



# High-Margin, Low-risk PGE Producer

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December 2009

[www.sylvaniareources.com](http://www.sylvaniareources.com)

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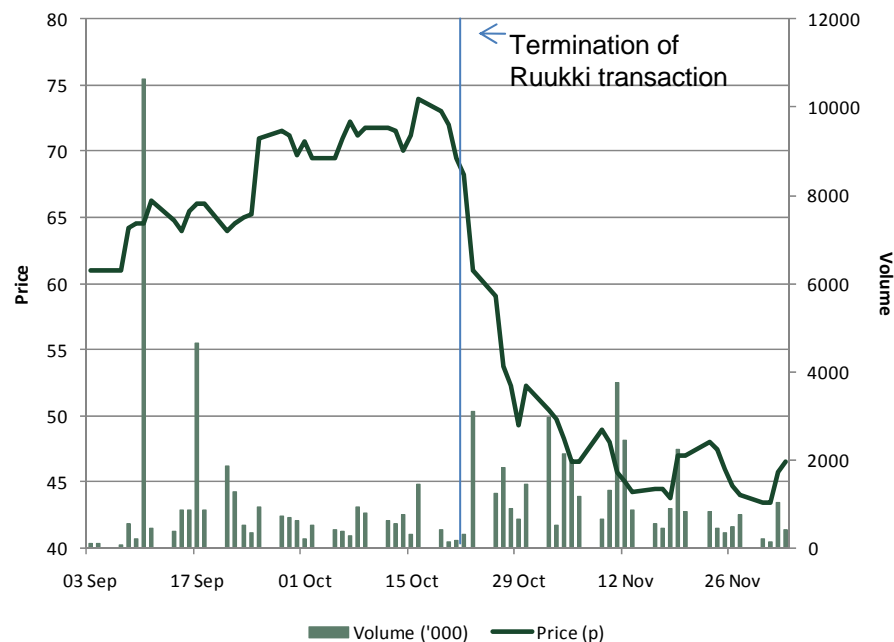
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# Sylvania in Brief



- **ASX/AIM**
- **Shares in issue: 218m**
- **Market Capitalization: GBP 101.4m\***
- **Quality shareholders**
  - Audley
  - Odey Asset Management
  - Henderson Global
  - JP Morgan
  - Credit Suisse
  - Jo Hambro
- **Cash GBP 11.0m\*\***
- **no debt and strong cash flows**

3 month share price and volume



\* 3 December 2009  
\*\* 30 September 2009

## 1. Business model

- High-margin, low risk tailings processing operations and near surface exploration and mining

## 2. Future

- Growth funded by strong cash flows and balance sheet - facilitated by planned access to down stream smelting

## 3. People

- Relevant experience with track record in value creation

## 4. Sector

- PGM market fundamentals are positive

# Sylvania Corporate Structure



PGM Production from Chrome Tailings

Near Surface PGM Exploration

74%

25%

100%

100%

Sylvania Dump Operations (SDO)

CTRP

Everest North (Right to acquire 74% of Vygenhoek)

Great Australian Resources Ltd (GAU:ASX)

SA Metals Ltd (SXM:ASX)

- Millsell\*  
2 yrs - 37,000t/m
- Steelpoort\*  
18 months - 37,000t/m
- Lannex\*  
2 months - 60,000t/m
- Mooinooi\*  
2 weeks - 37,000t/m
- Doornbosch\*\*  
Will be operational by early 2010
- Tweefontein\*\*  
Construction commences final Quarter 2010

