



# High-Margin, Low-risk PGE Producer

TM McConnachie, MD  
November 2009

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

# Disclaimer



*Certain forward-looking statements may be contained in this presentation which include, without limitation, expectations regarding platinum prices, estimates of production, operating expenditure, capital expenditure and projections regarding the completion of capital projects as well as the financial position of the company. Although Sylvania believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be accurate. Accordingly, results could differ from those projected as a result of, among other factors, changes in economic and market conditions, changes in the regulatory environment and other business and operational risks.*

*Therefore, Sylvania gives no warranty, express or implied that the projections and/or material contained in this presentation will be achieved or prove to be correct. Sylvania, its officers, employees and advisors expressly disclaim all responsibility relating to or resulting from the use of the material and information contained in this presentation and exclude all liability whatsoever (including negligence) for any loss or damage suffered by any person as a result of the use of any of the information in this presentation or any error or omission there from. It should not be expected from Sylvania to update any person regarding any inaccuracy, omission or change of the information contained in this presentation.*

# Sylvania in Brief



- **ASX/AIM**
- **Shares in issue: 217m**
- **Market Capitalisation: 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

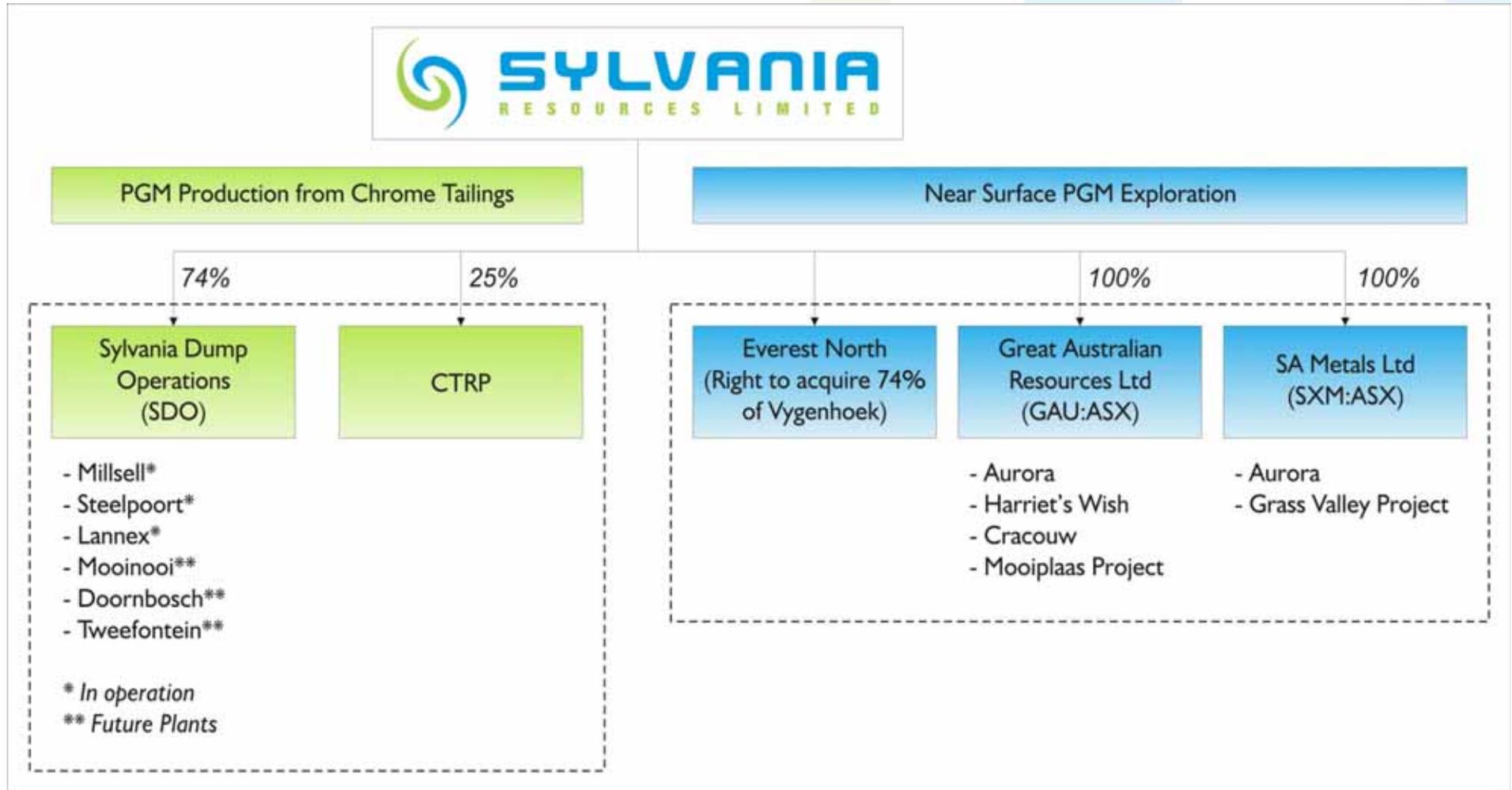
## 3. People

- Relevant experience with track record in value creation

