SYLVANIA
PLATINUM LIMITED

ANNUAL REPORT 2021

ENGAGEMENT | CONSULTATION | COMPLIANCE

CONTENTS

REPORTING SCOPE AND BOUNDARIES

This 2021 annual report presents a review of the operational and non-financial performance of Sylvania Platinum Limited (Sylvania) or (the Company) for the 12 months ended 30 June 2021. The report seeks to illustrate the Company's business model and investment case through the application of capital in the process of creating value.

The Company's non-financial performance is presented to provide stakeholders with a broader understanding of the Company's influence, its impact and those issues which, without careful consideration and management, would materially affect the prospects of the Company (material issues). Our non-financial performance reporting is guided by the parameters of the Global Reporting Initiative (GRI), the United Nations Sustainable Development Goals (UNSDGs) and the Sustainability Accounting Standards Board (SASB).

The consolidated financial statements, set out on pages 33 to 75, were approved on 3 September 2021. 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 (AIM: SLP), 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 26 of this report.

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

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.

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 also holds mining rights for a number of PGM projects on the Northern Limb of the Bushveld Igneous Complex in South Africa.

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.

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:

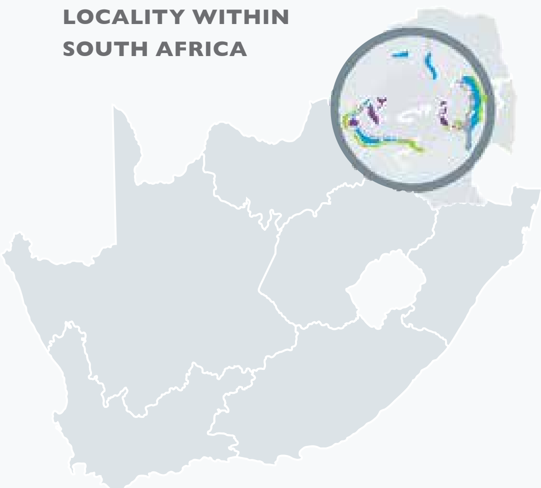
- identifying projects that balance low operational and financial risk with the potential for high margins;
- ensuring that the management teams are always well resourced with the right combination of skills;
- focusing on cash generation during uncertain economic times; and
- continuously applying appropriate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

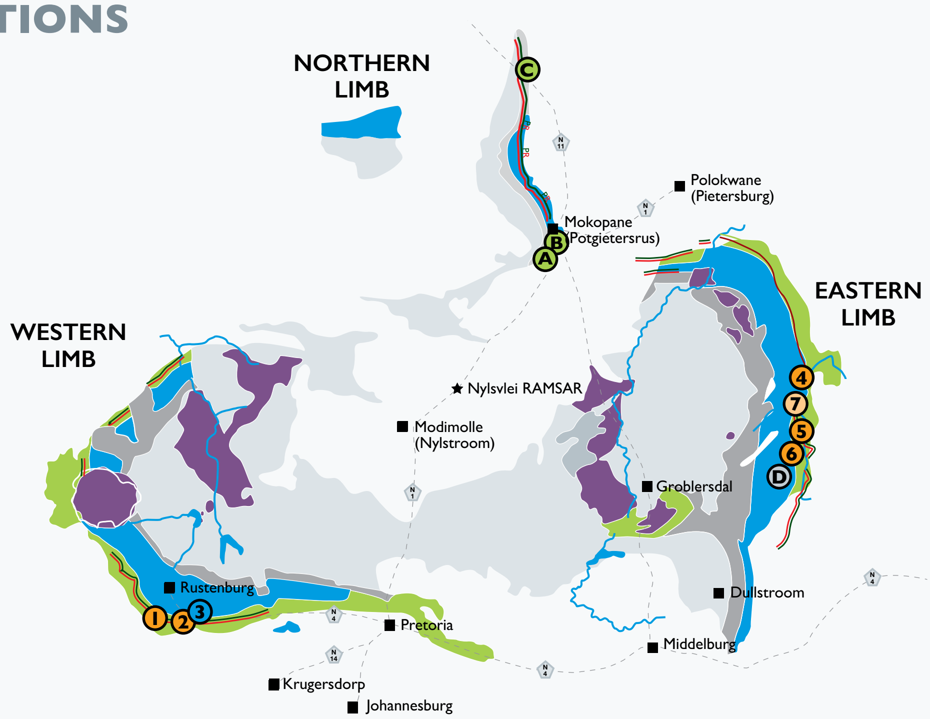
The Company's strong focus is on cash generation which enables returns to shareholders according to its dividend policy.

The Board has recommended the payment of a dividend of 4p per Ordinary Share, payable on 3 December 2021 after the Annual General Meeting (AGM) to be held on 26 November 2021.

LOCATION OF OPERATIONS AND PROJECTS

LOCALITY WITHIN SOUTH AFRICA





RUSTENBURG LAYERED SUITE

- Granites and allied rocks
- Upper zone
- Main zone
- Critical, lower and marginal zones
- Merensky reef
- UG2 Chromitite layer
- PR Platreef
- Main roads
- Main river
- SLP Sylvania
- SDO Sylvania Dump Operations
- Younger cover rocks
- Younger alkaline intrusions and carbonatities

LEGEND

Operating Sylvania complexes

1. Millsell (SDO)
2. Mooinooi – Dump and ROM (SDO)
3. Lesedi (SDO)
   Acquired: Nov '17
   Previously Phoenix Platinum
4. Doornbosch (SDO)
5. Lannex (SDO)
6. Tweefontein (SDO)

Decommissioned operations

7. Steelpoort (SDO)
   Decommissioned: Jun '17

Mineral projects

A. Volspruit
B. Grasvally
C. Northern Limb projects
D. Everest North

Impaired during FY2013

VISION, MISSION AND VALUES

VISION AND MISSION

To be the leading mid-tier lower unit cost PGMs producing company, generating wealth for all our stakeholders using safe and innovative processes, while exploiting any value-adding associated minerals.

VALUES

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

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

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

CAPITAL INPUTS

HUMAN CAPITAL

NATURAL CAPITAL

MANUFACTURED CAPITAL

SOCIAL CAPITAL

FINANCIAL CAPITAL

SOCIAL PERFORMANCE INDICATORS

- Employee complement 10% up at **628**
- **No environmental incidents** in past five years'
- **LTI milestones** for Lannex, Mooinooi and Lesedi
- LTIFR of **0.25 per 200,000** manhours

OPERATIONAL AND FINANCIAL PERFORMANCE

- Production levels increase to **70,043 PGM ounces (4E)**
- Group net profit 143% higher at **$144.9 million**
- **108%** increase in Group EBITDA
- **ZAR115.4 million** spent on capital projects
- EPS increased 151% to **35.65 US cents** per share

ECONOMIC CONTRIBUTIONS

- **ZAR608.0 million** allocated to SA procurement
- **ZAR290.5 million** spent on employee wages and benefits
- Taxes and royalties paid totalling **ZAR1.1 billion**
- Dividends increased **2.5 times (150%)** year-on-year
- Additional windfall dividend of **3.75p per Ordinary Share** paid for 2020 calendar year

CHAIRMAN'S LETTER

Dear Shareholder

OVERVIEW OF THE YEAR

The highlights of this past financial year have been achieving target production from our South African operations under extraordinarily difficult circumstances whilst navigating the pandemic, the delivery of returns to shareholders – both capital growth and continued dividends, including the windfall dividend, along with the first payment under our South African employee dividend entitlement plan, or EDEP (see more detail below).

A key challenge has been largely due to the lower amount of fresh feedstock received from some of our host mines associated with their earlier communicated slow-down strategy that impacted on both PGM feed grades and recoveries. However, through a coordinated effort between our management and the host-mining teams at the affected operations, we managed to secure alternative open-cast ROM sources and kept all operations running at full throughput capacity throughout the year, enabling us to maintain a stable PGM ounce profile and mitigating the overall impact on resource life.

The global effects of COVID-19 have been devastating, and have significantly impacted life in South Africa. As a Company, we counted 113 cases amongst our ranks by the time of writing (approximately 15% of our workforce) and sadly two employees passed away. Thus far, all of our plants have continued operating at forecast production rates. As we continue into the second year of the pandemic, and emerging from a third wave, the Board remains cognisant of the mental health impact on some employees. It has been tough for many having to juggle family and work through the various periodic lockdowns and our condolences go out to our workforce and their family members for those lost to COVID.

Through management's efforts to protect our employees and by maintaining output year-on-year, coupled with rising metal prices, shareholders have been rewarded in terms of both continuing dividend yield and capital gain.

"The Company's financial management strategy is sound, and will remain unchanged: the Company continues to maintain its strong cash balance even after the payment of the annual dividends, the purchase of share buybacks, the payment of the 2020 windfall dividend, and the payment of the increased royalty tax and income tax."

It is no secret that our Group costs have risen over the course of the pandemic, and we have been navigating the knock-on effects relating to the reduced feed sources from our host mines. Taking the incidental costs on the nose was a prudent move by management: had we gone the alternative route of shutting some plants, we would not have achieved our annual production of 70,043 ounces. The extremely good palladium and rhodium prices presented a clear cost-benefit trade off at the time. I am pleased with this satisfactory production performance in the face of the underlying cost pressures, all carefully navigated by your management.

I acknowledge that a lot of the financial performance was realised on the back of prices, over which we have no control. Nevertheless, we are a price taker, and our strategy is robust enough to deliver success with what we control: the elements of production, cost, safety and capital allocation.

There are other stakeholders in the business, one of which is the South African government which was paid significant taxes and royalties during the period, demonstrating our very able support of the South African economy during such a dreadful time. Yet it is a pity that we see so little of our fiscal contributions being used to reach the rural and underdeveloped communities near to our operations, where development and support is really needed. In my view, the lack of clarity in the formulation of the noble ideals of mechanisms such as the mining charter, has largely contributed to this lack of progress. It remains well-nigh impossible to reconcile these sometimes "lofty ideals" with the capital-intensive requirements of the mining business.

IMPORTANCE OF ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) AT SYLVANIA

Sylvania has always been committed to sustainability and the fundamentals which are now shaping our developing ESG strategy. The Board's view of ESG is that it is common sense: run your business properly and sensibly and for the long term.

As a Board we have to balance the interests of many stakeholders: it is your Board that is responsible for ensuring that the business has a developed sustainability strategy and a water-tight governance structure, that the Company operates within relevant legal parameters and that it satisfies all other regulatory requirements.

Our employees, as key stakeholders in the business, were rewarded in the year with the first distributions of the EDEP, launched in FY2020. This was designed to give the majority of our lower-level employees a vehicle whereby they can participate in a percentage of the Company's equity returns without the complexity of holding foreign shares or the need for complex BEE structures. The plan was implemented with no dilution to shareholders and via share buybacks at a time where the Company had a substantially lower share price. The EDEP also provides another leg to the Company's employee remuneration strategy.

The key elements of our sustainability focus are:

- Tailings storage and tailings dam flexibility;
- Our ability to sustain the business over the long haul with our available resources and by looking at third and fourth pass processing; and
- Meeting, and wherever possible, exceeding, regulatory requirements.

The reality is that our impact on the environment is relatively low other than for tailings, and even then, we maintain state of the art impoundment for what is very benign material. Our overhaul of tailings facilities is being done with sustainability in mind. Meeting and exceeding regulatory requirements both underpins our safety record and commitment to the environment.

While shareholders often gauge growth by production output, we gauge sustainability as having a business for the long-haul that all shareholders and stakeholders can benefit from in the long run.

OPERATIONS AND CAPITAL

The Board's focus has been, and will remain, on the sustainable continuance of the business: we continue to evaluate and invest in technology that enables the re-treatment of previously treated chrome resources, and especially focusing on the improvement of the ultra-fine chrome removal process as this will give us the ability to grab more PGMs down the track.

Capital is spent to provide for sustainability: your Company would have been out of business at 2013 levels of 40,000 ounces a year without the spend on Project Echo. Our current business relies on recovering 70,000 – 90,000 ounces (depending on the host mine output) for many years to come. We are in this for the long-haul in conjunction with our host mine, thereby maintaining a sound investment rationale as well as continually reviewing the acquisition of new resources and being cognisant of the variability of the metal prices.

Sylvania remains a low-risk, low-cost play. There is a counter though, which is that we are a beneficiary of the chrome industry. The industry has been in financial trouble for some time but has fortunately shown good signs of recovery in the past few months. We are in a symbiotic relationship with our host mine and if they are doing well, we will do well, but note, we have the benefit of prior tailings production to fall back on, which is what we have been doing for the past 18 months.

It has been almost bizarre for the Company and the wider PGM sector that we have had record pricing at the time of a pandemic. I believe this is due to near panic buying of palladium and rhodium in the face of concerns of COVID-associated shortfalls in supply, along with issues such as power, water and labour disruption here in South Africa. There also appears to be speculative activity around PGMs, boosting rhodium to unheard of levels during the year.

FINANCIALS AND DIVIDENDS

The Company paid a windfall dividend to shareholders earlier this year and continues to pay an annual dividend in the prudent manner that it has done so to date, taking into account the six metrics that guide the dividend policy:

- Liquidity and forecast cash requirements of the business;
- Debt;
- Capital expenditure initiatives;
- Metal prices and Rand / Dollar exchange rate;
- Legal considerations; and
- Sustainability.

The Company's financial management strategy is sound, and will remain unchanged: the Company continues to maintain its strong cash balance even after the payment of the annual dividends, the purchase of share buybacks, the payment of the 2020 windfall dividend, and the payment of the increased royalty tax and income tax.

We continue to be guided by the six metrics of our dividend policy: we are also cognisant however that the recent run in palladium and rhodium prices largely constitutes a windfall. While palladium has got good legs on it, the rhodium price is still very high by historical norms. Panic buying, fuelled by some investor speculation, has driven the metal price to levels way beyond the 2008 peak of $7,900 per ounce. Although there is some pullback at the time of writing this letter, we would caution that it may pull back further.

As a Board, we are conscious of the independent research analysis in the market. Price projections for PGMs remain very wide. Prospects of extraordinarily tight rhodium supply results in thrifting and other measures to avoid using it. In the long run however, this fuels volatility. A lower price that satisfies everybody is probably better.

That said, shareholders will receive another annual dividend of 4p per Ordinary Share for the 2021 financial year, with the possibility of another windfall dividend should prices remain favourable.

MARKET OUTLOOK

There is no doubt that the need for PGMs with their extraordinary and unique properties, remains robust. The perception that the electric car will ultimately render these metals obsolete is rapidly being eroded by a plethora of research into the use of the metals in the hydrogen economy and for certain types of electrical propulsion and generation. So, the fundamentals look good whichever way you look at it. But, as I like to remind people, as a producer of less than 1% of the world's output, we are not exactly an authority on the matter. We bow to the experts in this regard.

What we would like to see is less volatility, which has contributed to under-investment in the industry, with concerns about future supply and prices. There is no doubt that global production was impacted in the short term as a result of COVID-19 but recovered quickly after the initial shocks. There is also recovery in vehicle sales boosting demand. We expect prices to remain healthy with possibly modest pull-back in palladium and rhodium prices, but as a sector it remains highly investible given its cash flows.

FUTURE

COVID has shifted a lot of mindsets in terms of the way risk is perceived – it has certainly added a more conservative approach to running your business. If you are going to be locked down or face wider issues such as the recent spate of civil unrest in other regions in the provinces of KwaZulu-Natal and Gauteng, you are going to be a lot more cautious in terms of strategy and stick to what you know. While South Africa is a long way from being a failed state, the reaction of some shareholders seemed to point towards this. From our perspective, the reaction of shareholders to both COVID and the recent civil unrest in South Africa seemed more dramatic than the actual impact on the Company.

Our assumptions for FY2022 in terms of production guidance, remains at 70,000 ounces but in the event of an improvement in host mine production, there may be some upside to this. As shareholders you can expect a very similar year with some progress on exploration projects: there may be potential to find a way to realise some value from exploration but without spending enormous capital.

Anything we do has to fit our financial strategy and sustainability requirements. Sylvania is a price taker, so our real focus needs to be on what we can control. The tailings dam expansion project which we will undertake over the coming years will give longevity to the business, and a potential production increase in the event of increased host mine output.

The Company will spend money to protect its employees, which will continue to affect our running costs. In essence, this is money spent to maintain output and to underpin our sustainability. As an aside, it bears mentioning that the mining industry has seemingly gotten off lightly in terms of COVID, given the nature of underground working conditions in particular.