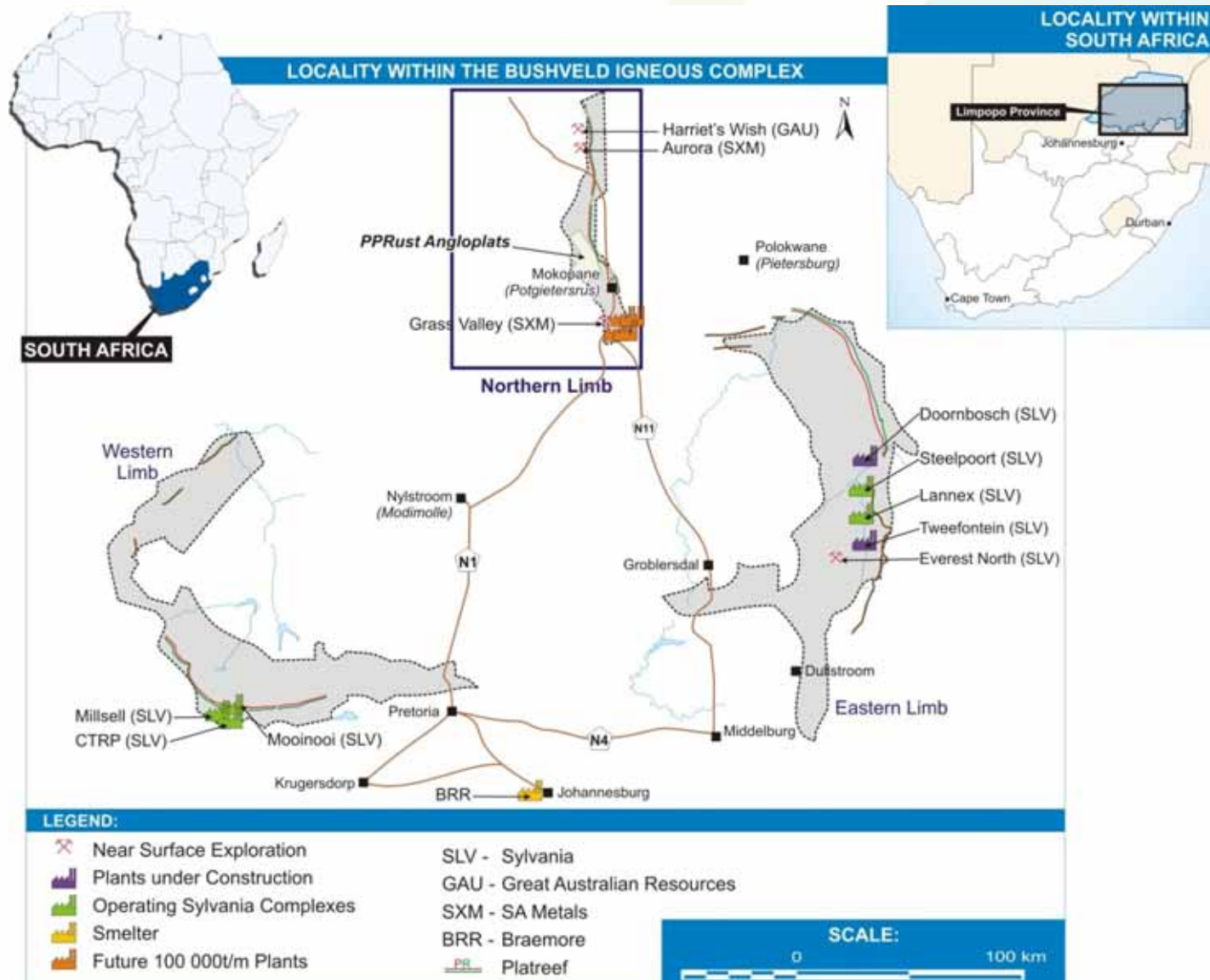
\* In operation  
\*\* Future Plants

Measured Resource  
800 000 ounces (4E)

