Sylvania Platinum Limited
Second Quarter Report to 31 December 2012
("Sylvania" or "the Company")
AIM (SLP)

31 January 2013

Sylvania Platinum Limited, the low cost Platinum Group Metal ("PGM") processor and developer, today announces its results for the second quarter ended 31 December 2012 (Q2 FY2013) from its PGM production and development operations in the Bushveld region of South Africa.

SUMMARY

- **New dividend policy announced as the Company becomes cashflow positive;**
- **Mr Stuart Murray appointed as Chairman of Sylvania from 1 April 2013;**
- **EBITDA at Sylvania Dump Operations ("SDO") increased 125% to $2.7 million (R24 million) from $1.2 million (R10 million) in the previous quarter;**
- **Wage agreement for Sylvania's Western limb operations concluded;**
- **Positive cash balance of $8 million (R69 million) at 31 December 2012;**
- **First ounces achieved from Tweefontein Plant, the last of the SDOs, with continued ramp up expected to be completed in Q3 FY2013**

OVERVIEW

The industrial action at the host and surrounding mines during the first quarter continued into the second quarter of FY2013 and Sylvania had a disruptive start to its second quarter. Although the operations on the Eastern limb host mines had returned to normal in September 2012, it was only on 24 October 2012 that Sylvania was able to announce that operations at the host mines at the Western operations had resumed and that Sylvania employees were able to report to work without intimidation. Despite the disruptions in both quarters and the total loss of production from the Western Limb plants for October, the robustness of the Sylvania model was once again proven with the SDO generating a positive EBITDA in both quarters. Furthermore, unlike other operations which show a very slow return to normal production, the SDO operations generated 8,225 ounces for the remaining two months of the quarter. Thus, the PGM production for Q2 of 10,635 ounces was down only 3% on the previous quarter.

On 14 November 2012, Sylvania announced that a wage agreement had been reached with its employees for the Western operations, thereby concluding all negotiations for SDO, as agreement had been reached in the previous quarter with its employees at the Eastern operation. It is pleasing to note that no strike action was taken by Sylvania's employees.

Despite all the difficult operating conditions, and the reduced production during the quarter, the dollar per ounce cash cost showed slight improvement from $721/oz to $700/oz (as restated – see notes). Revenue increased by 14% in dollar terms on the previous quarter (20% in Rand terms). Operating unit costs reduced to $317/PGM feed ton following a concerted effort from all to cut back on costs during the period whilst the external strike action was affecting the company. Results were assisted by lower smelter penalties, a 6% improvement in the net basket price as well as the weakening of the SA Rand.

On 17 January 2013, the Company announced that Mr Stuart Murray has been appointed as Chairman of Sylvania, which appointment will be effective from 1 April 2013. He will replace Mr Richard Rossiter who had stepped down as Chairman at the Company's AGM in December 2012. Mr Roger Williams, a non-executive director of the Company, will assume the responsibilities of Chairman until 1 April 2013.

On 21 January 2013, the Company announced the implementation of its new dividend policy. The new dividend policy further evidences the Boards change in strategy from capital expansion and growth to delivering cash to the shareholders, and reflects the Company's cash positive position as it moves to steady state production.

The Company had $8 million (R69 million) cash available at 31 December 2012 (excluding guarantees).

Summary Sylvania Platinum Performance

Unaudited – Group	Unit	Dec 2012 Quarter	Sep 2012 Quarter	% Change
Financials				
Revenue	R'000	**88,815**	75,135	18%
Ave R/US$ rate	R/$	**8.71**	8.27	5%
Production				
PGM Plant Feed Tons	t	**204,383**	201,044	2%
PGM 3E and Au	oz	**10,635**	11,005	-3%

A. SYLVANIA DUMP OPERATIONS

Health, safety and environment

There were no significant health, safety or environmental incidents at any of the Companies dump operations during the quarter ended 31 December 2012. The Company remains committed to zero harm and will continue to focus on health and safety compliance at all of its operations in order to eliminate safety deviations and to improve the overall condition of its operations.

