

("Sylvania" or "the Company")  
ASX / AIM (SLP)  
ARBN 147 331 726  
Issued shares: 301,251,805

**29 July 2011**

## Quarterly Report to 30 June 2011

### HIGHLIGHTS

- **Another record quarter for the Sylvania dump operations ("SDO")**
  - **11,715 ounces PGM 3E and Au produced by the five SDO plants in the quarter;**
  - **11,886 ounces attributable to Sylvania including CTRP, 7% improvement on last quarter;**
  - **Costs reduced by 6%**
- **Sylvania and Aquarius Platinum (SA) (Pty) Ltd ("AQPSA") sign agreement to further explore the ore deposits at Everest North;**
- **On market Share buy-back implemented;**
- **Commissioning of the Mooinooi Heavy Media Separation ("HMS") and Lannex tailings dam.**

### OVERVIEW

The quarter to 30 June 2011 has been another record breaking quarter for Sylvania, producing 11,715 ounces at its five SDO plants. In the financial year to 30 June 2011 the Company produced a total of 41,013 ounces, exceeding its targeted 40,000 ounces. Although SDO ounces increased by 9%, revenue decreased by 5% from R91 million to R87 million due to the drop in the commodity price and strengthening of the Rand against the US Dollar. Operating cost per ounce for the quarter decreased by 6% from R4,045/oz (US\$585/oz) to R3,740/oz (US\$551/oz) in US Dollar terms. The current quarter also saw the commissioning of a number of capital projects and improvements including the Lannex tailings dam and the HMS at Mooinooi. The Company had R162 million (A\$22 million) cash available at 30 June 2011.

On 20 June 2011 Sylvania announced that it would implement an on-market share buy-back of up to 10% of the issued share capital of the Company. The share buy-back commenced on 21 June 2011 and has a maximum duration of 12 months. At 30 June 2011 the Company had bought back a total of 10,000 fully paid up common shares ("Shares") and 700,000 depository interests representing beneficial interests in Shares ("DIs") with a market value of A\$405,031.

Subsequent to the Quarter end, on 8 July 2011 Sylvania announced its decision to dispose of its magnetite iron ore assets, subject to shareholder and regulatory approvals. SA Metals Proprietary Limited ("SA Metals"), a wholly owned subsidiary of Sylvania currently owns the iron assets which are located on the Northern Limb of the Igneous Bushveld Complex. The decision by the Sylvania Board to divest the iron ore assets will allow the Company to concentrate on the expansion of its existing SDO operations as well as development of the Volspruit project and Northern Limb exploration.



### Summary Group Performance

* Unaudited – Group	Unit	Mar 2011 Quarter	Jun 2011 Quarter	% Change
<b>Financials</b>				
Revenue	R'000	93,759	87,417	-7%
Ave R/US\$ rate	R/US\$	6.92	6.79	-2%
<b>Production</b>				
PGM Plant Feed Tons	t	173,486	177,023	2%
PGM 3E and Au	oz	11,086	11,886	7%

## A. SYLVANIA DUMP OPERATIONS

### Health, safety and environment

Sylvania had one lost time injury (“LTI”) during the quarter ended 30 June 2011 at its Lannex operation, the first since October 2009. The Company remains committed to reducing the incident frequency rate to zero through continued education, improving safety procedures and working to the highest possible standards.

