

**Sylvania Platinum Ltd Quarterly Report to 30 June 2012**  
**(“Sylvania” or “the Company”)**  
**AIM (SLP)**

ARBN 147 331 726  
Issued shares: 300,764,896

**31 July 2012**

Sylvania Platinum Ltd, the low cost Platinum Group Metal (“PGM”) processor and developer, today announces its results for the fourth quarter ended 30 June 2012 from its PGM production and development operations in the Bushveld region of South Africa.

**SUMMARY**

- **Record monthly production of 5,477 ounces in June 2012 (a 25% increase over the previous best month of 4,393 ounces in December 2011);**
- **EBITDA at Sylvania Dump Operations (“SDO”) remains positive for fourth quarter to 30 June 2012, despite the 18% drop in the basket price vs. previous quarter;**
- **Production increased 56% to 12,255 ounces in Q4 from 7,858 ounces in Q3**
  - **Cost per ounce improved 26% to US\$586 in Q4 from US\$787 in Q3;**
- **First ounces expected from the Tweefontein plant in September 2012;**
- **Conditional agreement signed to dispose Bushveld magnetite iron ore assets for £13.7 million;**
- **Consideration shares to be distributed to existing shareholders;**
- **Cash on hand of R129 million (US\$15.4million) at period end (after capital expenditure of R46 million (US\$5.5 million));**
- **Significant PGM mineralisation intercepted on Harriet’s Wish; and**
- **Volspruit bankable study on-going.**

**OVERVIEW**

SDO production of 11,825 ounces for the fourth quarter to 30 June 2012 was an increase of 58% from 7,506 ounces produced in the third quarter. Cost per ounce further improved 26% from US\$787 to US\$586. It was previously announced that the third quarter’s production was adversely affected by various factors, including host mine strike action and adverse weather, and that lower production volumes were expected for the financial year 2012. The production ramp up at Mooinooi continued during the fourth quarter and allowed the plant to achieve record monthly ounce production in June 2012.

Despite an 18% drop in the net basket price for the PGMs produced during Q4, the robustness of the Sylvania model has allowed SDO to achieved a positive EBITDA of R4.8 million (US\$0.6 million). Even given the current economic backdrop, the Company has been able to internally fund its capital expansion projects and has invested R46 million (US\$5.5 million) during the quarter. Revenue increased 20% from US\$7.4 million to US\$8.9 million for the quarter as improved production offset the lower net basket price. The construction of phase 1 of the Tweefontein plant is progressing well and the flotation plant construction remains on-track for completion at the end of August allowing first ounces to be produced from the plant in September 2012. The engineering designs for phase 2 are underway, to allow Tweefontein to treat Run of Mine (“ROM”) material from the new MG2 adit at the host mine, and will be presented in Q1 FY2013 for Board approval. Phase 2 is expected to cost approximately R44 million (US\$5.2 million).

The Chrome Tailings Re-treatment Plant (“CTRP”), a joint venture company in which Sylvania has a 25% interest, produced 430 ounces for the quarter ending 30 June 2012.

Sylvania was officially removed from trading on the ASX on 27 April 2012 but maintained a three month trading platform that expired on 27 July 2012.



The Company had R129 million (US\$15.4 million) cash available at 30 June 2012.

### Summary Sylvania Platinum Performance

Unaudited – Group	Unit	Jun 2012 Quarter	Mar 2012 Quarter	% Change
<b>Financials</b>				
Revenue	R'000	78,351	59,811	31%
Ave R/US\$ rate	R/US\$	8.39	7.65	10%
<b>Production</b>				
PGM Plant Feed Tons	t	201,019	148,273	36%
PGM 3E and Au	oz	12,255	7,858	56%

## A. SYLVANIA DUMP OPERATIONS

### Health, safety and environment

On 9 May 2012, Sylvania achieved a full year Lost Time Injury (“LTI”) free. On 26 June 2012, a worker at the Doornbosch plant injured his knee which was later classified as an LTI.

The Company remains committed to reducing and maintaining a LTI frequency rate of zero and continues to focus on health and safety compliance at its respective operations through continued education, improving safety procedures and working to the highest possible standards.

