

**For immediate release**

**SYLVANIA RESOURCES LIMITED**

**ASX:SLV**

**AIM:SLV**

**Registration No: 091 415 968**

**ISIN**

**Sylvania Resources Limited  
("Sylvania" or "the Company") (SLV: ASX)**

## **Lannex Plant Update**

### **Key points**

- **Environmental approval for new tailings facility at Lannex received.**
- **Final approvals expected in Q2 2010.**
- **Construction of new tailings facility to be fast tracked to 3 months.**
- **Management decision to temporarily suspend operations at the Lannex plant.**
- **Lannex has been operating at 30% of its design capacity due to tailings disposal restrictions on a temporary void tailings facility.**

Sylvania announces that approval has been received from the Limpopo Department of the Environment for the establishment of a new tailings facility at the Lannex mine. Construction of the new tailings dam can commence once a water use permit is granted by the Department of Water Affairs and the permission from the South African Department of Mineral Resources ("DMR") has been obtained. The necessary final documentation for these permits and permissions has been submitted and Sylvania expects to commence dam construction during the second quarter of 2010. Sylvania has awarded a contract for the construction of the tailings facility and construction is expected to take 10 weeks once the final permissions are received.

The construction of the new tailings facility will enable the Lannex operation to go to full design capacity, processing 70,000 tons feed per month based on both dump and run of mine ("ROM") resources. The Lannex plant was commissioned in September 2009 and has to date been operating at 30% of its nameplate design capacity due to constraints on the amount of tailings that can be deposited on the current temporary tailings dam.

Current operations at Lannex have been temporarily suspended pending receipt of final approvals for the construction of the new tailings facility, at which time the re-commissioning process will commence, concurrent with the construction of the tailings facility to fast track the lead time to full production. The work force at the Lannex plant will be assigned positions at the Steelpoort and Doornbosch Plants, where they will undergo additional training prior to the re-commissioning of Lannex.

The Board has decided that as production at Lannex has been proven and existing operations (excluding Lannex) are performing well, and as PGM prices are continuing to improve, the plant operations should be suspended until the new tailings dam is completed, at which time, processing costs are expected to decrease significantly. The current operation at Lannex was incurring an average production cost of approximately R5 000 per ounce due to the constraint on operating capacity,

The Millsell and Steelpoort plants continue to operate at full capacity and the Mooinooi plant is increasing production to its steady state target. The Doornbosch Tailings plant remains on target for commissioning in June 2010. A full operational update will be made within the Company's quarterly report for the quarter ended 31 March 2010, which is expected to be published in late April 2010.

Terence McConnachie, Managing Director of Sylvania Resources, commented: "Although this suspension of Lannex is disappointing, there have been significant advantages in operating the plant at 30% capacity to identify the inevitable operational issues that arise with the full commissioning of such a PGM project. Given the strong performance of our other producing plants it was felt the continued operation of Lannex at the restricted capacity was not cost effective. Once the final permit and permission has been granted, expansion of our tailings capacity should take less than three months and enable Sylvania to reach name plate capacity at Lannex".

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