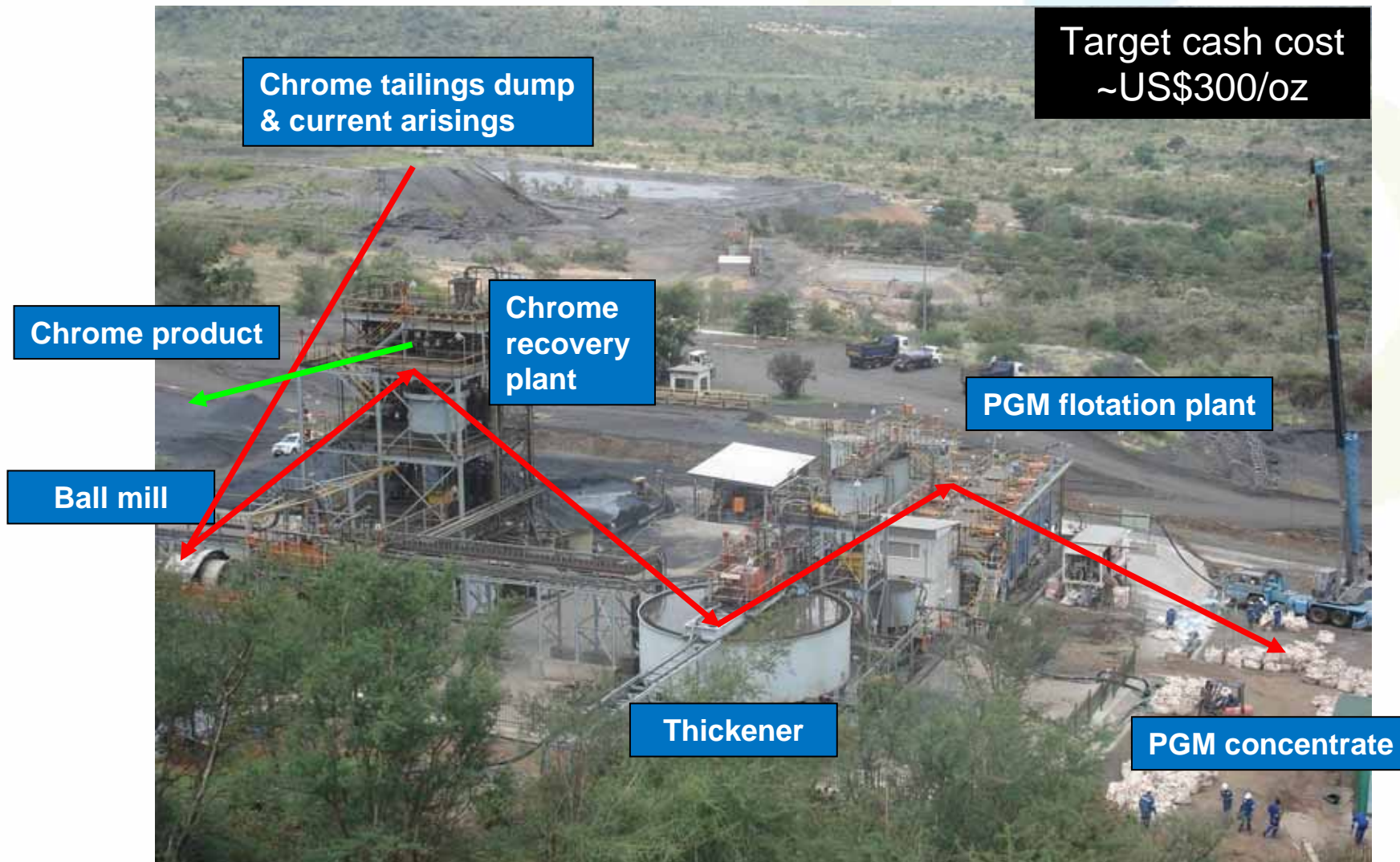
- Aurora
- Harriet's Wish
- Cracouw
- Mooiplaas Project

- Aurora  
- Grass Valley Project  
  
Indicated Resource  
9.2 m/ounces (3E)