### Operational and Financial Summary

Unaudited	Unit	Jun 2012 Quarter	Mar 2012 Quarter	+ - % Quarter on Quarter	2012 Financial YTD
<b>Revenue</b>					
Revenue	R'000	75,051	56,838	32%	311,166
Revenue	US\$'000	8,945	7,430	20%	38,511
Gross Basket Price	US\$/oz	1,182	1,368	-14%	1,268
Net Basket Price	US\$/oz	778	944	-18%	876
Gross Cash Margin - SDO	%	8%	15%	-47%	27%
Capital Expenditure	R'000	46,545	23,092	102%	116,374
Ave R/US\$ rate	R/US\$	8.39	7.65	10%	8.08
EBITDA	R'000	4,857	5,795	-16%	79,184
<b>SDO Cash Cost</b>					
Per PGM Feed ton	R/t	355	368	-4%	313
Per PGM Feed ton	US\$/t	42	48	-13%	39
Per 3E & Au oz	R/oz	4,919	6,018	-18%	4,592
Per 3E & Au oz	US\$/oz	586	787	-26%	568



Unaudited	Unit	Jun 2012 Quarter	Mar 2012 Quarter	+ - % Quarter on Quarter	2012 Financial YTD
<b><u>Production</u></b>					
Plant Feed	T	395,416	268,438	47%	1,445,235
Feed Head Grade	g/t	2.20	2.49	-12%	2.33
PGM Plant Feed Tons	T	180,520	125,891	43%	672,393
PGM Plant Grade	g/t	4.16	4.62	-10%	4.68
PGM Plant Recovery	%	49.0%	40.2%	22%	44.0%
Total 3E and Au	Oz	11,825	7,506	58%	44,509

## Millsell

The Millsell operation produced 1,875 ounces for the quarter ended 30 June 2012, compared to 998 ounces in the previous quarter. During the fourth quarter Millsell treated a combination of current arisings from the host mine's plant and a blend of dump material from the old Mooinooi and Waterkloof dumps as well as the Elandsdrift dump which was introduced in June 2012. The blending of material from the dumps assists in optimising the feed grade to the PGM plant and reduces the chrome content in the final concentrate which reduces penalties.

The second pass treatment of the more than one million ton primary dump is still scheduled to commence towards the end of 2012. Cost per ounce of R3,875/oz (US\$498/oz) for the quarter is significantly lower than the R7,552/oz (US\$1,078/oz) during the previous quarter, primarily due to higher tons treated throughput and higher PGM ounce production.

The phase 1 construction for the new tailings disposal facility is on target for commissioning in August 2012.

## Steelpoort

The Steelpoort operation produced 2,282 ounces for the quarter to 30 June 2012, 3.6% above management projection but slightly lower than the previous quarter's 2,697 ounces. Steelpoort production was negatively impacted during the past quarter by a planned major mill refurbishment, as well as lower grades associated with the coarser material of the Steelpoort Dam 3 dump that came to the end of its first pass treatment life. The Steelpoort plant was treated a combination of current arisings from the host mines Steelpoort plant, first pass Steelpoort Dam 3 dump material and second pass Steelpoort Dam 1 dump material that was initiated during May 2012. The cost per ounce was R3,815/oz (US\$491/oz), compared to R2,665/oz (US\$380/oz) in the previous quarter, due mainly to lower ounce production.

## Lannex

Lannex produced 2,368 ounces for the quarter to 30 June 2012. This is a 53% increase on the previous quarter's 1,547 ounces. The commissioning of the new mechanical mining section contributed to a higher tons throughput rate during the fourth quarter, however lower feed grade from the current dump area being mined had a negative impact on ounces produced.

The plant running time improved significantly during June 2012 to achieve a record tons throughput for the plant with a 56% increase on the monthly average of previous quarters of FY2012. The cost per ounce was R3,764/oz (US\$484/oz), compared to R5,582/oz (US\$797/oz) in the previous quarter, a 33% improvement.