What COVID has made abundantly clear though, is that there is very little you can do about being forcibly shut down by the state other than to maintain a healthy enough balance sheet to see you through such disruption. For all the money spent by some organisations on business interruption insurance, it has all, so far, come to nought, with court actions aplenty. There are many, mainly small, businesses that have gone bust. Strong balance sheet or bust is a reality. Although South Africa seems to be through the worst of the third wave, authorities caution a fourth wave to come before vaccination rates climb high enough to have an impact on the pandemic. We are in a collaborative effort with our host mines to get as many of our workforce to be vaccinated as quickly as possible.

Completion of Project Echo – our primary MF2 milling and flotation project – with the execution of Tweefontein's MF2 project and similar MF2 roll-out to our Lesedi operation, together with the tailings re-management projects to be undertaken at Mooinooi, Lesedi and Doornbosch, will be the primary capital project strategy for the year ahead. The capital expenditure of the business will generally come in a wave based on the future needs of the business at given times. Strategically, this feeds into the Board's considerations of longevity and sustainability and is discussed in more detail in our CEO's review.

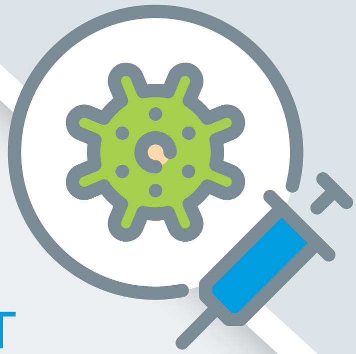
Looking at our exploration projects, Grasvally is currently delayed by the mess that is the chrome market, although it remains an asset for sale. Progress has also been made on our joint-venture research and development project for the novel pelletising/agglomeration of chrome fines with added reductants which could potentially be a value-adding processing activity for chrome miners and for our chromite fines recovery processes. This value-adding beneficiation procedure is progressing and modest expenditure has been maintained in developing this technology for the future.

On the last evaluation of the Board, a weakness identified was the lack of geological expertise at senior level. The Company is spending funds on upgrading the quality of the geological information of its E&E assets and looking at how best to realise value for these into the future and I am pleased to welcome Adrian Reynolds to the Board, bolstering the Board's skills base in this area and in general.

IN CONCLUSION

Last year I made mention of management's tenacity in navigating the business through the early stages of the pandemic. For our new CEO, this was the proverbial baptism of fire. Now, a year later, this tenacity has become a critical element of management's approach as we face "the new normal". South Africa is still a country in limited lockdown and until vaccination rates improve, pressures will remain on management and employees. My thanks go to Jaco for his leadership, and to our management and employees for transitioning the business through these difficult times. Jaco has maintained a healthy relationship with our host miners and my thanks go to them for their continued cooperation in our endeavours. As is customary, my thanks go to my fellow Board members for the work put in over the year. It has been a busier year than usual!

Stuart Murray
Chairman



THE IMPACT OF COVID-19

Sylvania has adopted a structured approach to managing the COVID-19 risk posed. Sylvania believes that vaccines are key in the fight against the pandemic, together with other control protocols. We acknowledge that vaccines are a personal choice and we encourage employees to be vaccinated. Sylvania supports the vaccination of its employees against COVID-19 with the intent to mitigate the impact of COVID-19 and its spread. Currently we are tracking and monitoring COVID-19 cases and the vaccinations of our employees. We have drafted a COVID-19 vaccination policy and continuously create awareness, provide updates and share information relating to COVID-19 and vaccinations. Sylvania has identified opportunities to collaborate with various role players and stakeholders regarding the vaccination of our employees.

CEO'S REVIEW

I am proud to report on our strong performance in FY2021, a year in which we achieved our production target of delivering 70,043 4E PGM ounces, testament to the strength of our management team who achieved this whilst navigating the unchartered territory of a global pandemic. Further to this, we successfully managed to maintain our excellent standards in terms of health, safety and the environment, whilst ensuring our staff were well supported.

With all operations back to normalised capacity and efficiencies during the year, the implementation of our process optimisation initiatives such as Project Echo modules and improved fines classification technology contributed to the solid results throughout the period and enabled us to meet our stated production target for the year.

However, as expected, the reduced mining operations of certain host mines has continued to impact on feed grades. Our management and technical teams continue to explore further opportunities to increase both feed grades and recovery efficiencies across operations that could add value in the near term, whilst we also continue to engage with various consultants to evaluate the potential of our existing longer-term mineral asset projects.

The Company continues to benefit from the strong PGM price environment, which combined with strong operational performance, will continue to generate extremely healthy profits. Consequently, the Company was able to pay a windfall dividend of 3.75p per Ordinary Share ($14.3 million) in April 2021 and I am glad to report that the Board has declared an annual cash dividend of 4p per Ordinary Share for the period, which is a 150% increase on FY2020, payable on 3 December 2021. We remain in a robust financial position with sufficient cash reserves to finance capital projects, fund growth and to enable us to mitigate any potential future adverse impacts due to the ongoing uncertainty relating to COVID-19.

"The Company continues to benefit from the strong PGM price environment, which combined with a strong operational performance, will continue to generate extremely healthy profits. We remain in a robust financial position with sufficient cash reserves to finance capital projects, fund growth and to enable us to mitigate any potential future adverse impacts due to the ongoing uncertainty relating to COVID-19."

The 2021 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 that the Company remains fatality-free since inception in 2006.

In terms of safety, the Doornbosch operation has achieved the significant industry milestone of nine years lost-time injury (LTI) free during June 2021 and Mooinooi, Lannex and Lesedi all achieved one-year LTI-free milestones during the year. Unfortunately, Tweefontein and Millsell each recorded one LTI during the year after being LTI-free for eight and five years respectively. In our pursuit to target zero harm to employees, management continues to ensure that every injury that is recorded is fully investigated and corrective measures are implemented to prevent any future reoccurrences.

Since the emergence of COVID-19 in the country during March 2020, management has focused on identifying and minimising the various risks posed by the pandemic to employees and contractors. The Company provided relief to affected employees through the provision of access to medical assistance, as well as providing self-isolation facilities to those who were unable to safely self-isolate at home and may have posed a risk to their immediate families. Employees further received full salary and benefits during this time and local communities were offered assistance in the form of sanitisers and masks being issued on an ongoing basis to various schools and community centres, and the Company sponsored online learning material and text books to Grade 12 learners to assist with self-study when schools were closed due to lockdown. An ongoing monthly feeding scheme was also started for children in the community who lost parents due to the virus.

Having navigated through three waves of the virus since its emergence in the country, the Company has recorded 113 confirmed COVID-19 cases amongst its employees to date, with 107 affected employees thankfully recovered and returned to work after experiencing mild symptoms of the virus. Unfortunately, we sadly lost two colleagues during the financial year and our condolences go out to their family, friends and colleagues.

Through the collaborative efforts of management and all of our employees, we continuously strive to maintain high safety standards and a safe working environment at all operating sites, with each plant continuing to operate in accordance with legislated safety and occupational regulations pertaining to the industry and country as a whole.

OPERATIONAL PERFORMANCE

The SDO met its expected production target for the 2021 financial year by delivering an annual production of 70,043 4E PGM ounces, which is a 1% increase year-on-year.

The substantial increase in PGM feed tons of 17%, following stabilisation of operations after the COVID-related disruptions during H2 FY2020, contributed significantly towards achieving our annual target, while both the PGM feed grades and recovery efficiencies were impacted by lower quality feed sources and blends associated with the slow-down of underground host-mines at some operations.

In order to mitigate the loss of underground ROM material due to the slow-down strategy at affected operations, the host mines started generating opencast ROM material as supplementary feed to SDO plants, assisting to keep plants running at capacity without having to substantially increase dump feed, which would negatively impact the life of operations. However, these opencast sources are unfortunately typical of a lower PGM grade and have a lower PGM recovery potential due to the more oxidised nature compared to underground resources and hence the visible impact on both PGM feed grade and recovery efficiency during the past financial year.

PGM plant recovery efficiencies declined 5% during the year, aligned with feed source blend, while plant feed grade declined 8%. Although the recovery efficiency for individual operations typically ranges between 50% and 65% 4E PGM, depending on the specific circuit configuration and feed source blend, the recovery for the combined SDO remains within the 52% to 54% range. We are expecting respective plant feed sources to remain similar for at least another eight to ten months. Management's philosophy is to ensure that operations focus on optimising feed grades from existing dump resources and balance PGM recoveries against mass pull and concentrate quality to optimise returns.

The SDO cash cost increased by 17% in ZAR (the functional currency) from ZAR9,577/ounce to ZAR11,189/ounce while the USD cash cost increased to $729/ounce against $615/ounce in FY2020. The increase in costs was primarily driven by higher than inflation power rate increases, higher process consumables and increased re-mining and transport costs associated with lower grade opencast ROM sources treated at some operations. A strengthening of the ZAR:USD exchange rate during H2 FY2021 further impacted the dollar cost increase.

The short to medium term changes made by operations to accommodate the alternative feed sources and changing blends had an impact on operating costs, as expected, but supported the PGM ounce production and protected the resource life of operations. The higher costs associated with mitigating the impact of alternative feed sources and securing additional ROM sources at some of the plants are expected to remain during H1 FY2022. Management therefore remains focused on initiatives to optimise re-mining costs and associated equipment hire for blending of feed sources as well as continuing to balance the impact of higher operating costs in the short to medium terms against the impact on life of mine of operations, while ensuring stable PGM ounce production at operations.

Optimisation of flotation performance and recovery efficiencies remain a focus area of the Group, especially at the Western operations, where lower-grade and more oxidised open cast ROM material is being treated. After experiencing some post-commissioning challenges with instability and chokes on the new Mooinooi fines classification and fine chrome recovery circuit during Q4, the plant team has been optimising the circuit and has made significant improvements during recent months with operations expected to stabilise and start to realise benefits during H1 FY2022.

As was reported in the interim results, power disruptions and production losses related to load-shedding by the national power utility were less frequent during the year; however there was a significant increase in vandalism and theft of copper cables at various substations of the utility, particularly at the Western operations. In order to improve the stability of power supply to operations and to minimise resultant intermittent operational downtime experienced at some operations, specific power mitigation strategies have been developed with conceptual designs completed during recent months for those operations most significantly affected and roll-out is anticipated to commence during the next financial year.

Post the reporting period, during early August, specific concerns regarding slow water drainage rates and high phreatic surface level at the current Lesedi tailings dam were raised as part of the Company's formal routine tailings dam inspection and monitoring. Specialist investigations indicate that the current situation is related to historical re-mining practices that damaged some perimeter drains of the dam, prior to Sylvania acquiring the operation in 2017. Management decided to temporarily suspend operations at Lesedi during August to ensure the integrity of the tailings dam is maintained and remedial work instigated. The current tailings dam was expected to be de-commissioned towards the end of this current year, when the new Lesedi tailings disposal facility is expected to be commissioned, but unfortunately the condition of the current facility deteriorated quicker than expected. Based on current mitigation measures now in place and being implemented, it is expected that Lesedi will resume operations towards the end of September 2021. The situation is disappointing, but a necessary decision to ensure we safeguard our operations, employees and protect our environment. The impact is likely to be marginal and is already included in our annual forecast for total SDO production for this financial year.

CAPITAL PROJECTS

The most significant capital projects planned for the year ahead include the roll-out of two further MF2 secondary milling and flotation modules at Lesedi and Tweefontein operations; construction of three new tailings storage facilities at Lesedi, Mooinooi and Doornbosch respectively; and completion of exploration in-fill drilling at Northern Limb mining project areas. Total planned capital expenditure for FY2022 is approximately $22.0 million.

The MF2 expansion at Lesedi, similar to existing Project Echo modules rolled out between 2016 and 2020, to improve the upgrading and recovery of PGMs is progressing well and is on track to start contributing towards production from early in the 2022 calendar year. In addition, the Tweefontein MF2 module is also now progressing and anticipated to commission during the second half of the 2022 calendar year.

The new tailings dam facilities will cater for extended life of operations that were originally anticipated to only last between five and ten years and further allows for flexibility at operations in terms of re-mining schedules and blending of feed sources from various dump and current arising sources. These new and improved tailings facilities comply with the highest international standards and are designed to both reduce the impact of mine tailings on the environment and improve operability.

In terms of the exploration infill drilling programme, we are making steady progress with drilling approximately 56% and 25% complete for respective Hacra and Aurora mining right areas.

Following promising results from the Company's specific fine chrome recovery research and test work initiated in HY1 FY2020, a circuit configuration and technology was identified to enable the economic recovery of fine chrome from some existing dumps, which has historically been uneconomical to recover. Test work has been concluded and engagements with our host mine are at an advanced stage for the construction of the first circuit at one of our Eastern operations, but neither the benefits nor capital have been included in current forecasts for the year. This circuit will enable the Company to re-treat low PGM grade tailings resources that would otherwise have been sterilised thereby extending the operational life of PGM operations at selected sites.

FINANCIAL PERFORMANCE

When interpreting financial results, it is important to note that the Group generates revenues in USD and incurs costs in ZAR, USD and GBP. The average USD:ZAR exchange rate was ZAR15.34:$1 against the ZAR15.56:$1 recorded in the previous period, and the spot price was ZAR14.36:$1 at 30 June 2021 (2020: ZAR17.20:$1).

The average gross basket price for PGMs in the financial year was $3,690/ounce – an 83% increase on the previous year's $2,015/ounce. The increase in the overall PGM basket price was primarily due to an approximately 168% increase in rhodium prices to record highs during the year, and approximately 28% increase in palladium prices.

Revenue on 4E ounces delivered increased by 80% in dollar terms to $188.3 million year-on-year with revenue from base metals and by-products contributing $13.3 million to the total revenue. Net revenue, after adjustments for ounces delivered in the prior year but invoiced in FY2021, increased 79% on the previous year's $115.1 million to $206.1 million.

Group cash costs increased by 21% year-on-year from $622/ounce (ZAR9,683/ounce) to $755/ounce (ZAR11,590/ounce). Operating costs increased 22% in ZAR (the functional currency) from ZAR645.2 million to ZAR788.4 million, attributable to higher re-mining costs, incurred in order to supplement the lower ROM and current arisings from the host mines, higher consumable costs associated with more oxidised alternative feed sources at selected operations and higher than inflation increases in the electricity cost.

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 9% in the reporting currency year-on-year mainly due to the increase in share-based payments and an increase in directors' and officers' liability insurance (FY2021: $2.4 million; FY2020: $2.2 million).

All-in sustaining costs (AISC) increased by 39% to $907/ounce (ZAR13,910/ounce) from $654/ounce (ZAR10 181/ounce) primarily as a result of a significant increase in minerals royalty taxes that account for approximately $100/ounce and operational costs increases mentioned earlier. The royalty tax increased significantly due to capital allowances being depleted during the prior year, as well as significantly higher PGM basket prices resulting in higher revenues that impact the royalty tax calculation. Similarly all-in costs (AIC) of 4E increased by 38% to $981/ounce (ZAR15,052/ounce) from $713/ounce (ZAR11,103/ounce) recorded in the previous period.

Adjusted Group EBITDA (excluding impairments) increased 108% year-on year to $144.9 million (FY2020: $69.6 million). The taxation expense for the year was $43.4 million (2020: $15.0 million) (as per the statement of profit or loss and other comprehensive income and includes deferred taxation movements and dividend withholding tax) and depreciation amounting to $3.0 million.

The Group net profit for the year was $99.8 million, a 143% improvement on the previous year's $41.0 million.

Capital spend for the year was ZAR115.4 million ($7.5 million) (FY2020: ZAR84.2 million ($5.4 million)), primarily associated with the Lannex plant life-extension project and ROM plant upgrade, Lesedi MF2 project, the new Mooinooi fines classification and fine chrome recovery circuit, tailings infrastructure upgrades and stay-in-business capital in line with the company's business plan for the year.

Basic earnings per share (EPS) improved to 36.65 US cents per share from 14.62 US cents per share in FY2020.

Cash generated from operations before working capital movements was $145.6 million, with net changes in working capital resulting in a reduction of $31.9 million due to the movement in trade receivables. Net finance income amounted to $1.6 million and $47.1 million was paid in income taxes during the year.

Other major spend items include $1.4 million spent on exploration activities (FY2020: $0.2 million), $6.1 million on capital projects and SIB for the SDO plants (FY2020: $5.2 million). At corporate level, $20.1 million (FY2020: $2.9 million) was paid out in dividends and 1.96 million shares (FY2020: 4.9 million) were bought back at a cost of $1.6 million (FY2020: $8.5 million).

