

**For immediate release**

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**Sylvania Resources Limited ('Sylvania' or the 'Company'; ASX, AIM: SLV)**

**SYLVANIA RESOURCES LIMITED**

**ASX:SLV**

**AIM:SLV**

**Registration No: 091 415 968**

**ISIN: AU000000SLV8**

**SYLVANIA RESOURCES ANNOUNCES RESULTS OF VOLSPRUIT  
METALLURGICAL TESTWORK AND DECLARATION OF JORC RESOURCE**

**Highlights:**

- JORC resource declared for the Volspruit project (formerly Grass Valley) including the declaration of a maiden measured resource for the Northern orebody:
  - 1.15 million ounce PGM (3e) measured resource (Northern orebody);
  - 2.44 million ounce PGM (3e) indicated and inferred resource (Northern and Southern orebodies); together with
  - 87.8 million lbs nickel and 25.6 million lbs copper measured resource (Northern and Southern orebodies); and
  - 174.8 million lbs of nickel and 51.5 million lbs of copper indicated and inferred resource (Northern and Southern orebodies);
- Significant base metal contribution to project economics:
  - base metal credits expected to largely cover operating costs leading to significant PGM margins;
- Metallurgical test work undertaken by Mintek indicates recoveries of 75% are achievable in a flotation concentrate grading 50g/t;
- Geological reappraisal of Southern orebody to commence.

Sylvania is pleased to announce the results of bulk sampling of the Northern ore body of the Volspruit project and metallurgical testwork results undertaken on this sample, leading to the declaration of a JORC resource.

The Volspruit project is held by Pan Palladium Ltd, a wholly owned Sylvania subsidiary. Work previously done by Pan Palladium at Volspruit, which included 25 663m of drilling, had identified two ore bodies known as the Northern and Southern ore bodies.

Sylvania drilled a further 42 holes (4307m) on the Northern ore body. This allowed for further ore body definition and resulted in a 5 ton bulk sample being produced for metallurgical testwork.

The metallurgical testwork, which was undertaken at Mintek, included a pilot plant run which has indicated that recoveries of 75% are achievable in a flotation concentrate grading 50g/t. The flotation concentrate produced in the pilot plant is currently undergoing smelting trials utilising Jubilee Platinum's ConRoast smelting technology.

## JORC Resource

Integrated Geological Solutions (IGS) undertook the core drilling, assaying and geological logging work for the bulk sampling of the Northern ore body. Pan Palladium South Africa (Pty) Ltd (Pan Palladium), a subsidiary of Sylvania Resources, which holds 100% rights to the Volspruit project and a 75% economic interest in terms of a joint venture agreement with Impala Platinum Holdings (Impala), commissioned the MSA Group to audit the resource estimate work of Integrated Geological Solutions (IGS). Acting as independent competent persons the MSA Group verified and signed off the ore resource statement for the Northern ore body. Forty two holes (4 397m) were drilled on the Northern ore body. This allowed for further ore body definition and a 5-tonne bulk sample being produced for metallurgical testwork.

Mr Mike Hall, Consulting Geologist for the MSA Group, reviewed the work conducted by IGS and is of the opinion that the resources, as stated below, have been determined and declared in accordance with the requirements of the JORC Code (2004).

<b>Mineral Resources for the Northern Pit Area of the Volspruit Project</b>								
	<b>Million</b>	<b>Density</b>	<b>3e</b>	<b>Ni</b>	<b>Cu</b>	<b>3e</b>	<b>Ni</b>	<b>Cu</b>
<b>Fresh Zone</b>	<i>Tonnes</i>		<i>g/t</i>	<i>ppm</i>	<i>ppm</i>	<i>ounces</i>	<i>(million) lbs</i>	<i>(million) lbs</i>
Measured	24.27	3.05	1.27	1415	390	990 972	75.7	20.9
Indicated	14.71	3.03	1.17	1486	393	553 333	48.2	12.7
Inferred	0.09	3.01	0.92	1776	330	2 662	0.4	0.07
<b>Transition Zone</b>								
Measured	2.28	2.84	1.2	1269	497	87 964	6.4	2.5
Indicated	1.21	3.0	1.2	1673	309	46 683	4.5	0.8
Inferred	0.62	3.0	0.95	1767	314	18 937	2.4	0.4
<b>Oxide Zone</b>								
Measured	1.92	2.2	1.16	1347	515	71 606	5.7	2.2
Indicated	0.72	2.2	0.96	1479	317	22 222	2.3	0.5
Inferred	0.05	2.2	0.97	1784	357	1 559	0.2	0.4
<b>Total Resources</b>								
<b>Measured</b>	<b>28.47</b>	<b>2.97</b>	<b>1.26</b>	<b>1399</b>	<b>407</b>	<b>1 150</b>	<b>87.8</b>	<b>25.6</b>
<b>Indicated</b>	<b>16.63</b>	<b>2.99</b>	<b>1.16</b>	<b>1499</b>	<b>384</b>	<b>620 209</b>	<b>55</b>	<b>14</b>
<b>Inferred</b>	<b>0.76</b>	<b>2.95</b>	<b>0.95</b>	<b>1769</b>	<b>319</b>	<b>23 213</b>	<b>2.9</b>	<b>0.5</b>

