

("Sylvania" or "the Company")
ASX / AIM (SLP)
ARBN 147 331 726
Issued shares: 301,251,805

27 October 2011

Quarterly Report to 30 September 2011

Sylvania Platinum, the low cost Platinum Group Metal ("PGM") processor and developer today announces quarterly results for the three month period ended 30 September 2011 from its PGM production and development operations in the Bushveld region of South Africa.

HIGHLIGHTS

- **EBITDA increased by 57% from R26.5 million (US\$4 million) to R41.6 million (US\$6 million);**
- **Revenue increased by 10% from R87 million to R96 million;**
 - Heavy Media Separation ("HMS") plant at Mooinooi now commissioned and capable of processing increased tonnages;
- **13,253 PGM ounces from tailings retreatment plants (12% improvement on previous quarter);**
- **R172 million (US\$22 million) cash available at 30 September 2011;**
- **Volspruit Mining Right Application ("MRA") submitted for near surface open pit development;**
- **Drilling commenced on magnetite iron ore projects.**

Commenting on the quarterly results Terry McConnachie, Sylvania CEO, said *"I am extremely happy with the excellent performance of the dump operations and well satisfied with the progress that is being made on the Northern limb operation. The final construction on Mooinooi and Tweefontein is progressing according to plan and all credit for this must go to our team's good work. The disposal of the Iron ore assets is an exciting benefit to shareholders and we look forward to the year ahead knowing we are well placed with a profitable company."*

OVERVIEW

Sylvania Dump Operations ("SDO") have continued to deliver on operational forecasts with record breaking production of 13,253 ounces during the period, a 12% increase on the previous quarter, from the Company's five PGM tailings processing plants. This production figure includes 164 ounces from the Chrome Tailings Retreatment Plant ("CTRP"), a joint venture with Aquarius Platinum (SA) (Pty) Ltd in which Sylvania holds 25% stake. Revenue for the quarter increased 10% in Rand terms from R87 million to R96 million due to the increased ounce production. Although the commodity price fell during the current quarter, the impact on revenue was largely offset by the weakening of the Rand. Operating costs increased from R3,740/oz to R3,953/oz due to one off commissioning costs at Mooinooi relating to the Heavy Media Separation ("HMS") plant. This cost is expected to reduce dramatically as soon as the second duplication plant at Mooinooi is commissioned. The Company had R172 million (US\$22 million) cash available at 30 September 2011.

On 8 July 2011 Sylvania announced its decision to dispose of its magnetite iron ore assets, subject to shareholder and regulatory approvals. Exploration drilling commenced in September 2011 and will continue through to the end of December 2011. Core samples have been submitted for analysis with results expected during the following quarter. The Company has appointed external consultants to set up an appropriate structure in order to dispose of the iron ore assets whilst achieving the best possible return for Sylvania shareholders.



Summary Sylvania Platinum Performance

* Unaudited – Group	Unit	Jun 2011 Quarter	Sep 2011 Quarter	% Change
<u>Financials</u>				
Revenue	R'000	87,417	95,871	10%
Ave R/US\$ rate	R/US\$	6.79	7.54	11%
<u>Production</u>				
PGM Plant Feed Tons	T	177,023	195,950	11%
PGM 3E and Au	Oz	11,886	13,253	12%

A. SYLVANIA DUMP OPERATIONS

Health, safety and environment

Sylvania had no lost time injuries during the quarter ended 30 September 2011. The Company remains committed to reducing the incident frequency rate to zero through continued education, improving safety procedures and working to the highest possible standards.

Sylvania Dump Operations (100%) : Statistical Information

* Unaudited	Unit	Jun 2011 Quarter	Sep 2011 Quarter	+ - % Quarter on Quarter	2012 Financial YTD
<u>Revenue</u>					
Revenue	R'000	86,629	95,436	10%	95,436
Revenue	US\$'000	12,758	12,656	-1%	12,656
Gross Basket Price	US\$/oz	1,491	1,512	1%	1,512
Net Basket Price	US\$/oz	1,089	1,059	-3%	1,059
Gross Cash Margin - SDO	%	49%	45%	-8%	45%
Capital Expenditure	R'000	7,704	15,613	103%	15,613
Ave R/US\$ rate	R/US\$	6.79	7.54	11%	7.54
EBITDA	R'000	26,559	41,609	57%	41,609
<u>SDO Cash Cost</u>					
Per PGM Feed ton	R/t	259	273	5%	273
Per PGM Feed ton	US\$/t	38	36	-5%	36
Per 3E & Au oz	R/oz	3,740	3,953	6%	3,953
Per 3E & Au oz	US\$/oz	551	524	-5%	524
<u>Production</u>					
Plant Feed	T	396,822	380,767	-4%	380,767
Feed Head Grade	g/t	2.70	2.76	2%	2.76
PGM Plant Feed Tons	T	169,346	178,566	5%	178,566
PGM Plant Grade	g/t	4.75	4.99	5%	4.99
PGM Plant Recovery	%	45.3%	45.7%	1%	45.7%
Total 3E and Au	Oz	11,715	13,089	12%	13,089



