

9 October 2008

TRADING UPDATE

Sylvania Resources Limited ('Sylvania' or the 'Company'; ASX, AIM: SLV) the South African based platinum group metals (PGM) producer announces an update in respect of trading within its Sylvania Dump Operations (SDO) division (Sylvania interest 74%) for the quarter ended 30 September 2008.

SDO's Millsell and Steelpoort plants reached full PGM production design capacity during the quarter ended 30 June 2008 (Q4 FY08) and Sylvania is pleased to confirm that both plants have continued to operate at full capacity during the quarter ended 30 September 2008 (Q1 FY09). Total PGM production from the SDOs during Q1 FY09 totalled 5,854oz compared to 5,753 oz in Q4 FY08 and as previously advised, production is now expected to stabilise at around 6,500oz per quarter (including attributable CTRP production) until the commissioning of the new Lannex and Mooinooi plants which will each have the capacity to process 70,000tpm total plant feed.

In line with other PGM producers, revenues generated by the SDOs have been materially impacted by significant recent declines in world PGM prices. Management currently estimates that the average basket price received during Q1 FY09 was approximately US\$1,499/oz (a decrease of approximately 44% from the US\$2,692/oz achieved in Q4FY08).

Cash costs for Q1 FY09 are still being finalised but are expected to be broadly in line with the previous quarter.

In addition to its interest in the SDO, Sylvania has a 25% interest in the Chrome Tailings Retreatment Project (CTRP) at Kroondal, managed by Aquarius Platinum Limited, which treats the Xstrata and Beyer chrome tailings to recover PGM's. CTRP contributed approximately 10% of Sylvania's revenues in Q4 FY08 and has been impacted in a similar way to the SDO by the recent decline in PGM prices.

The figures advised above are based on management's current estimates. The Company will report full information for the SDO and CTRP in its quarterly report for Q1 FY09, due to be published by 31 October 2008.

Terry McConnachie, Sylvania's Chief Executive commented:

"We remain ideally positioned as one of the lowest cost, highest margin producers within the industry and continue to be cash generative. While the recent decline in world PGM prices has negatively impacted Sylvania's profitability in the quarter, we continue to focus on factors within our control and I am pleased that we have continued to deliver against our production and cost targets while progressing the development of our new plants, which will add significantly to our production capacity."

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