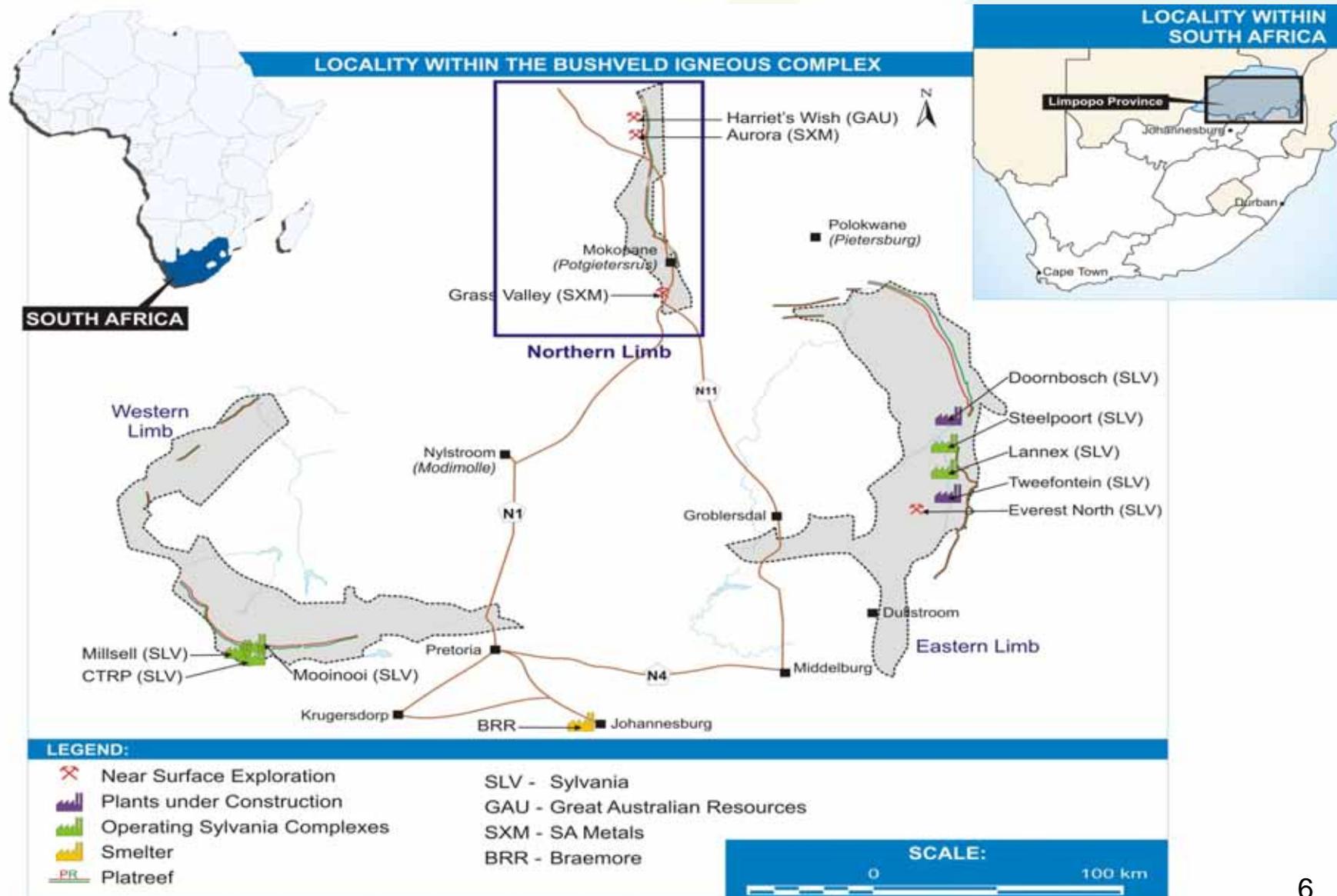
## 4. Sector

- PGM market fundamentals are positive

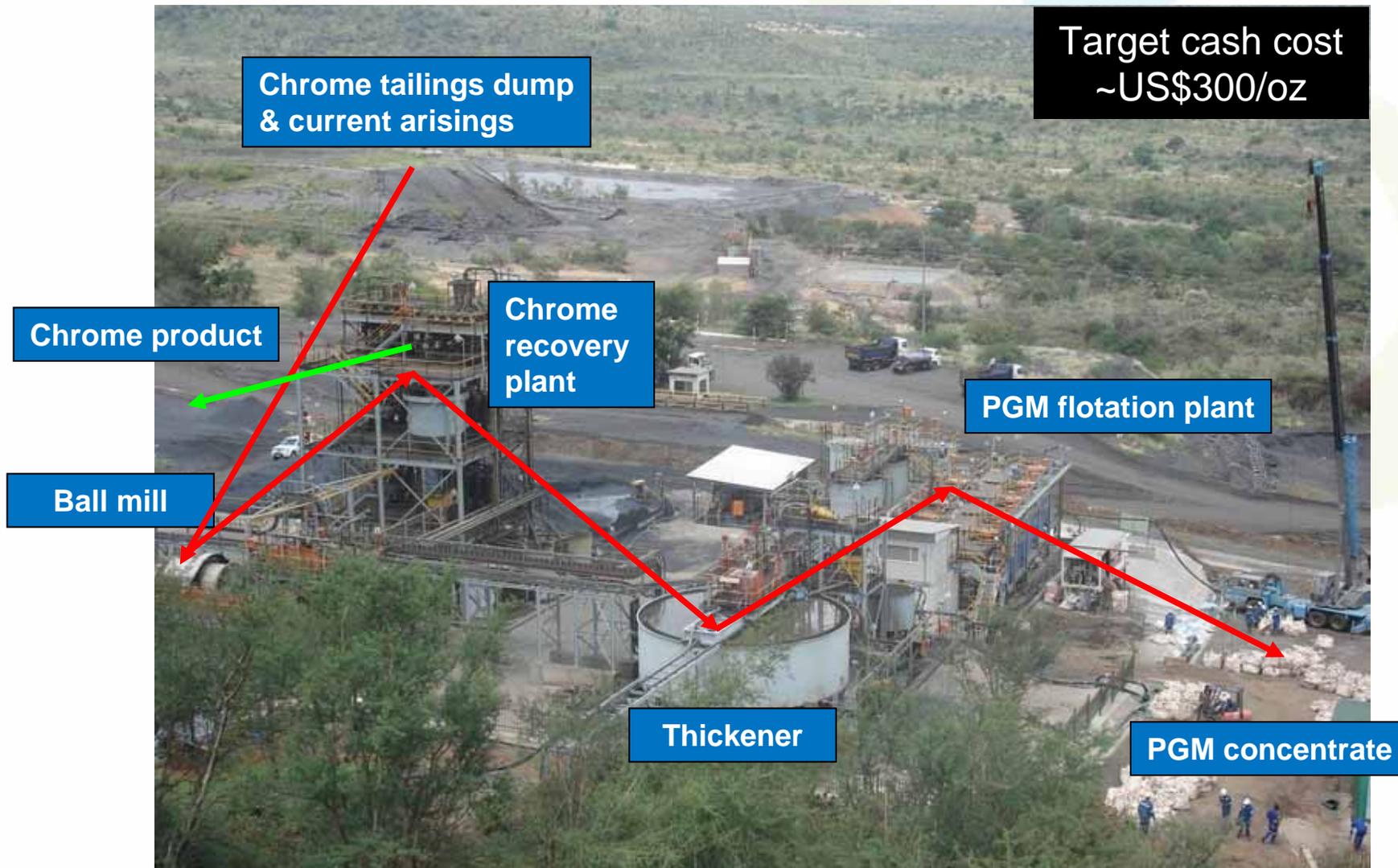
# Sylvania Business Model and Structure



# Location – in the Heart of PGM Country

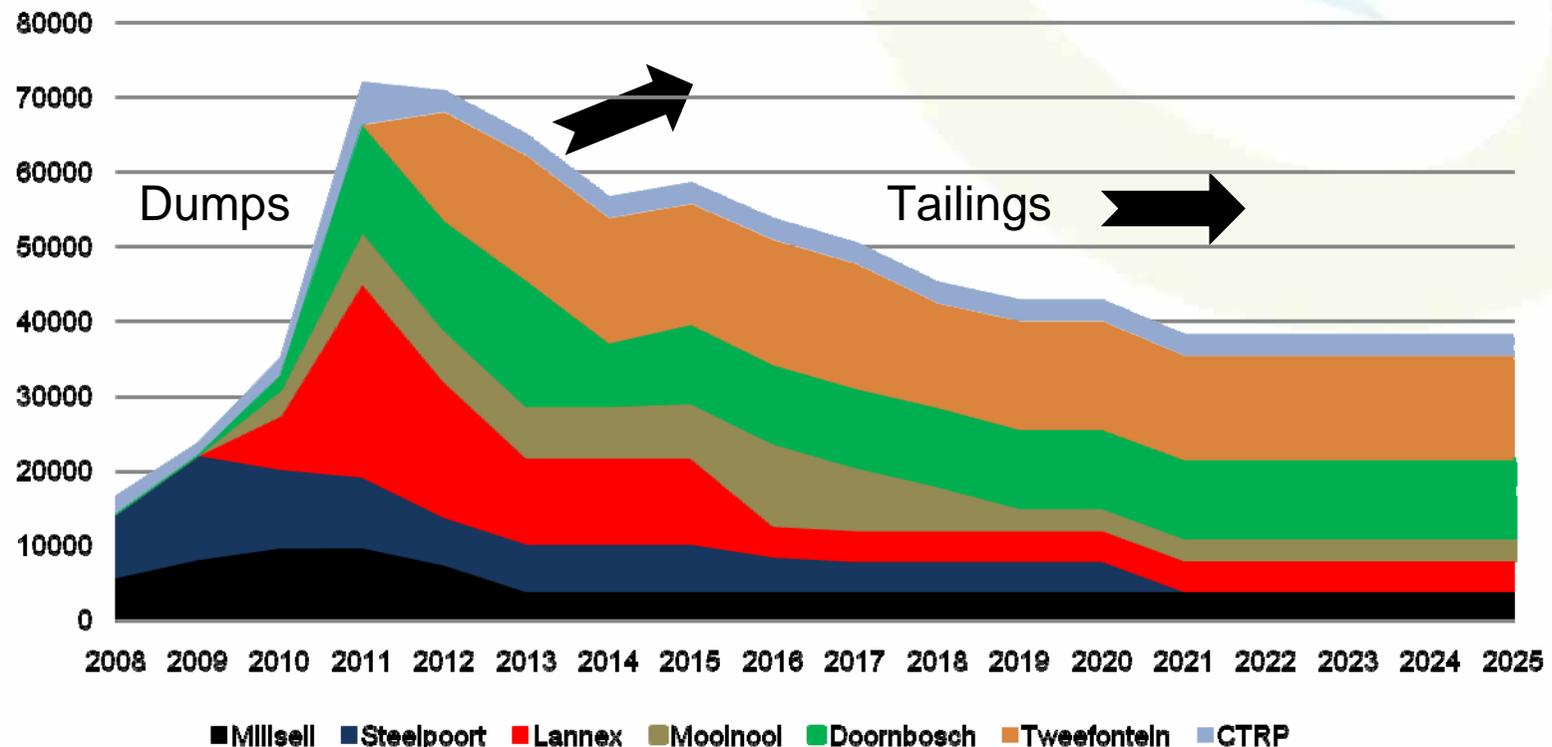


# Low Risk Surface Operation



# PGM Growth from Tailings Retreatment

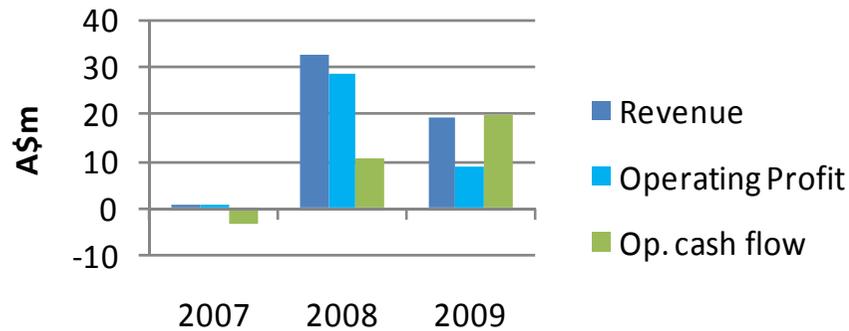
- Ramping up – 17koz (FY'08) → 24koz (FY'09) → 35koz (FY'10) → 72koz (FY'11)
- Dump → tailings dominated (linked to Samancor's fortunes)
- Challenge = growth beyond peak