The impact of exchange rate fluctuations on cash held at year end was a $11.6 million profit (FY2020: $6.6 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 (FY2021: ZAR14.36:$1; FY2020: ZAR17.20:$1).

The Company remains debt-free with a cash balance of $106.1 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 owns various mineral asset development projects on the Northern Limb of the South African Bushveld complex and has initiated studies 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

Based on the preliminary mining design information and results from additional metallurgical test work generated as part of the recent specialist study that was commissioned in mid-2020, two new initiatives have been identified that will impact the feasibility and strategy for the project.

Firstly, various processing and off-take options are being evaluated for the typical PGM concentrate volumes and quality that can be produced based on current mining design and processing options and secondly, a resource optimization study has been commissioned that should be completed during the 2022 financial year.

The resource optimisation study will review and revise the geological interpretation and the continuity of the mineralisation at higher cut-off grades, reducing the orebody to a leaner, smaller resource volume, but of a higher quality. The expected outcome will be a smaller mine with optimised stripping ratios and higher concentrator feed grades. This optimised resource model will allow for a new mining schedule to be developed, feeding into further process optimisation work and an update of the key project economic assumptions.

The investment for the permitting requirements in support of the existing Mining Right continues with specialist technical teams continuing to work towards the authorisations which include the Water Use license for the mining and on-site processing of the ore, updating of the Environmental Impact Assessment and the finalization of the

amended Social and Labour Plan (SLP) which will update the Local Economic Development (LED) project that is included in the Mining Right held by the company. Most of the specialist studies need to be conducted during the rainy and/or summer months and will kick off towards the last quarter of the 2021 calendar year.

GRASVALLY CHROME OPPORTUNITY

The Grasvally mine remains an asset for sale and the amended agreement as negotiated and reported in the Company's FY2020 report is still valid in terms of the potential sale of 100% of the shares in, and claims against Grasvally Chrome Mine (Pty) Ltd to Forward Africa Mining (Pty) Ltd (FAM). We continue to monitor progress on meeting the conditions precedent by FAM and the Board's intention to sell the asset has not changed. An updated second generation Social and Labour Plan has been submitted to the DMRE for approval, while components of the LED project are currently being implemented on site.

NORTHERN LIMB PROJECTS

Mining Rights for PGMs are held by the company for both the Hacra and Aurora Pan Palladium (PPD) developments.

The Company has made a significant investment to further develop and unlock the value of the Hacra and Aurora PGM and Base Metal projects, through an infill drilling programme, with specialist geological and mining technical consultants appointed to oversee the project and study. Steady progress is being made with this study, and drilling progress is approximately 56% and 25% complete for respective mining right areas.

The updated resource model will be subjected to a concept-level mining study to evaluate a new business case for the area of the Mining Right with the final study reports expected by mid-2022.

CORPORATE ACTIVITIES

DIVIDEND APPROVAL AND PAYMENT

On 7 September 2020, the Board declared a final dividend of 1.6p per Ordinary Share, with a record date of 30 October 2020 and payment date of 4 December 2020.

In addition to the annual dividend paid, the Board recognised that the Company had enjoyed a significant positive cashflow impact as a result of the Palladium and Rhodium prices and approved a windfall dividend of 3.75p per Ordinary Share in February 2021, with a record date of 5 March 2021 and which was paid on 9 April 2021.

The Board has now declared the payment of a cash dividend for FY2021 of 4p per Ordinary Share, payable on 3 December 2021. Payment of the dividend will be made to shareholders on the register at the close of business on 29 October 2021 and the ex-dividend date is 28 October 2021. The possibility of another windfall dividend being paid out in H2 FY2022 will be considered should prices remain favourable.

Further to the dividends paid to shareholders, the Company rolled out an Employee Dividend Entitlement Plan (EDEP) whereby eligible employees receive an equivalent dividend paid on shares bought back by the Company in the market and ring-fenced for the EDEP. The first payment of equivalent dividends was made to employees in January 2021 following the FY2020 dividend. A total of ZAR7.4 million ($0.5 million) was paid out under the EDEP to date.

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 FY2020, shares in the Company were valued at 41p per Ordinary Share and at the close of FY2021, the share price appreciated 193% to 120p per Ordinary Share.

During H1 FY2021, the Company concluded its second Share Buyback programme in which it bought back 1,047,599 shares from certificated non-UK shareholders who held 175,000 shares or fewer in the Company.

The Non-executive Directors of the Company were awarded 25,000 shares each and a total of 2,505,000 option shares were exercised by various Directors and employees which vested from bonus shares awarded to them in August 2017. All shares awarded came from Treasury and 1,053,250 of the vested bonus shares were repurchased to satisfy the tax liabilities of employees. An additional 529,575 shares were repurchased from employees and placed back into Treasury.

During the course of the financial year, a total of 690,000 shares held in Treasury were cancelled. Following the above transactions and as at the date of this report, the Company's issued share capital is 286,155,657 Ordinary Shares, of which a total of 13,681,792 Ordinary Shares are held in Treasury. Therefore, the total number of Ordinary Shares with voting rights is 272,473,865.

APPOINTMENT OF DIRECTOR

Post period end, the Company announced the appointment of Mr Adrian Reynolds as Independent Non-executive Director to Sylvania Platinum, with effect from 1 August 2021. With over 40 years' experience in the mining and minerals industry and having held directorships at many reputable companies in the mining and environmental sphere over the years, Mr Reynolds brings a wealth of mining knowledge and experience to the Board and we look forward to his input and guidance. Mr Reynolds is a fellow of the Institute of Materials, Minerals and Mining as well as of the Geological Society of South Africa. He is a registered Professional Natural Scientist and holds a Masters of Science in Geology, as well as a Graduate Diploma in Engineering.

CIVIL UNREST IN GAUTENG AND KWAZULU-NATAL

During the final quarter, the Company became aware of enquiries made by some shareholders pertaining to the recent spate of civil unrest experienced in two of the country's provinces in July, and any potential impact to Sylvania's operations. Whilst the Board acknowledges the devastating effects the unrest has had on the communities affected, the Directors assured shareholders that there were no impacts to operations to date. SDOs are located in the provinces of Mpumalanga and North West where no protest action or riots have occurred and, as such, operations continued unabated. However, management continues to monitor the situation and to evaluate potential risks to operations, particularly from a supply chain point of view and to ensure that any potential risks are mitigated.

THANK YOU AND OUTLOOK

Following a strong FY2021, we have entered FY2022 with a continued solid production performance from our operations, barring the disruption at Lesedi as mentioned above. This, combined with our optimisation initiatives which will come to fruition during the year ahead, supports management and the Board's confidence that Sylvania will achieve its production target of approximately 70,000 4E PGM ounces for FY2022.

With the market forecast for PGMs, and in particular Palladium and Rhodium, to remain in deficit throughout the 2021 calendar year, coupled with the demand for PGMs remaining robust, we are expecting PGM prices to remain healthy during FY2022, although not necessarily at the levels experienced during the past year.

While being cautiously optimistic on the PGM price outlook, as a Company our primary focus will remain on those things which we are able to control, which include specific focus on improving direct operating costs, maintaining a safe, stable and efficient production environment, and ensuring disciplined capital allocation and control.

Taking into consideration all of the above factors, the Board looks forward to the rest of FY2022 with confidence and looks forward to updating shareholders further as the year progresses.

Jaco Prinsloo
Chief Executive Officer

SYLVANIA'S PATHWAY TOWARDS ESG

Our sustainability is inextricably connected to the impacts and influence we have on the lives of our employees and host communities, and the environment in which we live and work. We understand that, over time, these impacts and influences fundamentally affect our stakeholders, workforce and communities which in turn will contribute to the legacy which is left by our operations and our business.

Our approach to sustainability is woven into the fabric of the business running through our core 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

Sylvania is committed to contributing to the UN Sustainable Development Goals (SDGs) which align with key drivers of our business, as we forge our pathway towards ESG.

The key elements of our sustainability focus are:

- Tailings storage and tailings dam flexibility;
- Our ability to sustain the business over the long haul with our available resources and looking at third and fourth pass processing; and
- Meeting, and wherever possible, exceeding, regulatory requirements.

SUSTAINABILITY AND OUR VALUES

We value the safety and health of all.

Employees are at the heart of our Company and we place their safety and health above all else in everything we do.

3 GOOD HEALTH AND WELL-BEING

UNSDG3:

Good Health and Well-Being: ensure healthy lives and promote well-being for all at all ages

Health, Safety and Wellbeing remain a core focus of our business.

- Our first value is Safety and Health of All which promotes safety and health as a priority in the way we operate;
- Sylvania strives to create a culture of ZERO HARM and improved safety and health performances;
- SHE Policy is in place which highlights our SHE commitment;
- Safety strategy to prevent and reduce injuries to employees and contractors;
- Sylvania complies and is aligned with host mine safety and health measures;
- COVID-19 policy and mitigation protocols in place to mitigate the impact of COVID-19 on employees, families and communities;
- Conduct health medical screening for workplace illnesses; and
- Employees belong to medical aid schemes which include family members to provide financial protection.

The Company has had no environmental incidents in the last five years and the Doornbosch operation has achieved the significant industry milestone of nine years lost-time injury (LTI) free during June 2021. Mooinooi, Lannex and Lesedi all achieved one-year LTI-free milestones during the year. The Company's LTI Frequency Rate (LTIFR) is 0.25 per 200,000 man-hours worked. Safety is an important element of the annual bonus scheme and the plants' quarterly incentive schemes.

Whilst COVID-19 has been a significant focus of our regular health and safety reporting during the past year, it is a credit to management that, during this period, and since the commissioning of our first plant some 13 years ago, there were no other significant health or environmental incidents reported. Further, management's focus on the identification and minimisation of pandemic-associated risk has been relentless, particularly given the unique challenges presented in mine working areas.

Sylvania has adopted a structured approach towards managing the COVID-19 risk posed. Sylvania believes that vaccines are key in the fight against the pandemic, together with other control protocols. We acknowledge that vaccines are a personal choice and we encourage employees to be vaccinated. Sylvania supports the vaccination of its employees against COVID-19 with the intent to mitigate the impact of COVID-19 and its spread. Currently we are tracking and monitoring COVID-19 cases and the vaccinations of our employees. We have drafted a COVID-19 vaccination policy and continuously create awareness, provide updates and share information relating to COVID-19 and vaccinations. Sylvania has identified opportunities to collaborate with various role players and stakeholders regarding the vaccination of our employees.

5 GENDER EQUALITY

UNSDG5:

Gender Equality: achieve gender equality and empower all women and girls

Since 2020, the Group's employee complement has grown by 10% to 628, with the majority of our employees recruited from our local host towns and settlements.

Our commitment to local community employment and engagement also adheres to South African Mining Charter requirements, and aligns with the United Nations Sustainable Development Goal No 1 (UN SDG No 1), in the fight against poverty, particularly in rural environments.

In aiming for a well-balanced and inclusive employee profile, we have established an employee equity forum which is represented by members from all levels of the organisation. This forum is well supported by employees and the union, and meets quarterly to discuss concerns around equity, skills development and other associated matters which arise and to plot improvements that may be required.

To boost our diversity profile, we have created structures and procedures to seek to remove barriers to this goal, both in terms of gender and ethnicity. In terms of our employment equity targets we strive to significantly increase our female workforce and Historically Disadvantaged Persons (HDP) appointments at a senior level. Currently women represent 19% of the workforce.

We plan to fast track women representation within the Company by introducing a number of interventions, namely the appointment of females within our Community Inhouse Programme. This programme is specifically earmarked to train individuals for the workplace. At least 30% of the programme intake is allocated for females. These delegates are viewed to be our talent pool for recruitment at Core & Critical Skills. We are further committed to earmark roles for females aligned with our Equity targets.

Table 1: Workforce profile

Levels	Male HDPs	Male White	Female HDPs	Female White	Total
Executive Management	0	5	0	2	7
Senior Management	5	12	0	1	18
Middle Management	20	13	2	3	38
Junior Management	111	28	29	14	182
Core & critical Skills	313	1	69	0	383
Total:	**449**	**59**	**100**	**20**	**628**

8 DECENT WORK AND ECONOMIC GROWTH

DG8:

Decent work and economic growth: promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Our strategy in terms of human capital is driven by the company's business imperatives. Labour relations are a critical element of our human capital discipline: our employment policies, procedures and practices are guided by South African labour relations legislation, which is highly evolved, and on a par with that of developed nations. Freedom of association is implicit in our labour relations discipline and employees have rights to organise as per their legislatively protected rights in this regard.

The organisation's human and intellectual capital function is guided by our business strategy. Our employment policies, procedures and practices take into account and comply with the relevant labour legislation of South Africa. South Africa is a member country of the International Labour Organisation (ILO) and the country's labour legislation, particularly for an emerging economy, is evolved and our recruitment initiatives focus on local communities in areas surrounding our operations.

The Group has contributed to the South African economy in several ways.

ZAR608.0m	**Total SA procurement**
ZAR290.5m	**Employee and related payments include:** • **Salaries and wages** • **Contributions and employees' tax paid** • **Employee dividend participation scheme**
ZAR1.1bn	**The Group paid the following to the South African Revenue Services:** • **Income tax** • **Value added tax** • **Dividend withholding tax** • **Mineral royalty tax**

We value the fundamental rights of people

We treat all people with dignity and respect.

UNSDG1:

No Poverty: end poverty in all forms everywhere; and

UNSDG2:

Zero Hunger: end hunger, achieve food security and improved nutrition and promote sustainable agriculture

Sylvania continues to be involved in a number of community outreach and upliftment programmes, including:

- Monthly feeding scheme for home-based care and pre-primary schools;
- The Company provided study guides for a local Secondary School;
- Providing winter clothes to school children in the local communities in which we operate;
- Donation of office furniture;
- Assisting youth with various school projects – The Company donated shoes to two primary schools and also provided the sports academy with soccer boots;
- The Company donated online learning material and text books to Grade 12 learners in the community to assist with self-study when schools were closed due to lockdown;
- A monthly ongoing feeding scheme was started for children in the community who lost parents due to COVID;
- The Company assisted and provided food parcels to communities in need during the COVID-19 pandemic; and
- The Company donated a 10k litre water tank with steel stands to provide running water in a local community.

The Company plans to roll out a number of new community and development initiatives in FY2022.

Furthermore, our employees, key stakeholders in the business, were rewarded in the year with the first distributions of the EDEP, launched in FY2020. This was designed to give lower-level employees a vehicle whereby they can participate in a percentage of the company's equity returns without the complexity of holding foreign shares.

The plan was implemented with no dilution to shareholdings and via share buybacks at substantially lower prices. The EDEP also provides another leg to the company's employee remuneration strategy.

UNSDG4:

Quality Education: ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

The organisation implements a number of programmes to build capacity and enhance skills development. All training and development programmes initiated are aligned with the Company's strategic and operational goals on the one hand and on the other are credit-bearing and accredited through the Mining Qualification Authority (MQA). Development programmes are not limited to employees, but extend into our mining communities, illustrating our commitment to communities beyond the mine gate.

Various operational, legal and developmental staff training sessions were conducted during the year covering a range of 18 topics, with 1,080 delegates attending, and our three metallurgical students at the Eastern operations were able to keep their internships going. Given the working environment, and the associated statutory requirements, the emphasis of most of the training programmes is on safety and health.

We value honesty and integrity

We act honestly and show integrity by continuously striving towards "doing what we say we are going to do" and showing commitment towards our accountabilities of delivering high performance outcomes, thus projecting an image of professionalism and meeting the expectations of our colleagues, investors, business partners and social partners.

UNSDG9:

Industry, innovation and infrastructure: build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

Relationships with our stakeholders are the foundation upon which much of our business planning and strategy is based and which inform our material issues. Our focus is on accountability and engagement with communities and developing inclusive innovation and infrastructure within them.

The material results of stakeholder engagement programmes are presented in quarterly, interim and annual reports. Our stakeholder engagement programme is integrated into the company's various disciplines.