Operational and Financial Summary

Unaudited	Unit	Dec 2012 Quarter	Sep 2012 Quarter	+- % Quarter on Quarter	6 months YTD 2013
Revenue – SDO					
Revenue	R'000	**88,768**	73,786	20%	162,554
Revenue	$'000	**10,188**	8,926	14%	19,181
Gross Basket Price	$/oz	**1,005**	1,038	-3%	1,021
Net Basket Price	$/oz	**898**	847	6%	880
Gross Cash Margin	%	**27%**	19%	42%	23%
Capital Expenditure	R'000	**30,775**	29,765	3%	60,540
Ave R/US$[1]	R/$	**8.71**	8.27	4%	8.47
EBITDA	R'000	**23,953**	10,003	139%	33,956

Unaudited	Unit	Dec 2012 Quarter	Sep 2012 Quarter	+- % Quarter on Quarter	6 months YTD 2013
SDO Cash Cost[2]					
Per PGM Feed ton	R/t	**317**	322	-2%	319
Per PGM Feed ton	$/t	**36**	39	-8%	38
Per 3E & Au oz	R/oz	**6,095**	5,964	2%	6,028
Per 3E & Au oz	$/oz	**700**	721	-3%	711
Production - SDO					
Plant Feed	T	**428,851**	477,709	-10%	906,560
Feed Head Grade	g/t	**2.19**	1.99	10%	2.09
PGM Plant Feed Tons	T	**204,383**	201,044	2%	405,427
PGM Plant Grade	g/t	**3.86**	3.96	-3%	3.91
PGM Plant Recovery	%	**42.0%**	42.4%	-1%	42.2%
Total 3E and Au	oz	**10,635**	10,844	-2%	21,479

[1] The functional currency for SDO is the SA Rand and the exchange rate shown is the average over the period indicated.

[2] The SDO Cash cost calculation has been revised and Q1 restated, see below. Cash costs include plant operating costs such as mining, processing, administration, royalties and production taxes, but are exclusive of depreciation, amortisation, reclamation, capital, development and exploration costs.

Millsell

The Millsell operation produced 1,220 ounces for the quarter ended 31 December 2012, against 1,894 ounces in the previous quarter, primarily due to the impact of the industry-wide strikes in the Rustenburg/Mooinooi area during the quarter. Millsell has continued during the quarter to treat a combination of current arisings from the host mines Millsell plant and dump material from the Waterkloof dump. The operation evaluates feed grades and recovery potential of the Waterkloof, Elandsdrfit, and Millsell dumps at its disposal on an on-going basis as part of the overall blending strategy to reduce the chrome content in the final concentrate. Based on the updated resource plan the second pass treatment of the plus one million ton primary dump is still scheduled to commence towards the end of 2013. Cash cost of production increased significantly to $679/oz (R5,914/oz) from $484/oz (R3,998/oz) in the previous quarter. This increase is as a direct result of the industrial action in the area.

Steelpoort

Steelpoort plant produced 2,050 ounces for the quarter to 31 December 2012, a 51.5% increase on the previous quarter's 1,353 ounces. Steelpoort treated the last material from the Old Doornbosch and Montrose dumps at its disposal during the past quarter. The host mines Steelpoort plant is currently not operational and therefore Steelpoort plant is focusing primarily on the second pass treatment of material from the Steelpoort Dam 1. The cash cost per ounce for the quarter was $630/oz (R5,492/oz), compared to $756/oz (R6,251/oz) in the previous quarter.

