



# High-Margin, Low-risk PGE Producer

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# Sylvania in Brief



- **ASX/AIM**
- **Shares in issue: 217m**
- **Market Capitalization: A\$194m\***
- **Quality shareholders**
  - Audley
  - Odey Asset Management
  - Henderson Global
  - JP Morgan
  - Credit Suisse
  - Jo Hambro
- **Cash A\$19.7m, no debt\*\* and strong cash flows**

Share price (A\$/share)



\*2 November 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

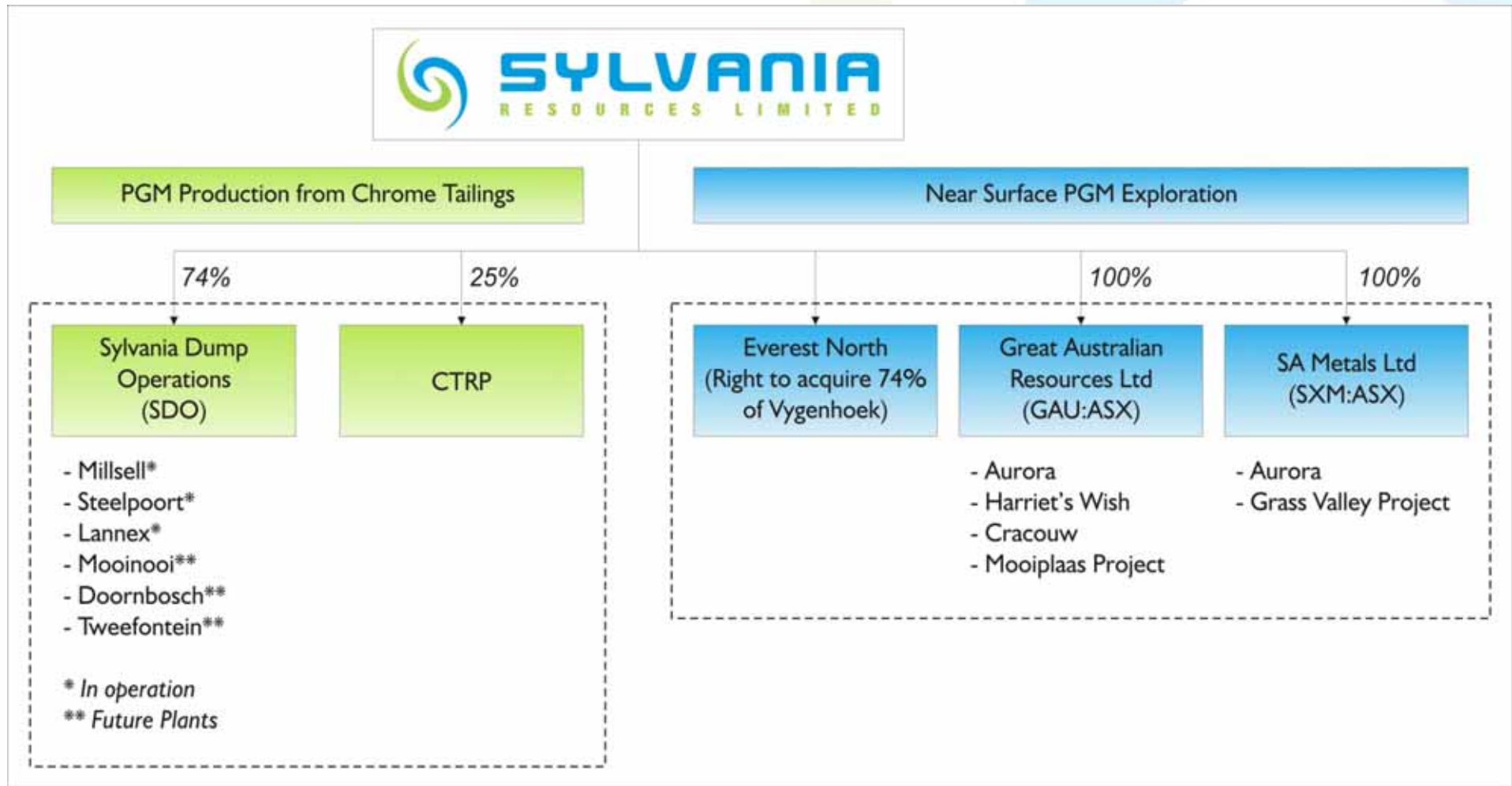