Table 2: Principal stakeholders, their function and our engagement process

Stakeholder group	Stakeholder profile	Engagement platforms
Host mines	Our host mines provide the company with critical feedstock for our retreatment operations	Formal meetings to discuss operational matters
Financial community	The financial community provides the capital required to invest in growth projects; the business needs to present itself as an investment opportunity	The company's AIM listing requires regulatory communications to shareholders. Investor briefings, roadshows, meetings and a company website used to reach this target audience. In COVID times the bulk of these interactions have taken place on virtual platforms
Employees, unions	Employees are represented by the majority union the National Union of Mineworkers	This relationship is governed by a recognition agreement which provides for regular meetings.
Authorities – local, provincial and national government structures	DMRE, SARS, Treasury, Environmental Affairs, etc	Formal meetings, visits and correspondence
Communities	Host mine transformation departments, Sylvania community liaison structures	Meetings at operational level are the vehicle for discussing community concerns and expectations. Appropriate programmes are identified with the cooperation of the host mines.

UNSDG16:

Peace, Justice and Strong Institutions: promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Labour stability is a key issue for management. The relationship with the representative employee union, the National Union of Mineworkers (NUM), is governed by a recognition agreement, which regulates the industrial relations discipline and includes provision for consultation and negotiation. There were no strikes or lockouts during the financial year. The Western Operations will undergo their bi-annual wage negotiations for implementation in FY2022.

We respect the environment

We act in a manner that is sustainable and environmentally responsible, applying professional and innovative methods.

UNSDG13:

Climate Action: take urgent action to combat climate change and its impacts

Sylvania is aware of both the growing demand for ESG transparency and the needs of our investors; seeking investments characterised by risk-adjusted financial returns, long-term value, and environmental resilience. Practically this makes for good business and simultaneously serves our investors, wanting long-term value from their investments during this climate transition and reduced carbon emissions.

In anticipation of this Sylvania pro-actively carried out its Pre-Feasibility Investigation into a Greenhouse Gas Emissions Compliance exercise for its South African operations. Even though there is a carbon tax levied on the mining industry in South Africa, Sylvania has ensured that its operations are below the current threshold. Furthermore, following on from this feasibility exercise, Sylvania management and operations have begun the following:

- Greenhouse gas data collection (e.g., carbon dioxide, methane, nitrous oxide, refrigeration-gases), in anticipation of reporting in metric tonnes of carbon dioxide equivalent (tCO_2e) for Scope 1 and 2 emissions in the coming financial years; and
- Engaging with our supply chain to estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate. Management expects to be able to report on scope 3 in three to four years.

Sylvania's journey includes expanding its ESG reporting commitments (beyond water, energy, and employee and community development) for its 2022 financial year, integrating fit for purposes metrics, environmental performance, climate risk mitigation, and where practical – alignment at corporate and operational level.

On this basis the following is proposed:

- **Combatting climate change risks and impacts in line with the United Nations Sustainable Development Goal 13 –**
  - Through an updated strategy which will consider Sylvania's ability to adapt to the adverse impacts of climate change, ensure climate resilience and move towards lowering greenhouse gas emissions;
  - Strengthen resilience and adaptive capacity to climate-related hazards by including these in current risk management framework; and
  - Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction.
- **Reliable, and sustainable energy in line with the United Nations Sustainable Development Goal 17 –**
  - Investigate solar and heat exchange energy opportunities for the offices at each of the operations; and
  - Report on energy efficiency projects implemented in the last five years at each of the operations.
- **Sustainable management of water resources in line with the United Nations Sustainable Development Goal 7 –**
  - Investigate increased water-use efficiency, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater at each of the operations;
  - Awareness and demarcation on site plans of the water resources at the operations (water-related ecosystems – wetlands, drainage lines, aquifers and clean and dirty storm water); and
  - Report on increased water-use efficiency over the last 5 years at each of the operations.

15 LIFE ON LAND

UNSDG15:

Life on Land: protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss

Given that the SDO operates within the environmental footprint of our host mines, our environmental policies and practices are guided by those of our host mines. These standards apply to all our environmental aspects – water, energy and waste. The processing operations generate minimal waste; an outsourced, permitted contracting company is hired to transport hazardous waste to a designated landfill site. Nevertheless, the SDO plants maintain accurate and detailed environmental records. Incidents are dealt with in terms of legislative practice and host mines' emergency procedures.

6 CLEAN WATER AND SANITATION

UNSDG6:

Clean Water and Sanitation: ensure availability and sustainable management of water and sanitation for all

In terms of water management, all Sylvania plants are included in the integrated water reticulation circuits of their 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.

Table 2: Total water usage at Sylvania operations (excluding host mine)

Description	FY2021	FY2020	FY2019
Water consumed in products (m^3)	**71,113**	60,500	62,000

The increase in water consumed is attributable to the increase in both feed and product.

7 AFFORDABLE AND CLEAN ENERGY

UNSDG7:

Affordable and Clean Energy: ensure access to affordable, reliable, sustainable and modern energy for all

Energy supply remains a concern for the company, given the ongoing power interruptions from the South African power utility, infrastructure vandalism and cable theft. Despite this, the teams have kept the plants running with minimal interruptions, and the throughput in tons of material per kWh consumed is increasing.

Table 3: Average tons treated per kWh

The installation of Power Factor Correction (PFC) equipment at both the Lannex and Doornbosch plants during September 2020 and March 2021 respectively was completed during the financial year. This equipment serves to reduce the amount of real energy drawn by the plants. These were the last two plants to have such equipment installed, with the exception being Tweefontein, where a much larger PFC system was built on the mine's main supply when the plant was originally built.

All three Eastern Limb plants have had their power supply from Eskom upgraded, with the Lannex upgrade completed in September 2020, and Doornbosch coming on line during March 2021. Tweefontein came online during April 2021. At all three plants this has enabled us to keep the plants running without the need to co-generate power, and generators are now used for standby duty only. Presently only Tweefontein is capable of running the entire plant utilising generators. A second generator is being upgraded to supplement the unit already at Lannex, and together these two machines will be capable of keeping the major portion of the plant running.

The Tweefontein line upgrade has not been able to make any real significant improvement to the supply required by the mine, and although the Company is presently running on Eskom power, the mine is planning extensions which will require additional power. The Company is currently considering how best to deal with these constraints in the future.

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

Our actions will support the communities in which we work while honouring their heritage and traditions.

4 QUALITY EDUCATION

UNSDG4:

Quality Education: ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Development programmes, mentioned above, are not limited to employees, but extend into our mining communities, illustrating our commitment to communities beyond the mine gate. Current programmes offered by the Company focus on enhancing skills in various fields, e.g., fitting and turning and electrical competencies. The current 36-month programme, launched in May 2019, has three participants and the learners' progress is carefully monitored in order to place them in suitable positions on completion of their courses.

Sylvania introduced a Milling & Floatation training module as part of the development drive for the local communities surrounding our operations. The programme was successfully introduced in 2020, and it runs for a six-month period. The programme for the current year started in April/May this year, with a total of 24 intakes from our operations.

17 PARTNERSHIPS FOR THE GOALS

UNSDG17:

Partnership for the Goals: strengthen the means of implementation and revitalise the Global partnership for sustainable development

During the past two financial years community tenders for supply of goods and services were issued in the East and West. For the Eastern Operations, tenders for four commodities were issued and seven community suppliers were successful in the tenders and were added to the vendor list. For the Western Operations, tenders for seven commodities were issued and eight community suppliers were added to the vendors list. It has been identified that community suppliers need more business coaching and assistance and the site teams go out of their way to assist and support the suppliers wherever necessary.

The Company's Human Resources department offered a community vendor training process comprising a two-day Basic Business Bootcamp course. The programme offered to community suppliers in the East was completed in early August 2021 with the course offered to Western community suppliers still to be held.

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 2021. 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)
RA Williams	(Independent Non-executive Director)
E Carr	(Independent Non-executive Director)
A Reynolds	(Independent Non-executive Director) (Appointed 1 August 2021)
JJ Prinsloo	(Chief Executive Officer)
L Carminati	(Chief Financial Officer)

The Directors of Sylvania were in office from 1 July 2020 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 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

A REYNOLDS

Mr Reynolds joined the Board as from 1 August 2021 and has over 40 years' experience in the mining and minerals industry, commencing his directorship career in 2010 at Morila, a Randgold Resources subsidiary. He is currently a director of Resolute Mining Limited and Mkango Resources Limited and has previously held directorship positions at Somilo SA (a Randgold Resources subsidiary), Aureus Mining Limited, Digby Wells Environmental, Geodrill Limited, Acacia Mining Plc, and GT Gold Corporation. Mr Reynolds is a fellow of the Institute of Materials, Minerals and Mining as well as of the Geological Society of South Africa. He is a registered Professional Natural Scientist and holds a Masters of Science in Geology obtained from Rhodes University in 1979, as well as a Graduate Diploma in Engineering obtained from the University of Witwatersrand in 1987.

JJ PRINSLOO

Mr Prinsloo has been appointed as CEO and admitted to the Sylvania Board since 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

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 since 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

COMPANY SECRETARY

The Company Secretary role is held by Conyers Corporate Services (Bermuda) 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.

BUSINESS REVIEW

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is guided by the Board and the Audit Committee and is the responsibility of all employees across all operations, exploration projects and the corporate office. Sylvania is exposed to risks in the mining and exploration industry as well as various 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 at both an operational and strategic level in order to ensure continuous mitigation of these risks.

Principal risk factors that the Board feel may affect the performance of the Group are detailed below. The risks described below are not exhaustive and do not include risks the Board are unaware of. Immaterial risks are not disclosed below. The risks below are not presented in any order of priority and includes risks that are not within the control of the Board and management and those that are.

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. Some of these factors include changes in the market, political uncertainty, over-supply and decrease in demand. The Company's ability to generate cash, profitability and future growth 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. Short-, medium- and long-term financial planning is undertaken, and production of available resources 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.

Cash is held in ZAR for operational and capital expenditure and where possible surplus cash is converted to USD to reduce the impact of exchange rate fluctuations. The Group uses external advisors to assist in managing the foreign exchange exposure.

Country and Infrastructure Risk

Risk and impact:

The Group's operations are all based 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 country's increasing unemployment rate and political instability result in negative business confidence and could result in further credit downgrades. The regulatory, political and legal environment in which the Company operates poses risks and impacts the sustainability of the Company. The spread of COVID-19 has further contributed to low growth in South Africa.

Reliance on third party providers for the availability and access to power and water remain limiting factors in some of the areas in which the Company operates. Production stoppages due to a lack of access to either of these resources would result in failure to meet delivery commitments.

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 risk of power cuts which the country faces on an ongoing basis necessitated management to investigate alternate power sources where not already installed to ensure plant uptime is maintained and capital projects are not placed at risk. Alternate green power sources are being investigated but require significant capital and operational expenditure. Boreholes were 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.

Sustained Resources, growth and diversification

Risk and impact:

The retreatment of dump material has a finite life and the processing of current arisings alone results in lower margins. 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.

The Group relies on a single commodity with the majority of supply from a single source which could limit growth. Reduced supply of current arisings from the host mine will impact the rate of processing the dump resources.

Mitigation:
The majority of operations have dump resources for several years of production. The risk is partly mitigated by the addition of current arisings from the current operational host mines which are fed through the SDO. These feed sources will be available to the Group for the life of the mine. The addition of the MF2 modules (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.

New resources are being identified and will extend the life of the SDO even further or increase the number of plants.

The research and development project is expected to yield positive results and if successful may enable the Group to diversify into other areas and commodities.

The Board is in the process of upgrading the exploration and evaluation asset resources through a phased approach. This will enable decisions to determine how best to extract value from the Volspruit, Aurora and Hacra projects with a focus on low capital and low risk.

Capital management

Risk and impact:
The selection of capital projects must provide the required returns and strategic outcomes within the Sylvania business model. Incorrect decision making and large capital overruns could have a significant impact on the cash and ultimately the sustainability of the Group.

Mitigation:
Detailed analysis and due diligence are performed on all potential capital projects. Professional and disciplined capital project management ensure that identified projects are executed on time and within budget as demonstrated during past years.

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

Cyber security

Risk and impact:
Cyber threats are growing rapidly as the digital landscape grows and as the work from home option has become more permanent as employees are encouraged to work from home wherever possible. These threats range from business interruptions, data breaches to cyber fraud and ransomware. A cyber incident could be malicious or unintentional, but the impact will be the same.

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 on a continuous basis to reduce the risk of internal or third-party access. Focus is placed on continued education for all employees as to the risks as well as physical security measures. Back-ups are maintained and the IT policies, including the disaster recovery plan are reviewed regularly.

Human capital

Retention of key staff and succession planning

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. A lack of succession planning for both the Board and key management will also result in unnecessary disruptions and potentially loss of investor confidence.

Mitigation:
The Company incentivises key employees through the granting of bonus share awards, reviews peer group structures and benchmarking to ensure salaries are competitive, provides a safe and rewarding working environment and provides training and development programmes. Succession planning is also on the agenda at Board and Remuneration Committee meetings as well as part of the Executive strategy workshops.

Health, safety and employee wellbeing

Risk and impact:
Health and safety are key to the sustainability of the Company and a measurable KPI of management. Disruptions due to health and safety incidents could have a significant effect on the Company's profitability.

At the time of release of this report, South Africa is at the tail end of the third wave of the COVID 19 pandemic. Although vaccines are being rolled out and the uncertainty around the risk has reduced, the possible long-term effects on employees is only now starting to surface. Employee safety and wellbeing, group cashflows and sustainable operations are all potentially affected, but cannot be fully quantified at this stage. South Africa remains under the South African government implemented State of Disaster and the constantly changing regulations aimed at safeguarding its citizens could impact productivity of employees as well as their mental and general wellbeing.

Mitigation
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 Board and management are continuously monitoring the wellbeing of employees, both physically and mentally and are considering various support options.

DIRECTORS' REPORT *continued*

GROUP FINANCIAL RESULTS

Results for the year

		2021	2020	+- % Change
Gross basket price	$/oz	**3,690**	2,015	83
Net Revenue	$ 000	**206,112**	115,095	79
Group cash cost	ZAR/oz	**11,590**	9,683	20
Group cash cost	$/oz	**755**	622	21
Gross profit	$ 000	**143,068**	67,065	113
General administration costs	$ 000	**(2,375)**	(2,169)	9
Profit before income tax expense	$ 000	**143,213**	55,947	156
Adjusted Group EBITDA	$ 000	**144,860**	69,589	108
Cash generated from operations				
(before working capital changes)	$ 000	**145,649**	71,372	104
Changes in working capital	$ 000	**(31,876)**	(381)	(8,266)
Net finance income received	$ 000	**1,573**	1,788	(12)
Taxation paid	$ 000	**(47,111)**	(14,756)	219
Net increase/(decrease) in cash and cash equivalents	$ 000	**38,692**	40,642	(5)
Cash and cash equivalents, end of year	$ 000	**106,135**	55,877	90

GROUP FINANCIAL RESULTS

Results for the year continued

		2021	2020	+- % Change
Production				
Plant feed	T	**2,700,685**	2,341,452	15
Total 3E and Au	Oz	**70,043**	69,026	1
PGM plant recovery	%	**54**	57	(5)
Capital expenditure				
Property, plant and equipment	$ 000	**6,104**	5,200	17
Exploration and evaluation assets	$ 000	**1,415**	212	567
Total capital expenditure	$ 000	**7,519**	5,412	39

Net Revenue

Net Revenue increased 79% year-on-year mainly due to the higher gross basket price of $3,690/ounce against $2,015/ounce recorded in the prior year.

Cash costs

Cash costs for the Group increased 20% year-on-year to ZAR11,590/ ounce compared to ZAR9,683/ounce in the previous year. The all-in sustaining cost (AISC) for the Group was ZAR13,910/ounce and an all-in cost (AIC) of ZAR15,052/ounce for the financial year. This compares to the AISC and AIC for 30 June 2020 of ZAR10,181/ounce and ZAR11,103/ounce respectively.

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 9% year-on-year in the reporting currency.

Mining and income tax

Income tax paid for the financial year amounted to ZAR721.2 million ($47.1 million) compared to ZAR229.7 million ($14.8 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. Mineral royalty tax of ZAR126.9 million ($8.3 million) was paid for the financial year against ZAR15.1 million ($1.0 million) in the prior year.

Profit

The consolidated profit before tax of the Group at 30 June 2021 was $143.2 million (FY2020: $55.9 million), a 156% improvement on the prior year. Increased revenue due to the higher basket prices compared to prior year contributed to the increase in profits. Adjusted Group EBITDA improved 108% to $144.9 million.

Capital

Capital spend increased during the current financial year from ZAR84.2 million ($5.4 million) in the prior year to ZAR115.4 million ($7.5 million). Capital was spent on the Lannex plant life-extension project and ROM upgrade, Lesedi MF2 project, the new Mooinooi fines classification and fine chrome recovery circuit, tailings infrastructure upgrades and stay-in-business (SIB) capital, in line with the Company's plan for the year.

