that simple. I note that Impala Platinum, Anglo American Platinum and Norilsk Nickel are all keeping their current names despite the impact of palladium and rhodium on their recent financial results! Our focus is on running our business prudently and conservatively with the long term in mind and ignoring such distraction.

I welcome the comment from this shareholder as to the Company name: *"I've followed SLP for many years but the mistake I made was focusing too much on the name, it took an article by Jack to alert me to the prill split being 13% for rhodium and 62% for palladium to ease my platinum focus."* Currently I would love to see a prill split of 62% palladium; alas in the real world it is not! Our palladium prill split is around 26%!

As another shareholder points out: *"Don't forget that we are as much a chrome producer as a PGM producer, we just get to keep the PGMs for free."* Whilst this may be a simplistic description of our relationship with our host mines, it is important to note our fortunes are linked to those of our host mines and in turn the ferrochrome and chrome ore markets.

Much of what we have committed to in the last couple of years we have achieved. One merely needs to look at the share price of the last few reporting balance sheet dates: at the close of FY2018 it was at 16.25 pence; FY2019 it was at 30.25 pence and at the close of FY2020 it had risen to 41.00 pence. A spike to circa 60 pence in February 2020 and most recently the gradual recovery to 60 pence levels is, I believe, foreshadowed by the strong by-product prices and not so much in the anticipation of "massive dividend pay-outs"; rather it has come off the back of a successful Project Echo, rising production over the years, and stringent cost and capex control. All this happens in the background, while we allow the share price to look after itself.

OPERATIONS

Despite what was clearly a very challenging HY2, against the COVID-19 background, the operations performed well and produced 69,026 ounces. Reporting 40,003 ounces at HY1, we were well on track to achieve stated guidance. Ultimately, COVID-19 and South Africa's lockdown regulations which closed down the mining sector for an entire month, followed by the imposition of restricted capacity, which in total affected production for almost six-weeks and cost us approximately 10,000 ounces.

The progress of all of our planned capital projects has been good; however, another year later, there is still no additional power from the grid to sustain the planned expansion at Tweefontein. As a result, we fast-tracked the MF2 module at Lesedi to counter the loss of those planned ounces. The Tweefontein expansion project has been put on hold until such time as the national power utility can deliver, perhaps by early 2021. There has been quite a lot of carry-forward on the capital cost - which is always positive for cashflow.

Shareholders are well aware of the issues with chrome markets. The local ferrochrome industry is in turmoil. Major players that account for approximately 40% of the ferrochrome market have announced cutbacks and retrenchments. Who knows what this will mean in terms of ore mining as a whole? However, we are not experts in the chrome market, but we observe the actions of our host mines and act accordingly. The Sylvania business model is that of tailings retreatment and includes provision for both second and third pass retreatment, the economics of which depends on prices, operating and capital costs. This retreatment comes with additional capital expenditure for tailings management.

We are, as a Company, in the midst of an already extraordinary tailings resource re-examination programme which seeks to optimise capital spend versus returns for third or fourth pass material. As a result of the reduction of current arisings from our host mines, and mitigating its impact on future production, and by balancing the good prices in the short term offset by the poorer grade and poorer recoveries of old tailings, we are able to process second and third pass materials. We have set conservative parameters for FY2021/22 and are making the best of the resources we have at hand whilst awaiting a recovery in the fortunes of the chrome market and those of our host mines.

Our strategy regarding exploration (E&E) projects has also changed during the year. We are going back, looking critically at our extensive resources, with a view to finding any smaller "mineable reserves" that we can exploit, given the better palladium price. The ~1:1 ratio of platinum to palladium in much of the exploration resource portfolio warrants a relook from a value perspective. Brokers' consensus for the price of palladium going forward is forecast to decline and then hold steady at approximately $1,500, thereby shifting the value of some of our exploration projects, especially Volspruit, quite significantly. The Board is considering less capital-intensive options to develop this resource but much work lies ahead of us.

Given this re-evaluation of our E&E assets, it may appear counter-intuitive to impair the Aurora asset. However, after lengthy deliberations and being mindful of the uncertain times that currently persist, your Board has made the prudent decision to take a $9.5 million impairment against this asset despite an on-going exploration programme on the area. Although a non-cash item, this impairment has impacted the net profit number significantly.

The sale of our Grasvally chrome project is still in progress. Due to the chaos in the chrome market, this has been delayed. The assets are still held on a "for sale" basis and progress is being made on its disposal. Ultimately, though, we are not going to "give it away" should the current sale process falter. Developing mines in SA remains a challenge: we have recently seen a top tier platinum company decline to further develop the Waterberg project, explicitly referencing COVID-19 and the uncertainty around prices for their decision.

The chrome market uncertainty has also upset our carefully crafted chrome pelletisation strategy. This project was unfolding nicely until COVID-19 and the chrome market capitulation. Our joint-venture research and development for the novel pelletising/agglomeration of chrome fines with reductants could potentially be a value-adding processing activity for the host miner and for our chromite fines recovery processes.

Initially the project piloted two different techniques. After investing in research, development, process engineering and piloting, Sylvania has opted for one technique over the other. Process technology options have been narrowed down as part of the process design, and downstream pyrometallurgical test work is in progress to demonstrate that this pellet technology may have benefits for ferro-alloy smelters.

FINANCIALS AND DIVIDENDS

In my letter to shareholders for the 2018 financial year, I focused on the new dividend policy that encompasses a number of aspects the Board takes into consideration before recommending a dividend. Briefly, these include the following:

- Liquidity and forecast cash requirements of the business: the approximate four-month working capital cycle which needs to be provided for;
- Debt: some negative covenants that restrict the payment of dividends in the event the Company secures external funding are usual with such finance;
- Capital expenditure initiatives: expansion capital required to grow the business and continue to extend the life of the SDO;
- Metal prices and Rand / Dollar exchange rate: fluctuations in prices can have a major impact on the Company's results, especially with lengthy payment terms.
- Legal considerations: Bermudan law permits a company to declare or pay a dividend provided the liquidity and solvency requirements are met; and
- Sustainability: the Company's ability to continue annual dividend payments.

I quote from a shareholder: *"SLP management are penny pinchers and cash hoarders. There is a dividend policy in one of the investor presentations from last year I think. But it's not a policy and it's not really worth reading as it simply lists the reasons why they shouldn't pay a dividend."* A strange comment for a Company that has paid two annual dividends in the past especially when our former CEO is quoted by another shareholder: *"The board have already informed us they will pay annual dividends henceforth. In his usual dour way, Terry said they were now on that treadmill and didn't want to ever get off."*

CHAIRMAN'S LETTER continued

Another shareholder writes: *"A big dividend would be nice of course, but points surrounding sustainability are well made. I recall that the BoD (which admittedly has changed) has made rather cautionary comments when dividends were first introduced but they have committed to returning value to investors via dividends and buy-backs. Any dividend will likely be knocked off the SP on ex-div date, so it's no big deal for me."*

And this one: *"Caution lads, we live in a Covid culture. Expect nothing. And there's zero disappointment."*

It is very clear for me that shareholders have a multitude of opinions about dividends, some better informed than others and they range from basic 'give us the money' formulaic pay-out ratios to 'be prudent and don't bet on the future'. Your Board is cognisant of the commentary but will not be overly swayed to change from its current thought processes. This is not a Gin & Tonic Board; it does exercise its collective mind!

At the risk of labouring this point I am going to give some colour to the complexities of the financials of a business such as ours, and hope to convey some of the important issues the Board has to deal with in the process of deciding what level of dividend should be paid.

In considering liquidity, debt, capital expenditure, prices and exchange rates, it is worth noting the following:

- **The core of the business is a South African Company. This is the engine that generates the cashflow. It processes and beneficiates tailings to produce a flotation concentrate that it sells to two smelters in SA on terms that are standard in the sector. It receives a percentage of the market value for the contained metals. Refining is not a cost of sale item however, as we do not treat our metals.**
- **Revenue is initially accrued: production x price at date of delivery to smelter x percentage payability: but the payment by the smelters is made (plus or minus price adjustments between date of delivery and date of payment) sometime later. We quote four months in the policy for this but it varies by metal (and again may not be disclosed in detail). Payment for concentrate is made in USD but in terms of the SA exchange control regulations, under which we operate, the USD receipt must be converted within a specified period of time into ZAR and held in SA until a dividend is declared and remitted to the holding company.**

Referencing a shareholder's comment: *"Even crazier is that due to unique nature of SLP having to wait four months in payment from the PGM Refiner(s), a huge rolling trade receivables has built up, far larger than trade payables (for any other producer, it's of course normally the complete opposite)."* I would like to assure this shareholder that a four-month "Quotational Period – QP", as it is sometimes called, is not unusual in our sector. We do not sell refined metals. This is similar to most base metals producers who ship copper, zinc, and nickel concentrates to smelters.

Our subsidiary does not currently use any external financing of any sort (bank debt or smelter advances). I am reminded of the 'Black Swan' event that happened to Aquarius Platinum when the PGM prices collapsed in September 2008. At the time I was the CEO and Aquarius had smelter advances equalling a large percentage of the expected revenues for the QP for platinum at $1,850 per ounce and for rhodium at $7,500 per ounce and a month later the prices were $850 and $750 per ounce respectively. The prices did not recover quickly (unlike the recent March 2020 collapse of rhodium that lasted a few weeks). The end result was the near bankruptcy of the operating company in SA, an emergency rights issue in the Bermudan holding company and so much shareholder pain. We are fortunate at Sylvania that our strong (some say lazy) balance sheet avoided this chaos in April this year.

In looking at the ZAR cash balance in SA held at any time there is a minimum of the next four months' operating costs, the four months of capital expenditure expected, the anticipated royalties (~2.1%) and corporate taxes (28%) due (these are paid semi-annually), in addition to a number of cash guarantees and deposits that are 'cash' but may not be accessed (e.g. rehabilitation funds, deposits with Eskom, etc).

With COVID-19, the Board has decided it is prudent to increase the ZAR holdings to six months' liquidity in the short term. I also caution that the smelter payments for lockdown-impacted Q4 ounces will only arrive in Q1 and Q2 of the new financial year.

This shareholder wrote: "A large portion of the cash is held in ZAR and with the recent weakening of the ZAR to the USD, a significant impact on the USD reported cash balance going forward will be had." This is correct and is a fact of life for a business operating in South Africa. This impact does work both ways though!

An observant shareholder notes: "Technically, we're investing in the Bermuda-based parent company here, and it is they who pay us a dividend. But I also have wondered about how Sylvania move money out of South Africa (presumably by Sylvania Dump Operations (SA) paying dividends to the Bermuda topco), and how much this cost in taxes etc." This is correct.

Until recently the SA companies have been repaying their shareholder loans from the holding company (those loans comprised the funds introduced to SA to originally develop and build the operations in past years). Those loans have now been repaid and any surplus in terms of ZAR cash after all the above considerations are adequately catered for, will (subject again to exchange control regulations) be remitted to the holding company by way of dividend. The costs of running the holding company (~$3.0 million per year) plus funds for share

buybacks, etc have to be met from dividends from SA. Therefore, it follows that payments to shareholders have to be met by way of dividends from SA. There are currently approximately 6% to 8% of withholding taxes on dividends from SA to the holding company. The first dividend flows from SA will occur in HY1 of FY2021.

If I were a guessing man, had COVID-19 not arrived, guidance would have been met, and this, coupled with HY2 prices, would have produced a spectacular financial outcome. But the ZAR would not have weakened so much and the corporate tax bill for June 2020 would have been greater, tarnishing some of that performance. Shareholders may have come to expect the dividend of their lives! However, right now, in these uncertain times, our priority is to keep the Company safe; the challenges ahead translate into continued conservative cash management.

I hope this explanation around (ZAR) liquidity issues helps this shareholder who wrote: *"I'm annoyed that they've been holding the huge cash balance in ZAR, half of that should be in our pockets by now."*

Nevertheless, Sylvania is faring rather well, but we do need to remain conscious of the risks, and this business must remain solvent through the next year or two of uncertainty and beyond. A key consideration is the volatility of the ZAR, and the sustainability of metal prices. Thus, I urge you to be careful in your interpretation of the cash flow of the Company, keeping in mind that we report in USD, albeit that the functional currency for the operations are ZAR. This volatility produces unexpected results in the income statement and cashflow report.

Addressing the matter of share buy-backs, I quote this shareholder *"Ughh – hate buy-backs! Always have. Never does much for the SP valuation in my experience. What's the reason for the buy-backs?"*

I had expected that the rationale for our various buybacks (dating back to December 2014) had been captured in the accompanying announcements, but I will elaborate further.

I joined the Board in 2013 when the Company had ~298 million shares in issue with a further 30 million options authorised, thus, potentially there may be 328 million shares now in issue. We now have just over 287 million shares in issue including 15 million shares in Treasury. Through the buybacks over the last six years we have been able not only to prevent the dilution from options vesting, but we have been able to grant around 12 million shares to senior employees and we have cancelled approximately 11 million shares. The Treasury holding now covers all historical awards and enables the Company to create the newly-launched Employee Dividend Entitlement Scheme for all junior and mid-level employees. This is an alternative way for the employees to share in the good fortune of the Company, rather than the payment of a cash bonus, and seeks to align some of the employees' income with shareholder returns. The shares will not be allocated to employees but will be held in trust, and the employees will share, like other shareholders, in future dividends.

During the course of the year, Sylvania relaunched its Share Buyback Programme. The programme will run to 30 September 2020 and at the time of this report, approximately 33% of small non-UK shareholders had taken up the offer. As of the close of the financial year, the cost of the Share Buyback Programme to the Company amounted to A$617,855, with the Company successfully buying back 671,947 shares and, as at the date of release of this annual report, a total of 878,905 shares were bought back at a total cost of A$808,153.

We have been able to do all of this for a cost of GBP9.39 million, an average of ~21.9 pence per share. The value of the cancelled shares is almost GBP7.0 million at today's share price alone. I would put it to shareholders that this has been a successful undertaking to date.

The Board will continue to buy shares (rather than issue new shares) to top up the share schemes on an 'as needs' basis. In terms of a more general buyback I note this shareholder's recent comment: *"Management are unlikely to be buying shares into a rising market,*

CHAIRMAN'S LETTER continued

they are too prudent for that. They'll wait for a dip." I concur with this comment! We will evaluate any buyback (opportunistically).

After careful consideration of many factors, I am pleased to advise that the Company has recommended the payment of 1.60 pence (~2.00 US cents) per share dividend, payable on 4 December 2020. This is another doubling of the prior year's dividend and will cost the company in excess of $6.0 million and is viewed by the Board as sustainable under the current circumstances facing the Company.

WINDFALL DIVIDEND

Much is made of the palladium and rhodium prices by shareholders. I would like to highlight the following comment *"Rhodium – SLP's largest source of revenue – is trading at $12,200 per ounce today (JMAT price), rising strongly on the back of supply shortages caused by South African deep mine production difficulties. The all-time high, $13,800 from February earlier this year, looks like it might be within reach. So this should mean super-profits (again, like in Q1 this year) for an unaffected surface producer like SLP."*

There is merit in what this shareholder says but I caution that we are not an 'unaffected surface producer'. COVID-19 and the state of the chrome market have affected us for 2020 and will continue to do so for the reasons articulated earlier in this report. The Company does not receive the JMAT rhodium price – the industry usually trades the "Other PGMs" (rhodium, ruthenium and iridium) at benchmark prices from S&P Platts, which are somewhat lower.

Rhodium at $10,000 per ounce would indeed be our largest contributor to revenues but we have not received that price for anything like the full year in question. Likewise, we have not received the similar palladium windfall for the entire year. These prices are a feature of HY2 and were significantly offset owing to the lockdown-related drop in production. Likewise, the 'benefit' of the weaker ZAR is a COVID-induced matter.

That said, the Directors have decided to examine the possibility of payment of a 'metal price windfall dividend' to be paid in HY2 FY2021, to be based on any excess cashflow generated from palladium and rhodium prices achieved above long-term broker consensus prices for these metals for the 2020 calendar year. Such a distribution will take into account the actual production achieved, the actual prices achieved, and the actual ZAR exchange rate achieved. Any windfall will take into account its share of royalties and corporate tax, dividend withholding tax. I stress that any windfall will be calculated on an "achieved basis" and we aim to pay this in Q3 of 2021.

MARKET OUTLOOK

2020 has been an absurd year. Markets are now at the mercy of loose-money speculation, and the "new money" being pumped into the global economy is merely going to seek out more risky equity investment. Of course, the metal of the year, and in fact of the last five years according to the World Platinum Investment Council, has been palladium. Johnson Matthey, in its February 2020 market overview, suggests that the palladium deficit is likely to increase in 2020, as more Chinese and European vehicles catch up with increasingly stringent emissions legislation. Whether this outlook becomes a reality will depend largely on the rate at which the global economy bounces back from the COVID-19 gloom and pessimism. And it's probably fair to say that very few market commentators and economists are likely to stick their necks out at this stage, while they watch how the lockdown and South African supply disruptions further impact the supply of metal to market.

FUTURE

We will take conservative assumptions into FY2021 as to when the sector might recover. A key reasoning behind our informal indication as opposed to formal guidance is not to enter into a guessing game throughout the year. The reality is such that a second wave of COVID-19 will impact production. Some companies have even gone so far as to suspend guidance for FY2021 as there are too many unknowns. As such, Sylvania will be targeting around 70,000 ounces for the coming financial year.

THANKS

It goes without saying that, in finding a way through what has been an incredibly tumultuous year for the world and market as a whole, Sylvania management and employees have done a sterling job. My thanks to all of them and our host mine's management for their tenacity in the face of the pandemic. Our new CEO and CFO have had the 'proverbial baptism of fire' taking the reins of the Company on 1 March just as COVID-19 hit South Africa! As our former CEO, Terry McConnachie said in the 2020 interim report announcement, the Company has been left in good hands upon his departure. All credit to Terry in that he very prudently surrounded himself with a strong team and there has been no added trauma with the transition to Jaco Prinsloo as new CEO and Lewanne Carminati as CFO, a succession plan that has been carefully engineered over prior years. After more than 46 years of working in the mining and minerals industry, and after 14 years with Sylvania, he well deserves his 'retirement'. Rumour of another start-up circulates. We wish him a belated happy 65th birthday for July.

Stuart Murray
Chairman

CEO'S REVIEW

"...during the hard lockdown period, the Group was in the fortunate position to continue to pay all employees salaries.."

Jaco Prinsloo
Chief Executive Officer

In his parting statement to shareholders in the Company's interim financial results announcement, outgoing CEO, Terry McConnachie said: *"Whilst the results for HY1 are excellent, the Board is mindful of the potential challenges ahead …"*

At the time of release of this report, it would be close on six months since the first case of COVID-19 arrived in the country and there is no denying the historically unprecedented nature and circumstances under which the operations have performed during HY2.

As the Chairman pointed out, when we released the interim results during February 2020, the Group had produced 40,003 ounces for HY1 and we were headed for another year of record production and the seventh year of growth before the impact of COVID-19.

On 23 March 2020, in a bid to curb the rise of COVID-19 infections in the country, South African President, Cyril Ramaphosa, announced that the country would be placed on a 21-day nationwide lockdown (hard lockdown) from midnight on 26 March 2020, which placed all non-essential mining operations on care and maintenance.

The 21-day hard lockdown period was extended by the President in his speech on 9 April 2020 until 30 April 2020 and on 16 April 2020, amended regulations issued under the Disaster Management Act of 2000 were published which enabled all mines to resume operations at 50% capacity. The Group thus began with scaled-down operations in May 2020 after an almost six-week interruption related to the national lockdown and associated restrictions and limitations placed upon the subsequent start-up, and progressively ramped up to full production in June 2020.

Although the operations were stalled during the hard lockdown period, the Group was in the fortunate position to continue to pay all employee salaries, which eased any potential financial burden on employees as a result of the pandemic. The safety and wellbeing of all our employees and their families are a key priority for the Company and we are adhering to the Government's special regulations and Guidelines that have been provided by the Department of Mineral Resources and Energy (DMRE) with reference to COVID-19.

CEO'S REVIEW continued

The 2020 operational, financial and corporate results can be summarised as follows:

HEALTH, SAFETY AND ENVIRONMENT

While dealing with the emergence of COVID-19 and its associated challenges, the operations continued to focus on health, safety and environmental compliance. The Company is proud to report that there were no significant health or environmental incidents reported during the year and both the Tweefontein and Doornbosch operations have achieved the significant industry milestone of eight years lost-time injury (LTI) free during June 2020. Millsell has remained LTI-free for more than five years at financial year end.