# Track Record and Profitability

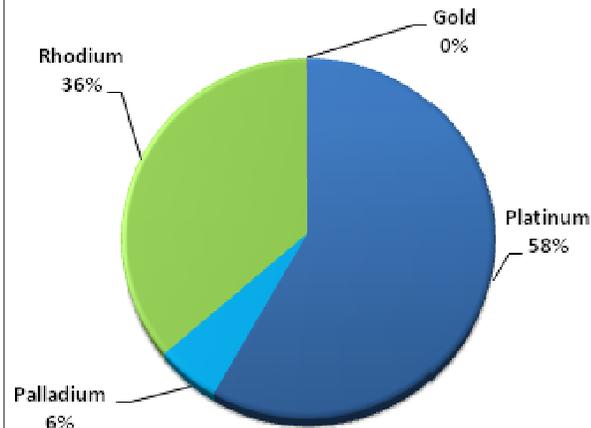


## Financial Performance

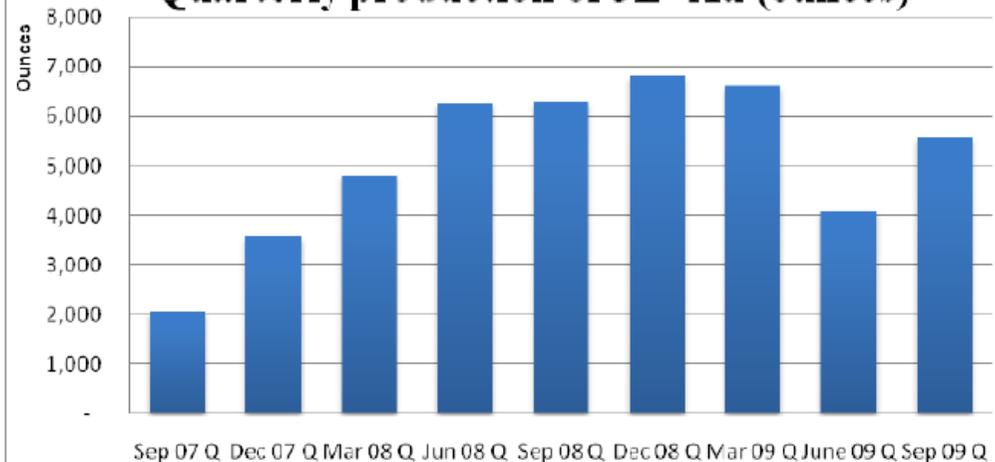


Fundamentals			
	FY2008	FY2009	% Change
Basket price (US\$/oz)	2,346	881	-62%
Net Basket price (US\$/oz)	1,903	659	-65%
Cash cost (US\$/oz)	349	321	-8%
Operating margin (%)	82%	51%	-38%