### Sylvania Dump Operations (100%) : Statistical Information

* Unaudited	Unit	Mar 2011 Quarter	Jun 2011 Quarter	+ - % Quarter on Quarter	2011 Financial YTD
<b>Revenue</b>					
Revenue	R'000	91,067	86,629	-5%	328,928
Gross Basket Price	US\$/oz	1,593	1,491	-6%	1,568
Net Basket Price	US\$/oz	1,162	1,089	-6%	1,166
Gross Cash Margin - SDO	%	53%	49%	-8%	48%
Capital Expenditure	R'000	5,401	7,704	43%	30,444
Ave R/US\$ rate	R/US\$	6.92	6.79	-2%	6.88
EBITDA	R'000	35,064	26,559	-24%	99,376
<b>SDO Cash Cost</b>					
Per PGM Feed ton	R/t	261	259	-1%	266
Per PGM Feed ton	US\$/t	38	38	0%	38
Per 3E & Au oz	R/oz	4,045	3,740	-8%	4,138
Per 3E & Au oz	US\$/oz	585	551	-6%	611
<b>Production</b>					
Plant Feed	T	382,607	396,822	4%	1,410,833
Feed Head Grade	g/t	3.01	2.70	-10%	3.25
PGM Plant Feed Tons	T	167,039	169,346	1%	652,597
PGM Plant Grade	g/t	4.72	4.75	1%	4.55
PGM Plant Recovery	%	42.5%	45.3%	7%	43.0%
Total 3E and Au	Oz	10,768	11,715	9%	41,013



## **Millsell**

The Millsell operation produced 2,014 ounces for the quarter ended 30 June 2011, compared to 2,087 ounces in the previous quarter. Although plant recoveries were slightly higher than the previous quarter at 48%, the head grade dropped to 2g/t as expected from 2.28g/t in the previous quarter. Following the planned completion of the Millsell dump during the quarter, the majority of the material treated was trucked from the nearby Waterkloof dump. Cost of production was R117/oz higher than in the previous quarter at R3,025/oz (US\$469/oz).

## **Steelpoort**

The Steelpoort operation produced a total of 2,834 ounces for the quarter to 30 June 2011, a 210 ounce decrease on the previous quarter. The reduction in ounces is due to the lower grade of the current arisings received from the Steelpoort mine. The operating costs for the current quarter improved from R2,759/oz (US\$399/oz) in the previous quarter to R2,654/oz (US\$391/oz).

Installation of the de-sliming cyclone on the spiral plant has been completed and this is expected to improve recoveries in the future.

## **Lannex**

The Lannex operation produced a record of 2,727 ounces for the quarter ended 30 June 2011 compared to the previous quarter's 2,277 ounces. Despite the LTI in April 2011 which resulted in plant downtime as a remedial and preventative action, the plant produced 450 ounces more than the previous quarter.

Commissioning of the new tailings facility at the Lannex plant was completed during the quarter and is now fully operational.

## **Mooinooi**

The Mooinooi operation produced 1,943 ounces for the quarter to 30 June 2011. This is a 402 ounce increase on the previous quarter's 1,541 ounces. Plant operating cost remains high at R5,449/oz (US\$802/oz) compared to R4,532/oz (US\$660/oz) in the previous quarter as a result of costs attributable to the newly commissioned HMS plant at Mooinooi. The HMS plant was successfully commissioned in May 2011.

The expansion of the floatation plant has commenced and is intended to upgrade the existing float plant from a 14,000 ton per month to a 28,000 ton per month throughput from a combination of run of mine fines, dump material and current arisings feed sources. A new spiral section will also be installed to treat the dump material and current arisings. The total capital cost of the expansion is estimated to be R54.4 million.

## **Doornbosch**

The Doornbosch plant produced a record of 2,196 ounces in the current quarter, a 21% increase on the previous quarter's record of 1,819 ounces. Less current arisings were received from the host mine which necessitated more reclamation from the nearby Montrose/Onverwagt tailings dam. Although this material has higher grades, it is also more costly as it must be transported to the plant. Operating costs were reduced to R2,996/oz (US\$441/oz) in the current quarter compared to R3,037/oz (US\$439/oz) in the previous quarter.

## **Twefontein**

During the quarter, the board approved the construction of a sixth SDO plant at the Twefontein mine. The planning process remains on track to commission the Twefontein plant in May 2012.