## Mooinooi

The Mooinooi operation produced 2,095 ounces for the quarter to 30 June 2012, compared to 555 ounces in the previous quarter which was severely affected by the host mine strike action. The Mooinooi production ramp up to steady state will continue during Q1 of FY2013 as the ROM feed from underground is expected to increase.

The cost per ounce improved 64% from R23,308 (US\$2,997/oz) to R8,499/oz (US\$1,093/oz) with further cost reductions expected in the following quarters as the plant continues to ramp up to design capacity. Effective 1 July 2012 the two Mooinooi plants will be operating and reported on independently.



## Doornbosch

The Doornbosch plant produced 2,000 ounces for the quarter to 30 June 2012, a 17% improvement on the previous quarter's 1,709 ounces. Doornbosch treated a combination of current arisings from the host mine, Montrose dump material, and Onverwagt dump material which was depleted during the fourth quarter. Lower than planned current arisings from the host mine and down time related to safety stoppages during the quarter negatively impacted on ounces.

As a result of higher tons throughput and ounce production, the total cost per ounce for the current quarter was R3,385/oz (US\$435/oz) compared to R3,999/oz (US\$571/oz) for the previous quarter.

## Twefontein

The Twefontein construction team achieved 50,000 LTI free hours in May 2012. The site team has been commended on numerous occasions for exceptional safety performance and standards.

Procurement for the 1<sup>st</sup> phase of the new Twefontein Plant is complete. Construction of the thickeners and the erection of the float plant mechanicals have also been completed.

The host mine has accepted the design proposal for the new power supply option and implementation has commenced for the new supply to the Twefontein Mine. The substation will supply power to the new Twefontein plant at 11 kV via the existing 22 kV overhead power line. The scope will include an energy management system and Power Factor Correction.

Sylvania continues to operate the existing Chrome plant which will ultimately form part of the new Sylvania Twefontein plant.

The design of the new tailings dam has been completed and the report submitted to management of both Sylvania and the host mine. The dam will be constructed as part of phase 2 of the project. The capital application for phase 2 of the Twefontein plant will be presented to the next meeting of the board for approval.

## B. SYLVANIA PLATINUM

### Chrome Tailings Retreatment Plant ("CTRP") (25% Sylvania) managed by AQPSA (50%)

CTRP production has improved consistently over the quarter from 352 ounces to 430 ounces attributable to Sylvania.

Unaudited – attributable (25%)	Unit	Jun 2012 Quarter	Mar 2012 Quarter	+/- % Quarter on Quarter	2012 Financial YTD
<b>Revenue</b>					
Revenue	R'000	3,300	2,973	11%	8,430
Basket Price	US\$/oz	1,240	1,425	-13%	1,318
Ave R/US\$ rate	R/US\$	8.05	7.63	6%	8.00
<b>Site Cash Cost</b>					
Per ROM ton	R/t	129	99	30%	130
Per ROM ton	US\$/t	16	13	23%	16
Per PGM oz	R/oz	6,106	6,298	-3%	8,661
Per PGM oz	US\$/oz	758	825	-8%	1,083
<b>Production</b>					
Plant Feed Tons	T	20,499	22,382	-8%	81,789
Grade	g/t	2.91	2.77	5%	2.90
Recovery	%	22%	18%	22%	16%
Total 3E and Au	Oz	430	352	22%	1,225



## C. NORTHERN LIMB OPERATIONS

### Volspruit Project

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

Studies for the Environmental Impact Assessment, a part of the mining right approval process, are progressing well. The majority of the specialist reports are nearing completion, and the results from the ground water modelling, assessment of surface and ground water interaction and the mine layout will be conducted during July and August 2012 to complete the remainder of the work.

The Pre-Feasibility Study for the smelter and refinery commenced in January 2012, and was completed during the fourth quarter and the final report has been received for review by Sylvania.

The DMR has consented in terms of the MPRDA to the section 11 transfer of the prospecting right to Volspruit Mining Company (Pty) Ltd from Pan Palladium SA (Pty) Ltd, both wholly owned subsidiaries of Sylvania. This prospecting right has been extended to 31 January 2015.

