# EVEREST NORTH PROJECT

IN THIS DOCUMENT


- Key Features
- Summary
- History
- Physiography
- Geological Setting
- Recent Exploration
- Adjacent Properties
- Quality Control And Assurance
- Key Environmental Aspects
- Mineral Resources Statement
- Conclusions


# INDEPENDENT TECHNICAL STATEMENT FOR THE EVEREST NORTH PROJECT as at 2nd December 2010

*Prepared in the format of a short form SAMREC compliant Technical Statement.*

*In recognition of the AIM note for mining and oil and gas companies of the London Stock Exchange.*

## KEY FEATURES

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| Competent Person: | Mr. Andy Clay, M.Sc.(Geol), M.Sc.(Min. Eng.), Dip.Bus.M., Pr.Sci.Nat., MSAIMM, FAusIMM, FGSSA, IOD, AAPG, CIMMP, Managing Director - Venmyn. |
| Key Technical Personnel: | Mr. Khalid Patel, BSc. Hons (Geog and Environmental Science), MIAIA.<br>Ms. Mpai Motloung, B.Sc. Hons (Geol.), MGSSA, ASAIMM. |
| Effective Date: | 2nd December 2010. |
| Prepared For: | Sylvania Resources Limited. |
| Purpose: | This independent technical statement (statement) was prepared in order to present the prospectivity and indicative mineral resource estimates for the Everest North Project of Sylvania. This serves as a technical basis for the appraisal of Sylvania's mineral assets. |
| Sources of Information: | Information was supplied to Venmyn by Sylvania and includes legal, corporate and exploration results in the form of a Competent Person's Report by Rock and Stock Investment (Pty) Ltd (Rock and Stock), which included geochemical sampling data, geological modeling and geological mapping and QA/QC for exploration methods employed in this particular project. The report was based on exploration work commenced on Everest North as well as instructions from the adjacent property's historical exploration programme. |
| Personal Inspection: | A visit to the Everest North Project area was undertaken on the 3rd August 2009 by the project team representatives Messrs Andy Clay, and Khalid Patel. |
| General Location: | The Everest North Project is situated in the Eastern Limb of the BIC. It lies approximately midway between the towns of Roosenekal and Lydenburg in the Lydenburg Magisterial District of the Mpumalanga Province, South Africa. |
| Licence Status: | Everest North has a new-order prospecting right no. MP30/5/1/2/2/1034PR issued to Aquarius Platinum SA (Pty) Ltd (AQPSA) on the farm Vygenhoek 10JT over what was previously known as “Mineral Area 2”. This area includes Portions 3 and 7 of the above mentioned farm. This prospecting right, valid from 26th November 2006 to 22nd November 2008, was extended until 7th December 2012, and gives the holder the right to prospect for PGE's and associated minerals. A legal agreement between AQPSA and Sylvania gave Sylvania the right to carry out exploration and the option to apply for the mining right to this property, to be ceded to Sylvania once potential for eventual economic extraction has been demonstrated. |
| Climate: | The Everest North Project area typically experiences maximum temperatures up to 39˚C in summer with minimums of -8˚C in winter, with an average of 15˚C. The higher altitude areas of the province have average summer rainfall ranges of 700-1,500mm per year. Rain falls predominantly in the summer season (November-March). |
| Infrastructure and Accessability: | Access to Everest North is via the Roosenekal-Lydenburg tarred road located approximately 15km south of the project area. Another access road is a secondary road off the Roosenekal-Lydenburg Road, turning off at Boschfontein. This road is tarred for 3km up to the turnoff to Everest South Mine. The rest is an all-weather dirt road. |
| Geological Setting and Deposit Type: | The BIC is the world's largest layered igneous intrusion; hosting an estimated 80% of the world's PGE's and substantial base metal deposits. It was intruded into Transvaal Supergroup rocks ca. 2,060Ma, largely along an unconformity between the Magaliesberg quartzite of the Pretoria Group and the overlying Rooiberg felsites. The BIC in its entirety covers an area of approximately 66,000km2 and is subdivided into Northern, Eastern and Western limbs. The mineralisation of interest in this area is primarily hosted by the Merensky Reef and UG2 Reef, although the Merensky Reef tends to be absent or poorly developed in some areas due to weathering of the Upper Critical Zone. The two reefs are hosted within the Critical Zone of the Rustenburg Layered suite. The primary target for this project is the UG2 Reef. |