Millsell

The Millsell operation completed the processing of the first pass treatment of the primary dump and produced 1,999 ounces for the quarter ended 30 September 2011, against 2,014 ounces in the previous quarter. During the latter part of the current quarter a decision was taken to transport material from the old Mooinooi dump to Millsell for retreatment in addition to the material from Waterkloof as well as the smaller tailings dumps in the plant vicinity. This material has assisted in reducing the chrome content in the final concentrate and consequently reduced penalties incurred at the smelters. Current arisings from the Millsell mine will continue to be fed through the plant from the host mine for many years and the second pass on the plus one million ton primary dump is scheduled to commence in 2013. The real benefit of the Mooinooi dump material being processed at Millsell will be seen in the following quarter. Cost of production was R3,462/oz (US\$459/oz).

Steelpoort

The Steelpoort operation produced an impressive total of 4,103 ounces for the quarter to 30 September 2011, a 1,269 ounce increase on the previous quarter. Solid, steady plant operations and high availability contributed to the outstanding performance at Steelpoort. Dump feed was supplemented with material from the Montrose dump which will extend the life of the current primary feed resources at Steelpoort into the foreseeable future. Current arisings from the Steelpoort mine are also now being processed through the plant and will continue for an indeterminable period. A second pass on the large plus one million ton primary dump is not planned to commence before 2013. The cost per ounce was reduced to R2,233/oz (US\$296/oz), compared to R2,654/oz (US\$391/oz) in the previous quarter.

Lannex

Operations at Lannex produced 2,450 ounces for the quarter to 30 September 2011; 8% down on the previous quarter's record 2,727 ounces. As part of the continuous improvement programme, a new feeder was installed during the current quarter and it is expected that this will improve plant feed rates with the benefits seen in the following quarter.

Mooinooi

The Mooinooi operation produced 1,363 ounces for the quarter to 30 September 2011, 580 ounces less than the previous quarter. This is due mainly to operating the Mooinooi plant while concurrently constructing the new expansion plant that will effectively double production. This new plant construction is two weeks away from mechanical completion. Commissioning is expected to take up to two months where after production is expected to increase dramatically. Production and unit costs were also impacted by the commissioning of the HMS plant. A new magnetic separator was installed to reduce the cost of FeSi in the HMS circuit. Further Mintek test work indicated good recovery improvements with the introduction of bead mills to the system. The bead mills are in the process of being acquired for the Mooinooi operation.

Doornbosch

The Doornbosch plant produced a record high 3,174 ounces for the quarter to 30 September 2011, a 45% increase on the previous quarter's 2,196 ounces. An increase in current arisings received from the host mine assisted in boosting production, as well as the material from the nearby Montrose/Onverwagt tailings dam which continued to be treated during the current quarter. Although Montrose/Onverwagt material has higher grades, operating costs at the plant increased due to the cost of transporting the material. Total operating cost for the current quarter was R2578/oz (US\$342/oz) compared to R2,996/oz (US\$441/oz) in the previous quarter.

Tweefontein

The planning process remains on track to commission the Tweefontein plant in Q4 FY2012. The engineering phase has been completed and tenders for civil works, structural steel and mechanical installations were issued in October 2011. Orders for all long lead capital items have been placed and construction of the Tweefontein plant is scheduled to commence in November 2011.