The Company remains fatality-free since inception in 2006, but the operations unfortunately recorded three LTIs for this financial year: one each at Lesedi, Lannex and Mooinooi during the second, third and fourth quarters respectively. A key focus area for management is to ensure that every recorded LTI is fully investigated and corrective measures are implemented to avoid recurrences in the future.

Since the emergence of COVID-19 in the country, management has focused on identifying and minimising the various risks posed by the pandemic to employees and contractors. Besides the various systems and physical measures being put in place to safeguard employees and curb the spread of the virus, management also assisted employees by maintaining full salaries during the COVID-19 lockdown period and offering social relief to neighbouring communities in terms of the distribution of food parcels at a time when many people in the country lost their income.

The Company has been very fortunate that it has had only 14 confirmed COVID-19 cases recorded amongst its employees to date, with all affected employees thankfully recovered and returned to work after experiencing mild symptoms of the virus.

Focusing on and ensuring that employees' health and safety remains a priority, especially during the challenging times, and to ensure full compliance with health, safety and environmental legislation and procedures, requires a relentless effort and Management teams across the Group's operations remain committed to this goal. Through the collaborative efforts of management and all employees across the operations, we strive to maintain high safety standards and a safe working environment at all operations.

OPERATIONAL PERFORMANCE

The SDO delivered annual production of 69,026 ounces for the 2020 financial year, despite a particularly challenging HY2 FY2020 as a result of being placed on care and maintenance due to COVID-19 Regulations. Fortunately, annual ounces only declined 4% year-on-year and the SDO thus exceeded the revised expected guidance, as communicated in Q3 FY2020, of 68,000 ounces for the financial year following the break in operations during April 2020, the recommencement of scaled-down operations in May 2020 and the slow ramp-up to full capacity in June 2020.

Higher PGM plant recovery efficiencies, which improved 15% year-on year, significantly assisted to mitigate the impact of lower PGM feed tons and PGM feed grade that decreased by 11% and 7% respectively.

The almost six-week interruption between March and May 2020, related to the national lockdown, impacted significantly on operational performance and specifically contributed to lower plant throughput and PGM ounce production. Throughput and grade have further been impacted by the changing circumstances at the host mine, resulting in lower volumes of underground RoM and current arisings being received during the latter period of the year.

The 4E PGM head grade decreased by 7% from the previous financial year. This was mainly owing to the lower feed grade material received from the host mine in order to make up for the loss of fresh underground ore, associated mainly with the effects of COVID-19 and global chrome market conditions. Fortunately, the optimisation of the Mooinooi MF2 (the third Project Echo module) and Lesedi front-end classification projects that were commissioned towards the end of FY2019, along with continuing technical optimisation work across operations resulted in an increase in PGM recoveries of 15% year-on-year.

In addition, higher PGM flotation mass pull during the year also contributed to boosting recovery efficiencies at certain operations. However, given the declining PGM feed grades, which impact on the quality of the PGM concentrate to the Group's off-take smelters, operations will need to carefully balance the PGM recoveries with the mass pull and concentrate quality. PGM recovery is expected to remain in the 52% to 54% range during the next year.

In order to maintain levels of production, the focus remains on increasing the surface resource base and optimising the dump hybrid hydro-mining systems to make up for the lower RoM and current arisings tons. The Lannex milling project was initially delayed due to the lockdown; however, with commissioning starting in July 2020, it is expected to contribute sustainably to increased throughput and efficiencies from September 2020.

The SDO cash cost increased by 27% in ZAR (the functional currency) from ZAR7,548/ounce to ZAR9,577/ounce while the USD cash cost increased to $615/ounce against $532/ounce in FY2019. The increase in ZAR terms was fuelled primarily by the lower PGM production ounces associated with COVID-19, given fixed costs and salaries paid during the lockdown. Other significant contributors to the higher cash costs were the above-inflation electricity increases and higher re-mining costs to supplement the lower RoM and current arisings from the host mines.

Water constraints to operations, particularly at the Western operations, continued to remain a concern throughout the year. However, research into technology to reduce water losses and consumption as well as alternative measures to supplement water supply to operations assisted in improving operational running times. In particular, the trial water-scavenging boreholes that were drilled in consultation with water and environmental experts at Lesedi, in order to recover seepage from tailings dam facilities during the first quarter proved to be promising, and following the successful implementation at Lesedi, a similar project was initiated at Tweefontein towards the end of the financial year.

Utility infrastructure and supply of power continued to present challenges to the operations throughout the year. Both load-shedding and maintenance power interruptions resulted in significant downtime, along with frequent consequential chokes in the processing plants during the first half of the financial year and through to the third quarter. Some reprieve was experienced in the fourth quarter, however, when the power supply and reliability improved, aided by the COVID-19 associated reduced demand and lower economic activity. Power supply will therefore remain constrained in the near term, with the Group focusing on mitigating any future impact.

Management continues to focus on improving communication and to engage with mandated and recognised forums from neighbouring communities in order to identify potential commercial opportunities and to manage expectations regarding employment and procurement spend. The relationship with these forums is critical, especially when their assistance is needed to manage community members that threaten to interrupt operations, as various neighbouring mines have experienced during the past year.

Retrenchments at the Group's host mine, and the resultant production cuts at some of the Eastern and Western operations were experienced during the second and third quarters. The depressed chrome market environment will inevitably result in reduced underground mining at the host mine, thereby adversely impacting current arisings and RoM volumes at the Lannex and Mooinooi plants. As a result, these operations will continue to substitute current arisings and RoM sources with a combination of historic dump material and *ad hoc* open-cast RoM material from the host mines as alternative feed sources for the next 12 to 18 months. As anticipated by the Group, the lower grade and more oxidised dump and open-cast material has had an adverse effect on the PGM feed grades and recoveries. Technical work is underway to assess potential improvements in surface ore blends and reagent regimes.

The COVID-19 pandemic resulted in *force majeure* notices being issued by both smelters which receive PGM concentrate from the SDO. These were only fully lifted during May and June 2020. As a result, SDO operations had to construct temporary stockpile facilities and had to manage flotation mass pull in line with capacities in order to restart and continue with production post lockdown. Fortunately, all stockpiled material was dispatched to the smelters by the financial year-end.

CAPITAL PROJECTS

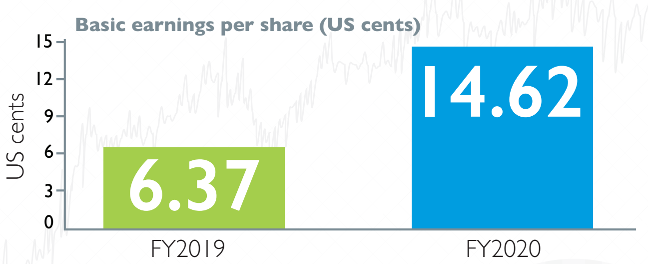
Following successful commissioning of optimisation projects at Millsell, Doornbosch and Tweefontein, the opportunity to roll this circuit modification out to Mooinooi and Lannex was identified. The Mooinooi project was initiated during HY2 and is expected to be commissioned during HY1 FY2021.

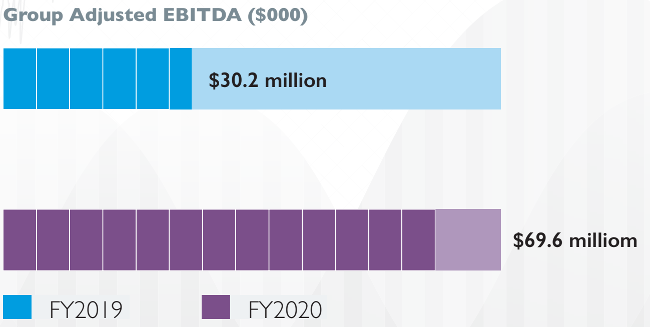
Commissioning of the new Lannex mill, as part of the Lannex plant life-extension project that was initiated in HY1, was delayed as a result of the COVID-19 pandemic, which prevented the delivery of the mill from China. However, following the production ramp-up, the project was completed and commissioning is now in progress.

A new secondary milling and flotation module was initiated at Lesedi during the fourth quarter, similar to the existing Project Echo modules rolled out between 2016 and 2020 to improve the upgrading and recovery of PGMs. This proposed MF2 extension was implemented to offset the delay of the Tweefontein Project Echo MF2 module due to power constraints . and is scheduled to commission within the next 12 months.

The progressive research and development of the new chrome/coal pelletising joint operation project is advancing, with a view to adding value to beneficiated chrome fines fed to smelters. The Company has piloted the project with two different agglomeration techniques and has narrowed down technology options as part of the process design.

CEO'S REVIEW continued





FINANCIAL PERFORMANCE

The Group generates revenues in USD and incurs costs in ZAR, USD and GBP. The average USD:ZAR exchange rate was ZAR15.56:$1 against the ZAR14.19:$1 recorded in the previous period, and the spot price was ZAR17.21:$1 at 30 June 2020 (2019: ZAR14.12:$1).

The average gross basket price for PGMs in the financial year was $2,015/ounce – a 58% increase on the previous year's $1,277/ounce. This increase in the overall PGM basket was primarily due to an approximate 165% increase in the rhodium price to record highs during the year, and an approximate 47% increase in palladium prices. Respectively, rhodium and palladium constitute approximately 12.5% and 25.5% .of the overall basket.

Revenue on 4E ounces delivered increased by 71% in dollar terms to $103.5 million year-on-year with revenue from by-products contributing $6.2 million to the total revenue. Net revenue, after adjustments for ounces delivered and not yet invoiced, increased 62% on the previous year's $70.5 million to $114.1 million.

Group cash costs increased by 14% year-on-year from $556/ounce (ZAR7,885/ounce) to $636/ounce (ZAR9,901/ounce). Operating costs increased 21% in ZAR (the functional currency) from ZAR544.4 million to ZAR660.3 million, attributable to the lower PGM ounce production associated with COVID-19, and above-inflation electricity rate increases. Higher re-mining costs, incurred in order to supplement the lower RoM and current arisings from the host mines, were also significant contributors.

General and administrative costs, included in the group cash costs are incurred in USD, GBP and ZAR and are impacted by exchange rate fluctuations over the reporting period. These costs increased 8% in the reporting currency year-on-year mainly due to the increase in share-based payments (FY2020: $2.2 million; FY2019: $2.0 million).

All-in sustaining costs (AISC) increased by 13% to $654/ounce (ZAR10,181/ounce) from $578/ounce (ZAR8,201/ounce) as a result of the higher operational costs, and all-in costs (AIC) of 4E increased by 6% to $713/ounce (ZAR11,103/ounce) from $672/ounce (ZAR9,534/ounce) recorded in the previous period. This was largely owing to the 4% drop in ounces produced, increases in community support costs, royalty tax, operating costs, share-based payments and a decline in chrome income.

Adjusted Group EBITDA (excluding impairments) increased 130% year-on year to $69.6 million (2019: $30.2 million). The taxation expense for the year was $15.0 million (2019: $6.2 million) (as per the statement of profit or loss and other comprehensive income and includes deferred taxation movements) and depreciation of $5.8 million. The $9.5 million impairment on exploration and evaluation assets relates to the Aurora project and is a non-cash item. Further details on this impairment are provided below under Northern Limb projects.

The Group net profit for the year was $41.0 million, a 125% improvement on the previous year's $18.2 million.

Capital expenditure was incurred in ZAR and was spent mainly on the Lannex plant life-extension project, Lesedi upgrades and stay-in-business capital. The total spend for the year was ZAR84.2 million (FY2019: ZAR117.7 million). The total spend on Project Echo to date is ZAR139.3 million of the ZAR175.0 million budget. There was little capital spend on Project Echo during FY2020., However, construction on the Lesedi MF2 module (not included in the original Project Echo budget) will start during FY2021 and Tweefontein remains on hold until power can be secured.

Basic earnings per share (EPS) improved 130% to 14.62 US cents per share from 6.37 US cents per share in FY2019.

Cash generated from operations before working capital movements was $71.4 million with net changes in working capital resulting in a reduction of $0.4 million. Net finance income amounted to $1.8 million and $14.8 million was paid in income taxes on taxable profits generated in South Africa during the year.

Significant cash outflows during the year included $0.2 million on exploration activities (FY2019: $0.3 million), $5.2 million on capital projects and stay-in-business capital for the SDO plants (FY2019: $8.0 million). At corporate level, $2.9 million was paid out in dividends and 14.9 million shares were bought back at a cost of $8.5 million.

The impact of exchange rate fluctuations on cash held at year end was a $6.6 million loss (FY2019: $0.04 million loss). This is as a result of the large portion of cash held in ZAR and the movement in the spot rate at 30 June (2020: ZAR17.21:$1; 2019: ZAR14.21:$1).

The Company remains debt-free with a cash balance of $55.9 million, allowing for continued funding of business improvement and capital expansion projects.

For more details on the financial performance of the Group, please refer to the Directors' Report and the accompanying consolidated annual financial statements.

MINERAL ASSET DEVELOPMENT AND OPENCAST MINING PROJECTS

The Group assesses the value of its mineral asset development projects on a regular and consistent basis, and as our Chairman alluded to in his report, we are changing our strategy in terms of our exploration projects and have initiated various studies in order to determine how best to optimize the respective projects by targeting more localized higher-grade areas and considering less capital-intensive infrastructure and processes to unlock value.

VOLSPRUIT PLATINUM OPPORTUNITY

During recent months, a review of the earlier Volspruit project feasibility study was initiated and specialist technical consultants have been appointed to assist with optimising the respective envisaged mining and metallurgical processes and to reaffirm various input parameters required for an updated investment case.

With the Mining Right already awarded, the Company is busy with further investment towards obtaining key permitting requirements which include a Waste and Water Use licence for mining and on-site processing of the ore, and to finalise the amendment of the Social and Labour Plan (SLP) forming part of the Mining Right for a revised Local Economic Development (LED) project.

GRASVALLY CHROME OPPORTUNITY

As was reported in the 2019 financial year, consultants were appointed to assist with the sale of Grasvally, and a conditional cash offer from Forward Africa Mining (Pty) Ltd (FAM) to acquire 100% of the shares in and claims against Grasvally Chrome Mine (Pty) Ltd for a total consideration of ZAR115.0 million, settled in cash or other available funds was received. In terms of the agreement, FAM had eight months from the date of acceptance of the offer to fulfil standard conditions precedent. However, with the chrome market downturn and the primary financier withdrawing due to ill health, the parties have signed an Option Agreement valid for 12 months to purchase the asset. The price of the deal remains ZAR115.0 million and the Board's intention to sell the asset has not changed.

As with Volspruit, an application to extend the 12-month period to commence mining operations was made to the DMRE, the outcome of which will be decided upon the finalisation of the amendment of the SLP forming part of the Mining Right for a revised LED project.

NORTHERN LIMB PROJECTS

The Northern limb projects comprise the Hacra and Aurora (Pan Palladium (PPD)) PGM and Base Metal mining projects for which Mining Rights for PGMs and Base Metals have previously been awarded. The Hacra Mining Right covers both a relatively low-grade Platreef asset and a more attractive small portion of the Waterberg reef to the north of this property, which is bordering the Platinum Group Metals (PTM) Waterberg Mining Project, while the Aurora project is primarily a Platreef asset.

Historically the intention was that these projects would have been linked to the original Volspruit project in order to benefit from economies of scale and the envisaged downstream concentrate

CEO'S REVIEW continued

smelting and refining infrastructure that formed part of the Volspruit project scope at the time. However, based on the significant capital requirement for downstream smelting and refining infrastructure, and considering the respective local and global economic risks, the Company is considering alternative strategies which will involve lower risk and less capital-intensive options for developing these assets.

The Board believes that both the Hacra and Aurora projects hold value, whether it is through future development or sale and given the re-evaluation of our assets, it may appear counter-intuitive to impair the Aurora asset. However, based on the current information available, the fair value of the Aurora project exceeds the book value by $9.5 million and the directors have taken a conservative approach and impaired this project to its fair value at 30 June 2020. However, Hacra is anticipated to have greater potential value and the Board is encouraged by the results published by PTM.

Specialist consultants have been appointed to assist Sylvania in evaluating the respective resources and exploring the economic potential of these deposits through a step plan strategy with the view to possibly upgrading the mineral resource either for development or sale.

CORPORATE ACTIVITIES

DIVIDEND APPROVAL AND PAYMENT

During the first quarter of the financial year, the Company announced that the Board of Sylvania recommended the payment of a cash dividend of 1.00 US cent (0.78 pence) per Ordinary $0.01 Share in the Company, which was tabled at the Company's AGM held in November 2019. The dividend was paid on 29 November 2019.

The Board has furthermore recommended the payment of a cash dividend for FY2020 of 1.6 pence (~2.00 US cents) per Ordinary $0.01 Share, payable on 4 December 2020. This dividend will be tabled for information only at the Company's Annual General Meeting to be convened for 27 November 2020. Payment of the dividend will be made to Shareholders on the register at the close of business on 30 October 2020 and the ex-dividend date is 29 October 2020.

TRANSACTIONS IN OWN SHARES

One of the Company's strategic goals is to return capital to shareholders and continue to review opportunities to do so, as and when they arise.

At the close of FY2019, shares in the Company were valued at 30.25 pence per Ordinary Share and at the close of FY2020, this appreciated 36% to 41.00 pence per Ordinary Share.

As announced in the Company's interim results report released in February 2020, the Company had bought back 3,000,000 shares from the market, as well as 1,175,848 shares from employees under the Share Buyback Programme, all of which were kept in Treasury.

A total of 275,000 shares were issued to the directors of the Company and 1,000,000 shares were issued to a former director following the exercise of share options under the Company's Share Option Plan (the Plan). The plan was cancelled in December 2017 and these were the last outstanding options under the plan.

Share buybacks continued in HY2 and 10,090,000 shares were repurchased, comprising 4,875,000 shares from the market at an average price of 45.95 pence per Ordinary Share and 5,215,000 from a former director of the Company at the 30-day value weighted average price (VWAP) as at the close of business on 30 March 2020 of 49.00 pence per Ordinary Share.

The Company also relaunched the Share Buyback Programme (the Programme) for all certificated non-UK shareholders who hold 175,000 shares or less in the Company, which has run from 3 March 2020 and will conclude on 30 September, after an extension to the programme was announced. As at the date of this report, a total of 878,905 Ordinary Shares have been bought back at a price of A$808,153.

During the course of the financial year, a total of 2,879,115 shares were cancelled and approximately 7,500,000 of the Ordinary Shares acquired under the various Share Buyback Programmes were allocated to a new Group employee share trust for South African operational and support employees, known as the Employee Dividend Entitlement Scheme. These shares will be held in Treasury and dividends resulting therefrom will be available for distribution under the trust rules.

Following the above transactions and as of the date of this report, the Company's issued share capital amounts to 286,845,657 Ordinary Shares of which a total of 15,200,273 Ordinary Shares are held in Treasury. Therefore, the total number of Ordinary Shares with voting rights in Sylvania is 271,645,384 Ordinary Shares.

DIRECTORSHIP CHANGE

As announced in the Company's interim results report, the Company welcomed two new Directors to the Sylvania Board. Jaco Prinsloo was appointed as Managing Director (MD) and Chief Executive Officer (CEO) of the Company, and Lewanne Carminati as the Finance Director (FD) and Chief Financial Officer (CFO) effective 1 March 2020. Jaco Prinsloo's appointment followed the retirement of Terry McConnachie effective 29 February 2020.

MEDIA ALLEGATIONS

During the first quarter, the Company became aware of references in the media to the Company and its relationship with Samancor Chrome Limited (Samancor) emerging from a court application by the Association of Mineworkers and Construction Union (AMCU) which sought to compel Samancor to produce accounting records for a number of transactions entered into over a period of time. Details relating to these transactions were fully disclosed at the time and Sylvania has provided all available information to Samancor to assist them in their internal investigation.

THANK YOU AND OUTLOOK

As we look back at the past year and especially the extremely challenging last quarter with its unprecedented nature and circumstances under which the operations had to perform, Sylvania's management teams and employees have to be commended for their tireless efforts to balance production with the health, safety and wellbeing of all employees and their families. This will remain our first priority, even beyond the current pandemic.