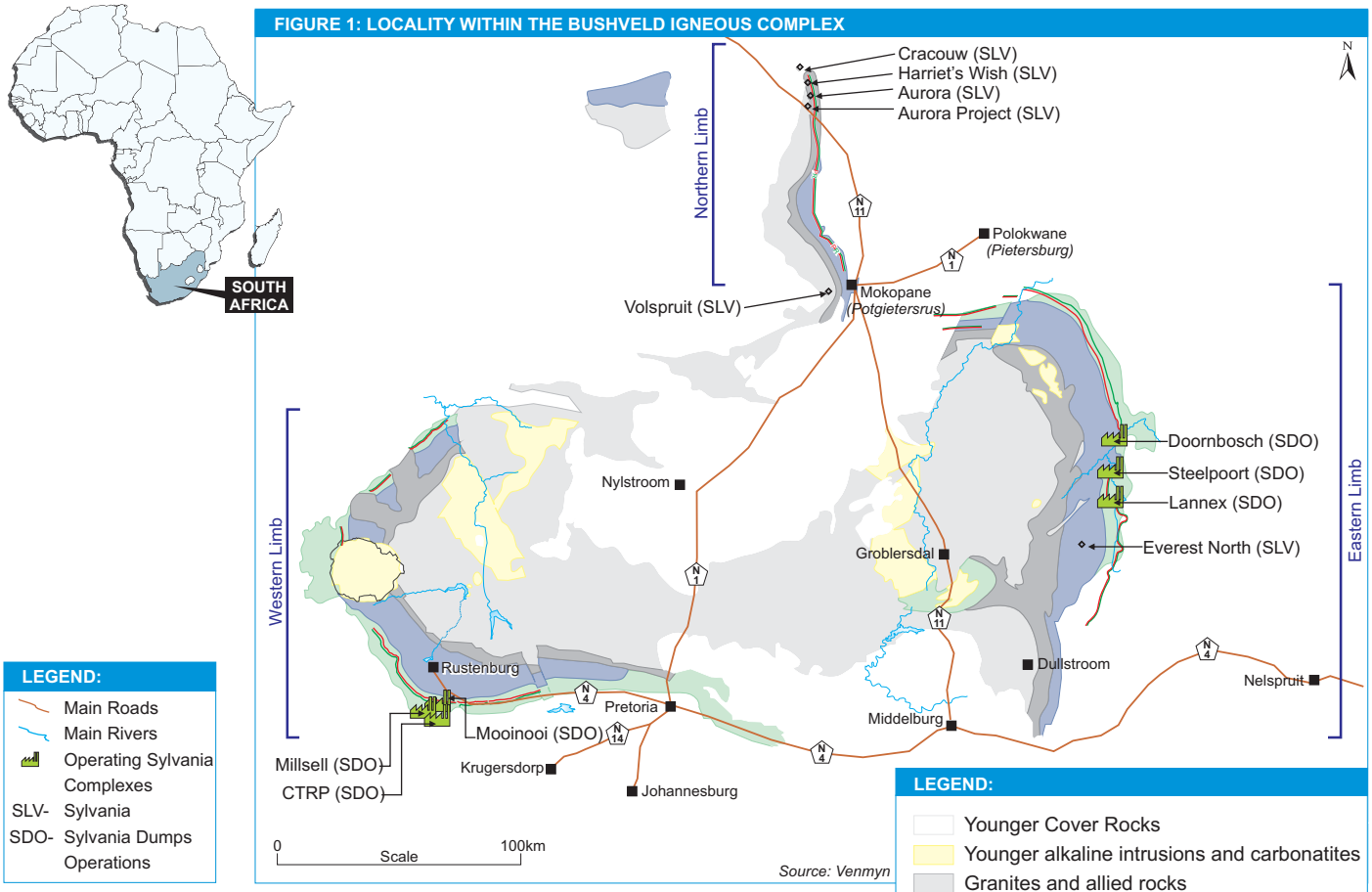
## SUMMARY


This statement reviews Sylvania's interest of 74% in the Everest North Project in the Eastern Limb of the BIC, as shown in Figure 1. The Eastern Limb of the BIC already has a number of prominent PGE mines, in the vicinity of the Everest North project. The primary economic horizons are the Merensky Reef and the UG2 Reef, of which the latter is of commercial interest. Sylvania has secured access to the Everest North Project, subject to the fulfilment of certain terms of its agreement with the mineral rights owners AQPSA. This technical statement identifies the technical criteria of the Everest North Project.

Historical exploration on this area dates back to the 1920's and culminated with Genmin's (previously General Mining Corporation, the owner of the old order right at the time) exploration programme in the 1990's, which extended onto the adjacent farm Mareesburg 8JT. The mineral rights to the farm Vygenhoek 10 JT were ceded to AQPSA in 2000. AQPSA only received a new order prospecting right, on conversion of their existing old order prospecting right, on 26th November 2006. It was extended and will expire on 7th December 2012, but will be open for renewal.

AQPSA entered into a legal agreement with Sylvania in 2005, in which Sylvania was appointed the contractor to carry out all the prospecting on the farm Vygenhoek 10 JT, subject to certain conditions. One of the conditions was that, should positive results be yielded from the exploration programme indicating that the prospect can be mined economically, Sylvania could elect to mine on the prospect. In addition, should Sylvania elect to mine the prospect, then AQPSA is obliged to appoint Sylvania as its agent to apply for a mining right for the property.

FIGURE 1: LOCALITY WITHIN THE BUSHVELD IGNEOUS COMPLEX




