

Sylvania Platinum Limited
(“Sylvania” or “the Company”)
AIM (SLP)

Sylvania moves to consolidate its mineral and surface right position over the Zoetveld and Grasvally farms

3 December 2013

Sylvania Platinum Limited, the low cost Platinum Group Metal (“PGM”) dumps processor and mine developer, today announces that it has entered into a binding agreement to purchase the rights to PGM and chrome (“Cr”) bearing minerals on certain key portions of the farms Grasvally 293KR and Zoetveld 294KR, properties on which Sylvania is already the owner of the surface rights. These portions of the Grasvally and Zoetveld farms are adjacent to Sylvania’s existing Volspruit PGM project, situated 16 kilometres south of Mokopane in the Limpopo Province. This acquisition potentially adds to the resource base of the Volspruit project, and also brings a modest but attractive chromite ore production opportunity into consideration for the Company.

SUMMARY

- The purchase price for the prospecting right is ZAR25 million (approximately US\$2.4m)
- Payment will be effected in two tranches:
 - R5 million (approximately US\$0.5 million) within 14 days after lodgement of the application for ministerial consent to transfer the rights to Sylvania (Section 11 consent), expected in January 2014; and
 - R20 million (approximately US\$1.9 million) on the registration of the transfer of the mineral rights, expected in early to mid 2015.
- The rights purchased cover an area of prior mining and exploration for both PGMs and chrome ore.
 - Published geological maps indicate that the Volspruit pyroxenite, the host to the PGM mineralization in the North Pit of the Volspruit project, extends up to approximately 150m across the farm boundary onto Zoetveld
 - PGM’s occur within a chromitiferous pyroxenite developed close to the base of the Critical Zone, near its contact with the underlying Lower Zone. This contact extends along approximately 4.3km of strike from the northern boundary of Grasvally southwards onto Zoetveld. Previous trenching and core drilling was concentrated in three separate areas along this zone. Values of up 2.22g/t (3PGE+Au) over 230cm were encountered in trench samples, whilst approximately 2.5km of this strike has not been tested by trenching. Further drilling and trenching is required to allow for a meaningful resource estimation, given the complex structure.
 - In addition to the added PGM potential for the Volspruit project, the rights likely encompass significant amounts of chrome ore. Chrome ore was mined at the Grasvally Chrome Mine (which



is situated on the property acquired by Sylvania in January 2013) and which operated between 1966 and 1988. Based on previously reported production data, the Directors believe that the quality of the ore from the mine is superior to many ores currently mined in South Africa as a result of its higher chrome to iron ratio ("Cr:Fe").

STRATEGY

Sylvania remains focussed on its core business as a PGM producer, but the Directors believe that there is significant value in both the PGM and chrome minerals and that the acquisition has the potential to produce significant returns for shareholders. Sylvania is considering a number of strategic options regarding the chrome ore component of the acquisition, which include partnering with others on an earn-in basis or unbundling the chrome ore opportunity (possibly in a manner similar to the Ironveld transaction carried out by Sylvania in 2012).

RATIONALE FOR PURCHASE

In May 2012 Sylvania entered into an agreement to purchase the surface rights of portions of the Grasvally and Zoetveld farms. This property acquisition was necessary to accommodate the future Volspruit PGM mine and plant infrastructure. During the due diligence studies for both the surface right purchase and prospecting right purchase, old documents relating to exploration for PGMs on these farms were discovered. The PGMs near the base of the Critical Zone occur to the northwest of and parallel to the existing Grasvally mine chrome seams and directly to the north of the Volspruit PGM project. The association of PGM's with chromitite-bearing pyroxenites in the Critical Zone is well known from elsewhere in the Bushveld Complex.

The old Grasvally chrome ore mine was operated between 1966 and 1988 and enjoyed some of the highest chrome grades recorded in South African chrome mines. This fact is described in articles from the South African Mining and Engineering Journal ("SAMEJ", 1978) and the Coal, Gold and Base Minerals of Southern Africa journal ("CGBM", 1975).

The Cr:Fe ratio of the Upper and Lower Layers was reported to be approximately 2.46:1 (Source: SAMEJ, 1978 and CGBM, 1975). The Cr:Fe ratio of the chrome ore lump product was reported to be 2.26:1 to 2.4:1 and 2.20 for the fines (CGBM, 1972 and SAMEJ, 1978). This compares favourably to current mine output norms of 1.6:1 in South Africa. In addition, the chrome outcrops on surface within certain sectors of the deposit, lending itself to lower cost open-pit mining.

Commenting on the acquisition, CEO Terry McConnachie states:

"Sylvania's stated objectives are to generate free cash flow from our dump operations for distribution to shareholders, but the favourable pricing of this PGM and potentially high grade chrome ore resource presents an excellent opportunity to increase shareholder returns. The acquisition has been structured whereby the majority of the transaction costs are long-dated, and the value to the Company of the acquisition is significantly enhanced by virtue of the Company's existing surface rights ownership. As a board, we are confident that this transaction will return value over and above the PGM ore potential, meriting the acquisition cost and ultimately enhancing the Volspruit project."

QUALIFIED PERSON REVIEW

Peter Harrison has reviewed and approved the technical information contained within this announcement in his capacity as a qualified person, as required under the AIM rules. Peter Harrison is a Geological Consultant working on behalf of the Company and is a member of The South African Council for Natural Scientific Professions (SACNASP).

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