Based on the level of expertise, experience and commitment of our management and employees and recognising their collective ability to embrace the challenges of the past year, I am confident that we are able to deal with the challenges ahead and I expect our team to deliver on our target of approximately 70,000 ounces of PGMs for the coming year.

In closing, I also feel it is appropriate to thank Terry McConnachie as the outgoing CEO personally, and on behalf of all Sylvania employees and management for the leadership and support during his 14-year tenure at Sylvania. He can be especially proud of the past six-year run of consecutive PGM production and EBITDA growth, frequently in very challenging circumstances.

We wish Terry all of the best for the future and any endeavours he might pursue in his retirement.

Jaco Prinsloo
Chief Executive Officer

SUSTAINABILITY

STAKEHOLDER ENGAGEMENT

At Sylvania, the Board is committed to regular stakeholder engagement and considers communication and interaction with all of our stakeholders as a means to identify shortcomings and implement strategies that address any issues should they arise.

The results of our stakeholder engagement are presented in quarterly reports in the month following the quarter end, an interim report at the end of the first half of the financial year, including the half-year financial statements, as well as an annual report including the full year financial statements. As and when management and our Board considers it material, information is announced to the public as soon as reasonably possible after a decision has been mandated in terms of the requirements of the Alternative Investment Market (AIM). Members of the senior executive management team use regular investor roadshows after the half-year and annual results, and at other times when appropriate as further means of communication. All the presentations, announcements and reports are placed on the Company's website where they are available to the public at any time. Whenever possible, shareholders' queries are addressed via email. The Company remains committed to sharing and releasing material information to shareholders and other stakeholders.

In an effort to improve communication with shareholders, and given shareholders' needs for easily accessible information, management is considering the introduction of a forum for communication with shareholders via the Company website or other platforms. We will keep shareholders apprised of progress.

Monthly meetings with employees and Plant management are conducted around work-related issues and addressed according to company mandates. Monthly and quarterly meetings are held with local communities on matters regarding unemployment, business opportunities, training and education and the Company actively assists where the opportunity allows.

SAFETY AND HEALTH

While dealing with the emergence of COVID-19 and its associated challenges, the operations continue to focus on health, safety and environmental compliance. The Company is proud to report that there were no significant health or environmental incidents reported during the year and both the Tweefontein and Doornbosch operations have achieved the significant industry milestone of eight years' lost-time injury (LTI) free during June 2020. Millsell has remained LTI-free for more than five years.

The Company remains fatality-free since inception in 2006, but the operations regrettably recorded three LTI's for this financial year: one each at Lesedi, Lannex and Mooinooi during the second, third and fourth quarters respectively. A key focus area for management is to ensure that every LTI that is recorded is fully investigated and corrective measures are implemented to ensure no recurrences are experienced in future.

Since the emergence of COVID-19 in the country, management has focused on identifying and minimising the various risks posed by the pandemic to employees and contractors. Besides the various systems and physical measures being put in place to safeguard employees and curb the spread of the virus, management also assisted employees by maintaining full salaries during the COVID-19 lockdown period and offering social relief to neighbouring communities in terms of the distribution of food parcels at a time when many people in the country lost their income.

The Company has been very fortunate that it has had only 14 confirmed COVID-19 cases recorded amongst its employees to date, with all affected employees thankfully recovered and returned to work after experiencing mild symptoms of the virus.

Focusing on and ensuring that employees' health and safety remains a priority, especially during the challenging times, and to ensure full compliance with health, safety and environmental legislation and procedures, requires a relentless effort. Management teams across the Group's operations remain committed to this goal. Through the collaborative efforts of management and all employees across the operations, we strive to maintain high safety standards and a safe working environment at all operations.

EMPLOYEES AND COMMUNITIES

Our approach

The Organisation's HR strategy follows our business strategy with a key focus on performance and efficiencies. Our employment policies, procedures and practices take into account and comply with the relevant labour legislation of South Africa. Our recruitment initiatives focus on local communities in areas surrounding our operations.

Employees

At the end of FY2020, the Company employee complement totalled 570. Wherever possible, employees and contractors are sourced from the local communities of the various operations.

In all areas in which we operate, a representative workforce is a moral and legislative imperative for the organisation. Sylvania actively supports the Employment Equity Act and has established structures in place to ensure all barriers to achieving diversity are identified and actions are in place to combat these.

The Company furthermore has negotiated recognition agreements with organised labour. These agreements regulate the industrial relations and include provision for consultation and negotiation. There were no strikes or lockouts during the financial year. We endeavour to maintain peace and stability in our workforce at all times

Upskilling

The organisation implements a number of programmes to build capacity and enhance skills development, with a particular focus on the youth. All training and development programmes initiated are aligned with the Company's strategic and operational goals. These include skills development, learnerships, internships and supervisory and leadership development.

A number of training and development initiatives have been introduced to our staff. All the training programmes are credit bearing and are accredited through the Mining Qualification Authority (MQA). As an organisation we are committed to the development of our staff and local communities. The organisation has an active Skills development and Employment Equity forum. The forum meets on a regular basis to address any skills and equity matters or any improvements that may be required.

A total of 227 employees attended training sessions over the financial year. Much of the training includes statutory health and safety development programmes.

Learnerships

Sylvania introduced a formal learnership programme that is specifically aimed at community members from the local areas in which the Company operates. The current programmes focus on enhancing skills in various fields, namely Electrical and Fitting. These programmes will run over a 36-month period with the first candidates having started in May 2019. The learnerships include courses for electrical trades, in which two candidates have participated and one fitter trade, in which one candidate has participated.

Internship and experiential programmes

In support of our social drive with local communities, we introduced opportunities for internships and workplace experience. The internships will run over a 12-month period.

Communities

Ongoing engagement with local communities is necessary to understand, manage and respond to community concerns and expectations. As a Company we regularly support various local development projects as approved by our host mine.

Sylvania introduced a Milling and Floatation programme as part of the development drive for the local communities surrounding our operations. The duration of the programme is typically for a six-month period. Seven individuals have successfully completed the programme to date, with a further 10 delegates still in the programme. Sylvania is pleased to advise that we were able to absorb seven of these students into permanent roles within our operations.

During the financial year, Sylvania was involved in a number of community development programmes. These initiatives included:

- Monthly feeding scheme for home-based care.
- Assisting youth with various school projects – the Company donated 103 pairs of shoes to two primary schools and also provided the sports academy with 30 pairs of soccer boots.
- The Company assisted and provided 200 food parcels to communities in need during the COVID-19 pandemic.
- The Company donated a 10,000-litre water tank with steel stands to provide running water in a local community.

The Company anticipates rolling out a number of new community development initiatives in FY2021.

ENVIRONMENT

As the SDO operate within the environmental footprint of our host mines, we adhere to the culture and standards of their policies and practices at all times.

In the past financial year, there have been no reportable environmental incidents, which is testament to the work ethos of the teams at the operations. The Company generates minimal hazardous waste due to the nature of the processing of the tailings, and waste removal is conducted by a contractor with the necessary permits to remove and transport hazardous waste to a designated landfill site.

All Sylvania plants form part of the integrated water reticulation circuits of their respective host mines. The figures listed below do not take any water consumption figures of the host mine into account. Water enters the Sylvania circuit through the current arisings it receives from the host mine, and it leaves the circuit through either its products (Cr_2O_3 concentrate or PGM concentrate) – or it is lost to the process (consumed) or alternatively through the tailings stream. The tailings are deposited onto a Tailings Dam, where most water is recovered into the Return Water Dam, and recirculated to the host mine process. Losses on the tailings dams take the form of evaporation into the atmosphere. Make-up water is derived from the dewatering of the host mine underground mining areas.

TOTAL WATER VOLUME IN CUBIC METRES* (m^3)

	FY 2020	FY 2019	FY 2018
Water consumed in products	60,500	62,000	72,060
Water deposited onto tailings dams	11,727,000	12,067,000	11,807,000

The reduction in water consumed and deposited is attributable to the change in feed sources and to the lower requirements when the plants were placed on care and maintenance as a result of the COVID-19 lockdown.

SYLVANIA METALS ENERGY CONSUMPTION

During the year our electrical teams continued to endeavour to streamline the power supply process in the interests of both the operations and the environment.

AVERAGE POWER CONSUMPTION PER PLANT

	FY 2020			FY 2019			FY 2018		
Plant	KVA	kW	Power Factor	KVA	kW	Power Factor	KVA	kW	Power Factor
Millsell	1,790	1,720	0.96	1,750	1,680	0.96	1,870	1,850	0.99
Mooinooi	3,160	3,000	0.95	3,430	3,210	0.94	2,750	2,710	0.98
Lannex	1,990	1,490	0.75	1,810	1,390	0.77	1,640	1,250	0.76
Doornbosch	2,480	1,910	0.77	2,710	2,050	0.76	2,690	2,100	0.78
Tweefontein	1,690	1,280	0.76	1,720	1,490	0.87	1,820	1,480	0.81
Lesedi	1,350	1,270	0.94	1,320	9,50	0.72	1,160	840	0.72

The plants are running consistently despite the lockdown period declared by the South African Government from the end of March, where approximately six weeks of operations were lost. The plants were placed in a "care and maintenance" mode for the duration of lockdown, using minimal power.

Cable theft is an ongoing threat and as many practical solutions are being employed as possible to prevent this.

Power Factor Correction has been installed at Lesedi to accommodate the newly installed ball mill and spiral plant, resulting in a very minor overall consumption increase. The Mooinooi Power factor has been set to run consistently at 0.95.

The new dedicated power supply at Millsell has resulted in a more reliable source with fewer outages, barring cable failures due to water ingress into joints in the main supply cable. The return water system at the site is now being supplied by the same source as the plant to avoid stoppages due to council outages.

Historically, Tweefontein and Lannex have been co-generating electricity. From March 2020 however, the main supply to Lannex was upgraded and the need to co-generate fell away. Tweefontein co-generates approximately 10% of their power, but this requirement will fall away once work at the national power utility's local substation is complete by the end of the calendar year. The generators at Tweefontein will thus become standby units only.

Power factor correction equipment is planned to start at Lannex by Q1 FY2021. Doornbosch is set to commence shortly thereafter. The result will be to reduce the plants' overall energy consumption, making this available for the host mines.

The Doornbosch plant consumption has been consistent but the host mine was experiencing power constraints from the national power utility supply. A generator was installed. Since the beginning of the year however, the mine's consumption was reduced owing to operational issues. There is now an adequate supply for the Sylvania plant and the generator will be used for standby purposes.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (the Group) consisting of Sylvania Platinum Limited (the Company or Sylvania) and the entities it controlled at the end of, or during, the financial year ended 30 June 2020. Sylvania is a limited company incorporated and domiciled in Bermuda. Unless otherwise stated, the consolidated financial information contained in this report is presented in USD.

DIRECTORS

The names of the Directors who held office during, or since the end of, the financial year and until the date of this report, are as follows:

SA Murray
(Independent Non-executive Chairman)

TM McConnachie
(Chief Executive Officer)- retired effective 29 February 2020

RA Williams
(Independent Non-executive Director)

E Carr
(Independent Non-executive Director)

JJ Prinsloo
(Chief Executive Officer) – effective 1 March 2020

L Carminati
(Chief Financial Officer) – effective 1 March 2020

The directors of Sylvania were in office from 1 July 2019 unless otherwise stated.

INFORMATION ON DIRECTORS

SA MURRAY

Mr Murray has over 30 years of executive experience in the Southern African platinum sector, commencing his career at Impala Platinum's Refineries in 1984. He held a number of positions at Impala Platinum, Rhodium Reefs, Barplats, and Middelburg Steel and Alloys, before joining Aquarius Platinum Limited in 2001 as Chief Executive Officer, holding that position until 2012. He was a non-executive director of Talvivaara Mining Company Plc, the former Finnish nickel miner, and is the Chairman of Imritec Limited, an aluminium by-products recycler.

Special responsibilities

Independent Non-executive Chairman of the Board

Member of the Remuneration Committee

RA WILLIAMS

Mr Williams is a Chartered Accountant with over 20 years' international experience in mining finance and holds an honours degree in French and Spanish. After joining Randgold Resources in 1997, he was appointed Group Finance Director in 2002. Mr Williams went on to become Chief Financial Officer of JSE-listed AECI Limited. He has served on a number of boards in the mining and mining services sectors and is currently a non-executive director of AfriTin Mining Limited and Digby Wells Environmental and part-time CFO of a privately-owned mining company.

Special responsibilities

Chairman of the Audit and Remuneration Committees

E CARR

Ms Carr, who joined the Board of Sylvania Platinum Limited on 1 May 2015, is a Chartered Certified Accountant with an MSc in Management from London University and is a SLOAN Fellow of London Business School. Ms Carr has over 30 years of experience within the resources sector having worked worldwide on a host of large-scale mining operations. She was appointed Finance Director of Cluff Resources in 1993 and has, since that time, held several executive directorships in the resources sector, including CFO for Monterrico Metals plc, the AIM-listed copper exploration company developing the Rio Blanco project in Peru. Her first non-executive role was for Banro Corp in 1998 and, more recently, she has been a non-executive director for Talvivaara Mining Co, the Finnish nickel company. Currently, Ms Carr is a non-executive director of Bacanora Lithium plc.

Special responsibilities

Member of the Audit Committee

JJ PRINSLOO

Mr Prinsloo was appointed as CEO and admitted to the Sylvania Board in March 2020. Since January 2012, he has served in senior positions at Sylvania, initially as Executive Officer: Operations and as Managing Director of the South African Operations from March 2014, until his appointment to his current position. Prior to joining Sylvania, Jaco was principal metallurgist at Anglo American for Anglo Operations Limited, which followed eight years at Anglo American Platinum Limited from 2002 in various senior metallurgical positions across the group. During the past 20 years in the mining industry he has been exposed to various operational and technical aspects of both the South African as well as international mining landscape and he has gained experience in both the precious and base metals sectors.

Jaco is a metallurgical engineer and holds a Bachelors of Engineering in Metallurgy from Pretoria University, a Postgraduate Diploma in Business Administration and an MBA from the Gordon Institute of Business Science (UP).

Special responsibilities

Chief Executive Officer – appointed effective 1 March 2020

L CARMINATI

Ms Carminati is a qualified Chartered Accountant and holds a Postgraduate Certificate in Mining Tax. She joined Sylvania in 2009 and in 2011 was appointed as Executive Officer: Finance for the South African operations before being appointed CFO and admitted to the Sylvania Board in March 2020. She has gained substantial and diverse experience in the various aspects of financial management at a senior level, with a particular focus on compliance, governance and financial reporting. She has also taken a leadership role in corporate finance transactions.

Special responsibilities

Chief Financial Officer – appointed effective 1 March 2020

COMPANY SECRETARY

The Company Secretary role is held by Conyers Corporate Services (Bermuda) Limited (previously known as Codan Services Limited) and they are assisted by Ms Carr.

PRINCIPAL ACTIVITIES

The principal activity of the Group is the low-cost extraction of PGMs from chrome dumps and current arisings, as well as investment in mineral exploration. Further information is provided in the CEO's review.

DIRECTORS' REPORT continued

BUSINESS REVIEW

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is the responsibility of all employees, guided by the Board of Directors and Audit Committee. Sylvania is exposed to risks in the mining and exploration industry as well as a variety of other risks not specific to the industry. The Board and Management assess the ongoing risks on a regular basis including the impact of short-term risks with potential long-term impacts on the Group such as the coronavirus pandemic. Risk assessments are undertaken on a regular basis. Internal and external risks are identified and the impact thereof considered on the Group business model.

Risks identified are linked to the Group deliverables in order to ensure continuous mitigation of these risks, which is aligned with corporate strategic objectives.

Principal risk factors that the Board considers may affect the performance of the Group are detailed below. The risks described below are not exhaustive and do not take into account risks the Board is unaware of. Immaterial risks are not disclosed below.

The risks below are not presented in any order of priority.

COVID-19

Risk and impact

At the time of release of this report, the coronavirus pandemic is considered a risk, resulting in great uncertainty and possible long-term effects on the Group. Employee safety and wellbeing, group cashflows and sustainable operations are all potentially affected by the spread of COVID-19 and cannot be fully quantified at this stage. The South African government-implemented State of Disaster and the constantly changing regulations aimed at safeguarding citizens and rebuilding the economy is likely to add to this risk.

There is little that can be done to control risks of this nature and managing the risk is more about an adequate response process.

Mitigation

As the cash generating operations are in South Africa, much of the planning is guided by the government-imposed regulations, with strict protocols from the DMRE for the mining industry as well as the procedures and practices required to be adhered to at our host mine and the smelters.

The safety and wellbeing of our employees is our first priority. The supply and wearing of protective equipment and adherence to strict hygiene rules are mandatory. Social distancing is required on all operations and all corporate and administrative employees are still encouraged to work from home where possible.

The Group's strong liquidity has enabled it to continue to operate through these unprecedented times and prudent cash management should allow the Group to continue as a going concern for the foreseeable future.

Sustained resources

Risk and impact

The retreatment of dump material has a finite life and the processing of current arisings alone is not sustainable. It is essential for the long-term continuation of the SDO that additional feed material is found and committed to the plants or the mining assets are further explored for development.

Mitigation

The majority of operations have dump resources which will still provide several years of production. The risk is partly mitigated by the addition of current arisings from the host mines which are fed through the SDO. These feed sources will be available to the Group for the life of the mine and are currently not at risk. The Project Echo expansion project will extend the life of the SDO and maintain ounce production for the coming years. Technologies and production improvements for optimisation and improved efficiencies are investigated and implemented where considered beneficial.

Opportunities to acquire additional dump resources and the ability to extend the life of the SDO are being investigated continuously by the Board and Senior Management. The research and development project undertaken so far is yielding promising results and if successful will enable the Group to diversify into other areas and commodities.

Capital management

Risk and impact

The selection of capital projects must provide investors with the required returns and strategic outcomes. Incorrect decision making and large capital overruns could have a significant impact on the sustainability of the Group.

Mitigation

Detailed analysis and due diligence are performed on all potential capital projects and are only considered where the Internal Rate of Return (IRR) is at least 20%.

Any capital expansion projects are funded out of surplus cash although pipeline finance is an option.

The current PGM prices have allowed the Board to reconsider the possible development of its mining assets. These projects will be carefully considered and must meet the required returns before being pursued. The Board is taking a phased approach to these projects and will be reassessing their potential on an ongoing basis.

Cyber security

Risk and impact

Cyber threats are growing rapidly as the digital landscape grows. These range from business interruptions, data breaches to cyber fraud and ransomware. A cyber incident could be malicious or unintentional, but the impact can be the same. This risk has increased since the outbreak of the coronavirus pandemic as employees are encouraged to work from home where possible.

Mitigation

Cyber vulnerability assessments are carried out on a regular basis. The Group has invested in improved cyber security and continues to upgrade all systems where necessary. Focus is placed on continued education for all employees as to the risks as well as physical security measures.

Country and infrastructure risk

Risk and impact

The Group's operations are all in South Africa. The socio-economic environment as well as community unrest in South Africa continues to be a concern for the sector in general. The spread of COVID-19 may contribute even further to low growth in South Africa. Reliance on third party providers for the availability and access to power and water continue to be limiting factors in some of the areas in which the Company operates. In addition, the regulatory, political and legal environment in which the Company operates poses risks and challenges to the sustainability of the mining industry in South Africa, and therefore may impact the sustainability of the Company.

Mitigation

Directors and Management place great emphasis on maintaining constructive relations with labour and communities through ongoing communication, engagement and awareness within the footprint of which the Group operates. The increased risk of power cuts which the country is currently facing has necessitated management to investigate alternate power sources where not already installed to ensure plant uptime is maintained and capital projects are not placed at further risk. Boreholes have been drilled at operations where water supply is constrained and alternate water supplies identified where possible. The Board monitors the political environment and regulatory changes closely, considers the impact on the Company and takes the necessary action when required.

Commodity price and exchange rate fluctuations

Risk and impact

Metal prices are subject to high levels of volatility and are impacted by a number of factors that are outside the control of the Board and Management. Cash generation, profitability and future growth of the Group is linked to the PGM price and the USD/ZAR exchange rate. The PGM basket price has been favourable over the past financial year, but any downturn in the price could have a significant impact on the Group's cashflows. As the Group's operations are all South Africa based, the majority of the operating and capital expenditure is incurred in ZAR, while revenues and reporting are USD based, exposing the Group to the volatility of ZAR/USD exchange rate.

