Sylvania Platinum Ltd Quarterly Report to 30 September 2012
("Sylvania" or "the Company")
AIM (SLP)

31 October 2012

Sylvania Platinum Ltd, the low cost Platinum Group Metal ("PGM") processor and developer, today announces its results for the first quarter ended 30 September 2012 (Q1 FY2013) from its PGM production and development operations in the Bushveld region of South Africa.

SUMMARY

- **EBITDA at Sylvania Dump Operations ("SDO") increased 106% to R10 million ($1.2 million) from R4.9 million ($0.6 million) in the previous quarter despite strike action**
  - **9% increase in net basket price;**
- **Sylvania's seventh new SDO plant Tweefontein produced first concentrate in September 2012;**
- **Wage agreement for all Eastern limb operations reached;**
- **Completion of magnetite iron ore transaction for £13.7 million ($22 million) with proceeds distributed to shareholders as a dividend in specie at the 16 August 2012 market value;**
- **Quarterly production of 11,005 ounces, only 10% lower than previous quarter despite labour issues;**
- **Positive cash balance of $13.4 million at 30 September 2012;**
- **Chrome tailings retreatment plant ("CTRP") managed by Aquarius Platinum (South Africa) (Pty) Ltd ("AQPSA") placed on care and maintenance;**
- **Northern Limb exploration scaled back**
  - **Short to medium term strategy is to maximise profits from the low cost tailings retreatment business.**

OVERVIEW

The quarter ended 30 September 2012 has been a challenging period for most mining operations in South Africa and Sylvania has been no exception. Industrial action at the host mines and the surrounding mines on the Western limb of the Bushveld Igneous complex, strikes at the smelters and the nationwide truck drivers' strike all affected the Company's production and deliveries to the smelters during the quarter. In spite of the strike action at Millsell and Mooinooi for the majority of September 2012 the Company was pleased with the credible 10,844 ounces produced at the SDO for the quarter. It was disappointing that the Company did not achieve the 15,000 ounces as forecast, however labour unrest is generally not factored into production forecasts. The Western limb operations of Mooinooi and Millsell remained closed into the subsequent quarter although operations in the Eastern limb returned to normal prior to quarter end. During October 2012, the country unrest diminished and Sylvania announced on 24 October 2012 that operations at the host mines at the Western operations had resumed and that Sylvania employees were able to report to work without intimidation. Although wage negotiations for Sylvania's Western limb operations have not yet been concluded, it is hoped that the Mooinooi and Millsell discussions will be concluded without further disruption to operations.

On 19 October 2012, Sylvania announced that a wage agreement had been reached for the Eastern operations including the Steelpoort, Lannex, Doornbosch and Tweefontein operations with the assistance of the Council of Conciliation, Mediation and Arbitration. Wage negotiations on the Western limb were on hold due to the host mine strike, but are now able to resume. Management is hoping to come to an agreement at this division shortly.

The impact of the strike action and the placement of CTRP on care and maintenance during the quarter caused quarterly production to be 10% lower than the previous quarter at 11,005 ounces. The SDO cash cost per ounce increased from $586/oz to $665/oz. Results were assisted by an improved net basket price, which was up 9%.

Despite the difficult operating conditions during the quarter, the Tweefontein plant produced its first concentrate in September 2012 and commissioning is progressing well. The Tweefontein operation is expected to add approximately 820 ounces per month to Sylvania's production once the production ramp up is completed in February 2013. This additional production is planned to offset the expected drop in ounces at Steelpoort, Millsell and Doornbosch as they begin the second pass treatment of their dumps.

On 16 August 2012, the Company announced that the Iron Ore transaction had been completed for £13.7 million ($22 million). The 203,022,285 shares received in Ironveld plc (formerly Mercury Recycling Group plc) were distributed as a dividend in specie to Sylvania shareholders on the basis that for every Sylvania ordinary share held, Sylvania shareholders received 0.675 of an ordinary share in Ironveld plc at market value.

The Company had $13.4 million cash available at 30 September 2012.

