By Electronic Lodgement System

7 March 2012

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

Conditional agreement entered into for disposal of Bushveld Magnetite Iron Ore Assets

Further to the Company's announcement of 27 February 2012 regarding its intention to dispose of its iron ore assets, located on the Bushveld complex, South Africa ("**Iron Ore Assets**"), the Directors are pleased to announce that the Company has entered into a legally binding conditional agreement with Mercury Recycling Group Plc ("**Mercury**"), which is traded on the AIM Market of the London Stock Exchange ("**AIM**"), pursuant to which Mercury will acquire the Iron Ore Assets for approximately £13.7 million by issuing 203,022,285 fully paid ordinary shares in Mercury ("**Consideration Shares**") to Sylvania (the "**SPA**"). The Iron Ore Assets consist of interests in prospecting rights and future mining rights in the Northern Lobe of the Bushveld Complex north of Mokopane, South Africa.

In addition, Mercury intends to carry out a placing of new ordinary shares (the "**Placing**"). The proceeds from the Placing would be used to fund the development of the Iron Ore Assets and for general working capital requirements.

As previously noted, the Consideration Shares will be distributed to Sylvania shareholders as a dividend in specie, unless the distribution would result in a Sylvania shareholder holding a small number of Consideration Shares, in which case those Mercury shares will be sold for the benefit of the Sylvania shareholder. Upon such distribution, Sylvania shareholders will hold approximately 85% of the issued share capital of Mercury prior to the issue of any shares pursuant to the Placing.

Further details of the SPA are set out below.

Consideration and value

Subject to satisfaction of the various conditions precedent set out in the SPA (detailed further below), Sylvania will sell to Mercury all of the shares in the capital of a holding company being established to hold the Iron Ore Assets. Whilst the Iron Ore Assets are currently held by wholly-owned subsidiaries of the Company, it is intended that a restructure will occur prior to completion under the SPA whereby the Iron Ore Assets will be transferred to a separate holding company.

The consideration for the sale and purchase of the Iron Ore Assets will be the payment by Mercury to Sylvania of the aggregate sum of approximately £13.7 million which is to be satisfied by the issue to Sylvania (or as it directs) of 203,022,285 Consideration Shares. The Consideration Shares are being issued at a deemed issue price of 6.75 pence, being the closing price of Mercury shares on AIM on 6 March 2012.

Mercury will distribute the Consideration Shares directly to Sylvania shareholders pro rata to their shareholdings in Sylvania. In the case of Sylvania shareholders entitled to a small number of Consideration Shares, the Consideration Shares will be sold for the benefit of such shareholders. The Consideration Shares will rank pari passu in all respects with Mercury's existing ordinary shares

Directors: R Rossiter · TM McConnachie · LM Carroll · G Button · R Williams
Tel: +61 8 9226 4777 · Fax: + 61 8 9481 5044
Address: Clarendon House · 2 Church Street · Hamilton HM 11 · Bermuda
www.sylvaniaplatinum.com

admitted to trading on AIM. It is a condition of the SPA that the Consideration Shares are admitted to trading on AIM from the date of allotment.

Conditions precedent

The acquisition of the Iron Ore Assets will constitute a reverse takeover for Mercury under Rule 14 of the AIM Rules for Companies and is therefore conditional upon the approval of Mercury's shareholders at a general meeting (the "**General Meeting**"). An admission document (the "**Admission Document**") giving details of the proposals and incorporating a notice convening a General Meeting will be posted to Mercury shareholders in due course.

The SPA is conditional upon the fulfilment of certain conditions including, inter alia:

- completion of certain outstanding due diligence by Mercury in relation to the Iron Ore Assets and no material adverse matters arising prior to the posting of the Admission Document;
- completion of certain outstanding due diligence by Sylvania in relation to Mercury and no material adverse matters arising prior to the posting of the Admission Document;
- as noted above, completion of the restructuring of the corporate group currently holding the Iron Ore Assets; and
- approval by Mercury shareholders and re-admission of the enlarged Mercury Group to trading on AIM.