## 3. People

- Relevant experience with track record in value creation

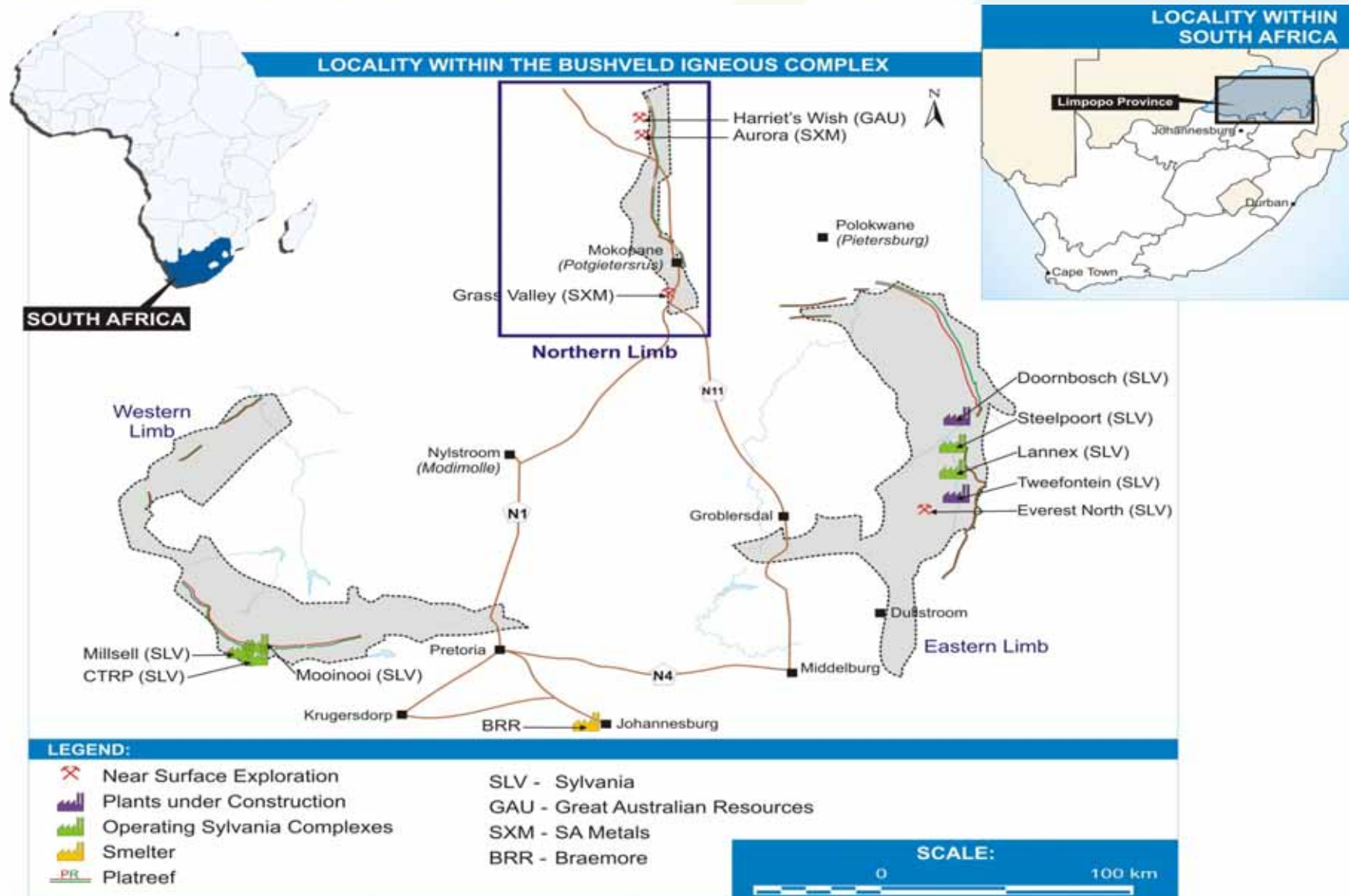
## 4. Sector

- PGM market fundamentals are positive

# Sylvania Business Model and Structure

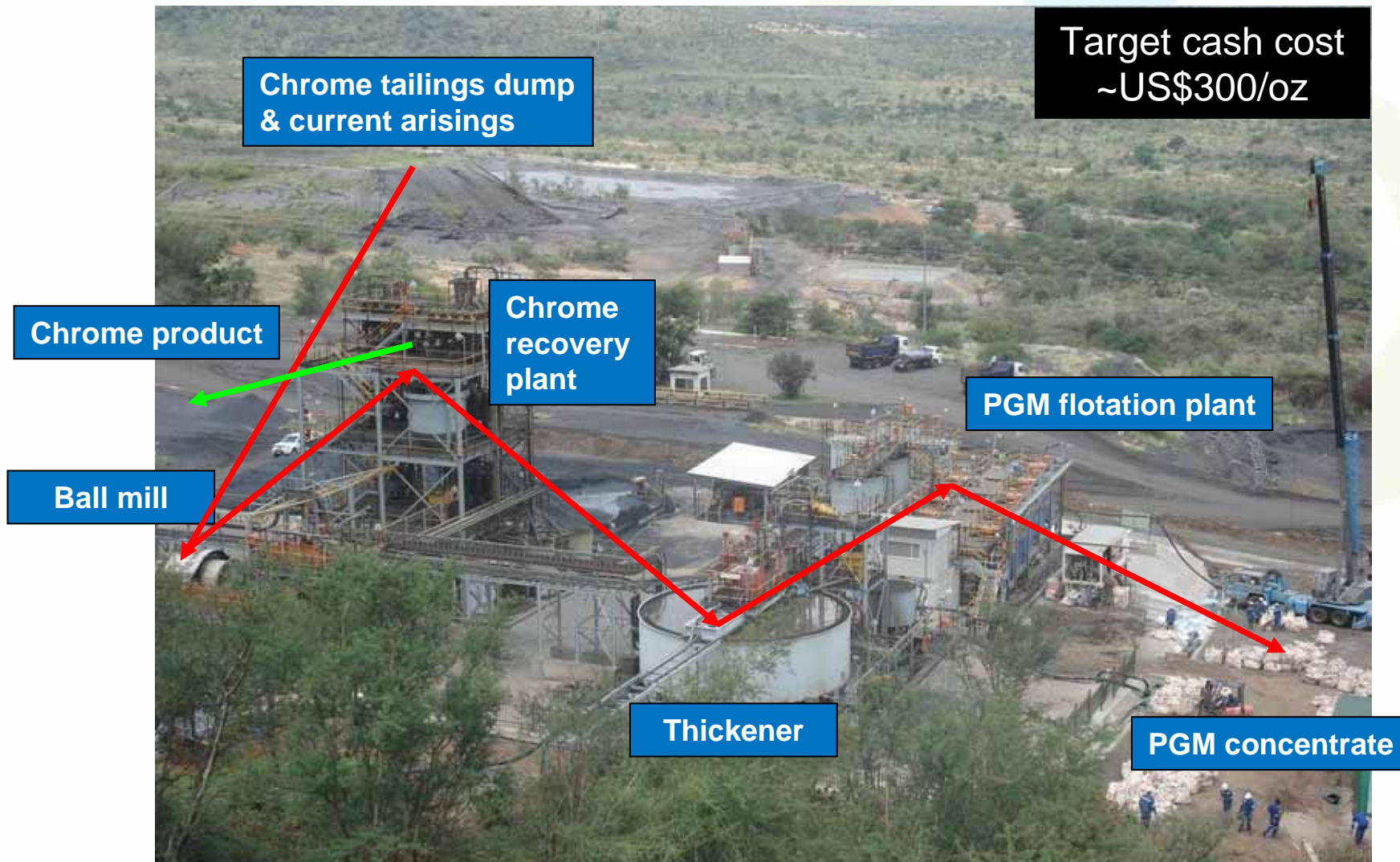