# Locality



# Low Risk Surface Operation

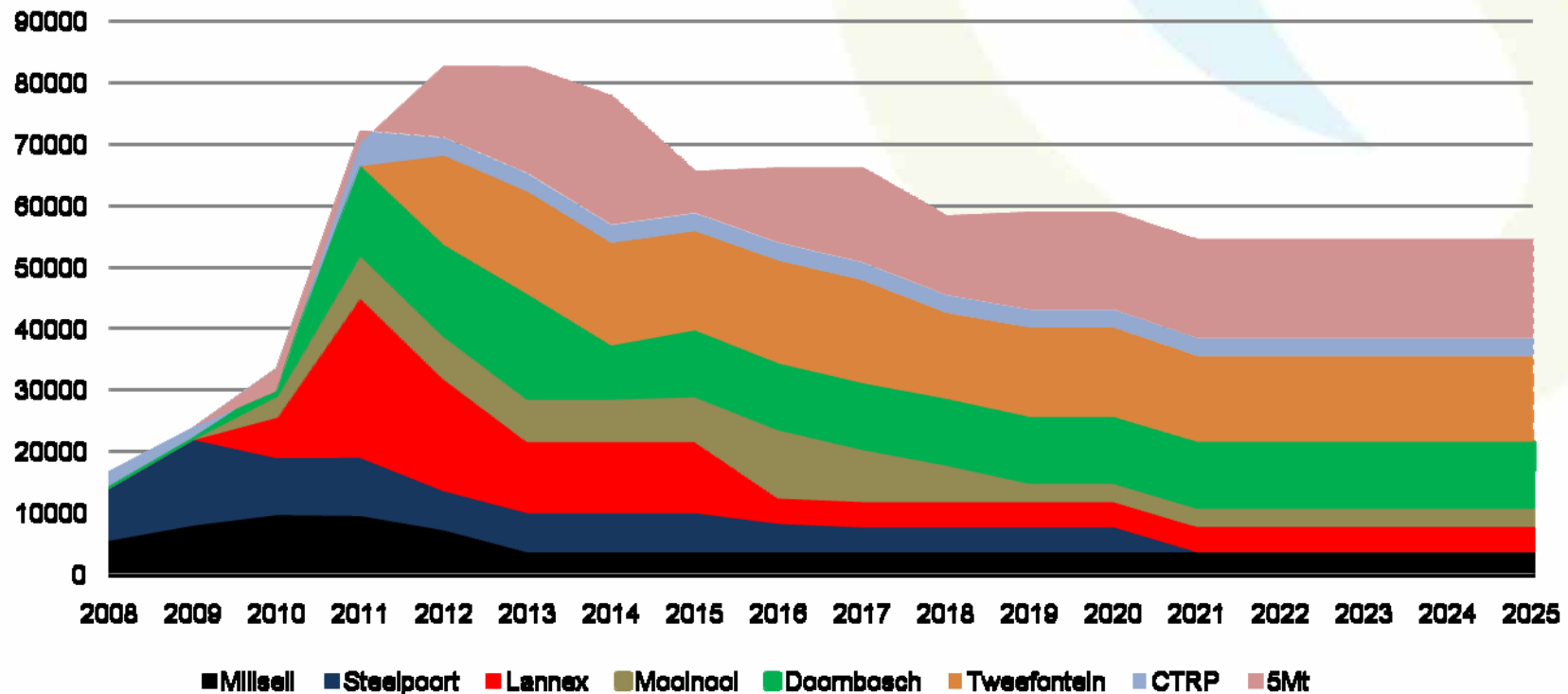


# PGM Growth from Tailings Retreatment



- Ramping up – 17koz (FY'08) → 24koz (FY'09) → 35koz (FY'10) → 72koz (FY'11)
- Dump → tailings dominated (linked to Samancor's fortunes)
- Challenge = growth beyond peak

## Sylvania Resources - Actual & Forecast



### Production Profile with Samancor Reaching 5 million tons per annum

Peak production increases to 82 500 ozs per annum based on Samancor reaching 5 million tones per annum

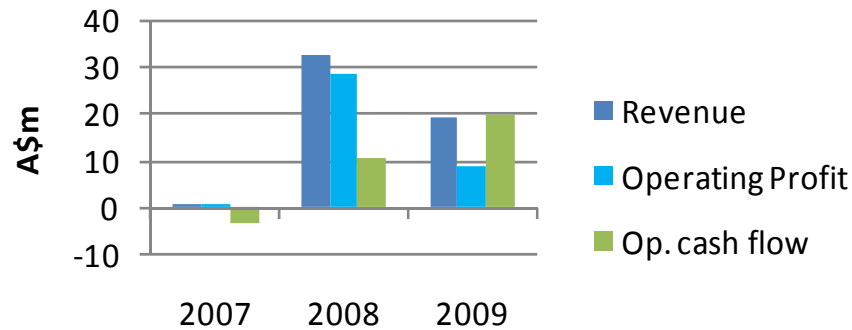
Steady state production to 54 410 ozs per annum