A SAMREC compliant Resource Statement update was issued by Integrated Geological Solutions (Pty) Ltd ("IGS") based on the 39 hole drill programme conducted between September 2011 and March 2012.

The focus of the drilling programme was aimed at firming up the resource model of the southern orebody. The southern ore body was interpreted in 2004 as a planar body dipping at about 40° to the west. The current investigation has demonstrated that the southern body is largely flat lying but displaced by three faults down-throwing the body in a series of steps from the south-east to the north-west. The upper most block has been shown to be very near surface and of a higher grade than the previous resource model. The ground below the lowest block, which was previously incorporated into the resource model, had been removed from the latest resource model. This is due to the fact that with the new faulted model, insufficient information is available to include this ground under the SAMREC code. Currently only a single hole has been drilled in this ground and despite returning excellent grades, this lower ground can only be upgraded to resource with additional drilling. Since the mine already has enough resource to support the infrastructure, management has decided to delay further exploration of this lower block.

The fact that the southern orebody is shallower and higher grade than previously expected is likely to further enhance the project.

The resource allocated to the northern ore body remained largely unchanged.

**Northern Ore Body 2012 Resource Estimate**

Resource Class	Tonnes	3E (oz millions)	Ni (lb millions)	Cu (lb millions)	3E Grade (g/t)	Ni (%)	Cu (%)
Measured	28,022,999	1.16	87	25	1.26	0.14	0.04
Indicated	15,175,768	0.55	51	12	1.16	0.15	0.04
Inferred	1,607,973	0.05	5	1	0.95	0.18	0.03
<b>Total</b>	<b>44,806,740</b>	<b>1.76</b>	<b>143</b>	<b>39</b>	<b>1.22</b>	<b>0.14</b>	<b>0.04</b>

**Southern Ore Body 2012 Resource Estimate**

Resource Class	Tonnes	3E (oz millions)	Ni (lb millions)	Cu (lb millions)	3E Grade (g/t)	Ni (%)	Cu (%)
Indicated	14,140,079	0.69	62	17	1.52	0.20	0.06
Inferred	18,374,591	0.65	67	18	1.10	0.17	0.04
<b>Total</b>	<b>32,514,670</b>	<b>1.34</b>	<b>129</b>	<b>35</b>	<b>1.28</b>	<b>0.18</b>	<b>0.05</b>

1. A 10% geological loss was applied. The conventions used for the resource categorisation are a 0.34 ppm 3E (Pt, Pd and Rh) cut-off grade and borehole spacing of 25m for Measured Category, 50m for Indicated (70m for the northern body) and 100m for Inferred.
2. Figures quoted are gross, Sylvania's interest currently reflect 100% in respect of the above tenements.



In order to comply with the legislative requirements for the granting of a Mining Right, 26% of the Volspruit project will be transferred to a BEE Company. It is envisaged that an agreement with the BEE Company will be signed shortly, however until such time Sylvania owns 100% of the Volspruit project.

In terms of a Joint Venture Agreement, a joint venture partner holds a 25% economic interest in the Volspruit project. It may elect to participate in the mining project, upon which it will be required to contribute proportionately to all future development and mining costs. Should it elect not to participate, its interest will be diluted and remain only an economic interest with no right to participate in the management or operation of the mining project.

## Northern Platreef Project

### Harriet's Wish

The exploration activities on the extreme northern end of the Northern Limb are conducted by Hacra Mining and Exploration Company (Pty) Ltd, a Sylvania Group Company on the farm Harriet's Wish. The ownership of the prospects in the Northern limb is shared with Black Economic Empowerment partners. Sylvania's share ranges from 71% to 76% in all cases.

Drilling commenced on 23 March 2012 and on 14 June 2012 Sylvania announced an update on the progress of exploration on the farm Harriet's Wish 393LR in which the results of five intersections were reported.

The PGM mineralisation intersected by Sylvania is located in the Main Zone of the Rustenburg Layered Suite of the Bushveld Complex. Sylvania elected to name the stratigraphically higher mineralised zone the Harriet's Wish Succession ("HWS") and subdivided it into Zones 1 to 4. The lower mineralised zone is designated the Troctolite Sequence ("TS").