Summary Sylvania Platinum Performance

Unaudited – Group	Unit	Sep 2012 Quarter	Jun 2012 Quarter	% Change
Financials				
Revenue	R'000	75,135	78,351	-4%
Ave R/US$ rate	R/$	8.27	8.39	-1%
Production				
PGM Plant Feed Tons	t	201,044	201,019	-
PGM 3E and Au	oz	11,005	12,255	-10%

A. SYLVANIA DUMP OPERATIONS

Health, safety and environment

The Company had no significant health, safety or environmental incidents during the quarter, and the Company remains committed to zero harm and will continue to focus on health and safety compliance at our respective operations in order to eliminate safety deviations and to improve the overall condition of our operations.

Operational and Financial Summary

Unaudited	Unit	Sep 2012 Quarter	Jun 2012 Quarter	+- % Quarter on Quarter	2013 Financial YTD
Revenue					
Revenue	R'000	73,786	75,051	-2%	73,786
Revenue	$'000	8,922	8,945	-	8,922
Gross Basket Price	$/oz	1,038	1,182	-12%	1,038
Net Basket Price	$/oz	847	778	9%	847
Gross Cash Margin - SDO	%	19%	8%	138%	19%
Capital Expenditure	R'000	29,765	46,545	-36%	29,765
Ave R/US$ rate	R/$	8.27	8.39	-1%	8.27
EBITDA	R'000	10,003	4,857	106%	10,003

Unaudited	Unit	Sep 2012 Quarter	Jun 2012 Quarter	+- % Quarter on Quarter	2013 Financial YTD
SDO Cash Cost					
Per PGM Feed ton	R/t	296	355	-17%	296
Per PGM Feed ton	$/t	36	42	-14%	36
Per 3E & Au oz	R/oz	5,496	4,919	12%	5,496
Per 3E & Au oz	$/oz	665	586	13%	665
Production					
Plant Feed	T	477,709	395,416	21%	477,709
Feed Head Grade	g/t	1.99	2.20	-9%	1.99
PGM Plant Feed Tons	T	201,044	180,520	11%	201,044
PGM Plant Grade	g/t	3.96	4.16	-5%	3.96
PGM Plant Recovery	%	42.4%	49.0%	-13%	42.4%
Total 3E and Au	oz	10,844	11,825	-8%	10,844

Millsell

The Millsell operation produced 1,894 ounces for the quarter ended 30 September 2012, against 1,875 ounces in the previous quarter. Ounce production at this operation increased in spite of the plant being closed for most of September due to strike action. Millsell primarily treated a combination of current arisings from the host mine Millsell plant and dump material from the Waterkloof dump during the current quarter, as well as limited Elandsdrift (“ED”) dump material in September 2012. The processing of the ED material was done on a trial basis to determine the recovery potential of this dump as part of the overall blending strategy for the operation where blending of material from the various dumps assists to optimise the feed grade to the PGM plant and to reduce the chrome content in the final concentrate thus reducing chrome penalties from the smelters. Currently the resource plan indicates the second pass treatment of the plus one million ton primary dump will commence in Q3 FY2013. Cash cost of production at the Millsell operation reduced to R3,522/oz ($426/oz), 9% lower than the R3,875/oz ($498/oz) during the previous quarter.

Steelpoort

Steelpoort plant produced 1,353 ounces for the quarter to 30 September 2012 primarily due to the lower PGM feed grade and recoveries associated with some second pass material of the Steelpoort Dam 1 that is now being mined. This second pass material is expected to be completed in early Q2 thus allowing the plant to return to normal production levels for the rest of Q2. Operations at the host mine have been suspended thus eliminating the feed of current arisings tons from the host mine. The second pass operation at Steelpoort as well as the processing of satellite sources is expected to continue for another four years and maybe longer should the host mine resume operations in and around the plant. This drop in production was expected and the catalyst for the Tweefontein plant commissioning this quarter. The cash cost per ounce was R5,436/oz ($657/oz), compared to R3,815/oz ($491/oz) in the previous quarter, primarily due to lower ounce production.