# Track Record and Profitability

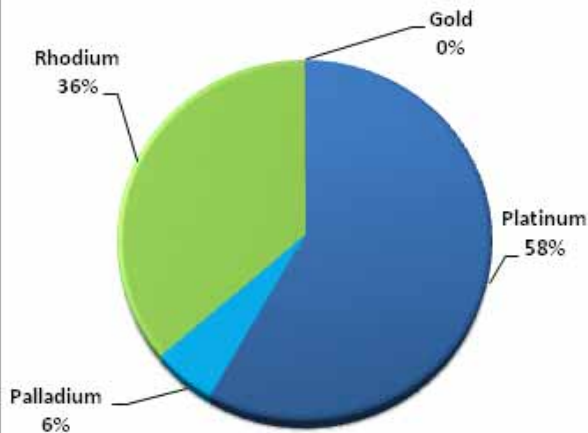


## Financial Performance

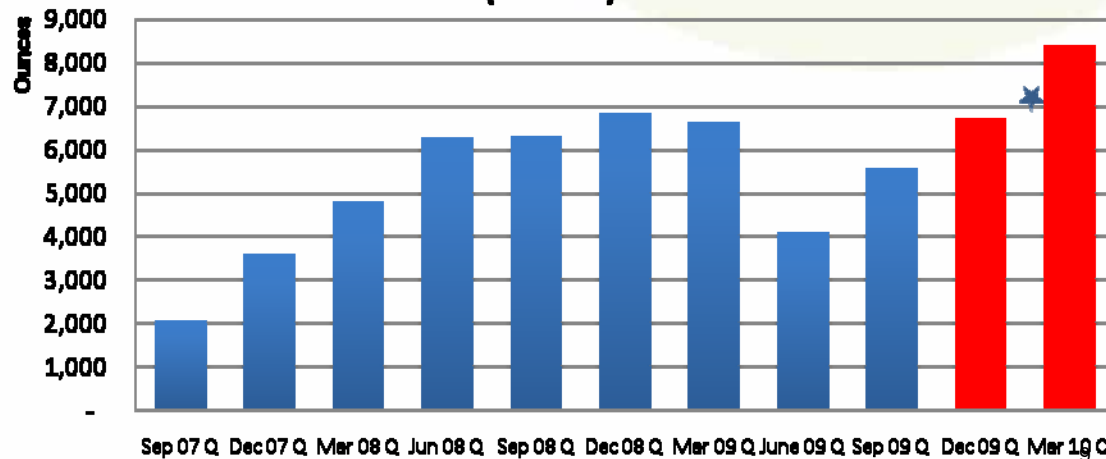


Fundamentals			
	FY2008	FY2009	% Change
Basket price (US\$/oz)	2,346	881	-62%
Net Basket price (US\$/oz)	1,903	659	-65%
Cash cost (US\$/oz)	349	321	-8%
Operating margin (%)	82%	51%	-38%

## SDO FY'09 PGM Basket Revenue Mix



## Sylvania Resources Quarterly production of 3E+Au (ounces)



★ The production forecasts are based on the assumption that all plants will ramp up activities as set out in this presentation and that there are no unforeseen disruptions to the supply of material to the SDO Plants

# Growth Focus



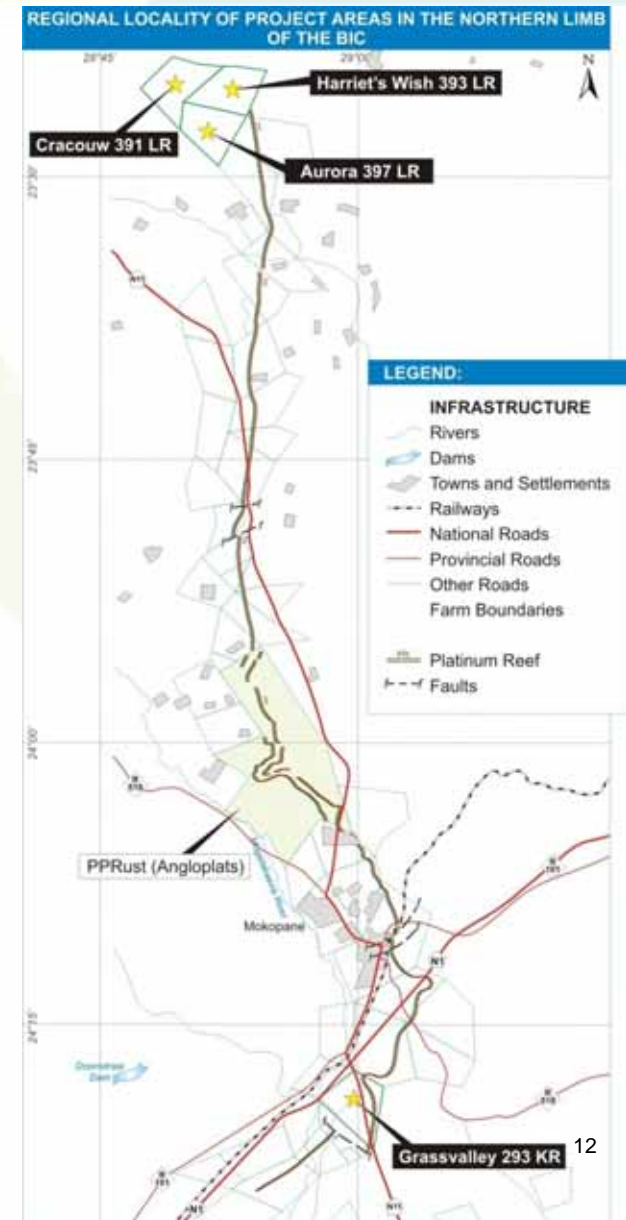
- Sylvania's strategy is to build cash generative businesses that can fund future growth in the PGM sector.
- Core strategic drivers are:
  - **Operational excellence** – “more from what we have” (recovery & availability)
  - **Tailings growth** – “more of what we have” (more plants)
  - **Near surface exploration and mining** (Everest Nth, SXM, GAU)
  - **Strategic Alliance** – provides Sylvania with access to downstream processing (JLP/BRR)

