

29 October 2008

**Sylvania Resources Limited ('Sylvania' or the 'Company')
(ASX/AIM: SLV)**

NEW CHROME AND PGM RECOVERY PLANTS

Highlights:

- **Sylvania to build two new chrome and platinum recovery plants at Samancor Chrome's Tweefontein and Doornbosch chrome mines**
- **New plants forecast to increase production by 33 000 PGM oz**
- **Estimated capital expenditure of R224 million to be funded from existing cash resources**
- **Construction to start in third and fourth quarters of FY2009, with commissioning scheduled for January 2010**

Sylvania is pleased to announce that it plans to construct two new chrome and platinum recovery plants at Samancor Chrome's Doornbosch and Tweefontein chrome mines.

The two new plants will augment Sylvania Dump Operations' fully operational Millsell and Steelpoort plants and the Lannex and Mooinooi plants, which are under construction and due to be commissioned in the third and fourth quarters of the current financial year respectively.

It is estimated that the Doornbosch and Tweefontein plants will increase Sylvania's current peak annual production target of 80 000 PGM oz in FY2010 by 33 000 PGM oz to 113 000 PGM oz in FY2011. Steady-state production is expected to increase by 144%, from 25 000 PGM oz to 61 000 PGM oz.

Sylvania's planning is currently at an early stage with the internal construction team basing its design for the new plants on the modular system used on the Lannex and Mooinooi plants.

Total capital expenditure on the Doornbosch and Tweefontein plants is budgeted at R224 million – R117 million for the former and R107 million for the latter – to be funded from Sylvania's existing cash resources and ongoing cash generation. It is expected that the cost profiles of both new operations, once they are fully operational, will be similar to those of the Steelpoort and Millsell plants.

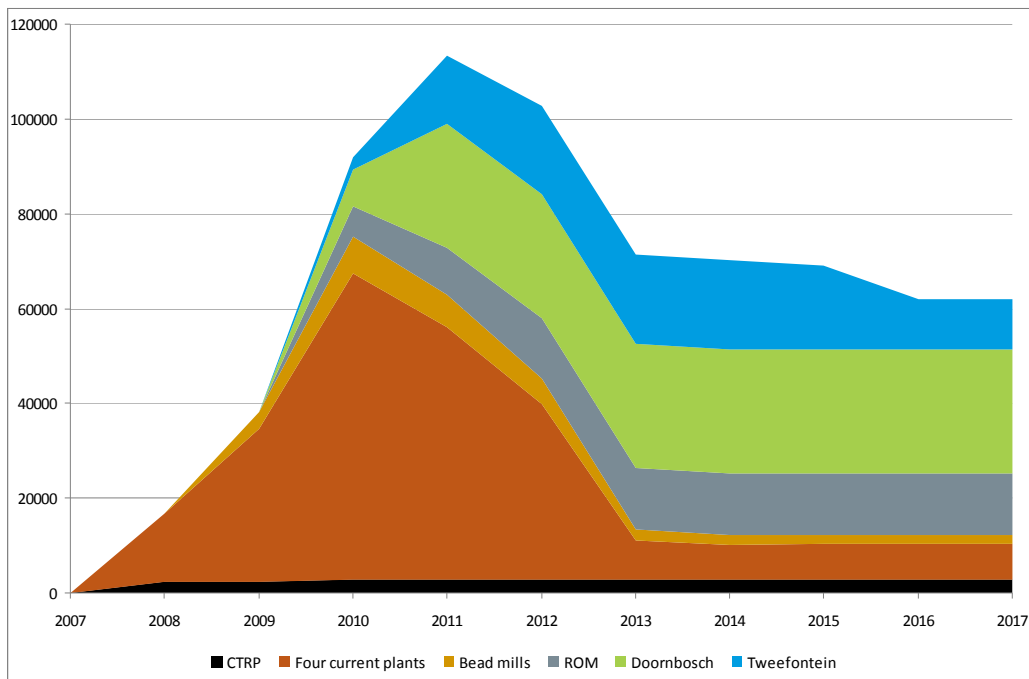
The Doornbosch plant's construction is planned to start in the third quarter of FY09 and that of Tweefontein in the fourth quarter of the FY09, with commissioning of both plants scheduled for January 2010.

Initially, it was planned to truck raw dump material and current arisings from the Doornbosch and Tweefontein mines to Sylvania Dump Operations' Steelpoort plant for treatment. Rapid expansion of production at both the Doornbosch and Tweefontein mines, however, warrants the construction of the two new plants.

Sylvania Managing Director Terry McConnachie said:

“It is very gratifying that we can leverage off the growth in the chrome mining activities, thus continuing to deliver on our promise to shareholders of increasing PGM production from surface resources with the trademark Sylvania characteristics of low risk, low cost and high margin.

“The new plants add significantly to our peak production target and importantly, lift our steady-state production target to 61 000 PGM oz. The Company continues to work steadily to increase the ounces in the ‘tail’ of the production profile.”



Sylvania's forecast production profile is laid out in the above graph. This reflects production from current operations and includes the run of mine input from the Spitzkop, Buffelsfontein East and Broken Hill sections, to be supplied in terms of the agreement with Samancor Chrome announced on 27 February 2008.



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