Cash

The cash balance at 30 June 2021 was $106.1 million, including $0.9 million in financial guarantees (FY2020: $0.8 million). Cash generated from operations before working capital movements was $145.6 million, with net changes in working capital resulting in a reduction of $31.9 million. Net finance income amounted to $1.6 million and $47.1 million was paid in income taxes and dividend withholding taxes during the year. Major spend items include $1.4 million spent on exploration activities (FY2020: $0.2 million), $6.1 million on capital projects and SIB for the SDO plants (FY2020: $5.2 million). At corporate level, $20.1 million (FY2020: $2.9 million) was paid out in dividends and 1.96 million shares (4.9 million) were bought back at a cost of $1.6 million (FY2020: $8.5 million).

The impact of exchange rate fluctuations on cash held at year end was $11.6 million profit (FY2020: $6.6 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

On 7 September 2020, the Board declared a final dividend of 1.6p per Ordinary Share for FY2020, with a record date of 30 October 2020 and payment date of 4 December 2020.

In addition to the annual dividend paid, the Board recognised that the Company had enjoyed a significant positive cashflow impact as a result of the palladium and rhodium prices and approved a windfall dividend for the 2020 calendar year of 3.75p per Ordinary Share in February 2021, with a record date of 5 March 2021 and which was paid on 9 April 2021.

The Board has furthermore declared the payment of a cash dividend for FY2021 of 4.0p per Ordinary Share, payable on 3 December 2021. Payment of the dividend will be made to Shareholders on the register at the close of business on 29 October 2021 and the ex-dividend date is 28 October 2021.

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 FY2020, shares in the Company were valued at 41p per Ordinary Share and at the close of FY2021, this appreciated 193% to 120p per Ordinary Share.

During H1 FY2021 the Company concluded its second Share Buyback programme in which it bought back 1,047,599 shares from certificated non-UK shareholders who held 175,000 shares or fewer in the Company.

The Non-executive Directors of the Company were awarded 25,000 shares each. The award of shares was treated as part of the annual fees earned by each Director and set out in more detail in the table indicating Directors and key management personnel remuneration on page 25. A total of 2,505,000 shares were exercised by various Directors and employees which vested from bonus shares awarded to them in August 2017. All shares awarded came from Treasury and 1,053,250 of the vested bonus shares were repurchased to satisfy the tax liabilities of employees. A total of 529,575 shares were repurchased from employees and placed back into Treasury.

During the course of the financial year, a total of 690,000 shares held in Treasury were cancelled. Following the above transactions and as at the date of this report, the Company's issued share capital is 286,155,657 Ordinary Shares, of which a total of 13,681,792 Ordinary Shares are held in Treasury. Therefore, the total number of Ordinary Shares with voting rights is 272,473,865.

APPOINTMENT OF DIRECTOR

Post period end the Company announced the appointment Adrian Reynolds as Independent Non-executive Director to Sylvania Platinum, with effect from 1 August 2021. With over 40 years' experience in the mining and minerals industry and having held directorship at many reputable companies in the mining and environmental sphere over the years, Mr Reynolds brings a wealth of mining knowledge and experience to the Board and we look forward to his input and guidance. Mr Reynolds is a fellow of the Institute of Materials, Minerals and Mining as well as of the Geological Society of South Africa. He is a registered Professional Natural Scientist and holds a Masters of Science in Geology, as well as a Graduate Diploma in Engineering.

CIVIL UNREST IN GAUTENG AND KWAZULU-NATAL POST PERIOD END

In the quarterly announcement released July 2021, the Company reported that it had become aware of enquiries made by some shareholders pertaining to the recent spate of civil unrest experienced in two of the country's provinces in July, and any potential impact to Sylvania's operations. Where the Board acknowledges the devastating effects the unrest has had on the communities affected, the Directors assured shareholders that there were no impacts to operations to date. SDO are located in the provinces of Mpumalanga and North West where no protest action or riots have occurred and, as such, operations continued unabated. However, management continues to monitor the situation and to evaluate potential risks to operations, particularly from a supply chain point of view and to ensure that any potential risks are mitigated.

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 two formal Directors' meetings, a budget review meeting and eight 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
SA Murray	2	2	–	–	2	2	8	8
RA Williams	2	2	4	4	2	2	8	8
E Carr	2	2	4	4	2	2	8	8
JJ Prinsloo	2	2	4	4	–	–	8	8
L Carminati	2	2	4	4	–	–	8	8

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

2021	Common Shares
SA Murray	1,050,000
RA Williams	1,117,000
E Carr	50,000
JJ Prinsloo	1,221,144
L Carminati	1,104,081

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:

Directors and key management remuneration

	Short Term Benefits			Share-based payment	Total
2021	**Cash salary/ Consulting fees**	**Bonus** [1]	**Directors' fees**	**Equity shares/ share options** [2]	
	$	**$**	**$**	**$**	**$**
Directors					
JJ Prinsloo	270,310	37,263	75,000	73,504	456,077
SA Murray	–	–	125,000	19,938	144,938
RA Williams	–	–	85,000	19,938	104,938
E Carr	39,000	–	75,000	19,938	133,938
L Carminati	247,826	34,044	75,000	67,721	424,591
Sub-total	**557,136**	**71,307**	**435,000**	**201,039**	**1,264,482**
Other key management	**883,414**	**94,916**	**–**	**123,277**	**1,101,607**
Total	**1,440,550**	**166,223**	**435,000**	**324,316**	**2,366,089**

[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.*

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

Management has produced forecasts and budgets that have been sensitised to include the best estimate of the result of COVID-19 and its impact on the global economy.

The Group has also considered the recent unrest and riots that occurred in South-Africa, however there were no instances of violence in and around the geographical locations of the Group's operations with no long-term or short-term affects anticipated.

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 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
3 September 2021

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Company is quoted on AIM, and in accordance with the AIM Rules for Companies (the AIM Rules), has adopted 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, guided by the Chairman reviews the Group strategy on a regular basis to ensure long-term value for stakeholders. The Group Vision, Mission and Values are the foundation of this strategy.

Vision:	To be the leading mid-tier, lower unit cost, PGMs producing company.
Mission:	To generate wealth for all of our stakeholders using safe and innovative processes with a focus on PGMs while exploiting any value-adding associated minerals.
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

In achieving the above vision and mission, the Board and management operate according to four focus areas.

- Maintaining safe and profitable production
- Progressing R&D and Exploration Projects
- Strengthening License to Operate
- External Growth Opportunities

The CEO leads by example in living the values of the Company and demonstrating the corporate culture encouraging all employees to contribute and uphold these values.

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. The Board 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 other stakeholders are met.

The Board comprises six members being: the independent Non-executive Chairman; three 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 and the roles and responsibilities of the Board members are clearly defined.

The Board currently comprises:

SA Murray	Independent Non-executive Chairman
J J Prinsloo	Chief Executive Officer
RA Williams	Independent Non-executive Director
E Carr	Independent Non-executive Director
A Reynolds	Independent Non-executive Director
L Carminati	Chief Financial Officer

The Board met ten times during the financial year. Two formal Board meetings, one budget review meeting, and seven strategy and information update meetings.

The Board receives detailed information packs ahead of all Board meetings on all operational, financial and corporate activities to enable them to make informed decisions when necessary.

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.

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 Company is committed to engaging with shareholders through investor roadshows, individual meetings in person or virtually, quarterly, half yearly and annual reporting via RNS and on the Company's website, with the aim of providing clear and transparent information on the strategy and performance of the Group.

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. They have been joined by Adrian Reynolds as from 1 August 2021.

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 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 ran an audit tender during the year which resulted in the selection of PwC as auditors for the Company. PwC's appointment was approved by shareholders at the Company's AGM held in November 2020. 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 2020:

- Annual Report for the year ended 30 June 2020;
- External audit report on the Group Annual Financial Statements for the year ended 30 June 2020;
- Going concern and working capital requirement/cash forecast;
- Impairment;
- Internal audit update; and
- Whistleblower feedback.

November 2020:

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

February 2021:

- Half year results and report to 31 December 2020;
- External audit report on half year;
- Half year Impairment and going concern assessments;
- IT Governance; and
- Whistleblower feedback.

May 2021:

- External audit strategy and plan for the 30 June 2021 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 twice and invited Eileen Carr and members of the Executive 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.

STAKEHOLDER AND SOCIAL RESPONSIBILITIES

The Company engages all stakeholders on a regular basis. Please refer to Sylvania's Pathway towards ESG on page 13 for details on the Company's commitment to our employees, communities in which we operate, suppliers as well as the environment. Open lines of communication ensure that the Board and management are aligned with the needs of our stakeholders and ensure relationships are built on honesty and trust.

RISK ASSESSMENT AND INTERNAL CONTROLS

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.

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 Board considers the internal controls and procedures in place to be appropriate for the size, complexity and risk profile 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.

04 FINANCIAL STATEMENTS

ENGAGEMENT | CONSULTATION | COMPLIANCE

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
3 September 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sylvania Platinum Limited

OUR OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sylvania Platinum Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

WHAT WE HAVE AUDITED

Sylvania Platinum Limited's consolidated financial statements set out on pages 33 to 75 comprise:

- the consolidated statement of financial position as at 30 June 2021;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

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 in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

OUR AUDIT APPROACH

OVERVIEW

Overall group materiality
$7,160,600, which represents 5% of consolidated profit before income tax expense.

Group audit scope
We conducted full scope audit procedures at 2 components and audits of material financial statement line items at 5 components based on their financial significance to the consolidated financial statements.

Key audit matter
Impairment assessment of non-financial assets.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

MATERIALITY

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	$7,160,600
How we determined it	5% of consolidated profit before income tax expense.
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

HOW WE TAILORED OUR GROUP AUDIT SCOPE

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements are a consolidation of the Company and 18 subsidiaries (each considered a component for purposes of our group audit scope). Financially significant components were identified based on scoping benchmarks such as their contribution to key financial statement line items which included consolidated profit before income tax expense, consolidated revenue and consolidated total assets and the risks associated with the entity.

Based on our scoping assessment, we conducted full scope audits on 2 components and audits of material financial statement line items for 5 components. For the components that were considered to be financially inconsequential, we performed analytical procedures in order to obtain sufficient appropriate audit evidence in respect of the consolidated financial statements.

The group engagement team performed audit procedures over the consolidated financial statements, the consolidation process, financial statement disclosures and significant accounting positions taken by the group to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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 a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
IMPAIRMENT ASSESSMENT OF NON-FINANCIAL ASSETS Refer to the following disclosures in the consolidated financial statements as it relates to the key audit matter: • Note 4 – Assumptions and estimation uncertainties; • Note 6 (l) – Significant accounting policies: Impairment of non-financial assets; • Note 13 – Exploration and evaluation assets; and • Note 14 – Property, plant and equipment; As at 30 June 2021, the Group recognised property, plant and equipment with a carrying value of $39,915,437 and exploration and evaluation assets with a carrying value of $45,351,817. No impairment was recognised in respect of these balances for the current year. At each reporting date the Group assesses whether there is an indication that an asset or cash generating unit (CGU) may be impaired. Due to the constant pressures on the platinum price and the effects of COVID-19 on the markets, in which the Sylvania Dump Operations operate, management performed an assessment to determine the recoverable amount of these assets. The key judgements and assumptions applied in determining the recoverable amounts are disclosed in note 4 to the consolidated financial statements. We considered the impairment assessment of the Group's non-financial assets to be a matter of most significance to the current year audit due to the: • magnitude of the carrying value of these assets in relation to the consolidated financial statements; and • the significant estimation and judgment applied in the determination of the recoverable amounts of these assets.	With the assistance of our corporate finance and financial modelling expertise, and through discussions with management, we obtained an understanding of the valuation models used by management in their impairment assessments. We compared management's models to industry best practice. We found management's model to be consistent with industry practice. We benchmarked management's assumption of the long term PGM price forecasts and the exchange rates used in the valuation model against external market and third-party data. No material differences were noted. We used our valuation expertise to independently calculate the discount rate, taking into account data such as the risk-free rate, debt-equity ratio, market risk premium and beta of comparable companies which we obtained from third-party sources. We compared the results of our independent calculations to the discount rates used by management. Where the discount rates determined by us differed from those used by management, the impact of the differences was not material. We tested the accuracy of the valuation model used by management by performing a recalculation of the recoverable amount and compared the results of our recalculation to management's calculations. No material differences were noted. We compared the recalculated recoverable amount to the carrying value of the non-financial assets. No impairment was noted.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sylvania Platinum Limited Annual Report 30 June 2021". The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements 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 and the Company'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 and/or the Company 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 and the Company'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 and the Company'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 and / or Company 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, actions taken to eliminate threats or safeguards applied.

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.

PricewaterhouseCoopers Inc.

Director: MM Mokone
Registered Auditor
Johannesburg, South Africa
6 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

	Note	2021 $	2020 $
Revenue	9	**206,112,444**	115,094,940
Cost of sales	10(b)(c)	**(54,767,603)**	(47,062,555)
Royalties tax [1]		**(8,276,344)**	(967,099)
Gross profit		**143,068,497**	67,065,286
Other income	10(a)	**1,146,710**	58,123
Other expenses	10(b)(c)	**(2,334,764)**	(3,280,056)
Impairment of exploration and evaluation asset	13	**–**	(9,504,774)
Operating profit before net finance income/costs and income tax expense		**141,880,443**	54,338,579
Finance income	10(d)	**1,705,366**	1,916,197
Finance costs	10(d)	**(373,236)**	(307,756)
Profit before income tax expense		**143,212,573**	55,947,020
Income tax expense	11	**(43,406,522)**	(14,951,537)
Net profit/(loss) for the period		**99,806,051**	40,995,483
Other comprehensive income/(loss)			
Items that are or may be subsequently reclassified to profit and loss:			
Foreign operations – foreign currency translation differences	20	**24,461,386**	(17,291,509)
Total other comprehensive loss (net of tax)		**24,461,386**	(17,291,509)
Total comprehensive income for the year		**124,267,437**	23,703,974

		Cents	Cents
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share	12	**36.65**	14.62
Diluted earnings per share	12	**35.92**	14.26

[1] *The royalty tax increased by $7.3 million due to the change in tax brackets from 0.5% to 7.0% as a result of the SDO's having fully utilised the capital allowances which previously reduced the tax rate applied. This is also as a result of the increase in revenue due to higher basket prices compared to previous periods.*

The notes on pages 37 to 75 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE

	Note	2021 $	2020 $
ASSETS			
Non-current assets			
Exploration and evaluation expenditure	13	**45,351,817**	42,840,775
Property, plant and equipment	14	**39,915,437**	30,472,227
Other financial assets	15	**298,864**	226,009
Total non-current assets		**85,566,118**	73,539,011
Current assets			
Cash and cash equivalents	16	**106,135,435**	55,876,612
Trade and other receivables [1]	17	**68,612,119**	27,074,169
Other financial assets	15	**885,593**	622,711
Inventories	18	**3,838,147**	2,166,294
Current tax asset [1]	24(b)	**4,329,860**	–
		183,801,154	85,739,786
Assets held for sale	26	**4,216,190**	3,436,086
Total current assets		**188,017,344**	89,175,872
Total assets		**273,583,462**	162,714,883
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	19	**2,861,557**	2,868,457
Reserves	20	**65,314,647**	41,594,587
Retained profit		**175,776,721**	96,084,007
Total equity		**243,952,925**	140,547,051
Non-current liabilities			
Borrowings	21	**70,956**	235,576
Provisions	22	**4,539,937**	3,646,044
Deferred tax liability	11	**11,154,515**	9,328,039
Total non-current liabilities		**15,765,408**	13,209,659
Current liabilities			
Trade and other payables	23	**13,652,017**	7,519,728
Borrowings	21	**212,651**	215,918
Current tax liability [1]	24(b)	**–**	1,198,277
		13,864,668	8,933,923
Liabilities directly associated with the assets classified as held for sale	26	**461**	24,250
Total current liabilities		**13,865,129**	8,958,173
Total liabilities		**29,630,537**	22,167,832
Total liabilities and shareholders' equity		**273,583,462**	162,714,883

[1] *Comparative information has been reclassified to net the assets and liabilities. Please refer to notes 11 and 17 for further details.*

The notes on pages 37 to 75 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 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
Profit for the year	–	–	–	99,806,051	–	–	–	–	99,806,051
Total other comprehensive profit (net of tax)	–	–	–	–	–	24,461,386	–	–	24,461,386
Total comprehensive income for the year	–	–	–	99,806,051	–	24,461,386	–	–	124,267,437
Share transactions									
– Treasury shares acquired	–	–	(1,602,765)	–	–	–	–	–	(1,602,765)
– Share-based payments	–	–	62,707	–	791,833	–	–	–	854,540
– Share options exercised and shares issued	–	–	308,561	–	(308,561)	–	–	–	–
– Shares cancelled	(6,900)	–	6,900	–	–	–	–	–	–
Dividends declared and paid	–	–	–	(20,113,337)	–	–	–	–	(20,113,337)
Balance as at 30 June 2021	2,861,557	173,609,067	(8,840,725)	175,776,721	4,420,761	(34,353,949)	(39,779,293)	(29,741,213)	243,952,925

The notes on pages 37 to 75 form part of these consolidated financial statements.