- Development of Southern Platreef Sources
  - Grass Valley Project
    - Upgrade indicated resource to Measured status
      - Bulk sample for floatation testwork
      - Mining parameters, Metallurgical parameters
    - Apply for mining right
      - Environmental Impact Assessment, Social Labour Program, Definitive Feasibility Study
    - Develop first 100 000 tpm mining operation and floatation plant
    - The rationale is to develop 100 000 tpm plants in such a manner that the development of future plants becomes self financing
- Development of Northern Platreef Sources
  - Hacra/Aurora/Nonneworth project
    - Continue geological work to define ore resources

# Sylvania Platreef Resource Target (incl Resources)



- Wide Mineralised Ore Zone (previously explored by SXM and Angloplats)
- Low strip ratio
- Low cost open pit mining
- Modular plants 100 000 tpm
- Phased roll-out of plants (8)
- Initial 3 plants at Grass Valley



# Platreef Strategy



<b>GrassValley</b>	2009		2010		2011		2012		2013		2014	
	Nov	Dec	Jan -Jun	July- Dec	Jan -Jun	July- Dec	Jan -Jun	July- Dec	Jan -Jun	July- Dec	Jan -Jun	July- Dec
<i>Development program</i>												
Bulk Sample												
Metallurgical testwork												
Mine design and costing												
Resource upgrade												
EIA												
SLP												
BFS												
Apply for mining right												
Begin first plant development												
Begin second plant development												
Begin third plant development												

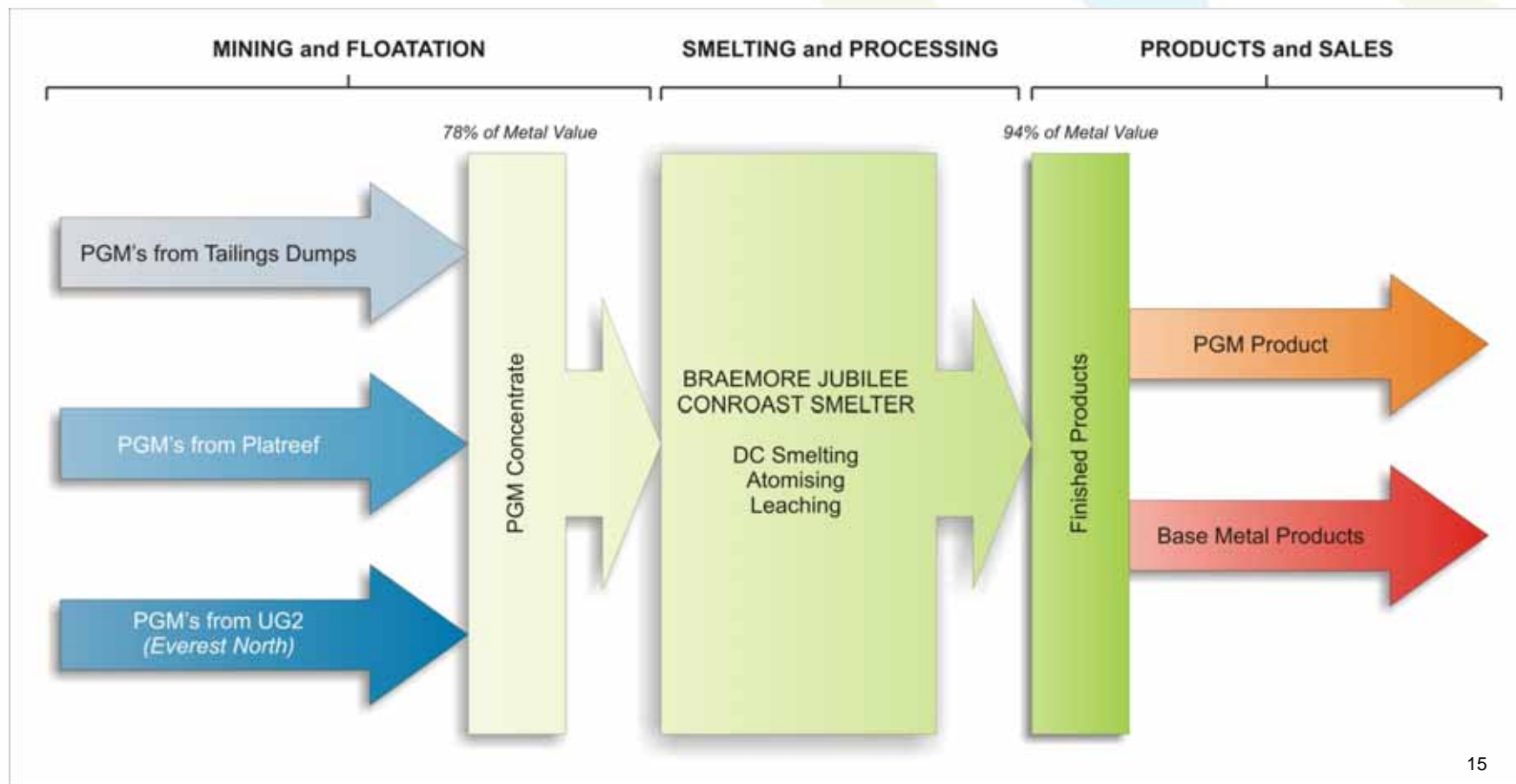
# The Proposed Jubilee Strategic Alliance