On 20th May 2009 Sylvania applied to the DME for a new order mining right. AQPSA has subsequently advised Sylvania that it is of the opinion that the prospect could not be economically mined. The matter is now under dispute and in terms of the agreement it has been referred to arbitration. Sylvania and AQPSA are currently engaged in a process to resolve the issue to their mutual satisfaction, and the arbitration is suspended.

An additional exploration programme was carried out by Rock and Stock on behalf of Sylvania and was completed in March 2008. This exploration programme consisted of 21 diamond bore holes together with assays of 779 samples. Both historical and recent exploration confirm the geology and structure of the orebody across the farms Mareesburg 8JT and Vygenhoek 10JT, which is thought to be a roughly oval-shaped erosional remnant of the three adjacent hills, with an E-W axis of 2.5km and a width of 1.9km. The recent and historical exploration data was the basis for the mineral resource estimate made by Rock and Stock on 25th March 2008, which declared a Measured Resource of 5,08mt of ore at a grade of 4.7g/t 4 PGE, over a width of 1.72m.

## HISTORY

The earliest exploration in the vicinity of Everest North took place in the 1920's and concentrated on tracing the extent of the Merensky Reef. In 1977, the University of Pretoria undertook a detailed mapping exercise which formed the basis of the published 1:250,000 geological map sheet for the area.

In 1990, Genmin carried out exploration activities in the farms Vygenhoek 10JT as well as the adjacent Mareesburg 8JT to investigate the UG2 Reef. During 2000, the prospecting rights on the farm Vygenhoek 10 JT were ceded to AQPSA by Implats. Other than reconnaissance visits and limited field mapping, no further exploration work has been carried out by AQPSA on the property.