Lannex

The Lannex operations produced 2,400 ounces for the quarter to 30 September 2012, compared to the previous quarter’s 2,368 ounces. There were still some unplanned breakdowns of key process equipment during the first two months of the quarter, but significant improvements were made after a re-design of problematic equipment and the plant achieved record tons throughput in September 2012. Lower feed grades from the current dump area being mined are having a negative impact on ounce production. The cash cost per ounce of R4,138/oz ($500/oz), was slightly higher than the R3,764/oz ($484/oz) in the previous quarter, primarily due to maintenance costs associated with repairs and improvement of key process equipment.

Mooinooi

On 1 July 2012, the Mooinooi Operation was split into two distinct operating units, namely the Mooinooi Dump and current arising plant (Plant 1) and Mooinooi MG2 run of mine ("ROM") plants (Plant 2).

Mooinooi Dump Operation

The Mooinooi Dump operation produced 1,187 ounces for the quarter to 30 September 2012, compared to the plan of 1,964 ounces, with the lower ounces primarily due to lower tons throughput not being achieved due to strike action. The Mooinooi Dump plant treats material from the old Mooinooi dumps and current arisings from the host mines Mooinooi plant which is predominantly from the MG1 seam. There are currently various initiatives under way to establish the optimal reagent regime and processing parameters for the operation and significant improvements have been seen during the August month and are expected to continue once normal operations resume. The cash cost for the quarter was R7,434/oz (US$899/oz).

Mooinooi ROM Operation

The Mooinooi ROM operation produced 917 ounces for the quarter to 30 September 2012. This plant was also negatively affected by the strike action. The Mooinooi ROM plant treats MG2 material from the Mooinooi and Buffels underground mines. As with the dump plant, there are currently various initiatives under way to establish the optimal reagent regime and processing parameters for the ROM operation and process stability and operating efficiencies have already improved during the quarter. An in-plant stockpile arrangement is being planned to allow for more effective milling which has been seen to be the cause of the lower than planned MG2 ore recoveries. The cash cost for the quarter was R11,842/oz ($1,432/oz). This is our worst performing plant at present but it has the potential to become the longest life operation with substantial opportunity for a symbiotic sharing of costs with the chrome mines, making this source of feed very important for expansion opportunities beyond the 60,000 ounce potential. The company is using all available resources to get this operation performing to forecast.

Doornbosch

Doornbosch operation produced 2,811 ounces for the quarter to 30 September 2012, 41% higher than the 2,000 ounces of the previous quarter. This improved production was due to a combination of higher tons treated, a higher PGM feed grade and improved recovery efficiencies. Doornbosch still treated a combination of current arisings from the host mine and Montrose dump material. Cash cost for the current quarter was R3,016/oz ($365/oz) compared to R3,385/oz ($435/oz) for the previous quarter, primarily due to higher tons throughput and ounce production.

Tweefontein

The Tweefontein plant, the Company's seventh SDO plant, produced its first concentrate in September 2012.
Commissioning of the chrome spiral plant is currently in progress and full production ramp up is expected to be completed in Q3 FY2013.

B. CTRP (25% Sylvania) managed by AQPSA (50%)

During Q1 FY2013 CTRP contributed an attributable 161 ounces before being placed on care and maintenance during the quarter. The operation will remain on care and maintenance for the short-term as it has been established that in order to achieve optimum production from the plant further investment will need to be made by all JV partners. At present no final decisions have been made by the JV partners on how to proceed forward.

C. EXPLORATION AND OPENCAST MINING PROJECTS

As announced on 17 September 2012, all exploration on the Northern Limb has been scaled back but Sylvania will still comply with the prospecting rights and mining rights programs that it has in place. Drilling at Volspruit, Everest North and Harriet's Wish is complete at this stage. Only the current Environmental Impact Assessment ("EIA") studies with already committed spend will continue at present. The Company's short to medium term strategy is to maximise profits from the low cost tailings retreatment business.