- Sylvania and Jubilee enter into strategic alliance to smelt Sylvania's platinum group metal concentrates from its tailings retreatment projects that are not tied into other contracts.
- This alliance offers a total solution for processing chrome tailings and Platreef deposits for PGM concentrate previously considered uneconomic or challenged by conventional smelting routes.
- The alliance also offers the secondary PGM industry a unique “ore to metal” strategy not currently available to the secondary sector.
- Sylvania and Jubilee agree that ConRoast be the preferred smelting route for Sylvania's primary PGM mining projects on the Platreef of the Bushveld Igneous complex.

# Unlocking Value via Access to Smelting Technology

- Majors control smelting and this is an Industry bottleneck
- Limited room for low grade and high Cr concentrates
- Require DC technology to treat this material profitably



# Smelting of Sylvania Low Grade Concentrate



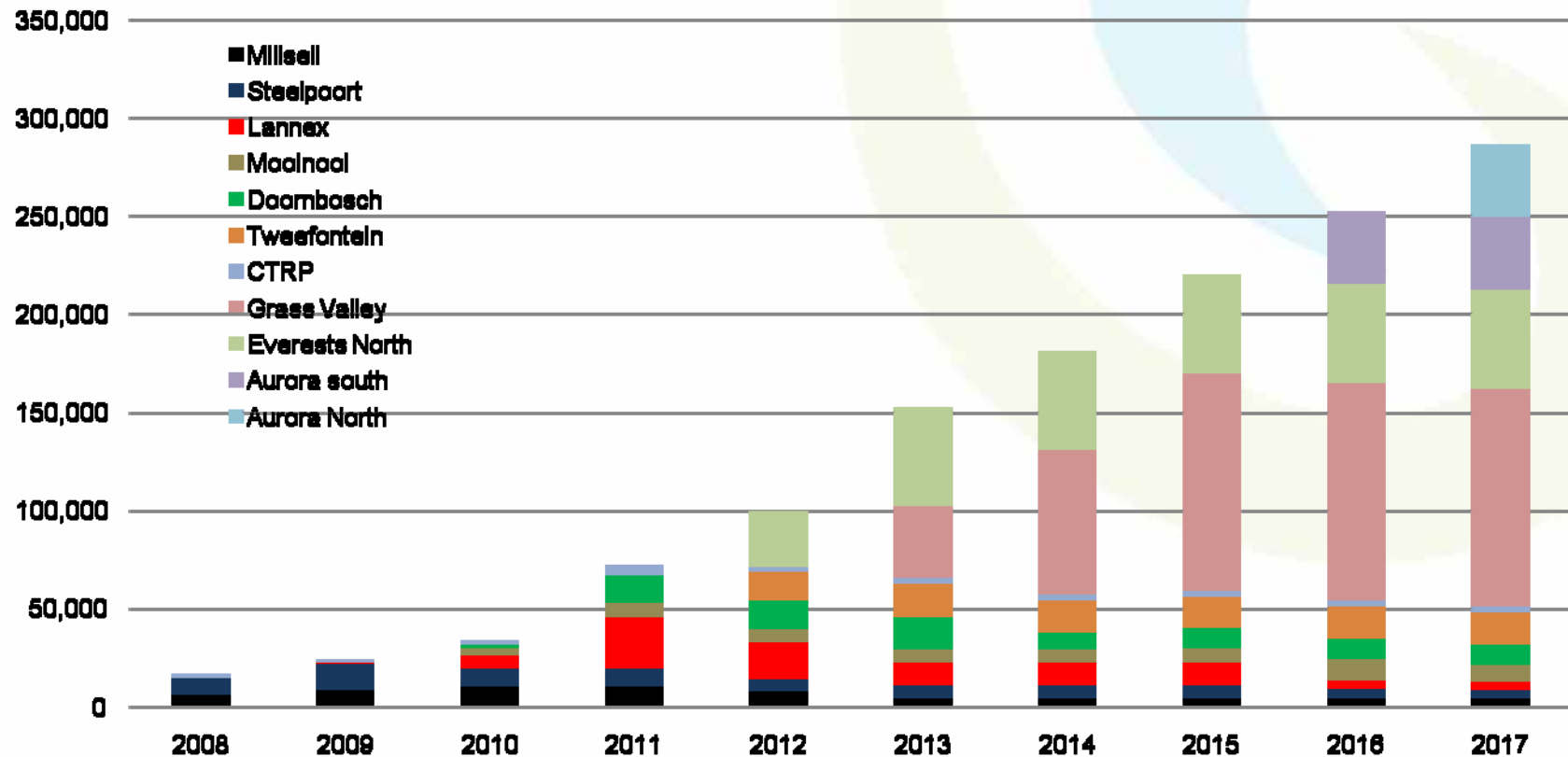
- Jubilee has smelted low grade PGE concentrate which did not meet the specification of Sylvania's major offtake customers in the Mintek 1.5MW DC Furnace.
  - The material was 104.3 tonnes with a PGE grade of 85g/t (6e) and containing 7.1% Cr<sub>2</sub>O<sub>3</sub>.
- Smelter recoveries were as expected with no anomalous behaviour being recovered.
  - Recovery of metal was 99%, in line with expectations.
- In light of the results of the smelting of this low grade material Sylvania has agreed to sell a further 300 tons of low grade material to Jubilee for further detailed testing.
  - These tests will be designed to prove the compatibility of the Sylvania PGE concentrate with the Jubilee Conroast DC smelting process.
- Sylvania has previously announced its planning with regard the development of its Platreef resources, Jubilee will do the definitive smelting test on the concentrate produced from the bulk sampling program.