# Location – in the Heart of PGM Country



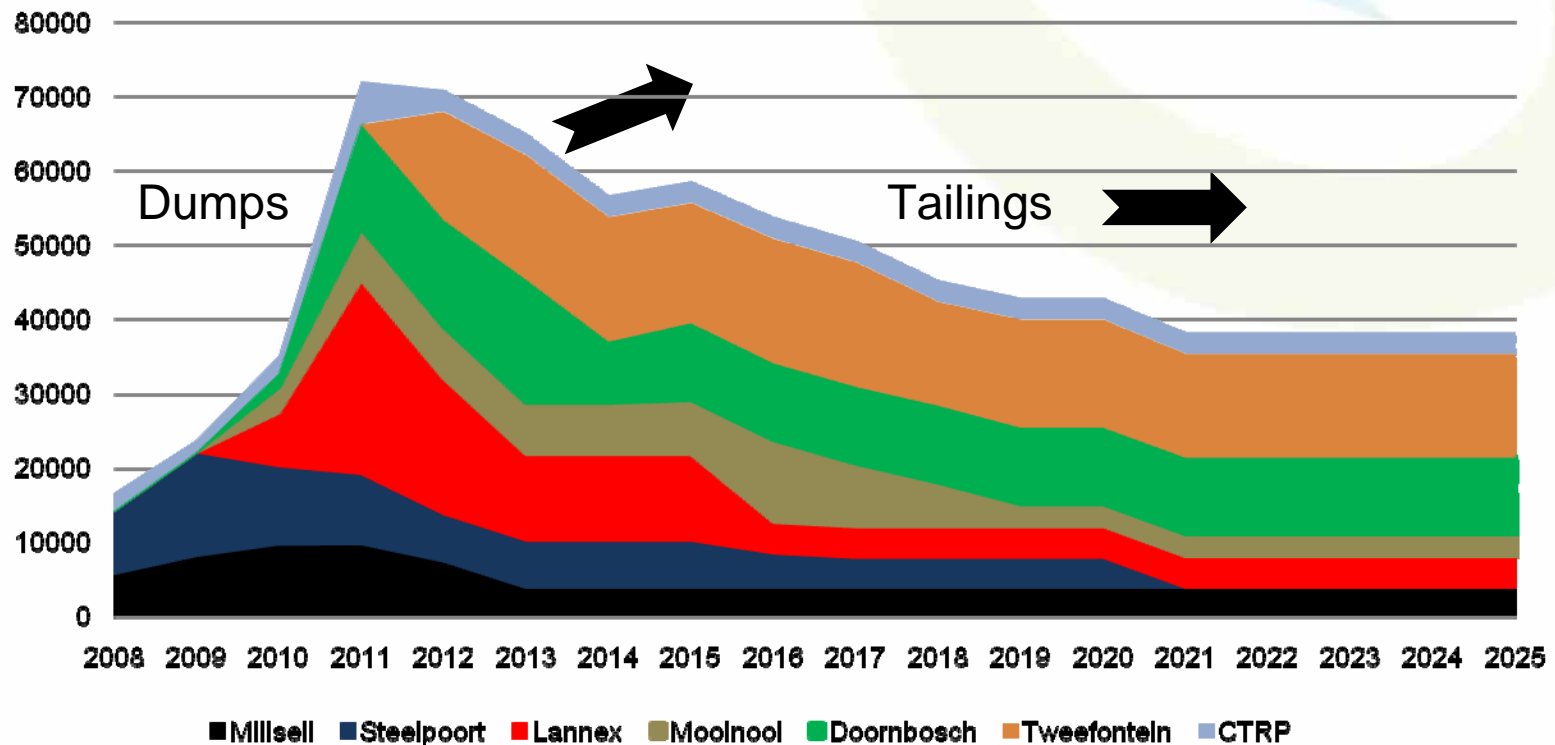


# Low Risk Surface Operation



# 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

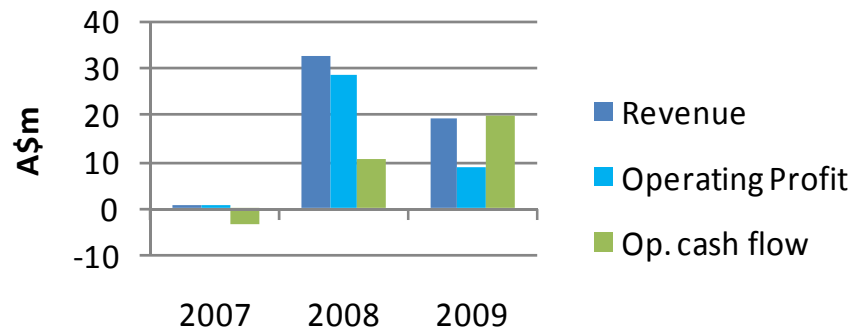




# Track Record and Profitability

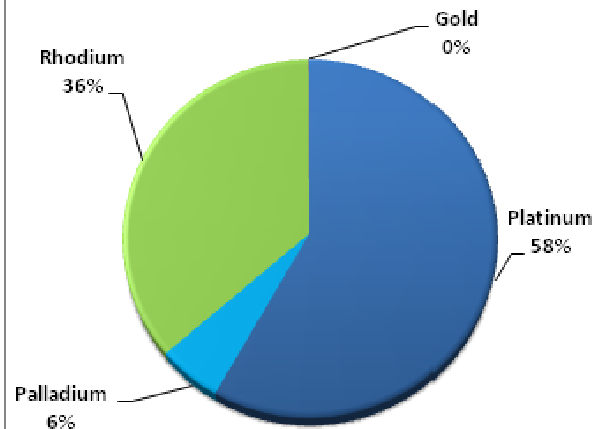