	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)	–	–	–	–
– Shares 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 37 to 75 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers	24(a)	173,210,207	112,398,238
Payments to suppliers and employees	24(a)	(59,436,882)	(41,407,023)
Cash generated from operations		113,773,325	70,991,215
Finance income		1,607,930	1,844,683
Finance costs		(34,574)	(56,309)
Taxation paid	24(b)	(47,111,379)	(14,756,364)
Net cash inflow from operating activities	24(a)	68,235,302	58,023,225
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,104,381)	(5,200,789)
Proceeds from sale of property, plant and equipment		–	64
Payments for exploration and evaluation assets	13	(1,414,699)	(211,551)
Advance paid to TS Consortium		(65,534)	(291,774)
Assets held for sale cash		(1,228)	(7,915)
Net cash outflow from investing activities		(7,585,842)	(5,711,965)
Cash flows from financing activities			
Repayment of borrowings	25(a)	(160,577)	(194,611)
Payment of lease liabilities	25(a)	(80,288)	(75,762)
Payment for treasury shares	25(b)	(1,602,765)	(8,544,976)
Dividends paid		(20,113,337)	(2,853,641)
Net cash outflow from financing activities		(21,956,967)	(11,668,990)
Net increase in cash and cash equivalents		38,692,493	40,642,270
Effect of exchange fluctuations on cash held		11,566,330	(6,562,799)
Cash and cash equivalents at the beginning of reporting period		55,876,612	21,797,141
Cash and cash equivalents at the end of the reporting period		106,135,435	55,876,612

The notes on pages 37 to 75 form part of these consolidated financial statement

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 3 September 2021.

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

The related changes to significant accounting policies are described in note 5.

3. FUNCTIONAL AND PRESENTATION CURRENCY

The presentation currency of the Group's consolidated financial statements is 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.

JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Information about assumptions and estimation uncertainties at 30 June 2021 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 14 – 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 as there are numerous factors that will affect the ultimate liability payable;
- **Note 13 – exploration and evaluation assets:** determining whether future economic benefits are likely either from future exploration, 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 should be recognised on the statement of financial position.

Note 14 – 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 14.

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 14 for further details on assumptions and estimates in relation to impairment.

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 2021. The internal financial model is based on the known and confirmed resources for each plant.

The discounted cash flow model 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. Sensitivities were performed on key assumptions resulting in sufficient headroom.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *continued*

JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES *continued*

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 10.63% and 15% was used for the pre-tax discount rate (2020: range between 11% and 15%).

Commodity price – The Group has used forecast commodity prices obtained from a reputable publication for the year 2022: $1,138/oz (2020: $865 to $950) for platinum, $2,703/oz (2020: $1,200 to $1,735) for palladium and $22,577/oz – 2022 forecast, $11,000/oz – long-term (2020: $5,000 to $6,750) for rhodium. 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 for the year 2022 ZAR/$14.40 (2020: 17.75 ZAR/$1 to 18.00 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 following are the key assumptions:

	30 June 2021	30 June 2020
Long term CPI	4.4%	4.3%
Pre-tax discount rate	8.995%	9.220%

	30 June 2021	30 June 2020
Decrease in total environmental rehabilitation provisions as a result of a 1% increase in discount rate ($)	292,701	230,984
Increase in total environmental rehabilitation provisions as a result of a 1% decrease in discount rate ($)	323,786	255,461

The 1% change applied in the sensitivity analysis was deemed appropriate and reasonable in relation to movements in market interest rates.

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 13 – 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 (k)).

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. Sensitivities were performed on key assumptions resulting in sufficient headroom.

Discount rate – A range between 10.63% and 15% was used for the pre-tax discount rate (2020: range between 11% and 15%).

Commodity price – The Group has used forecast commodity prices obtained from a reputable publication for the year 2022: $1,138/oz (2020: $865 to $950) for platinum, $2,703/oz (2020: $1,200 to $1,735) for palladium, $22,577/oz – 2022 forecast, $11,000/oz – long-term (2020: $5,000 to $6,750) for rhodium and R3,692/ton chrome (2020: R3,500/ton).

Platinum group metals are priced in USD. The USD/ZAR exchange rate used in the discounted cash flow model ranges for the years 2022 to 2024 between 14.40 ZAR/$1 ZAR/$1 (2020: 17.75 ZAR/$1 to 18.00 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 and requires 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 forecasted 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 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

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 2021. None of these are expected to have a significant impact on the Groups' consolidated financial statements.

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 continues 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. 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.

6. SIGNIFICANT ACCOUNTING POLICIES *continued*

(A) BASIS OF CONSOLIDATION *continued*

(iv) Joint arrangements *continued*

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.

(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 is 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 trade receivables in the statement of financial position. In all cases, fair value is determined with reference to month end prices. Foreign exchange gains and losses on the translation of revenue is recognised in profit and loss.

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

(E) LEASES

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.

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.

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 make certain adjustments to reflect the terms of the lease and type of the asset leased.

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 where 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.

(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.

6. SIGNIFICANT ACCOUNTING POLICIES *continued*

(G) SHARE-BASED PAYMENT TRANSACTIONS *continued*

Equity settled transactions *continued*

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.

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 of 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 as right-of-use assets 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.

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
- leased assets – over the period of the remaining lease

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 for prospectively if appropriate.

6. SIGNIFICANT ACCOUNTING POLICIES *continued*

(J) PROPERTY, PLANT AND EQUIPMENT *continued*

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 is expensed as incurred.

(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.

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).

(L) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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 or minus, 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 and measured either at: amortised cost; FVOCI for 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.

6. SIGNIFICANT ACCOUNTING POLICIES *continued*

(M) FINANCIAL INSTRUMENTS *continued*

(ii) Classification and subsequent measurement *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 assets at fair value through profit or loss	These assets are subsequently measured at fair value. Subsequent movements in fair value are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified and 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: (i) the contractual rights to the cash flows from the financial asset expire; or (ii) 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 (iii) 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

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires lifetime ECLs to be recognised from initial recognition of the trade receivables.

For all other financial assets, the general expected credit loss model is used. This means that the probability of default occurring in the next 12 months is considered, together with the loss which may arise from such events of default, unless there has been a significant increase in credit risk. Financial assets at amortised cost are stated net of the loss allowance in the statement of financial position. Such financial assets are written off when there is no reasonable expectation of recovery.

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 such as macro-economic conditions, economic growth and inflationary outlook in the short term.

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.

6. SIGNIFICANT ACCOUNTING POLICIES *continued*

(M) FINANCIAL INSTRUMENTS *continued*

(iv) Impairment *continued*

Credit-impaired financial assets *continued*

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.

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) TRADE AND OTHER RECEIVABLES

Trade receivables (relating to the sale of PGM concentrate) is measured at fair value through profit or loss from the date of recognition up to date of settlement, as it fails the IFRS 9 amortised cost requirement of cash flows representing solely payment of principal and interest. The fair value changes due to non-market variability (that is, changes based on quantity and quality of the contained metal) are considered to be variable consideration within the scope of IFRS 15 as Sylvania's right to consideration is contingent upon the physical attributes of the contained metal. The historic and current year differences between the initial assay and final assay are not significant. Therefore, the variable consideration is not considered to be constrained.

The fair value changes due to market variability (that is, changes in the commodity prices and exchange rates) are not in the scope of IFRS 15 and are therefore not presented as revenue from contracts with customers. The changes in commodity prices are accounted for as other revenue and disclosed separately from revenue from contracts with customers and changes in exchange rates are accounted for as other income.

Trade and other receivables (including trade receivables not relating to the sale of PGM concentrate) are measured at amortised cost. Impairment of receivables measured at amortised cost is determined using the expected credit loss model (note 28).

(O) 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 purchased are measured 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.

(P) 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.

(Q) 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.

(R) 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, contractual rights under insurance contracts, financial assets, deferred tax assets, employee benefit assets, investment property (measured at fair value) or biological assets (measured at fair value), 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.

(S) 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.

(T) EARNINGS PER SHARE

Basic earnings per share is calculated as net profit or loss attributable to members of the holding company, divided by the weighted average number of ordinary shares.

(U) EARNINGS PER SHARE

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

- 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 sum of the weighted average number of ordinary shares and dilutive potential ordinary shares.

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 2021. None of these are expected to have a significant impact on the Groups' consolidated financial statements.

8. SEGMENT REPORTING

SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the reportable operating segments. The chief operating decision maker is identified as the Board. Segments reported are based on the group's operations and performance is evaluated on PGM ounce production and operating costs.

In applying IFRS 8 Operating Segments, judgements have been made by management with regards to the identification of reportable segments of the group. The basis on which management identify the reportable segments represents management's view of the segments.

The segments, as described below, are managed separately based on commodity, location and support function grouping.

Sylvania Dump Operations

This reportable segment comprises the six tailings operational plants located in the Western as well as Eastern Limb. Segment performance is evaluated on PGM ounce production.

Exploration projects

This reportable segment comprises the group's exploration projects, being the open cast mining project as well as Northern Limb exploration project.

Other segments

"Other" segment comprises corporate, administration and other expenditure not allocated to the reported segments. These have been appropriately aggregated into this segment.

The following tables present revenue and profit information as well as certain assets and liability information regarding reportable segments for the years ended 30 June 2021 and 30 June 2020:

	Reportable segments			
	SDO	Exploration projects	All other segments	Consolidated
	$	$	$	$
2021				
Segment assets	178,317,674	52,210,973	43,054,815	273,583,462
Capital expenditure *	34,019,677	47,741,774	3,505,816 (a)	85,267,267
Other assets	144,297,997 **	4,469,199	39,548,999 (b)	188,316,195
Segment liabilities	20,136,738	8,708,111	785,687 (c)	29,630,537
Segment revenue	206,112,444	–	1,705,366	207,817,810
Net profit/(loss) for the year after tax	103,569,980	(797)	(3,763,132)(d)	99,806,051
Included within the segment results:				
Depreciation	2,655,827	797	194,773	2,851,397 (e)
Direct operating costs	60,193,346	–	–	60,193,346 (f)
Impairment of exploration and evaluation assets				–
Other items:				
Income tax expense	40,763,743	–	2,642,779	43,406,522
Capital expenditure additions during the year	5,705,880	1,414,699	406,825	7,528,507

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

** *Other assets consist of trade receivables $68,119,392, cash and cash equivalents $106,127,515, inventory $3,838,147 and other receivables $10,231,330.*

	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	115,094,940	–	1,916,197	117,011,137
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 $26,410,725, cash and cash equivalents $49,128,527, inventory $2,166,294 and other receivables $312,943.*

	2021 $	2020 $
Major items included in corporate/unallocated		
(a) Capital expenditure		
Property, plant and equipment	**3,505,816**	2,005,836
	3,505,816	2,005,836
(b) Other assets		
Cash and cash equivalents	**38,271,833**	6,659,311
Current tax asset	**–**	1,047
Other financial assets	**885,593**	848,720
Other receivables	**391,573**	346,835
	39,548,999	7,855,913
(c) Liabilities		
Borrowings	**151,771**	219,108
Other	**545,003**	–
Trade payables	**88,913**	2,448,216
	785,687	2,667,324

8. SEGMENT REPORTING *continued*

SEGMENT INFORMATION *continued*

Other segments *continued*

	2021 $	2020 $
Major items included in corporate/unallocated		
(d) Unallocated income and expenses		
Administrative salaries and wages	**1,502,133**	1,385,399
Auditor's remuneration	**86,379**	104,505
Consulting fees	**113,332**	105,613
Depreciation	**323,169**	328,672
Finance income	**(1,705,366)**	(1,916,197)
Finance cost	**373,236**	307,756
Foreign exchange (gain)/loss	**(20,912)**	10,877
Forgiveness of debt	**–**	–
Legal expenses	**34,625**	39,906
Other income	**(76,258)**	(58,123)
Overseas travelling expenses	**–**	136,194
Profit on disposal of property, plant and equipment	**(36,947)**	(64)
Share-based payments	**568,344**	512,198
Income tax expense	**8,878**	6,790
Dividend tax	**2,633,902**	–
VAT write off	**6,865**	96,698
Other	**(48,248)**	(254,041)
	3,763,132	806,183

	2021 $	2020 $
Reconciliations of total segment amounts to corresponding amount for the Group		
(e) Depreciation		
Included within cost of sales	**2,851,397**	5,606,321
Included within general and administrative costs	**128,396**	139,576
	2,979,793	5,745,897
(f) Cost of sales		
Direct operating costs	**60,193,346**	42,423,333
	60,193,346	42,423,333
Total segment revenue		
Revenue	**206,112,444**	115,094,940
Finance income	**1,705,366**	1,916,197
Total segment revenue	**207,817,810**	117,011,137

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 customers that are attributable to foreign country other than as shown.

Refer to note 9 for details of the reclassification of comparative figures.

	2021 $	2020 $
Revenue generated in South Africa	**206,112,444**	115,094,940
Finance income by geographical location is detailed below:		
Mauritius	**–**	80,262
South Africa	**1,705,366**	1,835,935
Total finance income	**1,705,366**	1,916,197
Total revenue		
The sales of concentrate are to two customers. Revenue is split according to customer as detailed below:		
Customer 1	**145,693,762**	106,809,520
Customer 2	**60,418,682**	8,285,420
	206,112,444	115,094,940
Analysis of location of non-current assets:		
South Africa	**85,566,118**	73,539,011
Total non-current assets	**85,566,118**	73,539,011

9. REVENUE

	2021 $	2020 $
Disaggregated revenue information		
Revenue from contracts with customers – PGM sales	**178,579,927**	119,417,919
Other sales – Provisionally-priced sales	**27,532,517**	(4,322,979)
Total revenue	**206,112,444**	115,094,940

Other sales comprise subsequent movements in provisionally-priced sales of $27.5 million (2020: -$4.3 million) previously included in contract assets. No gains or losses occurred/were recognised as a result of the reclassification of financial assets from measurement at amortised cost to fair value through profit or loss. Refer to note 17 for details.

Foreign exchange gains and losses were previously presented as revenue. As such, comparative information was reclassified in order to appropriately present these as "Other income". An amount of $1,003,195 was therefore reclassified from Revenue to Other income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
continued

10. INCOME AND EXPENSES

		2021 $	2020 $
(a)	Other income		
	Foreign exchange income	**1,070,452**	–
	Scrap sales	**27,933**	14,137
	Rent received	**48,325**	43,986
		1,146,710	58,123
(b)	Cost of sales and other expenses		
	Includes the following specific expenses:		
	Depreciation[1] – property, plant and equipment	**2,851,397**	5,606,321
	Write-off of property, plant and equipment	**–**	9,981
	Included in other expenses:		
	Consulting	**151,442**	105,613
	Depreciation – property, plant and equipment	**128,396**	139,576
	Foreign exchange (gain)/loss	**(20,912)**	1,014,072
	Insurance	**164,779**	69,402
	Lease payments	**3,421**	6,633
	Public relations	**104,712**	76,434
	Share registry expense	**98,399**	75,714
(c)	Staff costs		
	Salaries and wages included in cost of sales	**17,258,747**	15,729,096
	Salaries and wages included in other expenses	**1,482,970**	1,385,399
	Share-based payments included in other expenses	**791,833**	546,521
		19,533,550	17,661,016

[1] Depreciation decreased during 2021 as the useful life of assets were re-assessed and depreciation calculated over a longer period of time.