## SDO FY'09 PGM Basket Revenue Mix



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



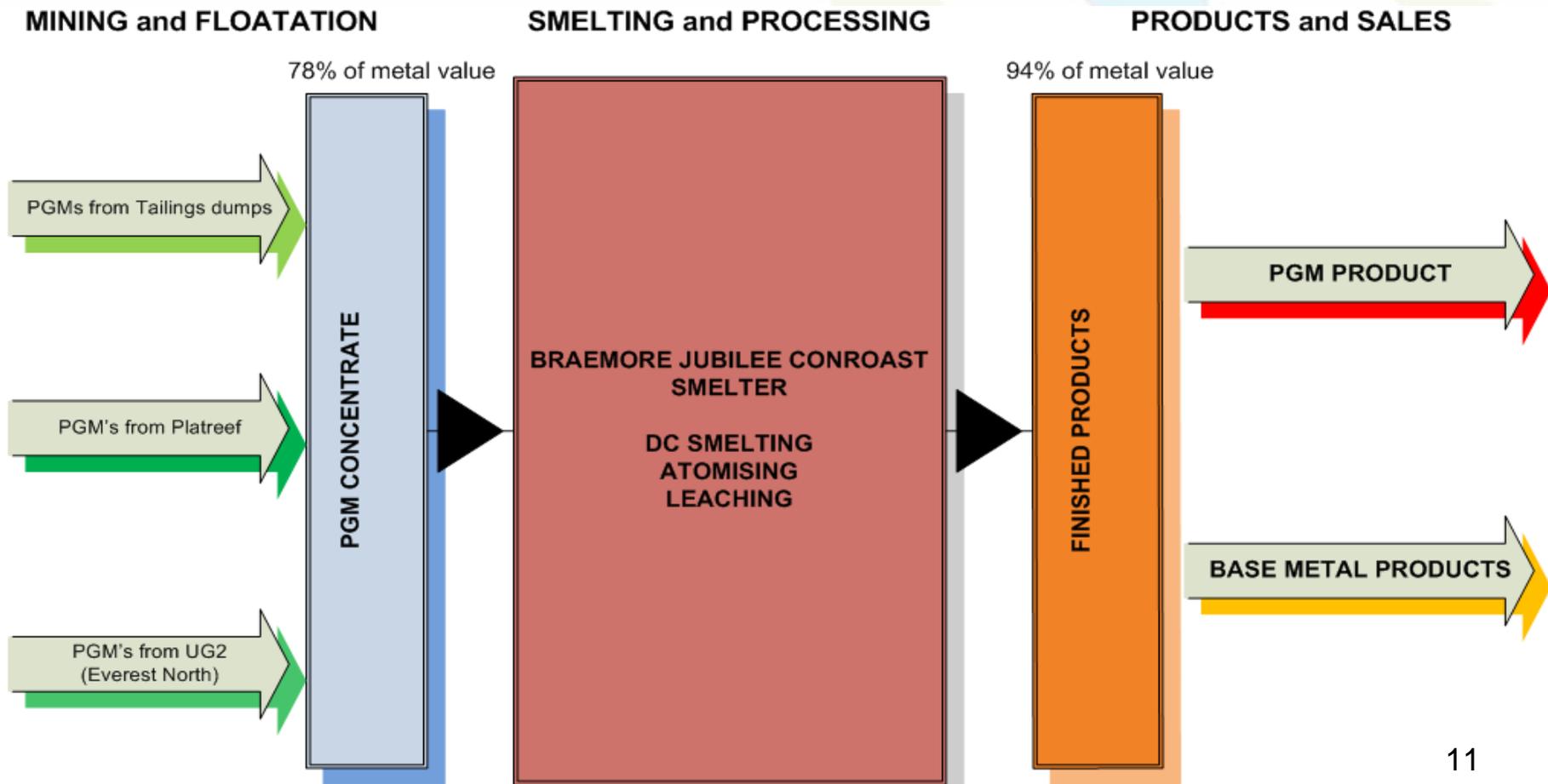
# Growth Focus



- 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



# Platreef Development Plan

- 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

# Platreef Development Plan



GrassValley <i>Development program</i>	2009		2010		2011		2012		2013		2014	
	Nov	Dec	Jan -Jun	July- Dec								