Noteworthy intersections to date are given in summarised form below:

Intersection	Unit	From (m)	To (m)	Interval (m)	2PGE+AU ppm	Cu ppm	Ni ppm	Intercept
HW024	TS	339.24	367.63	28.39	2.00	558	1,041	Complete Unit Best Intercept
		346.15	349.56	3.41	8.14	2,168	2,991	
HW024W1*	TS	337.80	368.40	30.60	1.83	588	1,064	Complete Unit Best Intercept
		346.24	349.58	3.34	6.60	2,092	3,165	
HW029*	HWS Zone 4	574.00	576.00	2.00	1.15	921	575	
	HWS Zone 3	591.96	594.20	2.24	2.82	2,212	1,136	
	HWS Zone 2	612.32	615.60	3.28	2.34	2,152	1,028	
	HWS Zone 1	633.50	639.71	6.21	3.42	5,143	1,780	
HW029W1	HWS Zone 3	592.02	594.24	2.22	2.42	1,492	856	
	HWS Zone 2	614.80	616.20	1.40	3.47	3,430	1,618	
	HWS Zone 1	634.69	638.34	3.65	1.91	2,861	983	
HW029W2	HWS Zone 4	574.95	575.50	0.55	2.34	1,680	1,140	
	HWS Zone 3	592.00	595.00	3.00	3.11	1,536	1,005	
	HWS Zone 2	614.60	615.87	1.27	1.57	3,430	1,618	
	HWS Zone 1	634.60	638.55	3.95	2.85	4,514	1,487	
HW032	HWS Zone 3	707.46	709.90	2.44	5.66	2,634	508	Best Intercept
	HWS Zone 2	711.12	719.93	8.81	7.74	3,638	894	
		714.40	717.43	3.03	13.75	5,845	1,263	
	HWS Zone 1	722.13	725.43	3.30	3.09	1,690	608	
	HWS Zone 1b	725.83	727.5	1.67	3.80	1,913	693	
HWS Zone 1a	728.25	729.25	1.00	1.89	937	247		

\* The intercepts differ slightly from those reported on 14 June 2012 because more assay results are now available and have been used.

\*\* Some assay data still outstanding - not categorised yet



The Bushveld Complex on the northern part of Harriet's Wish is overlain by Waterberg sediments. Further south the Main Zone outcrop and sub-outcrop on ground covered by prospecting permits held by Sylvania and its subsidiaries. Historically Sylvania's exploration focus was on the Platreef equivalent in the lower Main Zone. However, the zone hosting the reefs discovered at Harriet's Wish located stratigraphically higher in the Main Zone has not been explored before. The current exploration focus is the investigation of the upper Main Zone further south for potentially shallower reefs. The program is on-going and further assay results will be disclosed as they become available.

### **Qualified Person**

The independent qualified person for the Northern Limb PGM geological section is Eric Roodt Pr. Sci. Nat. He is a director of Integrated Geological Solutions (Pty) Ltd, a geological consulting firm contracted to Pan Palladium and Hacra to manage and provide geological services on the Volspruit and Harriet's Wish projects respectively. He is a member of the Geological Society of South Africa and is registered with the South African Council for Natural Scientific Professions. He has in excess of 15 years' experience in Bushveld Complex geology and has been involved in the compilation of study reports for other platinum projects on the Bushveld Complex. He has extensive experience on the Northern Limb (Platreef and Lower Zone type mineralisation). Mr Roodt has reviewed the content of this announcement and consents to the inclusion of his name.

QA/QC procedures have been applied to the project sampling with the insertion of certified reference material obtained from African Mineral Standards (AMIS), as well as re-submission of pulps and quarter core.

