

Sylvania Platinum Limited
AIM (SLP)
ARBN 147 331 726
Issued shares: 300,764,896

17 September 2012

Sylvania Platinum Limited
("Sylvania Platinum", "Sylvania" or the "Company")
(AIM: SLP)

Sylvania Operational Review and Board Evolution

Key points

- **Company to focus on maximising profits from the low cost tailings retreatment business**
- **Work on new near surface mining projects to be cut back and or deferred**
- **Investigating options to joint venture or sell its far Northern Limb (Harriett's wish) highly prospective deposit**
- **Wage negotiations underway in difficult times**
- **Quarterly production now forecast at 12,500 oz due to disruptions to concentrate off-take arrangements with the annual outlook maintained**
- **Temporary suspension of work at Millsell and Mooinooi plants due to on-going hostilities at neighbouring mines in the area**
- **Board evolution underway**

Focus directed at cash generative SDO business

In light of the continued platinum surplus in the market and the highly publicised labour unrest / union activism currently witnessed in the Republic of South Africa ("RSA"), the Board of Sylvania has undertaken a strategic review of its operations. The majority of Sylvania Dump Operations ("SDO") are still producing, however it is deemed prudent to concentrate current efforts and available cash reserves towards maximising the profitability of the SDO to safeguard the interests of its shareholders should the situation in the country deteriorate. As a result, Sylvania's Northern Limb exploration and work at the Volspruit and Everest North projects will be scaled back. Only the Environmental Impact Assessment ("EIA") and the necessary minimum spend to retain compliance with both the prospecting and mining rights will be continued until further notice. Even though the Company is getting excellent results on the deeper far Northern limb (Harriett's Wish) deposit the Board has instructed management to joint venture or pool and share these more expensive to explore, promising deeper targets. This process of finding suitable partners is now under way.

Wage negotiations underway as industry unrest intensifies

It was anticipated that 2012 would be a difficult year in terms of labour unrest and for this reason Sylvania has been negotiating with the dominant union, the National Union of Mineworkers ("NUM"), over the last six months and has to report that, whilst being very aware and accommodating of workers' needs, there is currently still a gap between the union's expectations and economic reality. Were it not for the recent unrest at neighbouring mines, Sylvania was expecting to secure an agreement with the NUM before the end of September but this is now not expected to be achieved. Given the relatively small scale of Sylvania's workforce, (Wages and salaries only 26% of our SDO costs) the Company has enjoyed strong communication links with its employees and will continue to engage with the union to seek a suitable result for all parties. However, Sylvania clearly cannot ignore the levels of activism at other mines throughout the country and, whilst Sylvania's labour has not expressed any tendency towards striking nor militancy, the Company has been forced to suspend operations at the Mooinooi and Millsell operations from 15 September 2012 and cannot rule out the possibility of these external factors further influencing its other operations in the future. This suspension will be reviewed on a daily basis.



Industry unrest at Anglo Platinum impacts PGM concentrate off take arrangements

The effects of this union unrest are wide reaching and have an impact throughout all aspects of the industry. Anglo American Platinum Limited (“Amplats”) have advised that it is suspending its Rustenburg platinum operations, including the Rustenburg Platinum Smelter that is contracted to take Sylvania’s PGE concentrate, as it cannot currently guarantee employees’ safety. This means that all PGE concentrate producers, including Sylvania, that are contracted to Amplats’ Rustenburg Smelter will see an impact on revenues. Without a suitable alternative off-take arrangement, all PGE producers will have to curtail their production once their holding tanks reach capacity, which could result in the forced stoppage of production. It is fortunate that Sylvania has already managed to secure an alternative option for the sale of its concentrate which will commence on 17 September 2012. Due to differences in reporting periods, the closing date for monthly production will be earlier than with Amplats. Whilst this will not affect production volumes, the production reported for the month and financial quarter will be affected and obviously will normalise once deliveries recommence back to Amplats, which is currently expected in the following quarter to 31 December 2012.

It should be noted that due to the use of this alternative smelting facility and its different off-take reporting periods, the reported production from operations is now expected to yield 12,500 oz for the first quarter to 30 September 2012. However, with the expected normalisation of reporting in the following quarter coupled with increased production volumes from Tweefontein, it is Sylvania’s current belief that the annual outlook is on target with management’s expectations.

On Friday afternoon, 14 September 2012 Sylvania management decided to temporarily suspend operations at its Mooinooi and Millsell SDO plants due to on-going hostile marches and intimidation of our staff members by neighbouring mines employees. We will reassess the situation on Monday evening 17 September 2012, but cannot rule out the possibility of these external factors further influencing these western limb plants or our other operations.

Board evolution underway

Separately, as part of the previously highlighted planned transition of the Sylvania Board, following the change of domicile and delisting from the ASX, the Company would like to announce that the Chairman, Mr Richard Rossiter, and the Group Finance Director, Mr Louis Carroll, will not be making themselves available for re-election as directors at the AGM scheduled to be held at the end of this year.

It is the Board’s intention to seek to reconstitute the Board of Directors by increasing the number of independent Non-executive Directors and reducing the number of executive Directors currently on the Board. This process commenced in the last financial year with the appointment of the Company’s first independent Non-executive Director, Roger Williams. To assist this evolution Mr Carroll has kindly agreed to remain with Sylvania as the company secretary, thus providing valuable continuity with the important finance function.

The Board has appointed a Review committee to investigate suitable replacements for Mr Rossiter and Mr Carroll. This search is on-going and nominations are being reviewed. The relevant resolutions seeking shareholder support for any identified new candidates will be circulated prior to the AGM.

Terry McConnachie, Sylvania CEO commented “Given the current environment, the Board feels that it is most prudent and in the best interests of all shareholders to direct all attention and resources to the cash generating assets at the expense of growth in these troubled times. However, on the positive side, the platinum price is rising, and the relatively low cost comparatively, of SDO salaries and wages bodes well for Sylvania when the union activism normalizes. I would like to thank the members of the existing Board for all their hard work over the years to make Sylvania one of the lowest cost producers in the industry. I would also like to thank them for their strength in taking the tough steps described above in order to maximise profits and protect shareholders’ interests. I am confident that these actions will take Sylvania from strength to strength.”

Ends

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