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

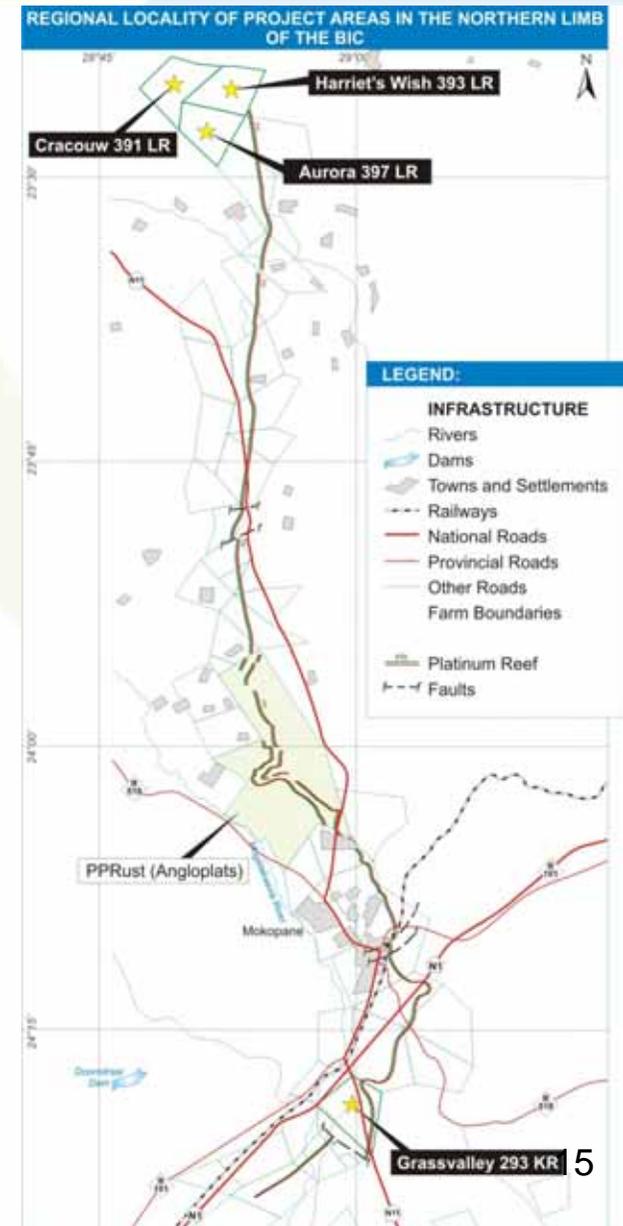


- Sylvania and Jubilee enter into strategic alliance to smelt Sylvania's platinum group metal concentrates from its tailings retreatment projects that are not tied into other contracts.
- This alliance offers a total solution for processing chrome tailings and Platreef deposits for PGM concentrate previously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