		2021 $	2020 $
(d)	Net finance income		
	Interest income on other financial assets	**97,353**	71,514
	Interest on cash and cash equivalents	**1,608,013**	1,844,683
	Finance income	**1,705,366**	1,916,197
	Interest expense on borrowings	**(13,240)**	(31,382)
	Unwinding of discount on rehabilitation provision	**(289,985)**	(215,688)
	Interest on leases	**(20,637)**	(26,803)
	Other interest paid	**(49,374)**	(33,883)
	Finance cost	**(373,236)**	(307,756)
	Net finance income	**1,332,130**	1,608,441

11. INCOME TAX

	2021 $	2020 $
Income tax recognised in profit or loss		
Current tax:		
Current year tax	40,044,898	16,338,331
Recognition in respect of current income tax of previous year	40,326	(4,542)
Deferred tax:		
Relating to recognition, origination and reversal of temporary differences	687,397	(1,340,042)
Recognition in respect of deferred tax of previous year	–	(42,210)
Normal income tax	40,772,621	14,951,537
Dividend withholding tax	2,633,901	–
Total tax expense	43,406,522	14,951,537
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	143,212,573	55,947,020
Tax expense at rate of 28%	40,099,520	15,665,166
Non-deductible expenses/non-taxable income	512,556	4,003,090
Deferred tax asset not recognised on impairment	–	(4,072,474)
Adjustment in respect of the prior year	42,106	(46,752)
Benefit of tax losses and temporary differences not brought to account	118,439	87,302
Assessed loss utilised not previously recognised	–	(683,795)
Income tax expense	40,772,621	14,952,537

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.

	2021 $	2020 $
Deferred tax assets comprise:		
Unrealised gains and losses on foreign exchange	(4,655,472)	(4,497,670)
Rehabilitation provision	(1,037,239)	(825,616)
Other temporary differences	(653,448)	(476,215)
Deferred tax liabilities comprise:		
Exploration and evaluation assets	7,512,883	7,512,883
Property, plant and equipment	9,998,084	7,571,913
Other temporary differences	(10,293)	42,744
Deferred tax liabilities net	11,154,515	9,328,039
Deferred tax recognised in the Statement of Financial Position		
Deferred tax asset	–	–
Deferred tax liability	(11,154,515)	(9,328,039)
Deferred tax liabilities net	11,154,515	9,328,039

The Group has estimated tax losses arising in South Africa of $5,881,814 (2020: $4,502,186) and unredeemed capital expenditure of $11,579,164 (2020: $9,189,038) that are available indefinitely for offset against future taxable profits of the company in which the losses arose.

11. INCOME TAX *continued*

	2021 $	2020 $
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Exploration and evaluation assets	**411,043**	774,756
Unrealised gains and losses on foreign exchange	**2,774,860**	2,814,253
Tax losses	**1,646,908**	1,266,634
Other	**56,263**	82,496
	4,889,074	4,938,139

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 $
2021				
Other temporary differences	**433,471**	**152,467**	**18,913**	**604,851**
Rehabilitation provision	**825,616**	**45,069**	**166,554**	**1,037,239**
Unrealised gains and losses on foreign exchange	**4,497,671**	**–**	**157,806**	**4,655,477**
Property, plant and equipment	**(7,571,913)**	**(884,933)**	**(1,482,352)**	**(9,939,198)**
Exploration and evaluation assets	**(7,512,884)**	**–**	**–**	**(7,512,884)**
	(9,328,039)	**(687,397)**	**(1,139,079)**	**(11,154,515)**
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)

Current tax assets and liabilities were previously recognised on a gross basis in the statement of financial position and not set off, however these are levied by the same tax authority and net payments/receipts are permitted.

For the comparative period, a current tax asset previously presented in the statement of financial position amounting to $1,047 was set off against the current tax liability of $1,199,324, resulting in a net current tax liability of $1,198,277.

12. EARNINGS PER SHARE

	2021 Cents per share	2020 Cents per share
Basic earnings per share	**36.65**	14.62
Diluted earnings per share	**35.92**	14.26

	$	$
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	**99,806,051**	40,995,483
Earnings attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**99,806,051**	40,995,483

	2021 Number of shares	2020 Number of shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**272,310,455**	280,414,655
Effect of dilution:		
Share options and bonus shares	**5,513,932**	7,157,607
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**277,824,387**	287,572,262

13. EXPLORATION AND EVALUATION ASSETS

	Deferred exploration expenditure $
2021	
Balance at beginning of financial year	**42,840,775**
Foreign currency movements	**1,827,809**
Direct expenditure for the year	**1,414,699**
Impairment	**–**
Assets held for sale	**(731,466)**
Balance at end of financial year	**45,351,817**
2020	
Balance at beginning of financial year	53,405,798
Foreign currency movements	(1,891,113)
Direct expenditure for the year	211,550
Impairment	(9,504,774)
Assets held for sale	619,314
Balance at end of financial year	42,840,775

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.

13. EXPLORATION AND EVALUATION ASSETS *continued*

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. Although the Board have taken a conservative approach during the 2020 reporting period to impair $9,504,774 on the Aurora project, no further impairments were deemed necessary for the current reporting period as the exploration drilling work that is currently in progress is anticipated to add value to the project.

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.

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.

14. 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 $
2021											
At 1 July 2020											
Cost	2,728,535	1,906,249	3,775,952	67,242,406	654,079	37,496	439,072	95,866	158,557	902,292	77,940,504
Accumulated depreciation	(165,138)	(1,804,651)	–	(43,836,957)	(540,581)	(21,923)	(346,928)	(84,281)	(91,963)	(575,855)	(47,468,277)
Net carrying value	2,563,397	101,598	3,775,952	23,405,449	113,498	15,573	92,144	11,585	66,594	326,437	30,472,227
Year ended 30 June2021											
Opening net carrying value	2,563,397	101,598	3,775,952	23,405,449	113,498	15,573	92,144	11,585	66,594	326,437	30,472,227
Exchange differences	503,571	18,888	710,967	4,947,147	33,959	4,249	20,473	2,418	16,786	63,591	6,322,049
Additions	7,363	–	799,161	4,696,988	254,301	21,515	106,969	13,918	77,375	135,114	6,112,704
Re-classification	–	–	(1,677,086)	1,675,026	–	–	(256)	(7,798)	10,114	–	–
Disposals	–	–	–	–	–	–	104	–	–	(11,853)	(11,749)
Depreciation charge	(66,175)	(18,011)	–	(2,553,517)	(85,917)	(4,428)	(74,201)	(4,283)	(34,669)	(138,592)	(2,979,793)
Closing net carrying value	3,008,156	102,475	3,608,994	32,171,093	315,841	36,909	145,233	15,839	136,200	374,697	39,915,437
At 30 June2021											
Cost	3,276,681	2,283,707	3,608,994	87,416,315	1,055,236	67,903	638,735	80,325	325,277	1,111,239	99,864,412
Accumulated depreciation	(268,525)	(2,181,232)	–	(55,245,222)	(739,395)	(30,994)	(493,502)	(64,486)	(189,077)	(736,542)	(59,948,975)
Net carrying value	3,008,156	102,475	3,608,994	32,171,093	315,841	36,909	145,233	15,839	136,200	374,697	39, 915,437

	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 June2020											
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)	(42,987)	(811,245)	(5,258,374)	(30,873)	(3,644)	(20,406)	(2,760)	(12,785)	(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)	(202,701)	–	(5,165,639)	(58,994)	(5,232)	(58,603)	(8,958)	(19,118)	(141,090)	(5,745,897)
Closing net carrying value	2,563,397	101,598	3,775,952	23,405,449	113,498	15,573	92,144	11,585	66,594	326,437	30,472,227
At 30 June2020											
Cost	2,728,535	1,906,249	3,775,952	67,242,406	654,079	37,496	439,072	95,866	158,557	902,292	77,940,504
Accumulated depreciation	(165,138)	(1,804,651)	–	(43,836,957)	(540,581)	(21,923)	(346,928)	(84,281)	(91,963)	(575,855)	(47,468,277)
Net carrying value	**2,563,397**	**101,598**	**3,775,952**	**23,405,449**	**113,498**	**15,573**	**92,144**	**11,585**	**66,594**	**326,437**	**30,472,227**

LEASED ASSETS

	2021 $	2020 $
Motor vehicles		
Cost	405,949	455,791
Accumulated depreciation	(199,961)	(182,474)
	205,988	273,317

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 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 4A.

Commitments for plant construction

At 30 June 2021, commitments signed for continued improvements of the plants were $7,794,976 (2020: $850,789).

15. OTHER FINANCIAL ASSETS

	2021 $	2020 $
Loans and receivables		
Loans receivable (a)	**885,593**	622,711
Rehabilitation debtor (b)	**298,864**	226,009
Balance at the end of the financial year	**1,184,457**	848,720
Non-current asset	**298,864**	226,009
Current assets	**885,593**	622,711
	1,184,457	848,720

(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 ZAR14.36:$1 (2020: ZAR17.21:$1).

Other financial assets were included in the ECL calculation, refer note 28.

16. CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash at bank and on hand	**76,272,060**	13,267,984
Short-term deposits	**28,893,209**	41,824,988
Short-term deposits – restricted cash	**979,309**	791,554
Assets held for sale	**(9,143)**	(7,914)
	106,135,435	55,876,612

Cash at banks earn 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 $106,135,435 (2020: $55,876,612).

At 30 June 2021, the Group had $1,991,220 (2020: $1,665,011) 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 $917,857 (2020: $766,025) in order to fulfil collateral requirements for the guarantees held below.

The restricted cash balances relate to funds set aside to serve as collateral against guarantees made to the Department of Mineral Resources and Energy (DMRE) in South Africa for environmental and rehabilitation obligations as well as deposits to Eskom and Growthpoint, refer to the below table.

Bank guarantees are held as follows:

	2021 $	2020 $
Eskom	**832,769**	695,126
The Department of Mineral Resources	**59,082**	42,891
Growthpoint	**26,006**	21,708

17. TRADE AND OTHER RECEIVABLES

	2021 $	2020 $
Trade receivables (not subject to provisional pricing) – fair value	**20,595,041**	11,248,911
Trade receivables (subject to provisional pricing) – fair value	**47,334,506**	15,161,815
Trade receivables – amortised cost	**158,114**	131,980
Other receivables – amortised cost	**578,277**	546,620
Asset held for sale	**(53,819)**	(15,157)
	68,612,119	27,074,169

Trade receivables are due from major minerals mining and processing companies.

Trade receivables (not subject to provisional pricing) are non-interest bearing and are generally on terms not exceeding 30 days.

Trade receivables (subject to provisional pricing) are non-interest bearing but are exposed to future commodity price and exchange rate fluctuations over a period. It relates to revenue from contracts with customers and the Group has an unconditional right to the consideration due as the performance conditions have been met.

Other receivables are non-interest bearing and are generally on 30 – 90-day terms. Included in other receivables are pre-paid expenditure, VAT receivable, advances and other sundry debtors.

Trade receivables at amortised cost was considered in the ECL calculation, refer note 28.

Restatement of trade and other receivables

Trade receivables subject to provisional pricing were previously recognised as contract assets and measured at amortised costs. Due to the nature of these trade receivables, they do not meet the SPPI test and therefore should not have been measured at amortised costs. In the current year management corrected the classification of these trade receivables to fair value through profit and loss.

The changes to the trade receivables balances at 30 June 2020 are as follows:

	30 June 2020			30 June 2019		
	Reported	Restated	Adjustment	Reported	Restated	Adjustment
Current assets						
Contract assets	15,161,814	–	(15,161,814)	23,275,665	–	(23,275,665)
Trade and other receivables	–	15,161,814	15,161,814	–	23,275,665	23,275,665

The impact of the expected credit loss adjustment to retained earnings for 2020 and 2019 was noted as negligible.

18. INVENTORIES

	2021 $	2020 $
Stores and materials	**3,838,147**	2,166,294

Inventories of $3,759,449 (2020: $2,392,594) 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

	2021 No of shares	2021 $	2020 $
Ordinary shares with a par value of $0.01	1,000,000,000	10,000,000	10,000,000

ISSUED CAPITAL

	2021 No of shares	2020 No of shares	2021 $	2020 $
Share capital				
Ordinary shares				
Ordinary shares fully paid	286,155,657	286,845,657	2,861,557	2,868,457

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 2020	Opening balance	286,845,657	2,868,457
	Cancellation of shares	(690,000)	(6,900)
30 June 2021	Closing balance	286,155,657	2,861,557
1 July 2019	Opening balance	289,724,772	2,897,248
	Cancellation of shares	(2,879,115)	(28,791)
30 June 2020	Closing balance	286,845,657	2,868,457

On 3 March 2020, the Company announced a Share Buyback Programme (the "Share Buyback Programme), which had a closing date of 30 June 2020. The Share Buyback Programme was subsequently extended to the 30th of September 2020 but was closed at the time of the annual report.

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 2020	14,993,315
Shares purchased	375,652
Shares purchased through Share Buyback Programme	1,582,825
Shares cancelled	(690,000)
Share options exercised and shares issued to directors	(2,580,000)
Closing balance as at 30 June 2021	13,681,792

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 the 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 does not result in a loss of control.

- **Equity reserve**

This reserve arises from the recyclable reserves in the former holding company (Sylvania Resources Proprietary Limited) as at the date that Sylvania Platinum Limited was introduced as the ultimate holding company.

21. BORROWINGS

	Future minimum lease payments due $	Finance charges $	Present value of minimum lease payments due $
At 30 June 2021			
Due within one year	224,276	(11,625)	212,651
Due between one and five years	76,766	(5,810)	70,956
	301,042	(17,435)	283,607
Balance as at 30 June 2020			
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

Finance lease liabilities are secured over various motor vehicles and are repayable in monthly instalments of $11,925 (2020: $12,959) and bear interest at rates varying between 7.0% and 7.5% (2020: 7.50% and 8.25%) p.a. Refer to note 14 for further detail on non-current assets pledged as security.

22. PROVISIONS

	2021 $	2020 $
Rehabilitation provision		
Balance at beginning of financial year	**3,646,044**	3,481,232
Foreign currency movements	**732,932**	(708,195)
Unwinding of discount factor	**289,985**	215,688
Change in estimate	**(129,024)**	657,319
Balance at end of financial year	**4,539,937**	3,646,044

A 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. The provision is 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 4). 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

	2021 $	2020 $
Trade payables	**6,163,727**	2,698,755
Accrued expenses	**5,437,612**	3,733,067
Other trade payables	**2,051,139**	1,112,156
Liabilities directly associated with assets held for sale	**(461)**	(24,250)
	13,652,017	7,519,728

Trade payables as well as accrued expenses increased during the period due the increase in operational costs. Other trade payables which are made up mainly of VAT payable to the local authorities, increased in line with the above-mentioned increases in operational cost.

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

		2021 $	2020 $
(a)	Reconciliation of profit before tax to net cash flow from operating activities		
	Profit before income tax expense	143,212,573	55,947,020
	Adjusted for:		
	Profit on sale of property, plant and equipment	(36,947)	(64)
	Write-off of property, plant and equipment	–	(9,981)
	Impairment of exploration and evaluation asset	–	9,504,774
	Foreign exchange (gain)/loss	(20,912)	10,877
	Finance income	(1,705,366)	(1,916,197)
	Finance cost	373,236	307,756
	Depreciation	2,979,793	5,745,896
	Rehabilitation provisions	(7,526)	1,098,613
	Share-based payments	854,540	683,460
	Net operating profit before working capital changes	145,649,391	71,372,154
	Changes in working capital:		
	Increase in trade and other receivables	(33,972,688)	(1,693,507)
	Increase in inventories	(1,159,702)	(733,980)
	Increase in trade and other payables	3,256,324	2,046,548
	Cash generated from operating activities	113,773,325	70,991,215
	Finance income received	1,607,930	1,844,683
	Finance cost paid	(34,574)	(56,309)
	Taxation paid	(47,111,379)	(14,756,364)
	Net cash inflow from operating activities	68,235,302	58,023,225
(b)	Taxation paid		
	Balance (owing)/receivable at the beginning of the year	(1,198,277)	278,640
	Income tax recognised in profit or loss	(40,085,224)	(16,333,789)
	Interest received	(83)	–
	Dividend tax	(1,628,697)	–
	Foreign currency movements	130,762	100,508
	Balance payable/(receivable) at the end of the year	(4,329,860)	1,198,277
	Taxation paid	(47,111,379)	(14,756,364)

25. NET CASH OUTFLOW FROM FINANCING ACTIVITIES

	2021 $	2020 $
(a) Borrowings and leases		
Balance owing at the beginning of the year	(451,494)	(372,370)
Cash flow items		
Repayment of borrowings (instalments sale agreement)	160,577	194,611
Lease payments during the year	80,288	75,762
Non-cash flow		
New finance leases	–	(114,737)
New leases	–	(317,002)
Foreign currency movements	(72,977)	82,242
Closing balance	(283,606)	(451,494)
(b) Treasury shares		
Treasury shares opening balance	(7,616,128)	(1,046,409)
Cash flow items		
Purchase of treasury shares	(1,602,765)	(8,544,976)
Non-cash flow items		
Share options & bonus shares exercised	308,561	481,976
Shares issued	62,707	136,939
Shares cancelled	6,900	1,356,342
Closing balance	(8,840,725)	(7,616,128)
(c) Bonus shares		
Share Based payments opening balance	(3,937,489)	(3,872,944)
Non-cash flow items		
Share options & bonus shares exercised	308,561	481,976
Bonus shares expensed	(791,833)	(546,521)
Closing balance	(4,420,761)	(3,937,488)

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 amended agreement was entered into with FAM to extend the period for fulfilment of conditions to October 2021. The board remains committed to the disposal.

