

Sylvania Platinum Limited
AIM (SLP)
Issued shares: 300,764,896

3 October 2012

Operation Update and New Sylvania Tweefontein Plant Commissioned

- **Tweefontein plant produces first concentrate in September**
 - **Seventh Sylvania dump operation (“SDO”) plant**
- **On-going, industry wide strike action impacting on production**
- **Chromite Tailings Re-treatment Plant (“CTRP”) Joint Venture placed on care and maintenance**

Sylvania Platinum, the low cost Platinum Group Metal (“PGM”) processor and developer, announces the first concentrate was delivered in September 2012 at its seventh PGM and chrome recovery plant, the Tweefontein plant. The new SDO plant is crucial to allow the company to focus on maximising profits from the low cost tailings retreatment business and continue its growth trend.

The Tweefontein plant, which is on the eastern side of the Bushveld complex, is still commissioning the chrome spiral plant section and expects production ramp up to be completed by February 2013.

As an update to the operations reports released during September, Sylvania announced that the on-going industrial action at neighbouring mines, particularly around our Mooinooi operation, was having an effect on the operations. The Mooinooi and Millsell operations were suspended due to an illegal strike at the host mine. On 18 September Sylvania announced that operations had restarted at both operations. Since that announcement both of these plants have experienced further production down time due to industrial action at other mines, and the Mooinooi double plant is now currently suspended due to another illegal strike at the host mine bringing the days lost to 9 since 14 September.

Further to this, following the announcement of strike action by the South African Transport and Allied Workers Union, all Sylvania’s operations are now facing difficulties with trucking to deliver concentrate to the smelters as well as receiving critical stores for the on-going operations.

As previously announced, Sylvania has been negotiating with the dominant union, the National Union of Mineworkers (“NUM”). Sylvania have still not concluded a wage agreement with the NUM and, combined with the latest examples of mine workers embarking on illegal strike action, Sylvania cannot ignore the possibility of disruptions to its operations although Sylvania is pleased to report that its workforce has not participated in any strike action to date.

The CTRP operations have been placed on care and maintenance in an effort to preserve future profitability. The operation had been struggling for some time and it was determined that, in order to best exploit this significant resource to its optimum, further investment is required to improve recoveries at the plant. In considering the impact of the low metal prices and the recent industrial action on the short-term outlook for the plant, it was decided to minimise loss exposure at the plant by temporarily closing it.

The recent losses in production due to the strike actions and the cessation of activities at the CTRP operation together with the uncertainty in time scales for resolution of these issues, albeit offset to some extent by the increased production outlook from Tweefontein, have resulted in Sylvania revising its production outlook. Sylvania now expects production for the first quarter to be 11,500 oz, and for the financial year to be below the previous guidance. Further updates will be given in due course as the situation evolves and as the Company reviews opportunities outside the current operational plan to return the annual outlook to previously expected levels.



Terry McConnachie commented "Sylvania has had a difficult operational period over the past 6 months which has caused us to be cautious about our production outlook. The positive effects mentioned in the previous announcements regarding the curtailment of discretionary spend, especially at our Northern Limb operations; will ensure that Sylvania Dump Operations EBITDA for Q1 FY 2013 will remain positive despite the significant production impacts described above. Whilst it is never pleasing to see other companies struggle with their financials, the Sylvania model allows us to remain bullish about our future especially since an upturn in the market will be best exploited by those that survive the tough times.

Ends

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