# Sylvania – Growing into the Future



## Sylvania Resources - Actual & Forecast



Everest North ounces represent a standalone operation and exclude any possible JV ounces

# People

- Experienced board focused on value creation
- Committed and talented employees and contractors
- SHE-driven culture
- Empowered
  - Ehlobo Metals (Pty) Ltd

**VISION**  
*Leading SA mid-tier PGM producer*

*Low-risk tailings and shallow mining assets*

Terry McConnachie



- Managing Director
- Mining
- Entrepreneur

Louis Carroll



- Finance Director
- Finance

Richard Rossiter



- Non-executive Chairman
- Geology
- Banking

Alastair Ruiters



- Non-executive Director
- Public / Private Sector

Grant Button



- Director
- Corporate

# PGM markets – Positive Outlook

- Vehicle Sector remains key demand driver
  - New ventures for growth – auto sector in BRIC countries
  - Euro IV legislation imposed in Shanghai, Beijing, Guangzhou
  - Euro V by end 2009 in Europe – new vehicles will need to be compliant
- Supply constraints in South Africa expected to restore balance
  - With potential for future deficits as demand revives and inventories are depleted

# Attractive Valuation

- Recent Research Reports
  - Ambrian (Nomad/ Broker);
  - RBC Capital Markets;
  - Investec Securities;
  - Mirabaud;
  - Edison Investment Research;
  - Evolution Securities;
  - Fat Prophets;
  - Hogan & Partners; and
  - Veritas Securities.
- Lowest Cost Producer
- Buy Recommendations
  - Ambrian
  - Investec Securities;
  - Mirabaud;
  - Hogan & Partners; and
  - Veritas Securities.



# Conclusion

- Share Price substantially below most analysts forecasts
- Lannex and Moinooi plants fully commissioned – significant increase in ounces produced
- Platinum and Rhodium prices on upward trend
- Chrome production upside positive as Stainless Steel and hence Ferrochrome demand steadily increasing
- Sylvania is a proven low cost producer of PGE ounces
- Smelting results on low grade concentrate show viability of future growth plan
- Modular plant model for growth implies low capex and flexibility

# Investment Case

- **Business Model**
  - High margin, low costs and low risk
- **Future**
  - Growth funded by robust cash flows
- **People**
  - Growth orientated and experienced team
- **Sector**
  - Positive PGM Fundamentals
- **Attractive Valuation**

# Contacts



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