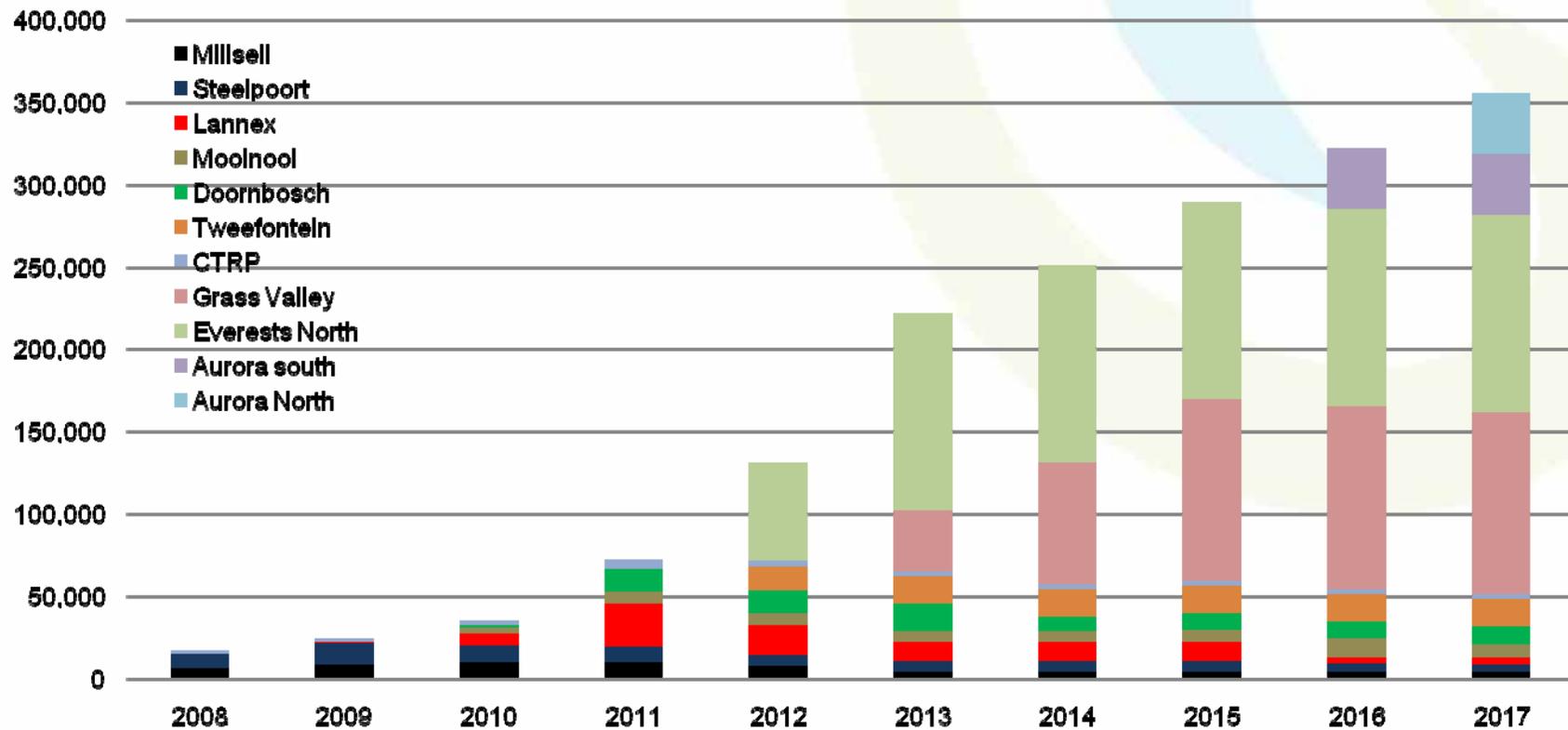
- Wide Mineralised Ore Zone (previously explored by SXM and Angloplats)
- Low strip ratio
- Low cost open pit mining
- Modular plants 100 000 tpm
- Phased roll-out of plants (8)
- Initial 3 plants at Grass Valley



# Sylvania – Growing into the Future



## Future Production – showing estimated Platreef 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

- 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.



- **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



UK and South Africa	Terry McConnachie Louis Carroll	+27 82 553 4256 +27 11 6731171
Australia	Richard Rossiter	+61 41 868 8338