## Financial Performance

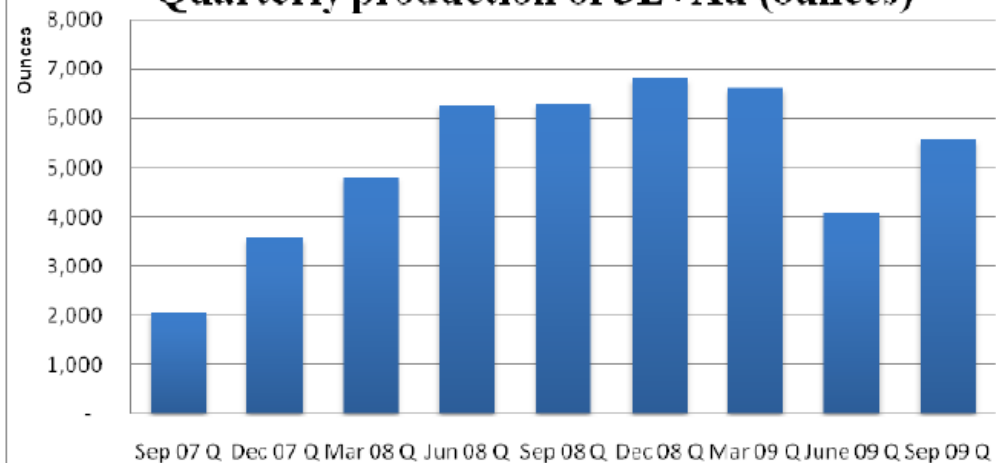


Fundamentals			
	FY2008	FY2009	% Change
Basket price (US\$/oz)	2,346	881	-62%
Net Basket price (US\$/oz)	1,903	659	-65%
Cash cost (US\$/oz)	349	321	-8%
Operating margin (%)	82%	51%	-38%