Mitigation

The Board and management monitor the market in which the Group operates closely. Long term financial planning is undertaken and production is carefully planned and focussed on the extraction of low-cost ounces through production efficiencies and recovery optimisation. Operational costs are carefully monitored and managed. Cost saving strategies are investigated and reviewed regularly.

Retention of key staff

Risk and impact

The Group relies on a small team of experienced professionals with specific skills for its success. The loss of key personnel and the failure to attract appropriate employees may cause unnecessary disruption to the business.

Mitigation

The Company looks to incentivise key employees through the granting of bonus share awards, review peer group structures and benchmarking to ensure salaries are competitive, provide a safe and rewarding working environment and provide training and development programmes. Succession planning is also on the agenda at Board and Remuneration Committee meetings.

"The increased risk of power cuts which the country is currently facing has necessitated management to investigate alternate power sources where not already installed to ensure plant uptime is maintained and capital projects are not placed at further risk."

DIRECTORS' REPORT continued

GROUP FINANCIAL RESULTS

RESULTS FOR THE YEAR

		2020	2019	± % change
Gross basket price	$/oz	**2,015**	1,277	58%
Net Revenue	$ 000	**114,092**	70,538	62%
Group cash cost	ZAR/oz	**9,901**	7,885	26%
Group cash cost	$/oz	**636**	556	14%
Gross profit	$ 000	**66,062**	25,683	157%
General administration costs	$ 000	**(2,169)**	(2,003)	8%
Profit before income tax expense	$ 000	**55,947**	24,394	129%
Adjusted Group EBITDA	$ 000	**69,589**	30,242	130%
Cash generated from operations (before working capital changes)	$ 000	**71,372**	29,928	138%
Changes in working capital	$ 000	**(381)**	(5,349)	-93%
Net finance income received	$ 000	**1,788**	694	158%
Taxation paid	$ 000	**(14,756)**	(8,093)	82%
Net increase/(decrease) in cash and cash equivalents	$ 000	**40,642**	7,810	420%
Cash and cash equivalents, end of year	$ 000	**55,877**	21,797	156%
Production				
Plant feed	T	**2,341,452**	2,328,352	1%
Total 3E and Au	Oz	**69,026**	72,090	-4%
PGM plant recovery	%	**57%**	49%	16%
Capital expenditure				
Property, plant and equipment	$ 000	**5,200**	8,042	-35%
Exploration and evaluation assets	$ 000	**212**	253	-16%
Total capital expenditure	$ 000	**5,412**	8,295	-35%

Net Revenue

Net Revenue increased 62% year-on-year mainly due to the higher gross basket price of $2,015/ounce against $1,277/ounce recorded in the prior year.

Operating costs

Operating costs for the Group increased 26% year-on-year to ZAR9,901/ounce compared to ZAR7,885/ounce in the previous year. The all-in sustaining cost (AISC) for the Group was ZAR10,181/ounce and an all-in cost (AIC) of ZAR11,103/ounce for the financial year. This compares to the AISC and AIC for 30 June 2019 of ZAR8,201/ounce and ZAR9,534/ounce respectively.

Impairment of exploration and evaluation assets

An amount of $9,504,774 was impaired on the Aurora project (part of the Northern Limb projects) during the financial year.

General and administration

These costs relate mainly to listing costs, share registry costs, advisory and public relations costs and consulting fees. General and administrative costs are incurred in USD, GBP and ZAR and are impacted by exchange rate fluctuations over the reporting period. These costs increased 8% year-on-year in the reporting currency.

Mining and income tax

Income tax paid for the financial year amounted to ZAR229.7 million ($14.8 million) compared to ZAR114.9 million ($8.1 million) for the previous financial year, as a result of increased taxable profits at the operations and after mining capital allowances. Income tax is paid in ZAR on taxable profits generated at the South African operations.

Profit

The consolidated profit before tax of the Group at 30 June 2020 was $55.9 million (FY2019: $24.4 million), a 129% improvement on the prior year. Strict cost controls at the operations and the increased revenue contributed to the increase in profits. Adjusted Group EBITDA improved 130% to $69.6 million.

Capital

Capital spend decreased during the current financial year from ZAR117.7 million ($8.3 million) in the prior year to ZAR84.2 million ($5.4 million). Capital was spent on the Lannex plant life-extension project, Lesedi upgrades and stay in business capital (SIB).

Cash

The cash balance at 30 June 2020 was $55.9 million, including $0.8 million in financial guarantees (FY2019: $1.0 million). Cash generated from operations before working capital movements was $71.4 million, with net changes in working capital resulting in a reduction of $0.4 million. Net finance income amounted to $1.8 million and $14.8 million was paid in income taxes during the year. Major spend items include $0.2 million spent on exploration activities (FY2019: $0.3 million), $5.2 million on capital projects and SIB for the SDO plants (FY2019: $8.0 million). At corporate level, $2.9 million was paid out in dividends and 14.9 million shares were bought back at a cost of $8.5 million. The impact of exchange rate fluctuations on cash held at year end was $6.6 million loss (FY2019: $0.04 million loss).

For more details on the financial performance of the Group please refer to the financial statements.

REVIEW OF OPERATIONS AND EXPLORATION

A detailed review of operations and exploration activities has been included in the CEO's review.

CORPORATE MATTERS

Dividend Approval and Payment

During the first quarter of the financial year, the Company announced that the Directors of Sylvania recommended the payment of a cash dividend of 1.00 US cent (0.78 pence) per Ordinary$0.01 Share in the Company, which was tabled at the Company's AGM held in November 2019 and paid on 29 November 2019.

The Board has furthermore recommended the payment of a cash dividend for FY2020 of 1.6 pence (~2.00 US cents) per Ordinary Share, which will be tabled at the next AGM to be held on Friday 27 November and paid thereafter on 4 December 2020. Payment of the dividend will be made to shareholders on the register at the close of business on 30 October 2020 and the ex-dividend date is 29 October 2020.

Transaction in Own Shares

One of the Company's strategic goals is to return capital to shareholders and continue to review opportunities to do so, as and when they arise.

At the close of FY2019, shares in the Company were valued at 30.25 pence per Ordinary Share and at the close of FY2020, this appreciated 36% to 41.00 pence per Ordinary Share.

As announced in the Company's interim results report released in February 2020, the Company had bought back 3,000,000 shares from the market, as well as 1,175,848 shares from employees under the Share Buyback Programme, all of which were kept in Treasury.

275,000 shares were issued to the directors of the Company and 1,000,000 shares were issued to a former director following the exercise of share options under the Company's Share Option Plan (the Plan). The Plan was cancelled in December 2017 and these were the last outstanding options under the Plan.

Share buybacks continued in HY2 and 10,090,000 shares were repurchased comprising 4,875,000 shares from the market at an average price of 45.95 pence per Ordinary Share and 5,215,000 from a former director of the Company at the 30-day value weighted average price (VWAP) as at the close of business on 30 March 2020 of 49.00 pence per Ordinary Share.

The Company also relaunched the share buyback programme (the Programme) for all certificated non-UK shareholders who hold 175,000 shares or less in the Company which has run from 3 March 2020 and will conclude, after an extension to the programme was announced to 30 September 2020. As of the date of this report, a total of 878,905 Ordinary Shares have been bought back.

During the course of the financial year, a total of 2,879,115 shares were cancelled and approximately 7,500,000 of the Ordinary Shares acquired under the various Share Buyback Programmes were allocated to a new Group employee share trust for South African operational and support employees (Employee Dividend Entitlement Scheme).

Following the above transactions and as of the date of this report, the Company's issued share capital amounts to 286,845,657 Ordinary Shares of which a total of 15,200,273 Ordinary Shares are held in Treasury. Therefore, the total number of Ordinary Shares with voting rights in Sylvania is 271,645,384 Ordinary Shares.

Directorship Change

As was announced in the Company's interim results report, the Company welcomed two new Directors to the Sylvania Board. Jaco Prinsloo was appointed as Managing Director (MD) and Chief Executive Officer (CEO) of the Company, and Lewanne Carminati as the Finance Director (FD) and Chief Financial Officer (CFO) effective 1 March 2020. Jaco Prinsloo's appointment followed the retirement of Terry McConnachie effective 29 February 2020.

DIRECTORS' REPORT continued

Media Allegations

During the first quarter, the Company became aware of references in the media to the Company and its relationship with Samancor Chrome Limited (Samancor) emerging from a court application by the Association of Mineworkers and Construction Union (AMCU) which sought to compel Samancor to produce accounting records for a number of transactions entered into over a period of time. Details relating to these transactions were fully disclosed at the time and Sylvania has provided all available information to Samancor to assist them in their internal investigation.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Additional comments on production forecasts and operating cash costs are included in the operational performance and outlook section in the CEO's review.

ENVIRONMENTAL LEGISLATION

The Group is subject to significant environmental legal regulations in respect of its exploration and evaluation activities in South Africa. There have been no known significant breaches of these regulations and principles by the Group and its operations.

MEETINGS OF DIRECTORS

During the financial year under review, there were three formal Directors' meetings, a budget review meeting and four information/strategy sessions. All other matters that required formal Board resolutions were dealt with via written circular resolutions and through the holding of conference calls. In addition, the directors met on an informal basis at regular intervals during the year to discuss the Group's affairs

The number of formal meetings of the Group's Board of Directors attended by each Director was:

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Information/strategy Meetings	
	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended
TM McConnachie	3	3	–	–	–	–	1	1
SA Murray	3	3	–	–	3	3	5	5
RA Williams	3	3	4	4	3	3	5	5
E Carr	3	3	4	4	3	3	5	5
JJ Prinsloo[1]	3	3	4	4	–	–	5	5
L Carminati[1]	3	3	4	4	–	–	5	5

[1] *Meetings prior to 1 March 2020 were attended as invitees.*

Directors' interest in shares and options

The following relevant interests in the shares and options of the Company or related body corporate were held by the Directors as at the reporting date:

SHARES AND OPTIONS

2020	Common Shares
SA Murray	1,025,000
RA Williams	1,092,000
E Carr	25,000
JJ Prinsloo	959,894
L Carminati	862,081

Directors and key management personnel

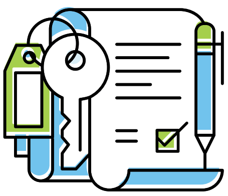
The key management personnel of the Group are the Directors of the Company and those Executives that report directly to the Chief Executive Officer or as determined by the Board. Details of directors and key personnel remuneration is as follows:

	Short Term Benefits			Share-based payment	Total
	Cash salary/ Consulting fees $	Bonus[1] $	Directors' fees $	Equity shares/share options[2] $	$
Directors					
TM McConnachie	336,669	–	–	99,590	**436,257**
JJ Prinsloo	80,340	–	25,000	23,198	**128,538**
SA Murray	–	–	125,000	12,449	**137,449**
RA Williams	–	–	85,000	12,449	**97,449**
E Carr	24,000	–	75,000	12,449	**111,449**
L Carminati	73,489	–	25,000	21,349	**119,834**
Sub-total	**514,498**	–	**335,000**	**181,480**	**1,030,978**
Other key management	827,299	184,574	–	181,252	**1,193,125**
Total	**1,341,797**	**184,574**	**335,000**	**362,732**	**2,224,103**

[1] *Cash bonuses were awarded to Directors and key personnel based on individual performance.*
[2] *Share-based payments include shares issued and bonus shares granted – refer to note 27.*

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year, the Company paid premiums in respect of a contract insuring all Directors and Officers of the Company against liabilities incurred as Directors or Officers. Due to confidentiality clauses in the contract the amount of the premium has not been disclosed. The Company has no insurance policy in place that indemnifies the Company's auditors.



GOING CONCERN

The Group identified the principal risk and uncertainties related to the COVID-19 pandemic. Management has produced forecasts and budgets that have been sensitised to reflect plausible downside scenarios as a result of COVID-19 and its impact on the global economy.

The Group has sufficient cash reserves and resources to continue to meet its obligations even if operations were to be placed on care and maintenance for 12 months.

Although the COVID-19 pandemic has had widespread economic impact across the globe, the Group is in the fortunate position to operate in an essential industry and have a lower risk business model

DIRECTORS' REPORT continued

that has allowed for continued operations. Management monitors the government announcements, the industry, markets and operations to ensure any risk is monitored and mitigated where possible.

After reviewing the effects of COVID-19, the financial position, operational performance, budgets and forecasts as well as the timing of cash flows and sensitivity analyses, the directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from date of signing the financial statements.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with in the financial statements, which significantly affects the financial position of the Group or the results of its operations.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Signed in accordance with a resolution of the Directors.

Jaco Prinsloo

Chief Executive Officer

8 September 2020

CORPORATE GOVERNANCE STATEMENT





INTRODUCTION

The Company is quoted on AIM, and in accordance with the AIM Rules for Companies (the AIM Rules), has elected to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 (the Code) for Smaller Companies. In accordance with the AIM Rules this was adopted and implemented from September 2018, and is disclosed on the Company's website (https://www.sylvaniaplatinum.com/governance/corporate-governance).

The Board is committed to maintaining the highest standards of corporate governance throughout its operations and to ensuring that all of its practices are conducted transparently, ethically and efficiently to ultimately deliver shareholder value. The Company believes in scrutinising all aspects of its business and ensuring an effective and efficient management framework as recommended by the Code. The Board and management continue to reflect, analyse and improve the Company's procedures resulting in the continued success of the Company and improving shareholder value.

The Company provides a summary of its current Corporate Governance Code compliance as guidance, as set out below:

THE BOARD OF DIRECTORS

The Board's role is to provide entrepreneurial leadership to the Group within a framework of prudent and effective controls which enables risks to be assessed and managed and is responsible for the proper management of the Company by developing, reviewing and approving the Company's strategy, budgets and corporate actions. The Board sets the corporate and operational strategy and holds regular Board meetings to review planning, operational and financial performance. The Board is responsible for setting the Group's values and standards and ensuring that its obligations to shareholders and others are met.

The Board comprises five members being the independent non-executive Chairman, two independent non-executive Directors, and two Executive Directors. It is important that the Board has the right mix of skills and experience to deliver on the strategy of the Company. The details of the Board members are outlined in the Director's report. There is a clear division of responsibilities at the head of the Group through the separation of the positions of Chairman and the Chief Executive Officer.

THE BOARD CURRENTLY COMPRISES:

SA Murray	Independent Non-executive Chairman
JJ Prinsloo	Chief Executive Officer
RA Williams	Independent Non-executive Director
E Carr	Independent Non-executive Director
L Carminati	Chief Finance Officer

The Board met eight times during the financial year. Three formal Board meetings, one budget review meeting, one strategy meeting to review the current and future strategies on returning value to the shareholders and Company growth and three information update meetings.

The Board has not appointed a Senior Independent Director but will do so if and when it is appropriate considering the Company's size and stage.

RISK ASSESSMENT

The Board undertakes on-going risk assessments to identify and consider major internal and external risks to the business model of the Group, including future performance, solvency and liquidity. Principal risks and uncertainties are detailed in the Directors' report.

The Board also reviews the Group's ability to continue as a going concern on a regular basis.

INTERNAL CONTROLS

The effectiveness of the internal controls is overseen by the Board and is operationally monitored by Management on various organisational levels. The Group's financial control function is responsible for periodically testing the controls and overseeing the commitments entered into in connection with the operations of the Group.

The Group does not have a separate internal audit function to evaluate and test the operating procedures and processes relating to internal controls, but has engaged an independent firm to assist with this evaluation and testing and to determine vulnerabilities within the Group. The planning and reporting of the internal audit function is monitored by the Audit Committee and the Board of Directors and is regularly discussed with the Group's external auditors.

CORPORATE GOVERNANCE STATEMENT continued

SHAREHOLDER RELATIONS AND EXPECTATIONS

Executive Management and the Chairman meet regularly with major shareholders to develop a balanced understanding of the issues and concerns of shareholders. The Chairman ensures that the views of shareholders are communicated to the Board as a whole.

The Directors have established Audit and Remuneration Committees. Board appointments, succession planning, corporate governance and sustainability issues are dealt with by the full Board of Directors.

AUDIT COMMITTEE

The Audit Committee has been established to assist the Board of the Company in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reports and financial reporting process, internal control structure and the internal and external audit process.

The Audit Committee members are Roger Williams (Chairman) and Eileen Carr, both of whom are qualified accountants.

The role of the Audit Committee includes, amongst others, the following:

- monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments;
- review the Company's insurances on behalf of the Board, noting that the Company's risks in general is are addressed by the Board itself;
- monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- monitor, review and oversee the internal audit function and the financial control system;
- monitor and review compliance with the Company's Code of Conduct and Whistleblower Policy; and
- perform such other functions as assigned by law, the Company's Byelaws, or the Board.

The Audit Committee invites representatives of the external auditor as well as Management to all committee meetings. The Audit Committee is satisfied that the Group's auditors are independent.

The Audit Committee met four times during the year to consider the following agenda items:

August 2019

- Annual Report for the year ended 30 June 2019;
- External audit report on the Group Annual Financial Statements for the year ended 30 June 2019;
- Going concern and working capital requirement/cash forecast;
- Impairment; and
- Internal audit update

November 2019

- External auditor's strategy and planning report for the Half year review;
- Directors and Officers Liability Insurance;
- Internal audit update;
- IT Governance; and
- Risk review

February 2020

- Half year results and report to 31 December 2019;
- External audit report on half year;
- Half year Impairment and going concern assessments; and
- Review of Audit Committee terms of reference

May 2020

- External audit strategy and plan for the 30 June 2020 year-end audit;
- Internal audit update;
- IT Governance; and
- Whistleblower feedback

All announcements released via RNS, including quarterly, half year and annual results, are approved by the entire Board.

REMUNERATION COMMITTEE

The purpose of the Remuneration Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairperson, Executive Directors and Senior Management.

The Remuneration Committee comprises Roger Williams as the Chairman, and Stuart Murray. During the year under review, the Remuneration Committee met formally three times and invited Eileen Carr to attend.

Under its terms of reference, the Remuneration Committee assists the Board to determine the remuneration arrangements and contracts of the Executive Directors and senior employees. It also reviews the Board and Executives' key performance indicators, as well as performance-related pay and bonus share allocations. Succession planning for Senior Executives is reviewed annually.

No Director is involved in reviewing his own remuneration. The Directors' remuneration report, which includes details of the Directors' interests in options and shares is set out in the Director's report.

The Independent Non-Executive Directors may, if needed, seek independent professional advice, at the Group's expense, in the execution of their duties.

NOMINATIONS COMMITTEE

The role of the Nominations Committee is undertaken by the full Board of Directors. The Nominations Committee is charged with finding suitable candidates for nomination for appointment to the Board of Directors.

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The directors have elected to prepare the Group financial statements under the International Financial Reporting Standards (IFRS).

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

The directors are also responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of the Group and the undertakings included in the consolidation taken as a whole; and
2. the sections of the annual report include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Jaco Prinsloo
Chief Executive Officer

8 September 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYLVANIA PLATINUM LIMITED

KPMG

1. OUR OPINION IS UNMODIFIED

We have audited the consolidated financial statements of Sylvania Platinum Limited ("the Group") set out on pages 38 to 85 which comprise the consolidated statement of financial position at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies in note 6.

IN OUR OPINION:

- the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 30 June 2020 and of the Group's profit for the year then ended; and
- the Group's consolidated financial statements have been properly prepared in accordance with International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISK OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an opinion on this matter.