ALS Chemex Laboratories (Johannesburg) is the appointed analytical facility for the analysis of the drill core samples. ALS Chemex is an ISO9001:2000 and ISO 17025 accredited laboratory as well as SANAS accredited testing laboratory. ALS Chemex uses fire assay and ICP techniques and is accredited to analyse Pt. between 0.005ppm and 10ppm; Pd between 0.005ppm and 10ppm; Au between 0.001ppm and 10ppm; Cu and Ni between 1ppm and 10000ppm ( $\pm 10\%$ ).

## **D. SYLVANIA GROUP**

### **Vygenhoek project (Everest North)**

On 3 June 2011, Sylvania announced that it had entered into an agreement with Aquarius Platinum SA (Pty) Ltd ("AQPSA") to access the Everest North UG2 Platinum deposit through a 50/50 joint venture.

On 25 April 2012 AQPSA submitted the Mining Right Application ("MRA") to the Department of Mineral Resources ("DMR"). A Mineral and Petroleum Resources Development Act ("MPRDA") compliant scoping report has been prepared and was submitted to the DMR in July 2012.

The final pre-feasibility study report was received from DRA Mining ("DRA") indicating that the Everest North project is economically viable. AQPSA has subsequently announced that the Everest South mine and metallurgical plant would be placed on care and maintenance due to poor ground conditions at the Everest mine, on-going disruptive industrial relations and the present low PGM price environment. Sylvania however remains optimistic about the extraction of relatively inexpensive UG2 ore from the Everest North deposit and will continue completing the necessary approvals during these times of depressed prices so as to be ready for immediate production as soon as market conditions improve.

A number of specialist studies still need to be completed during the months July to October 2012 and the work required to obtain the mining right for the Everest North project will still take several months to complete, therefore the current project work schedule as required for the approval of the mining right, namely the Environmental Impact Assessment ("EIA") and social and labour plan, will continue. Access to the site has been officially granted by the Department of Land Affairs.

### **Iron ore assets update**

Further to the Company's announcements dated 7 March 2012, 23 May 2012 and 27 July 2012, the Company has entered into a legally binding conditional agreement with Mercury Recycling Group Plc ("Mercury") pursuant to which Mercury will acquire the Company's Iron Ore Assets for approximately £13.7 million by issuing 203,022,285 fully paid ordinary shares in Mercury. Mercury has published an admission document containing, *inter alia*, notice of a general meeting of Mercury to be held on 15 August 2012. Subject to the approval of the shareholders of Mercury, completion of the sale of the Iron Ore Assets and re-admission of the enlarged Mercury group (to be renamed Ironveld Plc) to trading on AIM, it is expected that Sylvania shareholders will receive their consideration shares on 16 August 2012.

Mercury has recently completed a £3 million fundraising, the proceeds of which will be used to fund the development of the iron ore assets and for general working capital requirements.



## Employee options

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

At 30 June 2012, 6,000,000 employee options with an exercise price of AU\$1.05 expired and have been cancelled.

## CORPORATE INFORMATION

**Registered office:** Sylvania Platinum Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

**Postal address:** PO Box 524  
Wembley WA 6913  
Australia

**Sylvania Website:** [www.sylvaniaplatinum.com](http://www.sylvaniaplatinum.com)

## CONTACT DETAILS

<b>South Africa:</b>	Terry McConnachie (CEO) Sylvania Platinum Limited +27 (11) 673 1171	Nigel Trevarthen (Deputy CEO) Sylvania Platinum Limited +27 (11) 673 1171
----------------------	--	--

Louis Carroll  
(Director/Assistant Company Secretary)  
Sylvania Platinum  
+44 (0) 7969 170 622

<b>Australia:</b>	Richard Rossiter (Chairman) Sylvania Platinum Limited +61 (8) 9226 4777	Grant Button (Director/Assistant Company Secretary) Sylvania Platinum Limited +61 (8) 9226 4777
-------------------	--	--

<b>United Kingdom:</b>	Samantha Harrison RFC Ambrian Limited Nominated Advisor +44 (0) 20 3440 6800	Martin Eales/James Kelly RBC Capital Markets Joint Broker +44 (0) 20 7653 4000
------------------------	---	---

Graham Herring/Beth Harris  
Newgate Threadneedle  
+44 (0) 20 7653 9850