## SDO FY'09 PGM Basket Revenue Mix



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



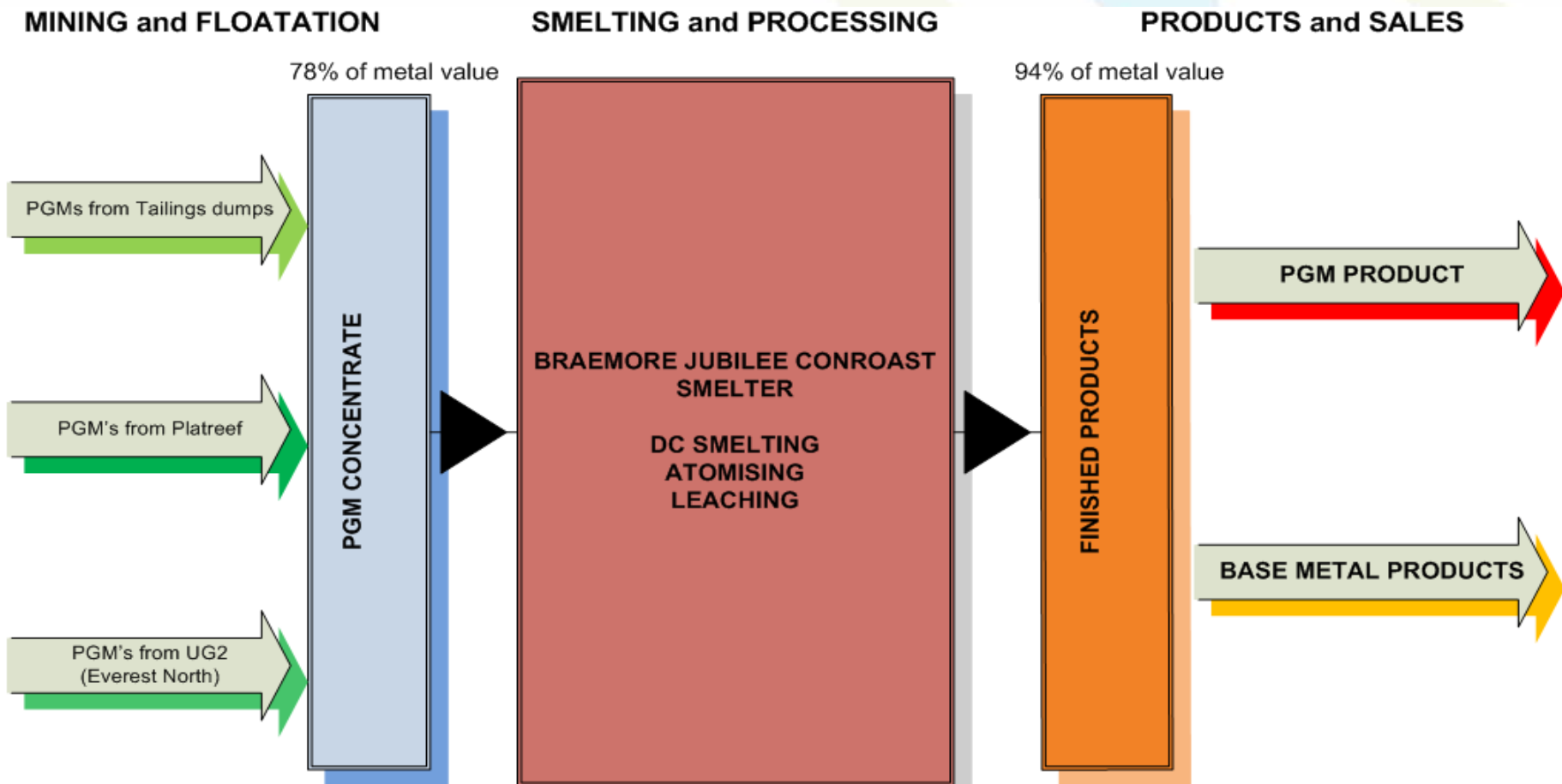
# Growth Focus



- 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” (recov. & avail.)
  - **Tailings growth** – “more of what we have” (4 more plants)
  - **Near surface exploration and mining** (Everest Nth, SXM, GAU)
  - **Strategic Alliance** – provides Sylvania with access to downstream processing (JLP/BRR)

# 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



- Development of Southern Platreef Sources