Lannex

The Lannex operations produced 1,948 ounces for the quarter to 31 December 2012; compared to the previous quarter's 2,399 ounces. Lower than planned feed tons and feed grades from material currently being treated contributed to the lower ounce production. A combination of the heavy rains during the quarter, and the higher moisture content of the finer material currently being treated, has resulted in feed chokes to the plant. After modifications to the feed strategy, replacement of a feeder and with increased operational focus the feed tons improved significantly during December 2012. PGM feed grades from the current dump area being mined are significantly lower than previous quarters. This has negatively impacted on ounce production and feed grades and recovery potential from other areas are currently being evaluated to ensure that feed grade to the plant is optimised. The cash cost per ounce of $658/oz (R5,716/oz), was higher than the $575/oz (R4,749/oz) in the previous quarter, primarily due to lower ounces produced.

Mooinooi Dump Operation

The Mooinooi Dump operation produced 739 ounces for the quarter to 31 December 2012, compared to 1,187 ounces in the previous quarter, primarily due to the impact of the industry-wide strikes in the Rustenburg/Mooinooi area during the quarter. The Mooinooi Dump plant still treats material from the old Mooinooi dumps and current arisings from the host mines Mooinooi plant. Various initiatives are still under way to establish the optimal reagent regime and processing parameters for the current blend of material treated. The cash cost for the quarter was $1,174/oz (R10,229/oz), compared to the previous quarter of $1,093/oz (R9,037/oz). The increased unit cost is mainly due to lower operational running times and feed volumes treated during the strike period in the quarter when Sylvania Mooinooi employees could not report to work due to widespread intimidation in the region.

Mooinooi ROM Operation

The Mooinooi ROM operation produced 874 ounces for the quarter to 31 December 2012, compared to the previous quarter of 917 ounces, due to the impact of the industry-wide strikes in the Rustenburg/Mooinooi area during the quarter. Lower than planned ROM tonnages received from the host mine and lower recovery efficiencies in the plant also contributed to the low ounce production. The Mooinooi ROM plant treats MG2 material from the host mines Mooinooi and Buffelsfontein underground mines. Similar to the dump plant, there are currently various initiatives under way to establish the optimal reagent regime and processing parameters for the ROM operation and process stability and operating efficiencies are continuously improving. The cash operating cost for the quarter was $1,413/oz (R12,308/oz), compared to the previous quarter of $1,696/oz (R14,022/oz). The higher than planned unit cost for this operation was primarily due to lower operational running times and feed volumes treated during the strike period in the quarter when Sylvania Mooinooi employees could not report to work due to widespread intimidation in the region.

Doornbosch

Doornbosch operation continued to perform well and produced 2,867 ounces for the quarter to 31 December 2012, compared to 2,811 ounces produced in the previous quarter. Improved plant stability, higher feed tons treated, and higher PGM feed grades during the quarter contributed to consistent higher than planned ounce production. Doornbosch continues to treat a combination of current arisings from the host mine and material from the Montrose dump. The Montrose dump is expected to be depleted during the following quarter and Doornbosch will then primarily focus on current arisings from the host mine and second pass treatment of the Doornbosch tailings dumps. Cash cost for the current quarter was slightly higher at $432/oz (R3,767/oz) compared to $408/oz (R3,372/oz) for the previous quarter.

Tweefontein

Tweefontein was successfully commissioned and produced 937 ounces for the quarter to 31 December 2012. The plant is still in the ramp-up and optimisation phase and is expected to reach full capacity during Q3 FY2013. Tweefontein is currently treating a blend of MG1-MG4 ROM Fines and tailings material from the host mines Tweefontein operation. The cash cost per ounce was $706/oz (R6,154/oz) for the first quarter of operation.

B. CTRP (25% Sylvania) managed by AQPSA (50%)

The CTRP operation remains on care and maintenance for the short-term as it has been established that in order to achieve optimum production from the plant further investment will need to be made by all JV partners. At present no final decisions have been taken by the JV partners on how to proceed forward.

C. EXPLORATION AND OPENCAST MINING PROJECTS

As detailed in the previous quarterly announcement, all exploration on the Northern Limb has been scaled back. The Company's short to medium term strategy is to maximise profits from the low cost tailings retreatment business.