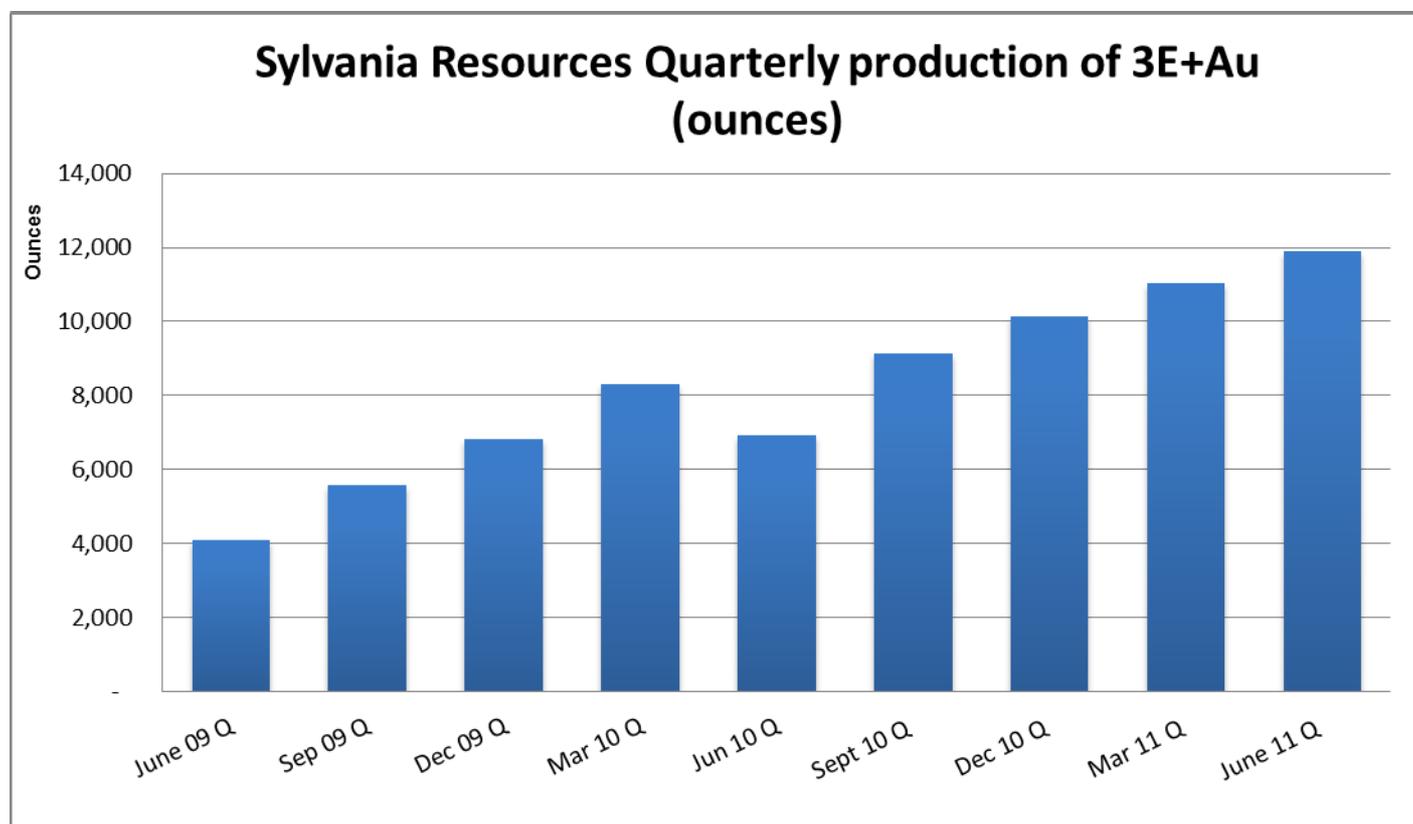


## B. CTRP (Sylvania 25% attributable, managed by Aquarius Platinum)

CTRP production decreased from 318 ounces to 172 ounces. The low ounce production is as a result of low feed density and numerous line chokes.