ASSESSMENT OF THE EXPLORATION AND EVALUATION ASSETS FOR IMPAIRMENT

(Refer to note 6(k) for the accounting policies, note 4B for the significant accounting judgments, estimates and assumptions and note 14 for the notes to the consolidated financial statements)

The key audit matter	How the matter was addressed in our audit
Exploration and evaluation assets constitute a significant portion of the Group's assets, comprising 26% of the total assets of the Group. In accordance with the relevant International Financial Reporting Standards, the Group is required to perform an impairment assessment when facts and circumstances suggest that the carrying amount of the exploration and evaluation assets may exceed the recoverable amount. These facts and circumstances include when the entity has sufficient data indicating that the carrying amount of the exploration and evaluation assets are unlikely to be recovered in full from successful development or by sale. This assessment of impairment is highly subjective as there are a number of key significant and sensitive judgements applied by the directors in determining the fair value less costs of disposal or the value in use where appropriate, these judgements applied include the inflation rate, discount rate, metal prices, exchange rates and mineral resources. The directors engaged an external valuation specialist to assist with the valuation of the exploration and evaluation assets.	Our audit procedures included the following: • We assessed the competence, capabilities and objectivity of the directors' independent external valuation specialist by understanding the scope of their engagement and evaluating the appropriateness of their qualifications; • We evaluated the methodology used by the directors' independent external valuation specialist to calculate the recoverable amount for compliance with the requirements of International Financial Reporting Standards; • We evaluated the viability of the exploration and evaluation assets by challenging the key assumptions used by the directors' independent external valuation specialist to value the exploration and evaluation assets. The key assumptions were challenged to assess whether they are reasonable and supportable given the current macroeconomic climate;

The key audit matter	How the matter was addressed in our audit
Due to the significance of the exploration and evaluation assets to the consolidated financial statements, the complexity of the valuations, the significant judgments involved in this calculation and the results of the directors' independent external valuation specialist provided to the directors, the evaluation of exploration and evaluation assets for impairment is a key audit matter.	• We used our own internal valuation specialist, as part of our audit team, to assist us with challenging the discount rate used by the directors and evaluating the assumption against market data and specific risks relating to Group; • We evaluated the director's impairment assessment and challenged the assumptions used; • We subjected the key assumptions used by the directors to sensitivity analysis to confirm the reasonableness of the impairment assessment performed; • We discussed with the directors the progress on realising the values or development of the exploration and evaluation assets over the past year and plans for the future; • We inspected communications with the Department of Mineral Resources for compliance with the requirements of the mining and exploration rights; • We assessed the directors' reasons and plans to recover the carrying values of the exploration and evaluation assets; and • We evaluated the appropriateness of the IFRS 6 presentation and disclosure in respect of the directors' assessment of impairment of exploration and evaluation assets.

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the consolidated financial statements as a whole was set at US$ 1 215 000, determined with reference to a benchmark of total assets of which it represents 0.74%. We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding US$ 54 000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

We subjected the Sylvania Metals (Pty) Ltd, Phoenix Platinum Mining (Pty) Ltd, Grasvally Chrome Mine (Pty) Ltd, Zoetveld Properties (Pty) Ltd, Hacra Mining and Exploration Company (Pty) Ltd and Pan Palladium South Africa (Pty) Ltd components within the Group to full scope audits for Group purposes. The Sylvania Platinum Company and Sylvania South Africa (Pty) Ltd components within the Group were subjected to audit of specific account balance. The work was performed by the Group audit team.

The components within the scope of our work accounted for the following percentages of the group's results:

	Group profit after tax	Group total assets
Full scope audits	98%	98%

For residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

4. WE HAVE NOTHING TO REPORT ON GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or to cease their operations, and as they have concluded that the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYLVANIA PLATINUM LIMITED continued

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's available financial resources over this period were:

- Commodity prices;
- Foreign exchange rates;
- Production levels; and
- Covid 19.

As these were risks that could potentially cast significant doubt on the Group's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the directors consider they would take to improve the position should the risks materialise.

Based on this work, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

6. RESPECTIVE RESPONSIBILITIES

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements including being satisfied that they give a true and fair view; in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

WE ALSO:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of Sylvania Platinum Limited ("the Company"), as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

KPMG Inc.

Per N van Niekerk
Chartered Accountant (SA)
Registered Auditor
Director

8 September 2020

85 Empire Road
Parktown
Johannesburg 2193
South Africa

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

	Note	2020 $	2019 $
Revenue	9	114,091,745	70,537,993
Cost of sales	10(b)(c)	(48,029,654)	(44,854,637)
Gross profit		66,062,091	25,683,356
Other income	10(a)	58,123	68,788
Other expenses	10(b)(c)	(2,276,861)	(2,051,628)
Impairment of exploration and evaluation asset	14	(9,504,774)	–
Operating profit before net finance income/costs and income tax expense		54,338,579	23,700,516
Finance income	10(d)	1,916,197	1,018,607
Finance costs	10(d)	(307,756)	(324,628)
Profit before income tax expense		55,947,020	24,394,495
Income tax expense	11	(14,951,537)	(6,191,004)
Net profit for the year		40,995,483	18,203,491
Other comprehensive income/(loss)			
Items that are or may be subsequently reclassified to profit and loss:			
Foreign operations – foreign currency translation differences	20	(17,291,509)	(1,534,487)
Total other comprehensive loss (net of tax)		(17,291,509)	(1,534,487)
Total comprehensive income for the year		23,703,974	16,669,004

		Cents	Cents
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share	12	14.62	6.37
Diluted earnings per share	12	14.26	6.24

The notes on pages 42 to 85 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE

	Note	2020 $	2019 $
ASSETS			
Non-current assets			
Exploration and evaluation assets	14	42,840,775	53,405,798
Property, plant and equipment	15	30,472,227	37,676,939
Deferred tax asset	11	–	1,813,237
Other financial assets	13	226,009	556,895
Total non-current assets		73,539,011	93,452,869
Current assets			
Cash and cash equivalents	16	55,876,612	21,797,141
Trade and other receivables	17	11,912,355	7,799,312
Contract assets	9	15,161,814	23,275,665
Other financial assets	13	622,711	–
Inventories	18	2,166,294	1,827,399
Current tax receivable	24(b)	1,047	279,620
Assets held for sale	26	3,436,086	4,163,292
Total current assets		89,176,919	59,142,429
Total assets		162,715,930	152,595,298
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	19	2,868,457	2,897,248
Reserves	20	41,594,587	66,718,821
Retained earnings		96,084,007	57,946,509
Total equity		140,547,051	127,562,578
Non-current liabilities			
Borrowings	21	235,576	184,390
Provisions	22	3,646,044	3,481,232
Deferred tax liability	11	9,328,039	14,461,024
Total non-current liabilities		13,209,659	18,126,646
Current liabilities			
Trade and other payables	23	7,519,728	6,715,787
Borrowings	21	215,918	187,980
Current tax liability	24(b)	1,199,324	980
Liabilities directly associated with assets held for sale	26	24,250	1,327
Total current liabilities		8,959,220	6,906,074
Total liabilities		22,168,879	25,032,720
Total liabilities and shareholders' equity		162,715,930	152,595,298

The notes on pages 42 to 85 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE

	Issued capital $	Share premium reserve $	Reserve for own shares $	Retained earnings $	Share-based payment reserve $	Foreign currency translation reserve $	Non-controlling interest reserve $	Equity reserve $	Total equity $
Balance as at 1 July 2019	2,897,248	174,936,618	(1,046,409)	57,946,509	3,872,944	(41,523,826)	(39,779,293)	(29,741,213)	127,562,578
Profit for the year	–	–	–	40,995,483	–	–	–	–	40,995,483
Total other comprehensive loss (net of tax)	–	–	–	–	–	(17,291,509)	–	–	(17,291,509)
Total comprehensive income for the year	–	–	–	40,995,483	–	(17,291,509)	–	–	23,703,974
Share transactions									
– Treasury shares acquired	–	–	(8,544,976)	–	–	–	–	–	(8,544,976)
– Share-based payments	–	–	136,939	–	546,521	–	–	–	683,460
– Share options exercised and shares issued	–	–	481,976	–	(481,976)	–	–	–	–
– Share cancelled	(28,791)	(1,327,551)	1,356,342	–	–	–	–	–	–
Dividends declared and paid	–	–	–	(2,857,985)	–	–	–	–	(2,857,985)
Balance as at 30 June 2020	2,868,457	173,609,067	(7,616,128)	96,084,007	3,937,489	(58,815,335)	(39,779,293)	(29,741,213)	140,547,051

The notes on pages 42 to 85 form an integral part of these consolidated financial statements

The group absorbs the losses that would be attributable to the non-controlling interest (refer to note 31).

	Issued capital $	Share premium reserve $	Reserve for own shares $	Retained earnings $	Share-based payment reserve $	Foreign currency translation reserve $	Non-controlling interest reserve $	Equity reserve $	Total equity $
Balance as at 1 July 2018	2,911,337	175,137,088	(1,141,362)	41,025,586	3,567,504	(39,989,339)	(39,779,293)	(29,741,213)	111,990,308
Profit for the year	–	–	–	18,203,491	–	–	–	–	18,203,491
Total other comprehensive loss	–	–	–	–	–	(1,534,487)	–	–	(1,534,487)
Total comprehensive profit for the year	–	–	–	18,203,491	–	(1,534,487)	–	–	16,669,004
Share transactions									
– Treasury shares acquired	–	–	(119,606)	–	–	–	–	–	(119,606)
– Share-based payments	–	–	–	–	305,440	–	–	–	305,440
– Shares cancelled	(14,089)	(200,470)	214,559	–	–	–	–	–	–
Dividends declared and paid	–	–	–	(1,282,568)	–	–	–	–	(1,282,568)
Balance as at 30 June 2019	2,897,248	174,936,618	(1,046,409)	57,946,509	3,872,944	(41,523,826)	(39,779,293)	(29,741,213)	127,562,578

The notes on pages 42 to 85 form an integral part of these consolidated financial statements.

The group absorbs the losses that would be attributable to the non-controlling interest (refer to note 31).

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		112,398,238	64,476,100
Payments to suppliers and employees		(41,407,023)	(39,897,210)
Finance income		1,844,683	950,280
Finance costs		(56,309)	(70,647)
Taxation paid	24(b)	(14,756,364)	(8,092,853)
Net cash inflow from operating activities	24(a)	58,023,225	17,365,670
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		64	13,192
Purchase of property, plant and equipment		(5,200,789)	(8,040,462)
Payments for exploration and evaluation assets	14	(211,551)	(253,430)
Refund received for rehabilitation insurance guarantee		–	629,452
Advance paid to TS Consortium		(291,774)	(360,607)
Cash from consolidation of Joint Operation*		–	17,861
Assets held for sale cash		(7,915)	(4,164)
Net cash outflow from investing activities		(5,711,965)	(7,998,158)
Cash flows from financing activities			
Repayment of borrowings	25(a)	(194,611)	(147,674)
Payment of lease liabilities		(75,762)	–
Purchase of treasury shares	25(b)	(8,544,976)	(119,606)
Dividends paid		(2,853,641)	(1,290,254)
Net cash outflow from financing activities		(11,668,990)	(1,557,534)
Net increase in cash and cash equivalents		40,642,270	7,809,978
Effect of exchange fluctuations on cash held		(6,562,799)	(38,566)
Cash and cash equivalents, beginning of year		21,797,141	14,025,729
Cash and cash equivalents, end of year	16	55,876,612	21,797,141

The notes on pages 42 to 85 form an integral part of these consolidated financial statements.

**Included in cash and cash equivalents at year-end.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Sylvania Platinum Limited (Sylvania or the Company) is a limited company incorporated and domiciled in Bermuda whose shares are publicly traded on the Alternative Investment Market (AIM) of the London Stock Exchange. Sylvania's registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. These consolidated financial statements comprise the Company, its subsidiaries and investments in joint arrangements (collectively the Group).

The principal activity of the Group during the financial year was mineral retreatment projects and investment in mineral exploration. Operational focus during the financial year was concentrated on the retreatment plants.

2. BASIS OF ACCOUNTING

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). It was authorised for issue by the Company's board of directors on 8 September 2020.

Details of the Group's significant accounting policies are included in note 6.

This is the first set of the Group's annual financial statements in which IFRS 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 5.

3. FUNCTIONAL AND PRESENTATION CURRENCY

The functional and presentation currency of the Group's consolidated financial statements are in US Dollars. All amounts have been rounded to the nearest US Dollar, unless otherwise indicated.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continuously evaluated, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognised prospectively.

A. JUDGEMENTS

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- **Note 6 (e) – leases** – whether an arrangement contains a lease;
- **Note 6 (o) – assets held for sale** – whether a sale is highly probable.

B. ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- **Note 15 – impairment of property, plant and equipment –** determining the fair value of cash generating units;
- **Note 22 – provision for restoration and rehabilitation and decommissioning of plant and equipment –** in determining the provision there are numerous factors that will affect the ultimate liability payable;
- **Note 14 – exploration and evaluation assets** – determine whether future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves;
- **Note 11 – deferred tax asset** – judgement whether a deferred tax asset is created on the statement of financial position.

Note 15 – Impairment of property, plant and equipment

The Group assesses each asset or cash generating unit (CGU) at the end of each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, future capital requirements, exploration potential, closure and rehabilitation costs and operating performance. These estimates and assumptions are inherently uncertain and could change over time, which may impact the recoverable amount of assets and/or CGUs. Refer to note 15.

Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants at measurement date. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash generating units as being an individual mine site or retreatment plant, which is the lowest level for which cash inflows are largely independent of those of other assets. Refer to note 15.

KEY ASSUMPTIONS USED IN THE ASSESSMENT OF IMPAIRMENT OF ASSETS

The recoverable amounts of the Group's retreatment plants have been based on cash flow projections as at 30 June 2020. The internal financial model is based on the known and confirmed resources for each plant.

The calculation of value in use is sensitive to changes in the available resources, discount rates, commodity price and operating costs. Changes in key assumptions could cause the carrying value of assets to exceed their recoverable amounts.

Resources – The resources for each plant, including the PGM grade and expected recoveries that have been modelled are based on extensive test work, sampling and surveying. Where the useful life of a plant is possibly longer than the material currently available to be processed, alternative feed sources have been considered and the likelihood of these materialising assessed by management.

Discount rate – The discount rate reflects management's estimate of the time value of money and the risk associated with the plants. A range between 11% and 15% was used for the pre-tax discounted rate (2019: range between 10% and 12.5%).

Commodity price – The Group has used forecast commodity prices obtained from a reputable publication and these range for the years from 2021 – 2023 between $865 and $950/oz (2019: $832 and $956) for platinum,$1,735 to $1,200/oz (2019:$1,446 to $1,370) for palladium and $6,750 to $5,000/oz for rhodium (2019: $3,236 to $3,078). Sensitivities have also been run at lower prices.

Operating costs – Operating costs are calculated on a Rand/ton basis, known contractor rates and planned labour.

Exchange rates – Platinum group metals are priced in USD. The USD/ZAR exchange rate used in the discounted cash flow model ranges for the years from 2021 – 2023 between 17.75 ZAR/$1 and 18.00 ZAR/$1 (2019: 13.99 ZAR/$1 to 14.34 ZAR/$1).

Note 22 – Provision for restoration and rehabilitation and decommissioning of plant and equipment

The Group assesses its restoration and rehabilitation and decommissioning of plant and equipment provision annually. Significant estimates and assumptions are made in determining the provision as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision has been calculated by discounting the estimated gross costs of rehabilitation of $4,508,463 (2019: $3,368,519) over a period of 10 years (2019:10 years) using a discount rate of 9.22% (2019: 8.32%), which is the risk-free rate in relation to government bonds in South Africa and an inflation rate of 4.34% (2019: 4.5%).

If the change in estimate results in an increase in the restoration and rehabilitation liability and therefore an addition to the carrying value of the asset, the Group is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36.

The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Note 14 – Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether future economic benefits are likely either from future exploitation or sale for activities that have not reached a stage which permits a reasonable assessment of the existence of reserves (refer to accounting policy note 6 (j)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Note 14 – Exploration and evaluation assets continued

The determination of a Joint Ore Reserves Committee (JORC) resource or South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC) is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available that suggests that the recovery of expenditure is unlikely, the amount capitalised is written off to profit or loss in the period in which the new information becomes available.

KEY ASSUMPTIONS USED IN THE ASSESSMENT OF IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS

An impairment assessment of the exploration and evaluation assets was done based on an independent valuation by a third party. The valuations were based on the differing levels of confidence per project. The Early Stage Projects were valued using a Cost and Market comparable approach, whilst the advanced Projects were valued using a Cost, Market comparable and Discounted Cash-flow approach.

Discount rate – A range between 11% and 15% was used for the pre-tax discounted rate (2019: range between 10% and 12.5%).

Commodity price – The Group has used forecast commodity prices obtained from a reputable publication and these range for the years from 2021 – 2023 between $865 and $950/oz (2019: $832 and $956) for platinum,$1,735 to $1,200/oz (2019: $1,446 to $1,370) for palladium, $6,750 to $5,000/oz for rhodium (2019: $3,236 to $3,078) and R3,500/ton chrome (2019: R4,832/ton).

Exchange rates – Platinum group metals are priced in USD. The USD/ZAR exchange rate used in the discounted cash flow model ranges for the years from 2021 – 2023 between 17.75 ZAR/$1 and 18.00 ZAR/$1 (2019: 13.99 ZAR/$1 to 14.34 ZAR/$1).

Note 11 – Deferred tax asset

Judgement is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood and timing that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

(i) NEW STANDARDS

The Group initially applied IFRS 16 *Leases* from 1 July 2019. A number of other new standards are also effective from 1 July 2019 but they do not have a material effect on the Group's financial statements.

The Company has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported, under IAS 17 *Leases* and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. DEFINITION OF A LEASE

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease, as explained in note 6(e).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

B. AS A LESSEE

The Group leases office premises, IT equipment and motor vehicles.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for the most of these leases – i.e. these leases are on-balance sheet.

The Group has elected not to recognise right-of-use assets and lease liabilities where these leases are for low-value assets (IT equipment below the value of $5,000). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Leases classified as operating leases under IAS 17

Previously, the Group classified office premises leases and IT equipment as operating leases under IAS 17.

At transition, for the leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases for which the underlying asset is of low value when it is new.

(ii) Leases classified as finance leases under IAS 17

The Group leases a number of motor vehicles. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

C. AS A LESSOR

The Group leases out a portion of property, owned by Zoetveld Properties (Pty) Ltd, a wholly owned subsidiary, to a local farmer. The Group has classified this lease as an operating lease.

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

D. IMPACTS ON FINANCIAL STATEMENTS

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 July 2019
	$
Right-of-use assets – property	257,616
Right-of-use assets – office equipment	36,088
Right-of-use assets – plant and equipment	21,382
Lease liabilities	315,087

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The rate applied was 10.25%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES continued

(i) NEW STANDARDS continued

D. IMPACTS ON FINANCIAL STATEMENTS continued

	1 July 2019 $
Operating lease commitment at 30 June 2019 as disclosed in the Group's consolidated financial statements	349,358
Discounted using the incremental borrowing rate at 1 July 2019	315,087
Finance lease liabilities recognised as at 30 June 2019 (carrying value of $428,528)	371,891
Lease liabilities recognised at 1 July 2019	**686,978**

6. SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the holding company, using consistent accounting policies.

(ii) Non-controlling interests

Where ownership of a subsidiary is less than 100%, a non-controlling interest/s exists. The group absorbs the losses that would be attributable to the non-controlling interests. A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

(iii) Loss of control

If the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, the carrying amount of any non-controlling interest and other components of equity, including the cumulative translation differences recognised in equity. The consideration received and any investment retained is recognised at fair value and any resulting surplus or deficit is recognised in profit or loss. The holding company's share of the components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate.

(iv) Joint arrangements

Under IFRS 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. A joint arrangement is classified as a joint operation, when the jointly controlling parties, known as the 'joint operators', have rights to the assets and obligations for the liabilities relating to the arrangement.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of the jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

(v) Transactions eliminated on consolidation

All intra-group balances, transactions and any unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

(b) REVENUE RECOGNITION

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from contracts with customers

Revenue is recognised when the control of the goods has passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Control of ownership are considered to pass to the customer at the time of delivery of the goods to the customer.

For PGM concentrate sales, the sales are initially recognised at the date of delivery. Adjustments to the sales price occur based on movements in the metal market price up to the date of final pricing. Final pricing is based on the monthly average market price in the month prior to the month of settlement. The period between initial recognition and final pricing is typically four months. Revenue is initially recorded at the estimated fair value of the consideration receivable.

The revenue adjustment mechanism embedded within sales arrangements has the characteristics of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value recognised as an adjustment to revenue in profit or loss and contract assets in the statement of financial position. In all cases, fair value is determined with reference to month end prices.

(c) INTEREST INCOME

For all financial assets measured at amortised cost interest income is recorded using the effective interest method. The 'effective interest rate' (EIR) is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

(d) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(e) LEASES

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group uses the definition of a lease in IFRS 16.

The policy is applied to contracts entered into, on or after 1 July 2019.

Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

6. SIGNIFICANT ACCOUNTING POLICIES continued

(e) LEASES continued

Group as a lessee continued

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'borrowings' in the statement of financial position.

Leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases which the underlying asset value is $5,000 and below when it is new. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Other Income'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset.

Group as a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

Group as a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease.

(f) EMPLOYEE BENEFITS

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave due to be settled wholly within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(g) SHARE-BASED PAYMENT TRANSACTIONS

Equity settled transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares (equity-settled transactions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The charge or credit recognised in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

The Group does not subsequently reverse the amount recognised for services received from an employee if the vested equity instruments are later forfeited, except for awards where vesting is only conditional upon a market condition or non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Where an award is settled net of withholdings tax and the number of equity instruments equal to the monetary value of the tax obligation is withheld, the entire transaction is classified as equity settled. The payments made are accounted for as a deduction from equity except to the extent that the payment exceeds the fair value of the equity instruments withheld.

The dilutive effect of outstanding shares and bonus shares issued is reflected as additional share dilution in the computation of earnings per share (refer note 12).

(h) FOREIGN CURRENCY TRANSLATION

The functional and presentation currency of the Group's consolidated financial statements are in US dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency by applying the exchange rates ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All resulting exchange differences are taken to profit and loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

6. SIGNIFICANT ACCOUNTING POLICIES continued

(h) FOREIGN CURRENCY TRANSLATION continued

Group companies

As at the reporting date on consolidation, the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and their statements of comprehensive income are translated at the weighted average exchange rate for the year. The exchange differences arising on the translation for consolidation are recognised in other comprehensive income.

Monetary assets and liabilities that are receivable from or payable to a foreign subsidiary and for which settlement is neither planned nor likely to occur in the foreseeable future, forms part of the net investment in a foreign operation and the resulting exchange differences are recognised in other comprehensive income. The repayment of such a balance is not considered to be a partial disposal and the cumulative exchange differences recognised in other comprehensive income is not reclassified to profit or loss, until the foreign entity is disposed of.

(i) INCOME TAX

Income tax expense comprise current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income.

Current tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all taxable temporary differences, except:

- temporary differences on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled by the holding company or investor and it is probable that the temporary differences will not reverse in the foreseeable future; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are recognised for the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Royalties, resource rent taxes and revenue-based taxes

Royalties, resource rent taxes and revenue-based taxes are accounted for under IAS 12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income – rather than based on quantity produced or as a percentage of revenue – after adjustment for temporary differences. For such arrangements, current and deferred income tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements that do not satisfy these criteria are recognised as current liabilities and included in expenses.

(j) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of finance leases is also included within property, plant and equipment.

Upon completion of construction, the assets are transferred into property, plant and equipment or properties. When a construction project moves into the production stage, the capitalisation of certain construction costs cease and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to property, plant and equipment.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows (for the current and comparative periods):

- property – five years
- mining property – ten years
- plant – ten years
- leasehold improvements – three years
- computer equipment and software – three years
- furniture and fittings – six years
- office equipment – five years
- equipment – five years
- motor vehicles – five years
- construction in progress – not depreciated

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period, and adjusted prospectively if appropriate.

Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the replacement item will flow to the Group, the expenditure is capitalised.

Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other day to day maintenance costs are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

6. SIGNIFICANT ACCOUNTING POLICIES continued

(k) EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation activity involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred when the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, gathering exploration data through geophysical studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Where a decision has been made to proceed with development in respect of a particular area of interest and once JORC or SAMREC compliant reserves are established, the relevant exploration and evaluation assets are tested for impairment and the balance is then transferred to mine 'construction in progress'. No amortisation is charged during the exploration and evaluation phase.

Upon transfer of 'exploration and evaluation assets' into 'construction in progress', all subsequent directly attributable expenditure on the construction, installation or completion of infrastructure facilities is capitalised.

(l) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset (or cash-generating unit (CGU)) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. Impairment losses are allocated to reduce the carrying amounts of the assets in the CGU on a *pro rata* basis.

Impairment losses of continuing operations, including impairment of inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. An impairment loss in respect of goodwill is not reversed.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

(m) FINANCIAL INSTRUMENTS

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

6. SIGNIFICANT ACCOUNTING POLICIES continued

(m) FINANCIAL INSTRUMENTS continued

Financial assets – Business model assessment continued

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payment of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Impairment

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- trade receivables, contract assets; and
- bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for other receivables are measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers the bank balances to have low credit risk when the banks credit risk rating is equivalent to P-3 or higher per Moody Investor Service.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

6. SIGNIFICANT ACCOUNTING POLICIES continued

(m) FINANCIAL INSTRUMENTS continued

Presentation of allowance for ECL in the statement of financial position continued

Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(n) INVENTORIES

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- raw materials – purchase cost on a first-in, first-out basis; and
- finished goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(o) PROVISIONS

Where applicable, provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation provision

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development/construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognised in profit or loss as a finance cost. Changes in rehabilitation costs relating to the asset will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Additional disturbances as a result of producing inventories are treated as a cost of producing inventories and recognised in profit or loss when sold.

For closed sites, changes to estimated costs are recognised immediately in profit or loss.

(p) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include notes and coins on hand, restricted balances held with Standard Bank and highly liquid financial assets with original maturities three months or less, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(q) ASSETS HELD FOR SALE

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, property, plant and equipment are no longer amortised or depreciated.

(r) ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares (employee share plan shares) are deducted from equity and no gain or loss is recognised in profit and loss on purchase, sale, issue or cancellation of the Group's own equity instruments.

(s) EARNINGS PER SHARE

Basic earnings per share is calculated as net profit or loss attributable to members of the holding company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares.

Diluted earnings per share are calculated as net profit or loss attributable to members of the holding company, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares,
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

7. NEW STANDARDS AND INTERPRETATIONS

FUTURE ACCOUNTING STANDARDS

Certain IFRSs and IFRICs have recently been issued or amended but are not yet effective and have not been adopted by the Group as at the annual reporting period ended on 30 June 2020. None of these are expected to have a significant impact on the Group' consolidated financial statements, with possible exceptions described below.

Reference	Title	Summary	Application date of standard	Application date for Group
Amendments to References to Conceptual Framework in IFRS Standards	Framework	The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes: • A new chapter on measurement; • Guidance on reporting financial performance; • Improved definitions of an asset and a liability, and guidance supporting these definitions; and • Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. Although we expect this to be rare, some companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs. The amendment to the Framework is not expected to have a significant impact on the Group's consolidated financial statements.	1 January 2020	1 July 2020

Reference	Title	Summary	Application date of standard	Application date for Group
Amendments to IAS 1 and IAS 8	Definition of Material	The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework. The changes in Definition of Material all relate to a revised definition of 'material' which is quoted below from the final amendments: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The Board has also removed the definition of material omissions or misstatements from IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments to these standards are not expected to have a significant impact on the Group's consolidated financial statements.	1 January 2020	1 July 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

8. SEGMENT REPORTING

SEGMENT INFORMATION

For management purposes the chief operating decision maker, being the Board of Directors of Sylvania Platinum Limited ("Board"), reports its results in the following segments:

- Sylvania Dump Operations (SDO) which includes the Six operational plants;
- an open cast mining exploration project and a Northern Limb exploration project, which are both currently in the exploration phase;
- all other segments which includes corporate or unallocated expenditure.

Decision making by the Board is based on evaluating the operating plants as a group. Segment performance is evaluated on PGM ounce production and operating costs. The following items are not allocated to any segment as they are not considered to be part of the core operations of any segment:

- finance costs; and
- unallocated expenses.

The following tables present revenue and profit information and certain asset and liability information regarding reportable segments for the years ended 30 June 2020 and 30 June 2019.

	Reportable segments			
	SDO $	Exploration projects $	All other segments $	Consolidated $
2020				
Segment assets	104,077,553	48,776,628	9,861,749	162,715,930
Capital expenditure*	26,059,064	45,248,102	2,005,836 (a)	73,313,002
Other assets	78,018,489**	3,528,526	7,855,913 (b)	89,402,928
Segment liabilities	11,244,157	8,257,398	2,667,324 (c)	22,168,879
Segment revenue	114,091,745	–	1,916,197	116,007,942
Net profit for the year after tax	47,232,965	(5,431,299)	(806,183)(d)	40,995,483
Included within the segment results:				
Depreciation	5,417,225	–	189,096	5,606,321(e)
Direct operating costs	42,423,333	–	–	42,423,333(f)
Impairment of exploration and evaluation assets	–	9,504,774	–	9,504,774
Other items:				
Income tax expense	19,018,222	(4,073,475)	6,790	14,951,537
Capital expenditure additions during the year	4,822,840	216,683	645,273	5,684,796

* *Capital expenditure consists of property, plant and equipment and exploration and evaluation assets.*

** *Other assets consist of trade receivables $11,248,911, contract assets $15,161,814, cash and cash equivalents $49,128,527, inventory $2,166,294 and other receivables $312,943.*

	Reportable segments			
	SDO	Exploration	All other segments	Consolidated
	$	$	$	$
2019				
Segment assets	81,619,891	60,590,455	10,384,952	152,595,298
Capital expenditure*	32,619,048	56,348,986	2,114,703 (a)	91,082,737
Other assets	49,000,843**	4,241,469	8,270,249 (b)	61,512,561
Segment liabilities	11,894,760	12,458,310	679,650 (c)	25,032,720
Segment revenue	70,537,993	–	1,018,607	71,556,600
Net profit for the year after tax	19,677,724	(3,596)	(1,470,637)(d)	18,203,491
Included within the segment results:				
Depreciation	6,310,567	–	181,770	6,492,337(e)
Direct operating costs	38,362,300	–	–	38,362,300(f)
Other items:				
Income tax expense	6,187,401	3,596	7	6,191,004
Capital expenditure additions during the year	8,429,782	253,430	328,835	9,012,047

* *Capital expenditure consists of property, plant and equipment and exploration and evaluation assets.*

** *Other assets consist of trade receivables $6,628,720, contract assets $23,275,665, cash and cash equivalents $14,548,307, other receivables $2,456,301 and tax assets $2,091,850.*

	2020	2019
	$	$
Major items included in corporate/unallocated		
(a) Capital expenditure		
Property, plant and equipment	**2,005,836**	2,114,703
	2,005,836	2,114,703
(b) Other assets		
Cash and cash equivalents	**6,659,311**	7,169,118
Current tax asset	**1,047**	1,346
Other financial assets	**848,720**	556,895
Other receivables	**346,835**	542,890
	7,855,913	8,270,249
(c) Liabilities		
Borrowings	**219,108**	80,007
Other	**–**	3,841
Trade payables	**2,448,216**	595,802
	2,667,324	679,650

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

8. SEGMENT REPORTING continued

SEGMENT INFORMATION continued

	2020 $	2019 $
(d) Unallocated income and expenses		
Administrative salaries and wages	**1,385,399**	1,333,173
Auditors' remuneration	**104,505**	121,030
Consulting fees	**105,613**	130,353
Depreciation	**328,672**	230,997
Finance income	**(1,916,197)**	(1,018,607)
Finance costs	**307,756**	324,628
Foreign exchange loss	**10,877**	22,641
Forgiveness of debt	**–**	37,806
Legal expenses	**39,906**	53,648
Other income	**(58,123)**	(49,825)
Overseas travelling expenses	**136,194**	170,866
Premises leases	**–**	72,725
Profit on disposal of property, plant and equipment	**(64)**	(11,947)
Share-based payments	**512,198**	305,440
Income tax expense	**6,790**	3,603
VAT write off	**96,698**	–
Other	**(254,041)**	(255,894)
	806,183	1,470,637
Reconciliations of total segment amounts to corresponding amount for the Group		
(e) Depreciation		
Included within cost of sales	**5,606,321**	6,492,337
Included within general and administrative costs	**139,576**	49,226
	5,745,897	6,541,563
(f) Cost of sales		
Direct operating costs	**42,423,333**	38,362,300
Depreciation	**5,606,321**	6,492,337
	48,029,654	44,854,637
Total segment revenue		
Revenue	**114,091,745**	70,537,993
Finance income	**1,916,197**	1,018,607
Total segment revenue	**116,007,942**	71,556,600

Revenue from external customers by geographical location is detailed below. Revenue is attributed to geographic location based on the location of the customers. The Group does not have external revenues from external customers that are attributable to any foreign country other than as shown.

	2020 $	2019 $
Revenue generated in South Africa	**114,091,745**	70,537,993
Finance income by geographical location is detailed below:		
Mauritius	**80,262**	105,992
South Africa	**1,835,935**	912,615
Total finance income	**1,916,197**	1,018,607
Total revenue	**116,007,942**	71,556,600
The sales of concentrate are to two customers. Revenue is split according to customer as detailed below:		
Customer 1	**105,806,325**	66,832,586
Customer 2	**8,285,420**	3,705,407
	114,091,745	70,537,993
Analysis of location of non-current assets:		
South Africa	**73,539,011**	93,452,869
Total non-current assets	**73,539,011**	93,452,869

9. REVENUE

	2020 $	2019 $
Revenue from contracts with customers	114,091,745	70,537,993
Contract balances		
Contract assets	15,161,814	23,275,665
Trade receivables	11,380,891	7,045,750
Reconciliation of contract assets:		
Balance at beginning of financial year	23,275,665	18,825,058
Movements during the year	(4,351,328)	4,913,406
Foreign currency movements	(3,762,523)	(462,799)
Closing balance at end of financial year	15,161,814	23,275,665

The contract assets relate to the Group's right to consideration for PGM ounces delivered but not billed at the reporting date. The contract assets are transferred to receivables when an invoice is issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

10. INCOME AND EXPENSES

	2020 $	2019 $
(a) **Other income**		
Scrap sales	14,137	16,849
Recoveries	–	7,045
Rent received	43,986	44,894
	58,123	68,788
(b) **Cost of sales and other expenses**		
Includes the following specific expenses:		
Included in cost of sales:		
Depreciation – property, plant and equipment	5,606,321	6,492,337
Write-off of property, plant and equipment	9,981	–
Included in other expenses:		
Consulting	105,613	129,976
Depreciation – property, plant and equipment	139,576	49,227
Lease payments	6,633	86,948
Foreign exchange loss	10,877	22,641
Profit on sale of property, plant and equipment	–	(11,946)
(c) **Staff costs**		
Salaries and wages included in cost of sales	15,729,096	13,965,908
Salaries and wages included in other expenses	1,385,399	1,333,173
Share-based payments included in other expenses	546,521	305,440
	17,661,016	15,604,521
(d) **Net finance income**		
Interest income on other financial assets	71,514	56,522
Interest on cash and cash equivalents	1,844,683	962,085
Finance income	1,916,197	1,018,607
Interest expense on borrowings	(31,382)	(35,414)
Unwinding of discount on rehabilitation provision	(215,688)	(225,720)
Interest on leases	(26,803)	–
Other interest paid	(33,883)	(63,494)
Finance costs	(307,756)	(324,628)
Net finance income	1,608,441	693,979

11. INCOME TAX EXPENSE

	2020 $	2019 $
Income tax recognised in profit or loss		
Current tax:		
Current year tax	16,338,331	7,414,749
Recognition in respect of current income tax of previous year	(4,542)	414,196
Deferred tax:		
Relating to recognition, origination and reversal of temporary differences	(1,340,042)	(377,621)
Recognition in respect of deferred tax of previous year	(42,210)	(1,260,320)
Total tax expense	14,951,537	6,191,004
The prima facie income tax expense on pre-tax accounting profit or loss from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting profit before income tax	55,947,020	24,394,495
Tax expense at rate of 28%	15,665,166	6,830,458
Non-deductible expenses	4,003,090	79,650
Deferred tax asset not recognised on impairment	(4,073,474)	–
Adjustment in respect of the prior year	(46,752)	(846,124)
Benefit of tax losses and temporary differences not brought to account	87,302	127,020
Assessed loss utilised not previously recognised	(683,795)	–
Income tax expense	14,951,537	6,191,004

Sylvania Platinum Limited is a Bermudan incorporated company and has no tax liability under that jurisdiction with respect to income derived.

The tax rate used in the above reconciliation is the corporate tax rate of 28% payable by South African entities on taxable profits under South African tax law.

	2020 $	2019 $
Deferred tax assets comprise:		
Unrealised gains and losses on foreign exchange	(4,497,670)	(3,665,524)
Rehabilitation provision	(825,616)	(736,749)
Other temporary differences	(476,215)	(932,701)
Deferred tax liabilities comprise:		
Exploration and evaluation assets	7,512,883	11,586,357
Property, plant and equipment	7,571,913	6,333,814
Other temporary differences	42,744	62,590
Deferred tax liabilities net	9,328,039	12,647,787
Deferred tax recognised in the Statement of Financial Position		
Deferred tax asset	–	1,813,237
Deferred tax liability	(9,328,039)	(14,461,024)
Deferred tax liabilities net	(9,328,039)	(12,647,787)

The Group has estimated tax losses arising in South Africa of $4,502,186 (2019: $5,156,658) and unredeemed capital expenditure of $9,189,038 (2019: $10,218,769) that are available indefinitely for offset against future taxable profits of the company in which the losses arose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

11. INCOME TAX EXPENSE continued

	2020 $	2019 $
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Exploration and evaluation assets	774,756	922,375
Unrealised gains and losses on foreign exchange	2,814,253	2,275,340
Tax losses	1,266,634	1,447,481
Other	82,496	63,487
	4,938,139	4,708,683

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because of the uncertainty of the timing of probable future taxable profits which will be utilised.

Reconciliation of deferred tax assets/(liabilities):

	Opening balance $	Charged to profit or loss $	Exchange differences $	Closing balance $
2020				
Other temporary differences	870,110	(385,545)	(51,094)	433,471
Rehabilitation provision	736,749	244,442	(155,575)	825,616
Unrealised gains and losses on foreign exchange	3,665,525	–	832,146	4,497,671
Property, plant and equipment	(6,333,814)	(2,550,118)	1,312,019	(7,571,913)
Exploration and evaluation assets	(11,586,357)	4,073,473	–	(7,512,884)
	(12,647,787)	1,382,252	1,937,496	(9,328,039)
2019				
Other temporary differences	400,264	284,810	185,036	870,110
Rehabilitation provision	787,513	(30,040)	(20,724)	736,749
Unrealised gains and losses on foreign exchange	3,917,025	46,284	(297,784)	3,665,525
Property, plant and equipment	(7,832,503)	1,336,887	161,802	(6,333,814)
Exploration and evaluation assets	(11,598,513)	–	12,156	(11,586,357)
	(14,326,214)	1,637,941	40,486	(12,647,787)

12. EARNINGS PER SHARE

	2020 Cents per share	2019 Cents per share
Basic earnings per share	**14.62**	6.37
Diluted earnings per share	**14.26**	6.24

	$	$
Reconciliation of earnings used in calculating earnings per share		
Earnings attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**40,995,483**	18,203,491
Earnings attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**40,995,483**	18,203,491

	2020 Number of shares	2019 Number of shares
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**280,414,655**	285,820,158
Effect of dilution:		
Share options and bonus shares	**7,157,607**	5,976,644
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**287,572,262**	291,796,802

206,958 shares were bought back in accordance with the Share Buyback Programme between the reporting date and the date of authorisation of these financial statements.

13. OTHER FINANCIAL ASSETS

	2020 $	2019 $
Loans and receivables		
Loans receivable (a)	**622,711**	556,895
Rehabilitation debtor (b)	**226,009**	–
Balance at the end of the financial year	**848,720**	556,895
Non-current asset	**226,009**	556,895
Current assets	**622,711**	–
	848,720	556,895

(a) Loans receivable consist of a loan granted to TS Consortium by Sylvania South Africa (Pty) Ltd. The loan is unsecured, bears interest at 7% per annum and is repayable on demand.