B. CTRP (Sylvania 25% attributable, managed by Aquarius Platinum)

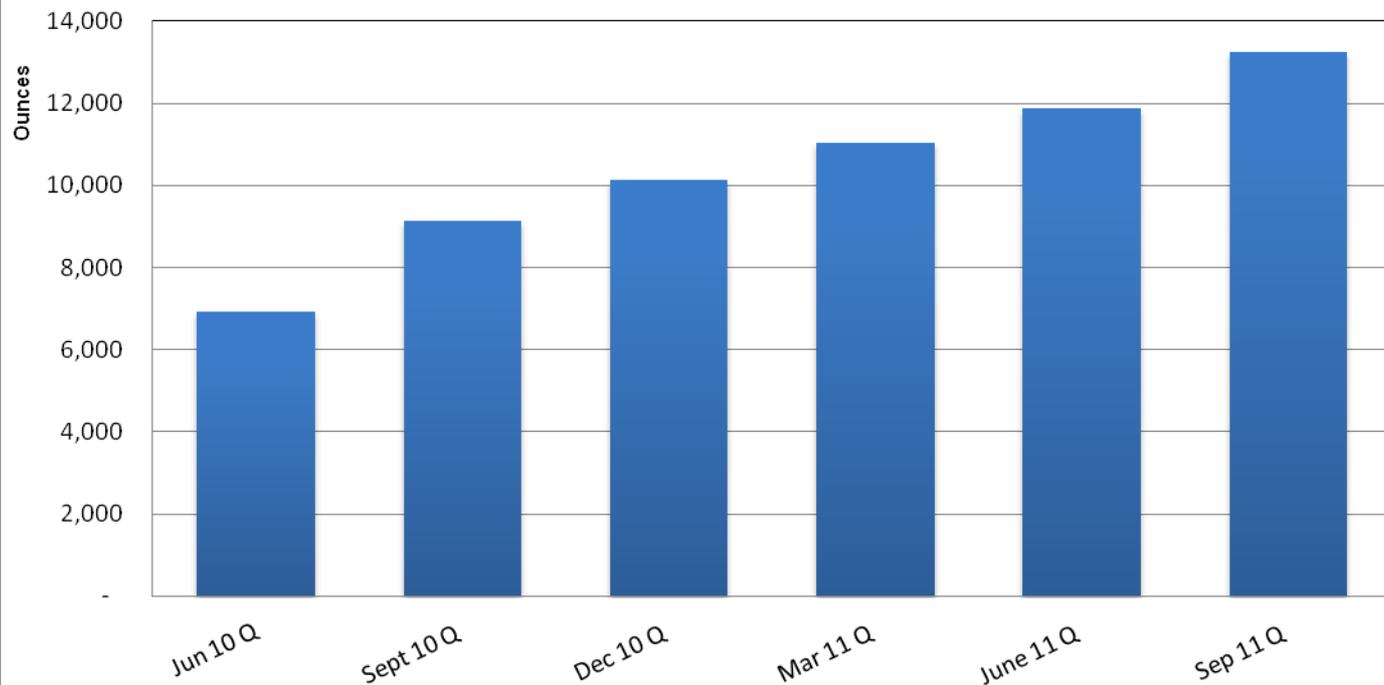
CTRP production decreased from 172 attributable ounces to 164 ounces for the quarter ended 30 September 2011. The low ounce production is as a result of low recoveries.



CTRP (25%): Statistical Information

* Unaudited	Unit	Jun 2011 Quarter	Sep 2011 Quarter	+ - % Quarter on Quarter	2012 Financial YTD
Revenue					
Revenue	R'000	788	436	-45%	436
Basket Price	US\$/oz	1,636	1,535	-6%	1,535
Ave R/US\$ rate	R/US\$	6.80	6.97	3%	6.97
Site Cash Cost					
Per ROM ton	R/t	280	154	-45%	154
Per ROM ton	US\$/t	41	22	-46%	22
Per PGM oz	R/oz	12,572	16,352	30%	16,352
Per PGM oz	US\$/oz	1,849	2,346	27%	2,346
Production					
Plant Feed Tons	T	7,677	17,384	126%	17,384
Grade	g/t	2.90	2.88	-1%	2.88
Recovery	%	24%	11%	-54%	11%
Total 3E and Au	Oz	172	164	-5%	164

Sylvania Platinum Quarterly production of 3E+Au (ounces)



The above graph includes 25% of CTRP's production



C. NORTHERN LIMB OPERATIONS

Volspruit Project

The Volspruit Project is located at the Southern end of the Northern Limb of the Bushveld Igneous Complex in South Africa. This project has two main areas of focus, namely the development by Sylvania of the open-cast mine and the concentrator and the Sylvania JV development of a smelter and refinery complex.

The mining right application ("MRA") was submitted to the Department of Mineral Resources ("DMR") in September 2011 and the Environmental Scoping report will follow once the DMR has acknowledged receipt of the MRA. Specialist study reports which include, but are not limited to the noise impact assessment, avifaunal report, heritage impact assessment and bird impact assessment are currently in progress and the appointed specialists will commence with test pits in Q2 FY2012. Sylvania has applied for 50MVA of power from ESKOM for which application has been accepted by the power utility.

Northern Platreef Project

Drilling of Phase 1 of the program aimed at upgrading components of the JORC Inferred Resource to Indicated category commenced in September 2011.

Four areas of elevated grade were identified and these 4 "Hotspots" have been split into four drilling phases. Phases 1 and 2 are aimed at upgrading at least one of these areas to an Indicated category. Phases 3 and 4 will be aimed at upgrading a second area at a later stage.