The Admission Document is expected to be posted before the end of April 2012 with the General Meeting to be convened on 14 clear days' notice thereafter. The SPA contemplates that completion of the sale and purchase of the Iron Ore Assets will occur no later than 30 May 2012 (or such later date as agreed between the parties).

Board appointments to Mercury

Pursuant to the SPA both Terry McConnachie (CEO of Sylvania) and Peter Cox (CEO of Iron Ore Assets) will be appointed as directors of Mercury upon completion of the acquisition of the Iron Ore Assets. Peter Cox will become CEO of Mercury following the sale of the Iron Ore Assets and Terry McConnachie will serve as a non-executive director of Mercury.

Mercury

Mercury operates under a Pollution Prevention and Control licence from the Government Environment Agency, and is the UK's leading recycler of fluorescent tubes, street lighting and other discharge lamp types, together with mercury bearing waste streams such as dental amalgam and thermometers. In 2011, Mercury expanded its operations to include the collection, sorting and export of batteries for recycling. Mercury operates out of a single site in Manchester, which is currently one of the largest lamp recycling facilities in Europe.

Iron Ore Assets

The Iron Ore Assets, located on the Bushveld complex, South Africa, are currently held in the Company's wholly-owned subsidiaries, SA Metals Pty Ltd (formerly Pan Palladium Limited) ("**SA Metals**") and Great Australian Resources Ltd ("**GAU**") which were acquired by the Company in September 2009 and October 2009 respectively. As set out in the Company's announcement of 8 July 2011, the Company identified magnetite iron ore across the Northern Lobe of the Bushveld Complex during its regional exploration programme and, following a strategic review, proposed to dispose of these in order to focus on its PGM operations and interests.

Over the period since its set up in July 2011 to 31 December 2011, the corporate entity holding the Iron Ore Assets has incurred a loss of approximately US$15,044.

Future plans for Sylvania

During the course of the previous 18 months, Sylvania has undertaken a major strategic review to position the Company for the next stage in its production growth.

The Directors believe that the sale of the Iron Ore Assets will allow Sylvania to fully focus on reaching its 2013 financial year production target of 60,000 ounces which includes:

- successful optimisation of two existing plants, Lannex and Mooinooi; and
- the development of the Company's seventh plant, Tweefontein (due to commence production during the next six months).

Sylvania also expects to make significant progress at its Northern Limb near surface PGM and base metal operations during the next 12 months. The Company intends to expand its low cost production portfolio by developing shallow, open pit mines on the Northern Limb and treat low grade material using existing technologies to create a PGM product that can be sold to existing refineries with a base metals credit.

Commenting on the disposal of the Iron Ore Assets Terry McConnachie, CEO of Sylvania Platinum, said: "The disposal of the Iron Ore Assets will allow Sylvania to remain a focused low-cost platinum company, while allowing the Sylvania shareholders to retain an interest in these assets."

Ends

CORPORATE INFORMATION

Registered office: Sylvania Platinum Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Postal address: PO Box 524
Wembley WA 6913
Australia

CONTACT DETAILS

For further information please contact:

South Africa
Terence McConnachie (CEO)
Sylvania Platinum Limited
+27 (11) 673 1171

Louis Carroll
(Director/Assistant Company Secretary)
Sylvania Platinum Limited
+44 (0) 7969 170 622

United Kingdom
Nominated Adviser
Ambrian Partners Limited
Samantha Harrison/Gillian
Atkins
+44 (0) 20 7634 4700

Australia
Richard Rossiter (Chairman)
Sylvania Platinum Limited
+61 (4) 1868 8338

Grant Button
(Director/Assistant Company Secretary)
Sylvania Platinum Limited
+61 (8) 9226 4777

Communications
Beth Harris
Threadneedle Communications
+44 (0) 20 7653 9855

Broker
RBC Europe Limited
Martin Eales/James Kelly
+44 (0) 20 7653 4000

Sylvania Website: www.sylvaniaplatinum.com