### CTRP (25%): Statistical Information

* Unaudited	Unit	Mar 2011 Quarter	Jun 2011 Quarter	+ - % Quarter on Quarter	2011 Financial YTD
<b>Revenue</b>					
Revenue	R'000	2,692	788	-71%	8,740
Basket Price	US\$/oz	1,674	1,636	-2%	1,560
Ave R/US\$ rate	R/US\$	6.98	6.80	-2%	7.03
<b>Site Cash Cost</b>					
Per ROM ton	R/t	376	280	-26%	289
Per ROM ton	US\$/t	54	41	-24%	41
Per PGM oz	R/oz	7,641	12,572	65%	7,223
Per PGM oz	US\$/oz	1,095	1,849	69%	1,025
<b>Production</b>					
Plant Feed Tons	T	6,447	7,677	19%	30,422
Grade	g/t	3.13	2.90	-7%	2.97
Recovery	%	49%	24%	-51%	42%
Total 3E and Au	Oz	318	172	-46%	1,219



The above graph includes 25% of CTRP's production



## C. NORTHERN LIMB OPERATIONS

### Volspruit Project

The Volspruit Project is located at the Southern end of the Northern Limb of the Bushveld Igneous Complex in South Africa.

The Volspruit project is characterised by a number of projects which are in the process of being aligned to deliver a single definitive feasibility study ("DFS") which incorporates the approach to design, build and commission the open cast mine, PGM concentrator, DC Arc smelter and base metal refinery using the Chemical Vapour Metal Refining ("CVMR<sup>®</sup>") process. During the quarter, SRK Consulting has delivered the DFS study tender document based on a gap analysis performed on all historic work done for the project. In addition, the consultants responsible for the Smelter/Refinery project delivered the conceptual study document. Legal aid has been engaged to assist with the Mining Right Application, due at the end of July 2011 because the Department of Mineral Resources ("DMR") has recently changed the format in which they require the documents to be submitted.

The Environmental Scoping Report was completed during the quarter and issued to the Limpopo provincial department on 1 July 2011.

The smelter and CVMR have been included in the report referred to above.

### Northern Platreef Project

As previously announced, a JORC compliant Inferred Resource with four elevated grade prospecting target areas/hot spots has been identified.

A four phase drill program is planned to commence during August 2011 aimed at upgrading components of the current declared Inferred Resource to Indicated category. Drilling will be conducted on two of the four identified higher grade areas/hot spots.

## D. SYLVANIA GROUP

### Vygenhoek project (Everest North)

Sylvania and Aquarius Platinum (SA) (Pty) Ltd ("AQPSA") announced on 3 June 2011 that they have entered into an agreement on the PGM bearing ore on the Vygenhoek farm. A feasibility committee ("Committee") has been formed to examine and update the existing data available for the processing of the PGM bearing ore from Everest North. This information will enable the Committee to determine the viability of mining for PGMs and producing a saleable concentrate. Sylvania shall bear all costs related and incidental to the engagement of independent third party experts appointed by the Committee to assist with achieving the objectives of the Committee. In the event that AQPSA determines that additional third party experts are necessary to independently verify the feasibility study, AQPSA shall bear the costs of all such experts employed by AQPSA to achieve those objectives.

An unincorporated joint venture ("JV") will be formed in which Sylvania and AQPSA will each hold a 50% share and both parties will have equal representation on the management committee that will manage and oversee the implementation of the project. Upon receipt of the mining right by the DMR to AQPSA and AQPSA contributing the right to the JV, Sylvania will pay R6 million to AQPSA.

### Sale of magnetite iron ore assets

On 8 July 2011 Sylvania announced its decision to dispose of a significant portion of its magnetite iron ore assets, subject to shareholder and regulatory approvals. SA Metals, a wholly owned subsidiary of Sylvania currently owns the iron assets which are located on the Northern Limb of the Igneous Bushveld Complex.

A review of the Northern Limb assets has shown that magnetite layers are present across the entire northern limb properties held by Sylvania. In those areas where Sylvania does not hold prospecting rights for the iron ore, it has submitted applications which have since been accepted. This gives Sylvania a potential +20 kilometre strike of the magnetite layers as indicated by an airborne magnetic survey undertaken by SA Metals.



Subsequent to the current quarter a decision was taken by the Sylvania Board to separate the iron ore assets from the existing SDO operations as well as development of the Volspruit open cast mine. The Directors believe that the decision to divest its iron assets will allow the Company to fully focus on reaching its 2012 financial year production targets which will include successful optimisation of two existing plants, Lannex and Mooinooi, and the development of the Company's sixth plant, Tweefontein. Sylvania also expects to make significant progress at its Northern Limb near surface PGM and base metal operations.