  - Grassvalley 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

# Platreef Strategy



GrassValley	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

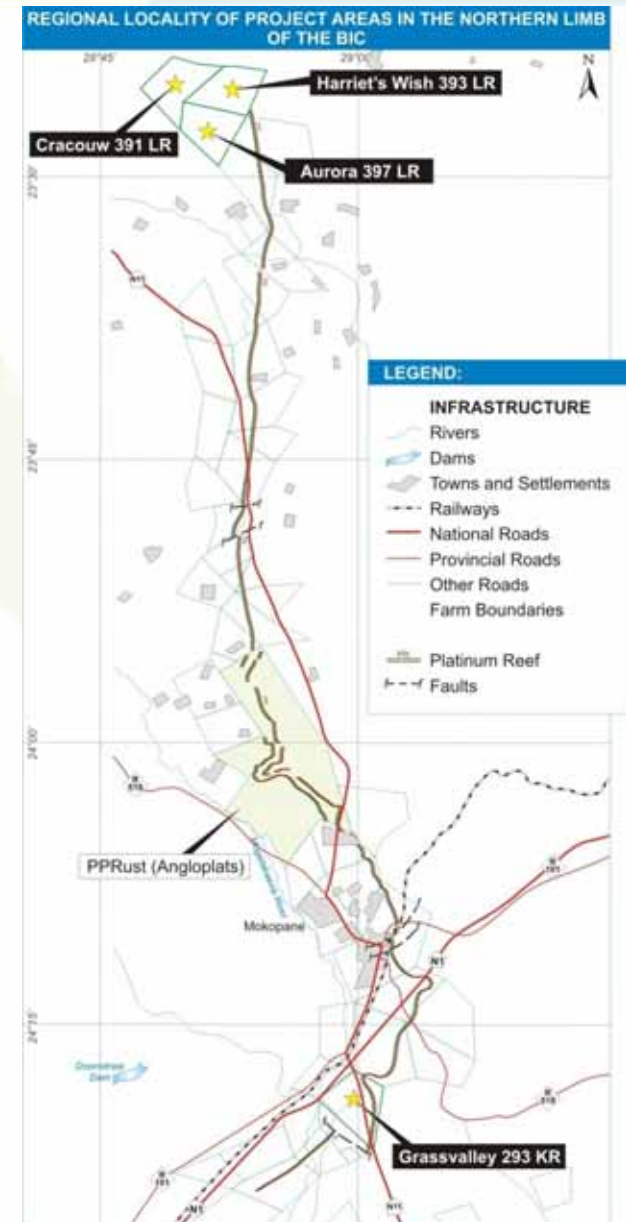


- Sylvania and Jubilee enter into strategic alliance to smelt Sylvania's platinum group metal concentrates from its tailings retreatment projects that are not tied into other contracts.
- This alliance offers a total solution for processing chrome tailings and Platreef deposits for PGM concentrate previously 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.