D. SYLVANIA GROUP

Appointment of Stuart Murray

On 17 January 2013, the Company announced that Mr Stuart Murray will be joining the Sylvania Board from 1 April 2013 as Chairman of Sylvania.

Mr Murray has over 25 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 is currently a Non-Executive Director of Talvivaara Mining Company Plc, the Finnish nickel miner. Mr Murray gained a Bachelor of Science (Engineering) degree in Chemical Engineering from Imperial College, University of London in 1984.

The Board believes that Mr Murray's experience and knowledge of the sector will be an asset to the Company in achieving its strategic goals. His appointment is a continuation of the Company's strategy to build Sylvania Platinum into the leading mid-tier, low unit-cost, platinum group metals producer.

Mr Roger Williams, a non-executive director of the Company, will assume the responsibilities of Chairman until 1 April 2013.

Summons received from Platmin South Africa (Pty) Ltd

On 12 September 2012, Sylvania announced that a summons was received by the Company regarding a claim being brought by Platmin South Africa (Pty) Ltd ("Platmin") (previously known as Boynton Investments (Pty) Ltd ("Boynton")), a subsidiary of Platmin Limited, declaring Platmin as the co-owner of the tailings, or, alternatively, the co-owner of the PGMs contained in the Lannex Tailings Dam situated on the Farm Grootboom in the District of Lydenburg, Mpumulanga, South Africa.

A similar case was brought to Sylvania by Boynton in 2009 and later withdrawn with Boynton paying all costs.

The Board of Sylvania continues to refute these claims and the claims are being defended.

Acquisition of portions of the farms Zoetveld and Grasvally

Sylvania, through a wholly owned subsidiary, Zoetveld Properties (Pty) Limited ("Zoetveld") has completed the purchase of portions of the farms Zoetveld and Grasvally ("the Properties"), which are located adjacent to Sylvania's proposed Volspruit Mine in the Mokopane District of the Limpopo Province which commenced in May 2012. The Properties formerly belonged to a mining company which had a chrome mine thereon.

In May 2012, Zoetveld entered into a partnership deal with a locally empowered company who has made an application for the prospecting rights over the area such that should the prospecting rights be granted, 50% of these rights would be swapped for 50% of the surface rights. In January 2013, the final conditions for this R22 million ($2.5 million) sale were concluded and the 2,817 hectare property was transferred to Zoetveld. As part of the purchase, Zoetveld has accepted the rehabilitation responsibility of the previous holder of the Mining Right at the old chrome mine to the extent of R12 million. Sylvania believes that the adjacent Volspruit mine will be able to place its future tailings dams on the existing chrome tailings dams thus transferring the rehabilitation liability. An additional benefit is that it will reduce the environmental impact of the planned

Volspruit Mine. The Zoetveld property has always been planned to be the site for portions of the Volspruit infrastructure.

In addition, the Zoetveld property will allow Sylvania to advance the proposed game breeding programme which is to form the nucleus of its Corporate Social Responsibility Investment Plan.

Dividend policy

On 21 January 2013, the Company announced its new dividend policy ("the policy"). After 5 years of intensive capital investment, the Company is now moving towards steady state operations and is cash flow positive. The dividend policy is in line with the change in strategy from capital investment and growth to a strategy of returning surplus cash back to shareholders.

The policy allows for a semi-annual dividend payment to shareholders of 25% of the previous half years earnings, provided the resultant Company cash balance following the payment of any dividend being greater than $8 million. The first dividend payment is targeted for December 2013 in relation to the financial year ended 30 June 2013.

General and administration overheads

The Company is in the process of restructuring the Group Companies in an effort to streamline the group structure and minimise unnecessary general and administrative costs ("G&A"). As part of this restructure, the allocation of costs between G&A and operations has been reviewed and a more accurate allocation has been implemented. As a result, the Q1 cash cost for SDO has been restated.

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