D. SYLVANIA GROUP

Vygenhoek project (Everest North)

Sylvania and Aquarius Platinum (SA) (Pty) Ltd ("AQPSA") announced on 3 June 2011 that they had entered into an agreement on the PGM bearing ore on the Vygenhoek farm. Both parties plan to conclude the proof of economic viability on 1 December 2011 which will then lead to the submission of the Mining Right Application if approved by both parties. To match the latest legislation, the submission of the EIA should occur during January 2012. Since this is beyond the originally agreed timeframe given to the feasibility committee ("Committee"), the agreement conclusion date has been extended to March 2012. The project has been registered with the Mpumalanga Department of Economic Development, Environment and Tourism. Digby Wells has been appointed as the environmental assessment practitioner for the Environmental Impact Assessment. DRA Mining has been appointed to complete the Mining Works Program and the feasibility study for the mine. The results of this study will be presented to Sylvania and AQPSA during the following quarter. This information will enable the Committee to determine the viability of mining for PGMs and producing a saleable concentrate.

Upon approval of the mining right application by the Department of Mineral Resources in favour of AQPSA and AQPSA contributing the right to the unincorporated joint venture ("JV"), Sylvania will pay R6 million to AQPSA. Sylvania and AQPSA will share equally in the profits and have equal representation in the management of the JV that will be formed to manage and oversee the project.

Sale of magnetite iron ore assets

On 8 July 2011 Sylvania announced its decision to dispose of a significant portion of its magnetite iron ore assets, subject to shareholder and regulatory approvals. The iron ore assets currently owned by group companies are located on the Northern Limb of the Igneous Bushveld Complex.

A review of the Northern Limb assets has shown that magnetite layers are present across the entire northern limb properties held by Sylvania. In those areas where Sylvania does not hold prospecting rights for the iron ore, it has submitted applications which have since been accepted. Drilling commenced in September 2011 with six holes being drilled to date and drilling will continue until end December 2011. The core samples have been submitted to the SGS South Africa (Pty) Ltd laboratories for analysis. Six samples have been delivered to Mintek for ore dressing and magnetic separation test work. The magnetite concentrate will be submitted to Mintek Pyromet, a division of Mintek for smelting and characterisation test work.



Sylvania has appointed external experts to assist in the setting up of an appropriate structure for the iron ore assets in order to obtain the best return for Sylvania shareholders when disposing of the aforementioned portion of the iron ore assets. The Sylvania Board is confident that by separating the iron ore assets from the existing SDO and the development of the Volspruit open cast mine, the Company will achieve its objective of consistent growth while remaining profitable. Sylvania also expects to make significant progress at its Northern Limb near surface PGM and base metal operations.

Cancellation of shares

As previously announced, Sylvania has implemented an on-market share buy-back of up to 10% of the Company's issued capital ("Buy-Back"). The following securities bought back by Sylvania Platinum to date have now been cancelled:

- 10,000 fully paid common shares in Sylvania Platinum ("Shares") on ASX; and
- 700,000 depository interests representing beneficial interests in Shares on AIM ("DIs") (and the Shares represented by those DIs).

As a result of the cancellation, the Company has 301,251,805 Shares on issue.

Subject to prevailing market conditions, Sylvania Platinum intends to purchase up to a further 29,486,181 Shares under the Buy-Back.

CORPORATE INFORMATION

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

SYLVANIA PLATINUM LIMITED

ARBN

147 331 726

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	15,029	15,029
1.2	Payments for		
	(a) exploration & evaluation	(447)	(447)
	(b) development	(2,461)	(2,461)
	(c) production	(7,197)	(7,197)
	(d) administration	(3,254)	(3,254)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	297	297
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid	(46)	(46)
1.7	Other (provide details if material)	(761)	(761)
	Net Operating Cash Flows	1,160	1,160
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments	(2)	(2)
	(c) other fixed assets		
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities	(4)	(4)
1.11	Loans repaid by other entities	2	2
1.12	Other (provide details if material)		
	Net investing cash flows	(4)	(4)
1.13	Total operating and investing cash flows (carried forward)	1,156	1,156



1.13	Total operating and investing cash flows (brought forward)	1,156	1,156
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(29)	(29)
1.18	Dividends paid		
1.19	Other (provide details if material)	(6)	(6)
	Net financing cash flows	(35)	(35)
	Net increase (decrease) in cash held	1,121	1,121
1.20	Cash at beginning of quarter/year to date	22,200	22,200
1.21	Exchange rate adjustments to item 1.20	(876)	(876)
1.22	Cash at end of quarter	22,445	22,445

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	657
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest



Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,547
4.2 Development	10,284
4.3 Production	6,557
4.4 Administration	827
Total	19,215

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	10,562	5,857
5.2 Deposits at call	11,883	16,343
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	22,445	22,200

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		



Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	301,251,805	301,251,805	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities <i>(description)</i>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	Options <i>(description and conversion factor)</i>	6,000,000	Nil	<i>Exercise price</i> \$1.05
7.8	Issued during quarter			<i>Expiry date</i> 30 June 2012
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			



Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 27 October 2011

Print name: Louis Carroll
Finance Director

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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