(b) Contribution paid to the host mine for rehabilitation purposes. The debtor is ZAR denominated and was translated at a spot rate of ZAR17.21:$1 (2019: ZAR14.12:$1). The rehabilitation debtor was re-classified from a current receivable to non-current during the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

14. EXPLORATION AND EVALUATION ASSETS

	Mineral rights $	Deferred exploration expenditure $	Total $
2020			
Balance at beginning of financial year	–	53,405,798	53,405,798
Foreign currency movements	–	(1,175,266)	(1,175,266)
Direct expenditure for the year	–	211,615	211,615
Impairment	–	(9,504,774)	(9,504,774)
Assets held for sale	–	(96,598)	(96,598)
Balance at end of financial year	–	42,840,775	42,840,775

	Mineral rights $	Deferred exploration expenditure $	Total $
2019			
Balance at beginning of financial year	2,541,589	54,855,667	57,397,256
Foreign currency movements	(66,061)	(190,676)	(256,737)
Direct expenditure for the year	55,875	197,555	253,430
Assets held for sale	(2,531,403)	(1,456,748)	(3,988,151)
Balance at end of financial year	–	53,405,798	53,405,798

Ultimate recovery of exploration and evaluation expenditure carried forward is dependent upon the recoupment of costs through successful development and commercial exploitation, or alternatively, by sale of the respective areas.

The Northern limb projects comprise Hacra and Aurora (Pan Palladium ("PPD")) PGM and Base Metal mining projects for which Mining Rights for PGMs and Base Metals have been awarded.

Historically the intention was that these projects would have been linked to the original Volspruit project in order to benefit from economies of scale and the envisaged downstream concentrate smelting and refining infrastructure that formed part of the Volspruit project scope at the time. However, based on the significant capital requirement for downstream smelting and refining infrastructure and considering respective local and global economic risks, the Company is considering alternative strategies which would involve lower risk and less capital-intensive options of developing these assets.

The Board believes that both Hacra and Aurora hold value, whether it is through future development or sale. However, based on the current information available, the Board have taken a conservative approach and made the decision to impair $9,504,774 on the Aurora project in line with its fair value. The fair value was determined using the market comparable approach and was categorised as a Level 1 fair value according to IFRS 13 Fair value measurement.

The Hacra Mining Right covers both a relatively low-grade Platreef asset and a more attractive small portion of the Waterberg reef to the North of this property, which is bordering the Platinum Group Metals (PTM) Waterberg Mining Project. The Board believe Hacra has greater potential value and are encouraged by the results published by PTM.

Specialist consultants have been appointed to assist Sylvania in evaluating the respective resources and exploring the economic potential of these deposits through a step plan strategy with the view to possibly upgrading the mineral resource either for development or sale.

15. PROPERTY, PLANT AND EQUIPMENT

	Property $	Mining property $	Construction in progress $	Plant $	Equipment $	Leasehold improvements $	Computer equipment and software $	Furniture and fittings $	Office equipment $	Motor vehicles $	Total $
2020											
At 1 July 2019											
Cost	3,063,796	2,323,263	4,193,099	78,193,987	784,159	42,489	560,176	109,383	117,358	1,017,695	90,405,405
Accumulated depreciation	(106,938)	(1,975,977)	–	(48,845,895)	(580,794)	(20,951)	(445,210)	(92,842)	(91,005)	(568,854)	(52,728,466)
Net carrying value	2,956,858	347,286	4,193,099	29,348,092	203,365	21,538	114,966	16,541	26,353	448,841	37,676,939
Year ended 30 June 2020											
Opening net carrying value	2,956,858	347,286	4,193,099	29,348,092	203,365	21,538	114,966	16,541	26,353	448,841	37,676,939
Recognition of Right-of-use asset on initial application of IFRS 16 at 1 July 2019	257,616	–	–	21,383	–	–	–	–	36,088	–	315,087
Exchange differences	(568,862)	(62,336)	(811,245)	(5,240,435)	(30,873)	(3,644)	(20,406)	(2,760)	(11,375)	(76,150)	(6,828,086)
Additions	3,347	–	394,098	4,473,601	–	2,911	56,187	6,762	36,056	107,560	5,080,522
Disposals	–	–	–	(13,614)	–	–	–	–	–	(12,724)	(26,338)
Depreciation charge	(85,562)	–	–	(5,353,550)	(58,994)	(5,232)	(58,603)	(8,958)	(33,908)	(141,090)	(5,745,897)
Closing net carrying value	2,563,397	284,950	3,775,952	23,235,477	113,498	15,573	92,144	11,585	53,214	326,437	30,472,227
At 30 June 2020											
Cost	2,755,897	2,260,927	3,775,952	77,405,373	753,286	41,756	595,957	113,385	178,127	1,015,912	88,896,572
Accumulated depreciation	(192,500)	(1,975,977)	–	(54,169,896)	(639,788)	(26,183)	(503,813)	(101,800)	(124,913)	(689,475)	(58,424,345)
Net carrying value	2,563,397	284,950	3,775,952	23,235,477	113,498	15,573	92,144	11,585	53,214	326,437	30,472,227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

15. PROPERTY, PLANT AND EQUIPMENT continued

	Property $	Mining property $	Construction in progress $	Plant $	Equipment $	Leasehold improvements $	Computer equipment and software $	Furniture and fittings $	Office equipment $	Motor vehicles $	Total $
2019											
At 1 July 2018											
Cost	3,122,668	2,385,550	7,207,543	67,934,702	723,685	21,633	470,206	104,439	110,512	835,065	82,916,003
Accumulated depreciation	(90,442)	(1,799,499)	–	(42,817,350)	(534,071)	(21,141)	(411,588)	(85,869)	(85,495)	(493,555)	(46,339,010)
Net carrying value	3,032,226	586,051	7,207,543	25,117,352	189,614	492	58,618	18,570	25,017	341,510	36,576,993
Year ended 30 June 2019											
Opening net carrying value	3,032,226	586,051	7,207,543	25,117,352	189,614	492	58,618	18,570	25,017	341,510	36,576,993
Exchange differences	(79,151)	(16,498)	(206,361)	(628,732)	(4,764)	100	(1,221)	(493)	(643)	(8,294)	(946,057)
Additions	22,540	–	2,309,914	5,928,295	108,004	21,307	106,095	7,630	9,594	245,238	8,758,617
Re-classification	–	–	(5,117,997)	4,966,617	–	–	(1,449)	–	1,449	–	(151,380)
Disposals	–	–	–	(426)	–	–	(819)	–	–	–	(1,245)
Assets for sale	–	–	–	(2,218)	(16,208)	–	–	–	–	–	(18,426)
Depreciation charge	(18,757)	(222,267)	–	(6,032,796)	(73,281)	(361)	(46,258)	(9,166)	(9,064)	(129,613)	(6,541,563)
Closing net carrying value	2,956,858	347,286	4,193,099	29,348,092	203,365	21,538	114,966	16,541	26,353	448,841	37,676,939
At 30 June 2019											
Cost	3,063,796	2,323,263	4,193,099	78,193,987	784,159	42,489	560,176	109,383	117,358	1,017,695	90,405,405
Accumulated depreciation	(106,938)	(1,975,977)	–	(48,845,895)	(580,794)	(20,951)	(445,210)	(92,842)	(91,005)	(568,854)	(52,728,466)
Net carrying value	2,956,858	347,286	4,193,099	29,348,092	203,365	21,538	114,966	16,541	26,353	448,841	37,676,939

LEASED ASSETS

Motor vehicles include the following amounts where the Group is a lessee under a finance lease:

	2020 $	2019 $
Motor vehicles		
Cost	455,791	692,472
Accumulated depreciation	(182,474)	(289,557)
	273,317	402,915

During the year, the Group acquired under finance lease motor vehicles with a carrying amount of $95,012 (2019: $ 205,176).

BORROWING COSTS

No borrowing costs have been capitalised during the year.

NON-CURRENT ASSETS PLEDGED AS SECURITY

Leased assets are pledged as security for the related finance lease liability (refer to note 21). No other non-current assets are pledged as security for any liabilities.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Given the constant pressure on the platinum price and the effects of COVID-19 on the markets, the directors performed an impairment assessment of the Group's property, plant and equipment at year end. No impairment was considered necessary in the current year. Refer to note 4B.

COMMITMENTS FOR PLANT CONSTRUCTION

At 30 June 2020, commitments signed for continued improvements of the plants were $850,789 (2019: $621,941).

CHANGE IN ESTIMATES

During the year management was informed of the extension of the mining rights of the host mines. As the Group's production is linked to the current arisings and the dump material from the host mine operations, management feels it is prudent to align the useful life of the plants to that of the mining rights given the Service and Supply contract with the host mine grants the Group the right to process all the current tailings as well as certain new mine tailings should they be developed. However, the extended mine rights must be considered in conjunction with the resources available (including the historical dumps) and the closure of certain host mines to ensure that the new expected useful life is the best estimate. As a result, the expected useful life of the plant will be ten years from 1 July 2020. The change in the estimate will result in an estimated increase in profit of $1,816,360 for the 2021 financial year.

FULLY DEPRECIATED ASSETS

Plant with a gross carrying amount of $26,318,523 is fully depreciated but still in use.

16. CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank and on hand	13,267,984	8,893,037
Short-term deposits	41,824,988	11,926,683
Short-term deposits – restricted cash	791,554	981,585
Assets held for sale	(7,914)	(4,164)
	55,876,612	21,797,141

Cash at banks earns interest at floating rates on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is $55,876,612 (2019: $21,797,141).

At 30 June 2020, the Group had $1,665,011 (2019: $2,029,252) of undrawn borrowing facilities available.

The Group only deposits cash surpluses with major banks of high-quality credit standing.

The Group has pledged part of its short-term deposits with a carrying value of $766,025 (2019: $981,585) in order to fulfil collateral requirements for the guarantees held below.

Bank guarantees are held as follows:

	2020 $	2019 $
Eskom	695,126	847,193
The Department of Mineral Resources	42,891	52,274
Growthpoint	21,708	26,923

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

17. TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Trade receivables	11,380,891	7,045,750
Other receivables	546,621	870,683
Assets held for sale	(15,157)	(117,121)
	11,912,355	7,799,312

Trade receivables are due from major minerals mining and processing companies. None of the amounts are past due or impaired.

Other receivables are non-interest bearing and are generally on 30–90-day terms. No other receivables are past due nor impaired.

18. INVENTORIES

	2020 $	2019 $
Stores and materials	2,166,294	1,827,399
	2,166,294	1,827,399

Inventories of $2,392,594 (2019: $2,448,629) were recognised as an expense during the current year and included in cost of sales.

STORES AND MATERIALS

Critical spares and consumables are held in stock for engineering breakdowns.

19. ISSUED CAPITAL

AUTHORISED CAPITAL

	2020 No of shares	2020 $	2019 $
Ordinary shares with a par value of $0.01	1,000,000,000	10,000,000	10,000,000

ISSUED CAPITAL

	2020 No of shares	2019 No of shares	2020 $	2019 $
Share capital				
Ordinary shares				
Ordinary shares fully paid	286,845,657	289,724,772	2,868,457	2,897,248

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the holding company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds on liquidation.

MOVEMENTS IN ORDINARY SHARE CAPITAL

Date	Details	Number of shares	$
1 July 2019	Opening balance	289,724,772	2,897,248
	Cancellation of shares [1]	(2,879,115)	(28,791)
30 June 2020	Closing balance	286,845,657	2,868,457
1 July 2018	Opening balance	291,133,661	2,911,337
	Cancellation of shares	(1,408,889)	(14,089)
30 June 2019	Closing balance	289,724,772	2,897,248

[1] *2,879,115 shares were cancelled out of treasury.*

On 3 March 2020, the Company announced a Share Buyback Programme (the "Share Buyback Programme"). The purpose of the Programme was to facilitate the sale of shares held by small non-UK shareholders prohibited from doing so by the cost and administrative burden of trading certificated shares outside of the UK. Sylvania's Board approved a programme to offer to buy back up to 1,650,339 shares where the individual shareholding is no more than 175,000 ordinary shares and is in certificated format. The Company repurchased these shares at A$0.9195. The closing date for the Share Buyback Programme was 30 June 2020. The Programme has been extended to 30 September 2020.

The table below shows the movement in the treasury share account for the year. The shares are being held to be issued as bonus shares to senior management in recognition of the achievement of performance criteria. Refer to note 27 for further details.

Date	Number of shares
Opening balance at 1 July 2019	4,209,635
Shares purchased	14,265,848
Shares purchased through Share Buyback Programme	671,947
Shares cancelled	(2,879,115)
Share options exercised and shares issued to directors	(1,275,000)
Closing balance as at 30 June 2020	14,993,315

20. RESERVES

NATURE AND PURPOSE OF RESERVES

- **Reserve for own shares**

The reserve comprises the cost of the Company's shares held by the Group as treasury shares. Refer to notes 19 and 27 for further details.

- **Foreign currency translation reserve**

The foreign currency translation reserve comprises the exchange differences arising from the translation of financial statements of foreign controlled entities.

- **Share-based payment reserve**

This reserve comprises the value of equity benefits provided to employees, consultants and directors as part of their remuneration. Refer note 27.

- **Non-controlling interests reserve**

This reserve comprises the differences between the carrying value of non-controlling interests and the consideration paid/received, where there has been a transaction involving non-controlling interests that do not result in a loss of control.

- **Equity reserve**

This reserve arises from the reinstatement of the recyclable reserves in the former holding company (Sylvania Resources Proprietary Limited) as at the date of the insertion of Sylvania Platinum Limited as the ultimate holding company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

21. BORROWINGS

	Future minimum lease payments due $	Finance charges $	Present value of minimum lease payments due $
At 30 June 2020			
Lease liabilities			
Due within one year	**235,629**	**(19,711)**	**215,918**
Due between one and five years	**262,093**	**(26,517)**	**235,576**
	497,722	**(46,228)**	**451,494**
At 30 June 2019			
Finance lease liabilities			
At 30 June 2019			
Due within one year	207,252	(19,272)	187,980
Due between one and five years	209,900	(25,510)	184,390
	417,152	(44,782)	372,370

Finance lease liabilities are secured over various motor vehicles and are repayable in monthly instalments of $12,959 (2019: $18,918) and bear interest at rates varying between 7.50% and 8.25% (2019:10% and 10.75%) p.a. Refer to note 15 for further detail on non-current assets pledged as security.

22. PROVISIONS

	2020 $	2019 $
Rehabilitation provision	**3,646,044**	3,481,232
Movement in provision		
Balance at beginning of financial year	**3,481,232**	3,685,257
Foreign currency movements	**(708,195)**	(96,799)
Unwinding of discount factor	**215,688**	225,720
Change in estimate	**657,319**	(332,946)
Balance at end of financial year	**3,646,044**	3,481,232

Provision is made for the present value of closure, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the reporting date. These estimates are reviewed regularly to take into account any material changes to the assumptions (refer note 4B). However, actual costs will ultimately depend on future market prices for the rehabilitation work required.

Rehabilitation is performed and paid for on an on-going basis as mining properties are depleted. The majority of the rehabilitation will be undertaken progressively over the life of the mine during the depletion of each respective mining property. It is expected that the life of each mine could vary therefore, the timing of rehabilitation work is inherently uncertain.

23. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables	**2,698,755**	3,070,766
Accrued expenses	**3,733,067**	3,247,602
Other trade payables*	**1,112,156**	398,746
Liabilities directly associated with assets held for sale	**(24,250)**	(1,327)
	7,519,728	6,715,787

**Other trade payables mainly consist of Value Added Tax ("VAT") payable on trade receivables. Due to the increase in trade receivables the VAT increased.*

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, predominately payable in ZAR and located in South Africa.

24. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2020 $	2019 $
(a) Reconciliation of profit before tax to net cash flow from operating activities		
Profit before income tax expense	**55,947,020**	24,394,495
Adjusted for:		
Profit on sale of property, plant and equipment	**(64)**	(13,192)
Write-off of property, plant and equipment	**(9,981)**	–
Impairment of exploration and evaluation asset	**9,504,774**	–
Realised foreign exchange loss	**10,877**	–
Finance income	**(1,916,197)**	(1,018,607)
Finance costs	**307,756**	324,628
Depreciation	**5,745,896**	6,541,565
Rehabilitation provisions	**1,098,613**	(643,837)
Share-based payments	**683,460**	305,440
Forgiveness of debt	**–**	37,806
Net operating profit before working capital changes	**71,372,154**	29,928,298
Changes in working capital:		
Increase in trade and other receivables and contract assets	**(1,693,507)**	(6,061,892)
Increase in inventories	**(733,980)**	(232,790)
Increase in trade and other payables	**2,046,548**	945,274
Cash generated from operating activities	**70,991,215**	24,578,890
Finance income received	**1,844,683**	950,280
Finance costs paid	**(56,309)**	(70,647)
Taxation paid	**(14,756,364)**	(8,092,853)
Net cash inflow from operating activities	**58,023,225**	17,365,670
(b) Taxation paid		
Balance receivable at the beginning of the year	**278,640**	13,668
Income tax recognised in profit or loss	**(16,333,789)**	(7,828,945)
Foreign currency movements	**100,508**	1,064
	(15,954,641)	(7,814,213)
Balance payable at the end of the year	**1,199,324**	980
Less: Balance receivable at the end of the year	**(1,047)**	(279,620)
Taxation paid	**(14,756,364)**	(8,092,853)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

25. NET CASH OUTFLOW FROM FINANCING ACTIVITIES

	2020 $	2019 $
(a) Borrowings and leases		
Balance owing at the beginning of the year	(372,370)	(306,595)
Cash flow items		
Finance lease payments during the year	194,611	147,674
Lease payments during the year	75,762	–
Non-cash flow		
New finance leases	(114,737)	(221,059)
New leases	(317,002)	–
Foreign currency movements	82,242	7,610
Closing balance	451,494	(372,370)
(b) Treasury shares		
Treasury shares opening balance	(1,046,409)	(1,141,362)
Cash flow items		
Purchase of treasury shares	(8,544,976)	(119,606)
Non-cash flow items		
Share options & bonus shares exercised	481,976	–
Shares issued	136,939	–
Shares cancelled	1,356,342	214,559
Closing balance	(7,616,128)	(1,046,409)
(c) Bonus shares		
Share Based payments opening balance	(3,872,944)	(3,567,504)
Cash flow items		
Settlement of share options and bonus shares	–	–
Non-cash flow items		
Share options & bonus shares exercised	481,976	–
Bonus shares expensed	(546,521)	(305,440)
Closing balance	(3,937,489)	(3,872,944)

26. ASSETS HELD FOR SALE

In 2019 the Board committed to a plan to sell 100% of the shares in, and shareholder claims against Grasvally Chrome Mine (Pty) Ltd ("Grasvally"), an insignificant part of the Exploration segment of the Group to Forward Africa Mining (Pty) Ltd ("FAM"). In terms of the original agreement, FAM had eight months from the date of acceptance of the offer to fulfil standard conditions precedent. However, with the chrome market downturn and the primary financier withdrawing due to ill health, an Option Agreement valid for 12 months has been signed by both parties. The Board remains committed to its plan to sell Grasvally.

The following table summarises the carrying value for the assets held for sale and the liabilities directly associated with the assets held for sale:

	2020 $	2019 $
Exploration and evaluation assets	3,368,837	3,988,151
Property, plant and equipment	15,119	18,426
Cash and cash equivalents	7,915	4,164
Trade and other receivables	15,155	117,121
Other financial assets	29,060	35,430
Assets held for sale	3,436,086	4,163,292
Trade and other payables	(24,250)	(1,327)
Liabilities directly associated with assets held for sale	(24,250)	(1,327)

No impairments have been recognised on Grasvally.

There are no cumulative income or expenses included in OCI relating to the disposal group.

27. SHARE-BASED PAYMENT PLAN

EXPENSE RECOGNISED THROUGH PROFIT AND LOSS

	2020 $	2019 $
Expense arising from equity-settled share-based payment transactions	683,460	305,440
Total expense	683,460	305,440

SHARE BONUS AWARD

On 17 August 2017, 2,675,000 ordinary shares of $0.01 each in Sylvania Platinum Limited were allocated to certain employees and senior management in recognition of the achievement of performance criteria. These shares have a vesting period of three years and vest on 16 August 2020. Employees are required to achieve a minimum of a three rating on their performance appraisals.

On 24 August 2018, 2,710,000 ordinary shares of $0.01 each in Sylvania Platinum Limited were allocated to certain employees and senior management in recognition of the achievement of performance criteria. These shares have a vesting period of three years and vest on 23 August 2021. Employees are required to achieve a minimum of a three rating on their performance appraisals.

On 22 August 2019, 1,780,000 ordinary shares of $0.01 each in Sylvania Platinum Limited were allocated to certain employees and senior management in recognition of the achievement of performance criteria. These shares have a vesting period of three years and vest on 21 August 2022. Employees are required to achieve a minimum of a three rating on their performance appraisals.