Volspruit Project

Studies for the EIA, a part of the mining right approval process, continue to progress well. The majority of the specialist reports have been completed, and the results from the ground water modelling, assessment of surface and ground water interaction and the mine layout were received during the current quarter.

In order to comply with the legislative requirements for the granting of a Mining Right, 26% of the Volspruit project will be transferred to a Black Economic Empowerment ("BEE") Company. BEE partners have been identified and an agreement will be signed shortly, however until such time Sylvania owns 100% of the Volspruit project.

Further to the aforementioned BEE partners, in terms of a Joint Venture ("JV") Agreement, a joint venture partner holds a 25% economic interest in the Volspruit project. This JV partner may elect to participate in the mining project, upon which it will be required to contribute proportionately to all future development and mining costs. Should it elect not to participate, its interest will be diluted and remain only an economic interest with no right to participate in the management or operation of the mining project.

Northern Platreef Project

Phase 1 of the exploration for the T Reef (also designated the Harriets Wish Sequence "HWS") and F Reef (designated the Troctolite Sequence "TS") located in the Main Zone of the Rustenburg Layered Suite has been completed. Exploration was conducted on the farms Harriets Wish 393LR, Kransplaats 422LR and Aurora 397LR. A total of 15 boreholes (6,794.21m) were drilled, 10 on Harriets Wish, four on Kransplaats and one on Aurora.

The Upper Zone transgresses the Main Zone onto the floor granitic rock in the southern part of Harriets Wish, eliminating the PGM mineralisation to the south of the contact. The drilling on Kransplaats and Aurora further south systematically investigated the upper Main Zone for possible extensions of the T and F Reefs south of this transgression. None were found and it is now believed that the T Reef is the strike equivalent of the Xenolitic Reef in Zone 3 explored further south and that the F Reef is the strike equivalent of mineralisation lower down the sequence.

The T Reef is located some 200m below the contact with the Upper Zone. The F Reef is located a further 300m below the T Reef and according to PTM information about 100m above the main Zone contact with the underlying basement granite gneiss. Phase 1 probe drilling successfully intersected the T and F sequences within the Main Zone, beneath thick Waterberg sedimentary cover. Approximately east-west trending faults are interpreted as displacing the T Reef and F Reef sequences in a step-wise fashion, down throwing the sequence to the north.

The T Reef intersection in borehole HW029 and F Reef in borehole HW024 have been fully reported on previously. Results from borehole HW032 has been only partially reported on as the sample results have only being partially received from the assay laboratory. Below is the complete results received from borehole HW032 that shows the T Reef sequence extending over 29.77m from 700.23m to 730.00m yielding 3.75 g/t 3E.

Intersection	Unit	From (m)	To (m)	Interval (m)	2PGE+Au ppm	Cu ppm	Ni ppm	Intercept
HW032	HWS	700.23	730.00	29.77	3.75	1 877	654	Complete Unit
	including	713.27	719.93	6.66	9.61	4 453	1 006	Best cut

Qualified Person

The independent qualified person for the Northern Limb PGM geological section is Eric Roodt Pr. Sci. Nat. He is a director of Integrated Geological Solutions (Pty) Ltd, a geological consulting firm contracted to Pan Palladium (Pty) Ltd and Hacra Mining & Exploration Company (Pty) Ltd to manage and provide geological services on the Volspruit and Harriet's Wish projects respectively. He is a member of the Geological Society of South Africa and is registered with the South African Council for Natural Scientific Professions. He has in excess of 15 years' experience in Bushveld Complex geology and has been involved in the compilation of study reports for other platinum projects on the Bushveld Complex. He has extensive experience on the Northern Limb (Platreef and Lower Zone type mineralisation). Mr Roodt has reviewed the content of this announcement and consents to the inclusion of his name.