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

	2021 $	2020 $
Exploration and evaluation assets	4,100,303	3,368,837
Property, plant and equipment	18,113	15,119
Cash and cash equivalents	9,143	7,915
Trade and other receivables	53,819	15,155
Other financial assets	34,812	29,060
Assets held for sale	**4,216,190**	**3,436,086**
Trade and other payables	(461)	(24,250)
Liabilities directly associated with assets held for sale	**(461)**	**(24,250)**

No impairments have been recognised on the above-mentioned asset held for sale namely Grasvally. There are no cumulative income or expenses included in the statement of profit or loss and other comprehensive income relating to the disposal group. The asset held for sale is included in the exploration projects segment under the segment reporting, refer note 8.

27. SHARE-BASED PAYMENT PLAN

EXPENSE RECOGNISED THROUGH PROFIT AND LOSS

	2021 $	2020 $
Expense arising from equity-settled share-based payment transactions	854,540	683,460
Total expense	854,540	683,460

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 vested 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 vested 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.

On 24 August 2020, 1,435,000 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 2023. 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
2021				
24 August 2018	0.10	2,710,000	–	2,710,000
22 August 2019	0.10	1,780,000	–	1,780,000
24 August 2020	0.10	–	1,435,000	1,435,000
Total		4,490,000	1,435,000	5,925,000
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

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 2021.

	2021 $	2020 $
Fair value at grant date (GBP)	0.60	0.39
Expected volatility (%)	75.84	75.84
Risk-free rate (%)	7.00	7.00
Expected life (years)	3	3
Share price at grant date (GBP)	0.60	0.39
Exercise price (GBP)	Nil	Nil
Expected dividend yield (GBP)	Nil	Nil

28. FINANCIAL INSTRUMENTS

The impact of COVID-19 is already priced into the inputs, which for the Group mostly relates to commodity price risk used in the level 2 fair valuation techniques as determined by the market.

The following table summarises the Group's classification of financial instruments:

	2021 $	2020 $
Financial assets – carrying amount		
Financial assets at amortised cost		
Trade and other receivables [1]	**247,188**	222,874
Cash and cash equivalents	**106,135,435**	55,876,612
Other financial assets	**1,184,457**	848,720
	107,567,080	56,948,206
Financial asset at fair value through profit and loss (FVPL)		
Trade and other receivables [2]	**67,929,547**	26,410,725
Financial liabilities – carrying amount		
Financial liabilities at amortised cost		
Borrowings	**(283,607)**	(451,494)
Trade and other payables	**(13,652,017)**	(7,519,728)
	(13,935,624)	(7,971,222)

[1] *Prepayments and Value Added Tax amounting to $489,203 (2020: $455,726) are excluded from the trade and other receivables balance as this analysis is required only for financial instruments.*

[2] *The fair value was determined using the commodity prices and foreign exchange rates.*

IFRS establishes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels:

- **Level 1 –** Quoted prices in active markets for the same instrument
- **Level 2 –** Valuation techniques for which significant inputs are based on observable market data
- **Level 3 –** Valuation techniques for which any significant input is not based on observable market data

The following financial instruments are carried at fair value:

	2021 $	2020 $	Fair value hierarchy	Valuation technique & key inputs
Financial asset at fair value through profit or loss (FVPL)				
Trade and other receivables	**67,929,547**	26,410,725	Level 2	Quoted market metal price and exchange rate

Trade and other receivables that are subject to provisional pricing, were re-classified from amortised cost to fair value through profit and loss (FVPL) in the current reporting period. No gains or losses occurred/were recognised as a result of the re-classification.

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, commodity price 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 2021 and 30 June 2020.

The capital structure of the Group consists of equity attributable to equity holders of the holding company comprising issued capital, reserves and retained profits.

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: interest rate risk and currency risk. Financial instruments affected by market risk include receivables, loans, borrowings and deposits.

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 Group manages foreign currency risk through the strategic business model which has proved to be exceptionally successful.

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

	2021 $	2020 $
Financial assets		
Trade and other receivables	**67,929,547**	25,670,219

A reasonably possible strengthening/(weakening) of the Rand (ZAR) against the US dollar (USD) at 30 June 2021 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. 20% was applied due to the movement in the exchange rate from 30 June 2020 ($/ZAR – 1:17.21) to 30 of June 2021 ($/ZAR – 1:14.36), reflecting a net movement in spot rate of 19.8%.

	2021		2020	
	Profit/ (loss) $	Equity increase/ (decrease) $	Profit/ (loss) $	Equity increase/ (decrease) $
20% (2020: 20%) appreciation	**16,982,387**	**(16,982,387)**	2,812,228	(2,812,228)
20% (2020: 20%) depreciation	**(11,321,588)**	**11,321,588**	(1,874,818)	1,874,818

28. FINANCIAL INSTRUMENTS *continued*

MARKET RISK *continued*

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.

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:

	2021 $	2020 $
Financial assets		
Cash and cash equivalents	106,135,435	55,876,612
Financial liabilities		
Borrowings	(283,607)	(451,494)

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.

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. 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. The Group is exposed to concentration risk due to the exposure to two major customers. It is not considered significant as the customer adheres to the stipulated payment terms and has never defaulted on a payment since inception. The credit risk exposure is 100% in South-Africa and the Group only operates in the mining industry.

Trade receivables

For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires lifetime ECLs to be recognised from initial recognition of the trade receivables.

For other receivables ECLs are calculated based on the general model, which take into account the Probability of default (PD), the exposure at default (EAD) and the loss given default (LGD). Rates are obtained from reputable ratings agencies.

Forward-looking macro-economic conditions and factors are considered when determining the ECLs for trade receivables, namely economic growth and inflationary outlook in the short term.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and other financial assets as at 30 June 2021.

	Weighted-average loss rate %	Gross carrying amount $	Loss allowance $	Credit-impaired
Trade receivables – Current (not past due)	0.132289	247,188	327	No
Other financial assets	0.132289	1,184,457	1,581	No

[1] *Prepayments and Value Added Tax amounting to $489,203 are excluded from the trade and other receivables balance as this analysis is required only for financial instruments.*

[2] *The gross and net carrying values are the same amounts as the loss allowance and was not recognised. This is deemed immaterial for the Group.*

The following table provides information about the exposure to credit risk and ECLs for trade receivables and other financial 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

[1] *Prepayments and Value Added Tax amounting to $701,565 are excluded from the trade and other receivables balance as this analysis is required only for financial instruments.*

[2] *The gross and net carrying values are the same amounts as the loss allowance and was not recognised. This is deemed immaterial for the Group.*

Cash and cash equivalents

The Group held cash and cash equivalents of $106,135,435 at 30 June 2021. 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 $
2021					
Trade and other payables	**13,652,017**	**13,652,017**	**13,652,017**	**–**	**13,652,017**
Borrowings	**283,606**	**283,606**	**212,651**	**70,956**	**283,607**
	13,935,623	**13,935,623**	**13,864,668**	**70,956**	**13,935,624**
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

COMMODITY PRICE RISK

Commodity price risk refers to the risk of changes in fair value or cash flows of financial instruments as a result of changes in commodity prices. It is applicable to the largest debtor of the Group. In terms of the agreement between the Group and the debtor, the commodity prices used in the calculation of the payment are based on the prices over the period following delivery, leaving the Group exposed to the commodity price fluctuations until the price is fixed. The subsequent remeasurement of the receivable every month following the month of delivery until the price is fixed, is recognised in other income, refer note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
continued

28. FINANCIAL INSTRUMENTS *continued*

COMMODITY PRICE RISK *continued*

Sensitivity analysis

Commodity price risk sensitivity analysis presents the effect of a 10% change in the year-end commodity price on financial instruments in the statement of financial position, statement of comprehensive income and therefore equity.

	Notes	Statement of Financial Position 2021 $	Statement of Financial Position 2020 $	Statement of Comprehensive income 2021 $	Statement of Comprehensive income 2020 $
Financial Assets:					
Trade Receivables still subject to price fluctuation		**±4,745,127**	±1,819,012	**±4,442,222**	±1,702,895
Trade Receivables not subject to price fluctuations		**±19,136,545**	±12,953,411	**±15,578,230**	±10,544,809

29. LEASES

A. THE GROUP AS A LESSEE

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.

The Group leases motor vehicles under instalment sale agreements, refer to notes 14 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. The cost relating to the leases are included in operating costs.

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

Information about leases where the Group is a lessee is presented below:

	2021 $	2020 $
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.		
Office premises		
Balance at 1 July	**146,525**	257,616
Depreciation charge for the year	**(63,729)**	(71,994)
Exchange rate difference	**24,668**	(39,097)
Balance at 30 June	**107,464**	146,525
Office Equipment		
Balance at 1 July	**22,237**	36,088
Depreciation charge for the year	**(9,380)**	(8,194)
Exchange rate difference	**3,764**	(5,657)
Balance at 30 June	**16,621**	22,237
Plant		
Balance at 1 July	**34,084**	21,383
Depreciation charge for the year	**(21,050)**	(14,790)
Addition of right-of-use asset	**–**	30,822
Exchange rate difference	**5,314**	(5,346)
Balance at 30 June	**18,348**	32,069

B. GROUP 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 original lease expired on the 30th of April 2020, and is continuing 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 2021 was, $48,325 (2020: $43,986).

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:

	Balance at the start of the year	Issued/Net exercised	Sold during the year	Balance at the end of the year
2021				
RA Williams	1,092,000	25,000	–	1,117,000
SA Murray	1,025,000	25,000	–	1,050,000
E Carr	25,000	25,000	–	50,000
JJ Prinsloo	959,894	261,250	–	1,221,144
L Carminati	862,081	242,000	–	1,104,081
2020				
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

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.

	Short Term Benefits			Share-Based payment	
Director	**Cash salary/ Consulting fees $**	**Bonus [1] $**	**Directors' fees**	**Equity shares/ bonus shares [2] $**	**Total $**
2021					
JJ Prinsloo	270,310	37,263	75,000	73,504	456,077
SA Murray	–	–	125,000	19,938	144,938
RA Williams	–	–	85,000	19,938	104,938
E Carr	39,000	–	75,000	19,938	133,938
L Carminati	247,826	34,044	75,000	67,721	424,591
Sub-total	557,136	71,307	435,000	201,039	1,264,482
Other key management	883,414	94,916	–	123,277	1,101,607
Total	1,440,550	166,223	435,000	324,316	2,366,089

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

30. KEY MANAGEMENT DISCLOSURE *continued*

SHAREHOLDING OF KEY MANAGEMENT PERSONNEL *continued*

	Short Term Benefits			Share-Based payment	
Director	Cash salary/ Consulting fees $	Bonus [1] $	Directors' fees	Equity shares/ bonus shares [2] $	Total $
2020					
TM McConnachie – retired 29 February 2020	336,669	–	–	99,590	436,259
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	21,345	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

[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	2021 %	2020 %
Sylvania Holdings Limited	Mauritius	Ordinary	0	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
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.

Sylvania Holdings Limited was winded up on the 20th of June 2021 and all necessary documentation lodged with the Mauritian authorities.

NON-CONTROLLING INTERESTS

The non-controlling interests are all held by BEE participants.

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 (2020: 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.

LOANS TO RELATED PARTIES

	2021 $	2020 $
Balance outstanding at 30 June 2021		
Loan to joint operation (TS Consortium)	885,593	622,711

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.

The recent unrest and riots that took place in South-Africa at the beginning of July 2021 did not occur in the geographical areas where the Group's operations are located and the Group was not/is not foreseen to be affected in the short or long term as a result thereof.

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.

SHAREHOLDERS PROFILE

AS AT 30 JUNE

SHAREHOLDERS HOLDING 3% OR MORE FULLY PAID SHARES

	Shareholder	Number of shares	% Shareholding [1]
1	Hargreaves Lansdown, stockbrokers	45,890,802	16.84
2	Interactive Investor (EO)	38,292,789	14.05
3	Africa Asia Capital	30,356,093	11.14
4	Premier Miton Investors	19,610,200	7.19
5	AJ Bell, stockbrokers (EO)	16,905,341	6.20
6	Barclays Smart Investor (EO)	13,147,943	4.82
7	HSDL, stockbrokers (EO)	9,350,376	3.43
8	Banque Cantonale Vaudoise	9,229,194	3.39
9	Acadian Asset Management	9,139,419	3.35
		191,922,157	70.41

[1] *The percentage shareholdings are calculated on the total number of ordinary shares with voting rights being 272,473,865 shares. The total issued number of shares is 286,155,657 including 13,681,792 shares held in treasury.*

GLOSSARY OF TERMS

The following definitions apply throughout the period:

4E PGMs	4E PGM ounces include the precious metal elements Platinum, Palladium, Rhodium and Gold
6E PGMs	6E ounces include the 4E elements plus additional Iridium and Ruthenium
Adjusted 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 costs plus all costs relating to sustaining current production and sustaining capital expenditure.
All-in cost	All-in sustaining cost, plus non-sustaining and expansion capital expenditure
Bonus Shares	Sylvania Platinum Limited Bonus Share Award Plan
CGU	Cash generating unit
Current risings	Fresh chrome tails from current operating host mines processing operations
DMRE	Department of Mineral Resources and Energy
EA	Environmental Authorisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
EDEP	Employee Dividend Entitlement Plan
EIA	Environmental Impact Assessment
EIR	Effective interest rate
EMPR	Environmental Management Programme Report
FAM	Forward Africa Mining (Pty) Ltd
GBP	Pounds Sterling
HDP	Historically Disadvantaged Persons
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
I&APs	Interested and Affected Parties
IRR	Internal Rate of Return
JO	Joint operation
LED	Local Economic Development
LEDET	Limpopo Department of Economic Development, Environment and Tourism
Lesedi	Phoenix Platinum Mining Proprietary Limited, renamed Sylvania Lesedi
LSE	London Stock Exchange
LTI	Lost time injury

GLOSSARY OF TERMS *continued*

MAR	Market Abuse (Amendment) (EU Exit) Regulations 2019
MF2	Milling and flotation technology
MPRDA	Mineral and Petroleum Resources Development Act
MRA	Mining Right Application
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
Phoenix	Phoenix Platinum Mining Proprietary Limited, renamed Sylvania Lesedi
Pipeline ounces	6E ounces delivered but not invoiced
Pipeline revenue	Revenue recognised for ounces delivered, but not yet invoiced based on contractual timelines
Pipeline sales adjustment	Adjustments to pipeline revenues based on the basket price for the period between delivery and invoicing
Programme	Sylvania Platinum Share Buyback Programme
Project Echo	Secondary PGM Milling and Flotation (MF2) program announced in FY2017 to design and install additional new additional fine grinding mills and flotation circuits at Millsell, Doornbosch, Tweefontein and Mooinooi.
Revenue (by products)	Revenue earned on Ruthenium, Iridium, Nickel and Copper
ROM	Run of mine
SDO	Sylvania dump operations
SLP	Social and Labour Plan
Shares	Common shares
Sylvania	Sylvania Platinum Limited, a company incorporated in Bermuda
TS Consortium	Tizer Sylvania Consortium
USD	United States Dollar
VWAP	Volume-weighted average price
WIP	Work in progress
WULA	Water Use Licence Application

NOTES

CORPORATE DIRECTORY

DIRECTORS

SA Murray – Independent Non-executive Chairman

J J 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

A Reynolds – Independent Non-executive Director
(Appointed 1 August 2021)

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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