BONUS SHARES

Issue date	Fair value at issue date $	Balance at start of the year Number	Issued during the year Number	Balance at the end of the year Number
2020				
17 August 2017	0.10	2,675,000	–	2,675,000
24 August 2018	0.10	2,710,000	–	2,710,000
22 August 2019	0.10	–	1,780,000	1,780,000
Total		5,385,000	1,780,000	7,165,000
2019				
17 August 2017	0.10	2,675,000	–	2,675,000
24 August 2018	0.10	–	2,710,000	2,710,000
Total		2,675,000	2,710,000	5,385,000

The fair values of the bonus shares granted are determined at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the bonus shares were granted (the exercise price, the term of the bonus shares), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the bonus shares. The following assumptions were used to estimate the fair value of the bonus shares granted during the year ended 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

27. SHARE-BASED PAYMENT PLAN continued

	2020	2019
Fair value at grant date ($)	0.39	0.202
Expected volatility (%)	75.84	48.61
Risk-free rate (%)	7.00	7.75
Expected life (years)	3	3
Share price at grant date ($)	0.39	0.202
Exercise price ($)	Nil	Nil
Expected dividend yield ($)	Nil	Nil

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term of the options.

28. FINANCIAL INSTRUMENTS

The fair value for financial assets and liabilities at amortised cost as detailed below approximates the carrying value.

	2020 $	2019 $
Financial assets		
Trade and other receivables *	11,457,536	7,215,304
Cash and cash equivalents	55,876,612	21,797,141
Other financial assets	848,720	556,895
	68,182,868	29,569,340
Financial liabilities		
Borrowings	(451,494)	(372,370)
Trade and other payables	(7,519,728)	(6,715,788)
	(7,971,222)	(7,088,158)

** Prepayments and Value Added Tax are excluded from the trade and other receivables balance as this analysis is required only for financial instruments.*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade and other payables and interest-bearing loans and borrowings. The main purpose of these financial instruments is to manage short term cash flow and raise finance for the Group's capital expenditure program. The Group has various financial assets such as trade and other receivables and cash and short-term deposits, which arise directly from its operations.

RISK EXPOSURES AND RESPONSES

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are market risks (foreign currency risk and interest rate risk), liquidity risk and credit risk.

The Group's senior management oversees the management of financial risks. The Board ensures that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and the Group's risk appetite. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.
At this stage, the Group does not currently apply any form of hedge accounting.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates on the debt and the proportion of financial instruments in foreign currencies are all constant.

The following assumptions have been made in calculating the sensitivity analysis:

- The statement of financial position sensitivity relates to interest-bearing borrowings.
- The impact on equity is the same as the impact on profit before tax, unless stated otherwise.

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that all companies within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. Due to the inherent risks involved in mining, the Board prefer not to utilise funding from financing institutions.

The Group's overall strategy remains unchanged during the years ended 30 June 2020 and 30 June 2019.

The capital structure of the Group consists of equity attributable to equity holders of the holding company comprising issued capital, reserves and retained profits (Refer to notes 19 and 20).

None of the Group's companies are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: foreign currency risk and interest rate risk. Financial instruments affected by market risk include receivables, loans, borrowings and deposits.

There has been no change at the reporting date to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

The financial instruments exposed to foreign currency risk are as follows:

	2020 $	2019 $
Financial assets		
Trade receivables	11,248,911	6,317,529

A reasonably possible strengthening (weakening) of the Rand (ZAR) against the US dollar (USD) at 30 June 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant and ignores any impact of forecast sales and purchases.

	2020		2019	
	Profit/(loss) $	Equity increase/ (decrease) $	Profit/(loss) $	Equity increase/ (decrease) $
20% (2019: 20%) appreciation	2,812,228	(2,812,228)	1,579,382	(1,579,382)
20% (2019: 20%) depreciation	(1,874,818)	1,874,818	(1,052,921)	1,052,921

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises from cash balances, loans receivable and interest-bearing loans and borrowings, relating to finance leases on motor vehicles and equipment.

Cash and cash equivalents are exposed to ZAR deposit rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

28. FINANCIAL INSTRUMENTS continued

Interest rate risk continued

The Group does not engage in any hedging transactions to manage interest rate risk. In conjunction with external advice, management consideration is given on a regular basis to alternative financing structures with a view to optimising the Group's funding structure. The Group manages the risk by maintaining an appropriate mix between fixed and floating rate liquid funds.

The financial instruments exposed to movements in variable interest rates are as follows:

	2020 $	2019 $
Financial assets		
Cash and cash equivalents	**55,876,612**	21,797,141
Financial liabilities		
Borrowings	**(451,494)**	(372,370)

A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates. At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, there would have been a decrease/increase in profit before tax of $281,641 (2019: $110,848). The impact on equity would have been the same.

CREDIT RISK

Credit risk is the risk that a contracting entity will not meet its obligation under a financial instrument or customer contract that will result in a financial loss to the Group. The Group is exposed to credit risk from its financing activities, including deposits with banks and financial institutions and its operating activities, primarily for trade receivables and contract assets. The carrying amount of these financial assets represents the maximum credit exposure. Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Trade receivables and contract assets

At reporting date, there is a significant concentration of credit risk represented in the trade receivables balance due to the fact that the majority of sales are made to two specific customers as per contractually agreed terms. These customers are reputable mining companies. The customers complied with all contractual sales terms and have not at any stage defaulted on amounts due.

The ECLs are calculated based on the Advanced method, which take into consideration the Probability of default (PD), the exposure at default (EAD) and the loss given default (LGD). Rates are obtained from reputable ratings agencies.

The following table provides information about the exposure to credit risk and ECLs for trade receivables, other financial assets and contract assets as at 30 June 2020.

	Weighted-average loss rate %	Gross carrying amount $	Loss allowance $	Credit-impaired
Trade receivables – Current (not past due)	0.115374	11,457,535	13,219	No
Other financial assets	0.115374	848,720	979	No
Contract assets	0.115374	15,161,814	17,493	No

Cash and cash equivalents

The Group held cash and cash equivalents of $ 55,876,612 at 30 June 2020. The cash and cash equivalents are held with banks which are rated P-3 to P-1 based on Moody's Investment Services.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the banks. No impairment has been recognised for the year.

LIQUIDITY RISK

Ultimate responsibility for liquidity risk management rests with the Board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium- and long-term funding and liquidity management requirements.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Carrying amount $	Contractual cash flows $	Less than 1 year $	1 – 5 Years $	Total $
2020					
Trade and other payables	7,519,728	7,519,728	7,519,728	–	7,519,728
Borrowings	451,494	451,494	215,918	235,576	451,494
	7,971,222	7,971,222	7,735,646	235,576	7,971,222
2019					
Trade and other payables	6,715,787	6,715,787	6,715,787	–	6,715,787
Borrowings	372,370	372,370	187,980	184,390	372,370
	7,088,157	7,088,157	6,903,767	184,390	7,088,157

29. LEASES

A. LEASES AS LESSEE (IFRS 16)

The Group has a commercial lease agreement whereby it leases its current office premises, in Johannesburg. This lease has an average life of five years with no renewal option. Lease payments are escalated at 9% per annum. Previously this lease was classified as an operating lease under IAS17.

The Group leases motor vehicles under instalment sale agreements, which were previously classified as finance leases under IAS17. Refer to notes 15 and 21.

The Group leases various office equipment. Office equipment with a value of $5,000 or less are regarded low value. The Group has elected not to recognise right-of-use assets and lease liabilities for low value assets.

Containers are leased for office space on two of the operational plants. These leases are for a period of two to four years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

29. LEASES continued

A. LEASES AS LESSEE (IFRS 16) continued

Information about leases for which the Group is a lessee is presented below:

	2020 $	2019 $
Right-of-use assets		
Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment. Refer to note 15.		
Office premises		
Balance at 1 July	257,616	
Depreciation charge for the year	(71,994)	
Exchange rate difference	(39,097)	
Balance at 30 June	146,525	
Office equipment		
Balance at 1 July	36,088	
Depreciation charge for the year	(8,194)	
Exchange rate difference	(5,657)	
Balance at 30 June	22,237	
Plant		
Balance at 1 July*	21,383	
Depreciation charge for the year	(14,790)	
Addition of right-of-use asset	30,822	
Exchange rate difference	(5,346)	
Balance at 30 June	32,069	
Operating leases under IAS 17		
Future minimum lease payments (net of VAT) under non-cancellable leases as at 30 June 2019:		
Office premises		
Within one year		86,225
After one year but not more than five years		213,740
		299,965
Office equipment		
Within one year		15,205
After one year but not more than five years		34,188
		49,393

**Correction under IFRS16*

B. LEASES AS LESSOR

The Group leases out certain portions of the property owned by Zoetveld Properties (Pty) Ltd to a third party exclusively for the grazing of livestock. This lease has an average life of three years terminating on 30 April 2020, and thereafter for an indefinite period subject to termination by either party on a six months' notice to the other party. Lease payments escalates at 9% per annum. The Group has classified this lease as an operating lease, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the asset.

Rental income recognised by the Group during 2020 was $43,986 (2019: $44,894).

30. KEY MANAGEMENT DISCLOSURE

SHAREHOLDING OF KEY MANAGEMENT PERSONNEL

The number of shares in the Company held during the year by each director of the Group is set out below:

Director	Balance at the start of the year	Issued	Sold during the year	Balance at the end of the year
2020				
TM McConnachie – retired 29 February 2020	5,015,000	200,000	(5,215,000)	–
RA Williams	1,067,000	25,000	–	1,092,000
SA Murray	1,000,000	25,000	–	1,025,000
E Carr	–	25,000	–	25,000
JJ Prinsloo – appointed 1 March 2020	1,371,276	–	(411,382)	959,894
L Carminati – appointed 1 March 2020	1,231,543	–	(369,462)	862,081
2019				
TM McConnachie	5,015,000	–		5,015,000
RA Williams	1,067,000	–		1,067,000
SA Murray	1,000,000	–		1,000,000

All equity transactions with key management personnel other than those arising under the bonus shares granted have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

KEY MANAGEMENT PERSONNEL COMPENSATION

	Short Term Benefits			Share-based payment	Total
Director	Cash salary/ Consulting fees $	Bonus[1] $	Directors' fees $	Equity shares/bonus shares[2] $	$
2020					
TM McConnachie – retired 29 February 2020	336,669	–	–	99,590	436,259
JJ Prinsloo – appointed 1 March 2020	80,340	–	25,000	23,198	128,538
SA Murray	–	–	125,000	12,449	137,449
RA Williams	–	–	85,000	12,449	97,449
E Carr	24,000	–	75,000	12,449	111,449
L Carminati – appointed 1 March 2020	73,489	–	25,000	21,345	119,834
Sub-total	514,498	–	335,000	181,480	1,030,978
Other key management	827,299	184,574	–	181,252	1,193,125
Total	1,341,797	184,574	335,000	362,732	2,224,103

30. KEY MANAGEMENT DISCLOSURE continued

KEY MANAGEMENT PERSONNEL COMPENSATION continued

	Short Term Benefits			Share-based payment	Total
Director	Cash salary/ Consulting fees $	Bonus[1] $	Directors' fees $	Equity shares/bonus shares[2] $	$
TM McConnachie	505,004	–	–	–	505,004
SA Murray	–	–	125,000	–	125,000
RA Williams	–	–	85,000	–	85,000
E Carr	24,000	–	75,000	–	99,000
Sub-total	**529,004**	**–**	**285,000**	**–**	**814,004**
Other key management	948,135	268,396	–	119,858	1,336,389
Total	**1,477,139**	**268,396**	**285,000**	**119,858**	**2,150,393**

[1] *Cash bonuses were awarded to directors and key personnel based on individual performance.*

[2] *Share-based payments on bonus shares granted – refer to note 27.*

31. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of Sylvania Platinum Limited, a Bermudan registered company and the controlled entities listed in the following table:

			Equity Holding	
Name of Entity	Country of incorporation	Class of shares	2020 %	2019 %
Sylvania Holdings Limited	Mauritius	Ordinary	100	100
Aralon Holdings Limited	Mauritius	Ordinary	100	100
Sylvania (Mauritius) Limited	Mauritius	Ordinary	100	100
Sylvania South Africa (Pty) Ltd	South Africa	Ordinary	100	100
Sylvania Metals (Pty) Ltd	South Africa	Ordinary	100	100
Phoenix Platinum Mining (Pty) Ltd	South Africa	Ordinary	100	100
Sylvania Properties (Pty) Ltd	South Africa	Ordinary	100	100
Sylvania Mining (Pty) Ltd	South Africa	Ordinary	100	100
Sylvania Northern Platinum (Pty) Ltd	South Africa	Ordinary	74	74
Sylvania Resources (Pty) Ltd	South Africa	Ordinary	100	100
Sylvania Exploration (Pty) Ltd	South Africa	Ordinary	100	100
Hacra Mining and Exploration Company (Pty) Ltd	South Africa	Ordinary	67	67
Pan Palladium South Africa (Pty) Ltd	South Africa	Ordinary	100	100
Volspruit Mining Company (Pty) Ltd	South Africa	Ordinary	74	74
Zoetveld Properties (Pty) Ltd	South Africa	Ordinary	100	100
Grasvally Chrome Mine (Pty) Ltd	South Africa	Ordinary	74	74
Grasvally Resources (Pty) Ltd	South Africa	Ordinary	100	100
PT Sands (Pty) Ltd	South Africa	Ordinary	100	100

Sylvania Platinum Limited is the ultimate holding company of the Group. Transactions between Sylvania Platinum Limited and its controlled entities during the year consisted of loan advances between Group companies. All intergroup transactions and balances are eliminated on consolidation.

31. RELATED PARTY TRANSACTIONS

NON-CONTROLLING INTERESTS

The non-controlling interests are all held by BEE participants. An agreement has been entered into with non-controlling shareholders where the Group absorbs the losses that would be attributable to the non-controlling interests.

OTHER RELATED PARTIES' RELATIONSHIPS

Entity controlled by a director during the period

- Indian Ocean Smelters (Pty) Ltd

TERMS AND CONDITIONS WITH CONTROLLED ENTITIES

All loans are unsecured, bear no interest and have no fixed terms of repayment.

INVESTMENTS IN JOINT OPERATION

The Group has a 50% interest in TS Consortium, which operates a pilot pelletiser plant in South Africa (2019: 50%).

TERMS AND CONDITIONS WITH LOAN TO JOINT OPERATION

The loan to TS Consortium is unsecured, bears interest at 7% and is repayable on demand.

TRANSACTIONS WITH RELATED PARTIES

Service fees and consulting fees paid to the following related parties during the year ended 30 June for expenses incurred on their behalf:

	2020 $	2019 $
Service fees paid to related parties		
Indian Ocean Smelters (Pty) Ltd	(3,045)	(4,460)
Consulting fees paid to related parties		
Indian Ocean Smelters (Pty) Ltd	(28,174)	–

LOANS TO RELATED PARTIES

	2020 $	2019 $
Balance outstanding at 30 June		
Loan to joint operation (TS Consortium)	622,711	556,906

32. EVENTS AFTER THE REPORTING DATE

The directors are not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with in the financial statements, which significantly affects the financial position of the Group or the results of its operations.

33. GOING CONCERN

The Group's financial risk management objectives and policies are detailed in note 28 and available borrowing facilities are set out in note 16.

The Group identified the principal risk and uncertainties related to the COVID-19 pandemic. Management has produced forecasts and budgets that have been sensitised to reflect plausible downside scenarios as a result of COVID-19 and its impact on the global economy.

The Group has sufficient cash reserves and resources to continue to meet its obligations even in the event if operations were to be placed on care and maintenance for 12 months.

Although the COVID-19 pandemic has had widespread economic impact across the globe, the Group is in the fortunate position to operate in an essential industry and have a lower risk business model that has allowed for continued operations. Management monitors the government announcements, the industry, markets and operations to ensure any risk is monitored and mitigated where possible.

After reviewing the effects of COVID-19, the financial position, operational performance, budgets and forecasts as well as the timing of cash flows and sensitivity analyses, the directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from date of signing the financial statements.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

SHAREHOLDERS PROFILE AS AT 30 JUNE

SHAREHOLDERS HOLDING 3% OR MORE FULLY PAID SHARES

	Shareholder	Number of shares	% Shareholding[1]
1	Africa Asia Capital	57,392,071	21.06
2	Hargreaves Lansdown	31,141,763	11.43
3	Fidelity International	22,032,037	8.08
4	Interactive Investor	18,800,527	6.90
5	Premier Miton Investor	16,873,395	6.19
6	AJ Bell	11,953,728	4.39
7	Barclays Smart Investor	10,439,943	3.83
8	Banque Cantonale Vaudoise	8,920,454	3.27
9	Halifax Share Dealing	8,168,080	3.00
		185,721,998	**68.15**

[1] *The percentage shareholdings are calculated on the total number of ordinary shares with voting rights being 271,852,342 shares. The total issued number of shares is 286,845,657 including 14,993,315 shares held in treasury.*

GLOSSARY OF TERMS

The following definitions apply throughout the consolidated financial statements:

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 Group EBITDA	Earnings before interest, tax, depreciation and amortisation adjusted for impairments
AGM	Annual General Meeting
AIM	Alternative Investment Market of the London Stock Exchange
All-in sustaining cost	Production cost plus all costs relating to sustaining current production and sustaining capital expenditure
All-in cost	All-in sustaining cost plus non-sustaining expansion capital expenditure
BEE	Black Economic Empowerment
Bonus Shares	Sylvania Platinum Limited Bonus Share Award Plan
BIC	Bushveld Igneous Complex
CGU	Cash generating unit
Current arisings	Fresh chrome tails from current operating host mines processing operations
DI	Depository interests
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
FAM	Forward Africa Mining (Pty) Ltd
GBP	Pounds Sterling
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IRR	Internal Rate of Return
I&Aps	Interested and Affected Parties
JORC	Joint Ore Reserves Committee
JV	Joint venture
LED	Local Economic Development
Lesedi	Phoenix Platinum Mining Property Limited, renamed Sylvania Lesedi
LSE	London Stock Exchange
LTI	Lost time injury

GLOSSARY OF TERMS continued

MAR	Market Abuse Regulation (EU) 596/2014
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
PDMR	Persons displaying managerial responsibilities as defined by the Market Abuse Regulation
PGM	Platinum group metals comprising mainly platinum, palladium, rhodium and gold
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
PPD	Pan Palladium
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 Mooinooi.
QCA	Quoted Companies Alliance Corporate Governance Code 2018 for Smaller Companies in accordance with AIM Rules
Revenue (by products)	Revenue earned on ruthenium, iridium, nickel and copper
ROM	Run of mine
SDO	Sylvania dump operations
Shares	Common shares
SLP	Social and Labour Plan
Sylvania	Sylvania Platinum Limited, a company incorporated in Bermuda
The Code	UK Corporate Governance Code
TS Consortium	Tizer Sylvania Consortium
USD	United States Dollar
VWAP	Volume-weighted average price
WIP	Work in progress
WULA	Water Use Licence Application
UK	United Kingdom of Great Britain and Northern Ireland
ZAR	South African Rand

CORPORATE DIRECTORY

DIRECTORS

SA Murray – Independent Non-executive Chairman
JJ Prinsloo – Managing Director & Chief Executive Officer
L Carminati – Financial Director & Chief Executive Officer
RA Williams – Independent Non-executive Director
E Carr – Independent Non-executive Director

COMPANY SECRETARY

Conyers Corporate Services (Bermuda) Limited

PRINCIPAL REGISTERED OFFICE IN BERMUDA

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

REGISTRAR

Computershare Services Plc
The Pavilions, Bridgewater Road
Bedminster Down
Bristol, BS99 7NH
United Kingdom

AUDITORS

KPMG Incorporated
85 Empire Road
Parktown, 2193
South Africa

SOLICITORS

Conyers Dill & Pearman
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU
United Kingdom

NOMINATED ADVISOR AND BROKER

Liberum Capital
Ropemaker Place
Level 12, 25 Ropemaker Street
London, EC2Y 9LY
United Kingdom

STOCK EXCHANGE LISTING

Sylvania Platinum Limited is listed on the AIM market of the London Stock Exchange (shares: SLP)

WEBSITE

www.sylvaniaplatinum.com

SYLVANIA
PLATINUM LIMITED

www.sylvaniaplatinum.com