Vygenhoek project (Everest North)

Very little progress has been made on the mining study during the current quarter as the local community refused to grant the contractors access to the area to complete their specialist studies. Community representatives have now agreed to grant access provided community participation is negotiated and formally agreed upfront. All specialist studies required to comply with the mining right application ("MRA") and to fulfil the EIA are being completed to ensure critical dates relating to the MRA are met.

D. SYLVANIA GROUP

Iron ore assets update

On 16 August 2012, the Company announced that the iron ore transaction had been completed for £13.7 million ($22 million). The 203,022,285 shares received in Ironveld plc (formerly Mercury Recycling Group plc) were distributed as a dividend in specie to Sylvania shareholders on the basis that for every Sylvania ordinary share held, Sylvania shareholders received 0.675 of an ordinary share in Ironveld plc ("Consideration Shares").

Shareholders on the Sylvania share register who held less than 2,000 Ordinary Shares, and any Sylvania shareholders who have registered addresses in the United States, Canada and Japan did not receive Consideration Shares, but instead received a cash dividend based on the equivalent value of the Dividend in Specie. Fractional entitlements of Consideration Shares which otherwise would have arisen were sold for the benefit of Sylvania.

As part of the transaction, Sylvania has entered into a facility agreement with Ironveld plc whereby Sylvania (through its South African subsidiary, Sylvania Metals (Pty) Ltd) are to provide a loan facility of up to R15 million (approximately $1.8 million) to Ironveld Holdings (Pty) Ltd ("Ironveld"), the company which holds the Iron Ore Assets ("Facility"). Ironveld plc has guaranteed all obligations of Ironveld under the Facility. The funds are to be utilised by Ironveld to further fund the development of the Iron Ore.

Sylvania has received from Ironveld plc warrants to subscribe for up to £1.5 million ($2.3 million) of ordinary shares in Ironveld plc at a price equal to the 90 day VWAP on the business day preceding exercise as security for the facility. The warrants are exercisable only if the Facility is not fully repaid by 30 June 2016 and may be exercised post 30 June 2016 up until the date which is 5 years from the admission of Ironveld plc to the Alternative Investment Market in London (although the warrants will lapse once repayment has been made). Any proceeds derived from exercise of the warrants will be used by Ironveld plc to repay the Facility.

For so long as any amount remains owing under the Facility, Sylvania has the right to appoint a director to the board of Ironveld plc. Pursuant to this right, Sylvania has appointed Terry McConnachie (MD of Sylvania) as a non-executive director of Ironveld plc. This appointment became effective on 15 August 2012.

Summons received from Platmin South Africa (Pty) Ltd

On 12 September 2012 Sylvania announced that a summons was received by the Company regarding a claim being brought by Platmin South Africa (Pty) Ltd ("Platmin") (previously known as Boynton Investments (Pty) Ltd ("Boynton")), a subsidiary of Platmin Limited, declaring Platmin as the co-owner of the tailings, or, alternatively, the co-owner of the PGMs contained in the Lannex Tailings Dam situated on the Farm Grootboom in the District of Lydenburg, Mpumulanga, South Africa.

The summons issued by Platmin is the same in nature as a previous claim of ownership of the Grootboom tailings put before the North Gauteng High Court, Pretoria in 2009. On 14 April 2009, Boynton withdrew that application and was ordered by the North Gauteng High Court, Pretoria to pay Sylvania's legal costs including the costs of two legal counsels appointed by Sylvania to oppose the matter.

The Board of Sylvania continues to refute these claims and intends to again defend them.

Share register

On 10 October 2012, Sylvania announced that the Australian certificated register will be closed two months from the date of the announcement being 10 December 2012 (register closure date). The decision to close this register was taken subsequent to the delisting of Sylvania from the Australian Securities Exchange and in order for the company to reduce the administrative burden and cost in line with its planned exit from Australia.

On register closure date, all members on the Australian register at 7pm AEST will be transferred to the Company's Jersey register.

Appointment of new Nominated Advisor and Broker

Sylvania announced on 30 October 2012 that Liberum Capital Limited have been appointed to act as the Company's Nominated Advisor and Broker.

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