

7 March 2012

Mercury Recycling Group Plc (“Mercury” or the “Company”)

Acquisition of iron ore assets from Sylvania Platinum Limited

The Company is pleased to announce that it has entered into a legally binding conditional agreement (the “**SPA**”) with a wholly-owned subsidiary of Sylvania Platinum Limited (“**Sylvania**”) and Sylvania itself for the acquisition of the iron ore assets of the Sylvania Group (the “**Iron Ore Assets**”) for approximately £13.7 million (the “**Acquisition**”).

The Iron Ore Assets consist of interests in prospecting rights and future mining rights (the “**Rights**”) in the Northern Lobe of the Bushveld Complex north of Mokopane, South Africa. The Rights cover a group of seven adjacent farms, namely Cracouw, Harriets Wish, Aurora, Nonnenwerth and Kransplaats in the Capricorn District Municipality, and La Pucella and Altona in the Waterberg District Municipality, all in Limpopo. In total, the Rights cover an area of 165 km². The Company expects to be able to announce a maiden resource statement for the Iron Ore Assets shortly. Over the period since it started trading from July 2011 to 31 December 2011, the corporate entity holding the Iron Ore Assets has incurred a loss of US\$60,000.

The Acquisition will be funded through the issue of 203,022,285 new ordinary shares in the Company (the “**Consideration Shares**”) on completion of the Acquisition.

In addition, Mercury intends to carry out a placing of new ordinary shares in the Company (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.

Consideration

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 Sylvania, 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 and its subsidiaries.

The consideration for the sale and purchase of the Iron Ore Assets will be the payment 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 on the AIM Market of the London Stock Exchange (“**AIM**”) on 6 March 2012. The Consideration Shares will be distributed directly to Sylvania shareholders pro rata to their shareholdings in Sylvania. 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. The Consideration Shares will rank pari passu in all respects with Mercury's existing ordinary shares 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 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 the 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. Lord Barnett and Bryan Neill will step down from the Mercury Board.

Until such time that an Admission Document in respect of the proposed enlarged Group is published, the ordinary shares in the Company will be suspended from trading on AIM with immediate effect. 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.

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