# Sylvania Platreef Resource Target (incl Resources)



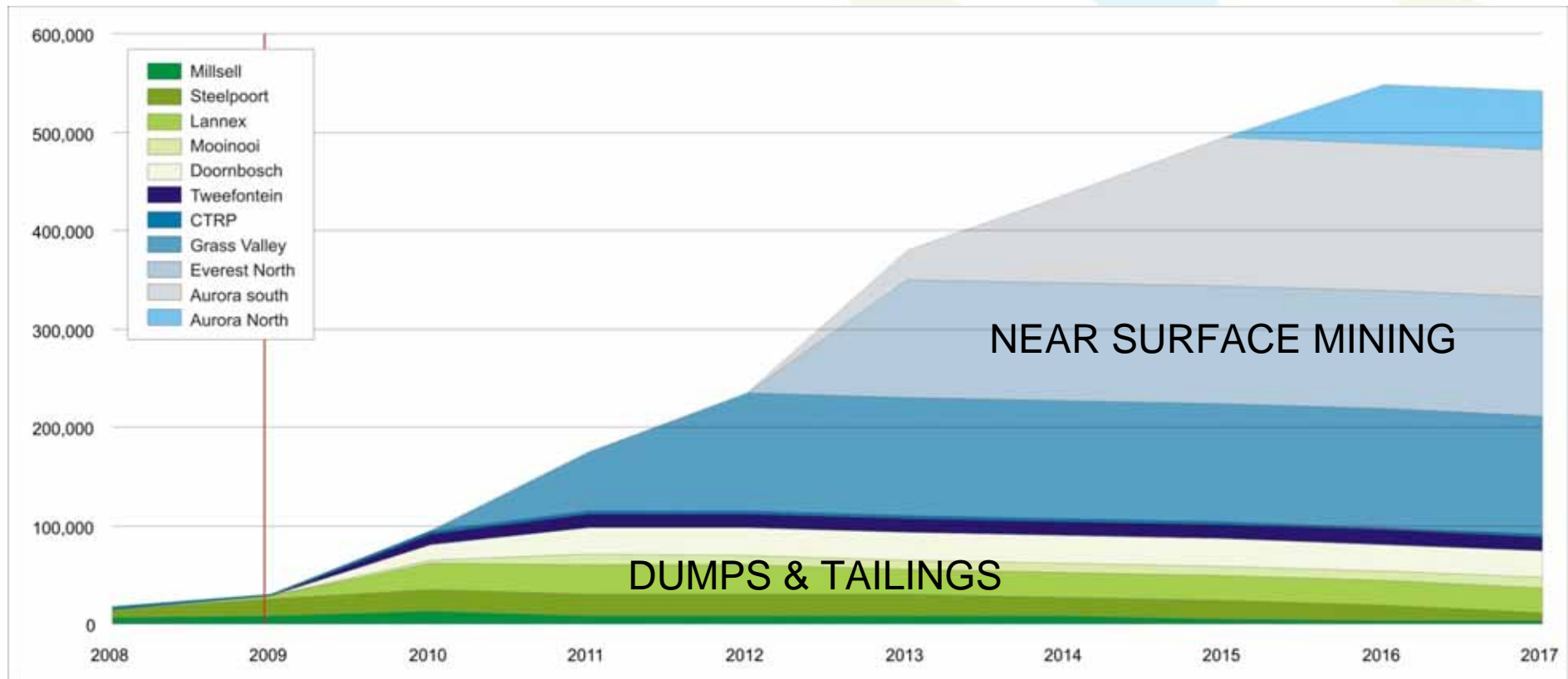
- Wide Mineralised Ore Zone (previously explored by SXM and Angloplats)
- Low strip ratio
- Low cost open pit mining
- Modular plants 100 000 tpm
- Phased roll-out of plants (8)
- Initial 3 plants at Grassvalley



# Sylvania – Growing into the Future



## Estimated Future Production



# 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

- Research analysts
  - Ambrian (Nomad)
  - RBC Capital Markets
  - Investec Securities
  - Mirabaud
  - Evolution Securities
  - Veritas Securities
- Low cost producer
- Buy Recommendations
  - Ambrian
  - Evolution
  - Investec Securities;
  - Mirabaud; and
  - Veritas Securities.



# 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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