### Joint Broker

On 4 July 2011 Sylvania announced the appointment of RBC Capital Markets as joint broker. Ambrian Partners Limited will continue to act as Nominated Advisor and joint broker to the Group.

### Share buy-back

On 20 June 2011 Sylvania announced that it would implement an on-market share buy-back of up to 10% of the issued share capital of the Company. The share buy-back commenced on 21 June 2011 and has a maximum duration of 12 months. The buy-back is limited to 10% of the Company's issued share capital and will consist of fully paid up common shares ("Shares") on ASX and depositary interests representing beneficial interests in Shares ("DIs") on AIM. The price will be limited to a maximum of 5% above the average market price paid for Shares or DIs over the preceding five days on which sales were recorded.

Existing cash reserves will fund the share buy-back and will cost the Company approximately A\$16.76 million (based on the market value of Shares and DIs on 17 June 2011) should the full 10% be acquired. The buy-back will benefit shareholders through enhanced liquidity and forms part of the Board's on-going capital management strategy.

At 30 June 2011 the Company had bought back a total of 10,000 Shares and 700,000 DIs with a market value of A\$405,031.

## CORPORATE INFORMATION

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

**Postal address:** PO Box 524  
Wembley WA 6913  
Australia

## CONTACT DETAILS

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# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

SYLVANIA PLATINUM LIMITED

ARBN

147 331 726

Quarter ended ("current quarter")

30 June 2011

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	13,364	50,395
1.2	Payments for		
	(a) exploration & evaluation	(604)	(1,605)
	(b) development	(2,529)	(6,873)
	(c) production	(6,635)	(23,144)
	(d) administration	(2,183)	(15,332)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	282	1,187
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid	3	(169)
1.7	Other (provide details if material)	(568)	(2,384)
	<b>Net Operating Cash Flows</b>	<b>1,130</b>	<b>2,075</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments	(1,132)	(1,149)
	(c) other fixed assets		
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		2
	(c) other fixed assets		
1.10	Loans to other entities	5	(9)
1.11	Loans repaid by other entities	(6)	17
1.12	Other (provide details if material)		1
	<b>Net investing cash flows</b>	<b>(1,133)</b>	<b>(1,138)</b>
1.13	Total operating and investing cash flows (carried forward)	(3)	937



1.13	Total operating and investing cash flows (brought forward)	(3)	937
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(61)	(318)
1.18	Dividends paid		
1.19	Other (provide details if material)	(453)	(1,032)
	<b>Net financing cash flows</b>	(514)	(1,350)
	<b>Net increase (decrease) in cash held</b>	(517)	(413)
1.20	Cash at beginning of quarter/year to date	23,038	23,539
1.21	Exchange rate adjustments to item 1.20	(321)	(926)
1.22	<b>Cash at end of quarter</b>	22,200	22,200

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	311
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest



## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	824
4.2 Development	7,022
4.3 Production	6,920
4.4 Administration	2,190
<b>Total</b>	<b>16,956</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	5,857	4,754
5.2 Deposits at call	16,343	18,284
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>22,200</b>	<b>23,038</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			



## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference +securities</b> <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	301,251,805	301,251,805	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
		200,000	200,000	N/A
		100,000	100,000	N/A
		400,000	400,000	N/A
		10,000	10,000	N/A
7.5	<b>+Convertible debt securities</b> <i>(description)</i>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	<b>Options</b> <i>(description and conversion factor)</i>	6,000,000	Nil	<i>Exercise price</i> \$1.05  <i>Expiry date</i> 30 June 2012
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter	359,909	Nil	\$1.40
		400,000	Nil	\$2.89
		600,000	Nil	\$2.67
		5,633,000	Nil	\$1.63
7.11	<b>Debentures</b> <i>(totals only)</i>			
7.12	<b>Unsecured notes</b> <i>(totals only)</i>			



## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:  
(Director/Company secretary)

Date: 29 July 2011

Print name: Louis Carroll  
Finance Director

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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