## PGE Split Data

IGS report the following individual PGE (Pt and Pd) ratios, calculated on all drill hole composites within the mineralised envelope:

Pt	Pd	Au
44.68%	52.79%	2.53%

## Project economics

Terry McConnachie, CEO of Sylvania, said that the contribution of base metals to the project economics is of particular significance. Based on the current basket price the insitu 3e value of a ton of ore is U\$33.89, while the insitu nickel and copper value is U\$35.37. This means that the base metal content of the ore is equivalent to 1.27 g/t (3e), based on the prill split for Volspruit. Hence the equivalent 3e ore grade is 2.49 g/t. It is expected that base metal revenues will largely cover the operating costs, which indicates significant Platinum Group Element (PGE) margins.

## The way forward

Sylvania is currently conducting a review of the Southern ore body. Pan Palladium previously commissioned a resource estimation programme of the Volspruit project. Based on the results of this programme it declared the resources for the Southern ore body in a JORC compliant resource statement verified by RSG (now Coffey Mining). This statement is provided below:

Mineral Resources for the Southern Pit Area of the Volspruit Project							
Resources	Tonnes	3E	Ni	Cu	3e	Ni	Cu
Category	Millions	g/t	ppm	ppm	ounces	(million) lbs	(million) lbs
Indicated	28.46	1.22	1186	386	1 116 265	74.4	24.2
Inferred	19	1.1	1000	300	682 555	42.5	12.8
<b>Total</b>	<b>47.76</b>	<b>1.17</b>	<b>1111</b>	<b>351</b>	<b>1 796 507</b>	<b>116.9</b>	<b>37</b>

Sylvania is also undertaking the engineering design work necessary for a feasibility study for the Volspruit project. SRK Consulting Engineers have been commissioned to prepare the mine design and MDM, a South African metallurgical engineering company, is completing a processing plant engineering and cost study, based on the flow sheet developed during the bulk sample test-work campaign carried out at Mintek. Smelting testwork is currently underway at Mintek under the supervision of Jubilee Platinum.

The feasibility study will cover the proposed phased rollout of three identical 100 000tpm floatation plants as well as the establishment of a smelter in Joint Venture with Jubilee Platinum incorporating the downstream processing of base metals. It is expected that a mining right will be applied for early in the New Year and project development will commence once the mining right has been awarded.

The development of the Volspruit project will be the first step to Sylvania unlocking value from its Platreef holdings as future plants on the Northern limb will be identical in design and will ensure long term feed to the proposed smelter.

## **Background to the Volspruit Project**

The Volspruit project, near Mokopane in the Limpopo province of South Africa, is located on the southern end of the Northern Limb of the Bushveld Igneous Complex (BIC). It was previously known as the Grass Valley project but has been renamed in line with its geological setting. The Northern and Southern ore bodies on which the project is located were identified by a previous resource estimation programme. They are part of a faulted complex that is up-thrown approximately 1200 m from the base of the lower zone of the BIC. While the reef has similar wide reef characteristics to the nearby Platreef, it has its own characteristics and grade profiles.

## **Statements of Compliance and Attribution**

The information in this report that relates to Mineral Resources on the Northern Pit area of the Grass Valley project, is based on information compiled by Mike Hall who is a member of the Australasian Institute of Mining and Metallurgy and who is employed by The MSA Group, Johannesburg, South Africa. Mr. Hall has sufficient experience relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person for the purposes of the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Hall consents to the inclusion in the report of the matters based on the information in the form and context in which they appear.

The estimation of the Northern Pit area of the Volspruit project has been provided by Mr. Steve Savage of Integrated Geological Solutions. He is a member of the Geological Society of South Africa and is registered with the South African Council for Natural Scientific Professions. Mr. Savage has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves" (The JORC Code). Mr. Savage has over 10 years' experience of resource modelling. He consents to the inclusion in the report of the matters based on the information in the form and context in which they appear.

## **For further information please contact:**

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