As part of their exploration programme on the farms Mareesburg 8JT and Vygenhoek 10 JT, Genmin drilled a total of 15 boreholes. Only three of the 15 boreholes were drilled on the farm Vygenhoek 10 JT and they all intersected the UG2 at different depths. In addition, three short deflections were drilled from 10 holes. This provided 53 intersections of the UG2 Reef, of which 35 were assayed. This data revealed a UG2 outlier with the dimensions 2.8km east-west by 1.5km north-south. Genmin interpreted the outlier to consist of a gentle syncline and the axis plunges at 3˚ to the west. The flanks of the structure dip 10-16˚E.

The drilling also revealed that the UG2 consisted of a main seam that grades 8.31g/t over 0.66m and a leader seam grading at 2.85g/t over 0.63m. In all but two intersections, there was a waste parting between the two seams, generally less than 2m thick, except at one intersection which gave a thickness of 7.25m. Based on this information, Genmin declared a Measured Resource for the entire outlier (Mareesburg 8JT and Vygenhoek 10 JT) of 17Mt at 5.68g/t 4PGE over 1.28m (3.1Moz) for the entire UG2 resource, at an average depth of approximately 240m. (This was prior to the SAMREC Code).

TABLE 1: HISTORICAL MINERAL RESOURCE ESTIMATE FOR THE EVEREST NORTH PROJECT

| DATE | COMPANY | FARM | RESOURCE CATEGORY | 4E (g/t) (Pt+Pd+Rh+ Au) | CHANNEL WIDTH (m) | SG (g/cm³) | TONNAGE ('000t) | CONTENT ('000oz) |
|---|---|---|---|---|---|---|---|---|
| 1990 | Genmin | Vygenhoek 10JT & Mareesburg 8JT | Measured | 5.68 | 1.28 | N/A | 17,000 | 3,380 |
| 2004 | Aquarius Platinum | Vygenhoek 10JT | Estimated | 5.74 | 2.85 | N/A | 4,002 | 804 |
| 2006 | Eastplats | Mareesburg 8JT | Indicated | 4.80 | N/A | 3.70 | 11,290 | 1,897 |

A reconnaissance visit was carried out in 1998 as part of AQPSA's exploration programme, followed by detailed surface mapping carried out in 2000. In October 2004, an unpublished 'estimated' resource was quoted by AQPSA in an internal document, as shown in Table 1. In BIC terms, the project is relatively small, but the fact that it is adjacent to Eastern Platinum Limited (Eastplats) property and is strategically located in strike position, makes it a useful property to be combined with a bigger enterprise. It is however viable as a stand alone operation. East Plats acquired historical data from the adjacent farm Mereesburg 8JT as part of their exploration. This included data from 12 drillholes from Genmin's exploration programme and seven holes drilled by Samancor. MSA Geoservices (MSA) was engaged by Lion's Head, in joint venture with Eastern Plats, to prepare a geological and quality control report.

MSA's exploration programme was limited to diamond drilling, limited mapping and trenching as well as 10kg samples taken for metallurgical testing. The drilling programme comprised 37 vertical diamond drill holes with an additional five geotechnical holes. MSA was able to confirm Genmin's original geological model. This exploration programme culminated in a prefeasibility study carried out by SRK Consulting on Mareesburg 8JT Farm in June 2006. The study quoted an Indicated Mineral Resource of 11.3Mt at a grade of 4.8g/t 4PGE (1.74Moz) or half of the previous estimate. Exploration activities at Mareesburg 8JT revealed a continuous orebody extending from the Mareesburg 8JT to Vygenhoek 10JT. Table 1 summarises the historical mineral resource estimates for the Everest North Project.

## PHYSIOGRAPHY

The Everest North Project is characterised by three parallel, linear geographic features:-

- the Groot Dwars River, which rises 21km to the south in the Steenkampsberg. Local relief along this valley is up to 600m, with high points ranging from 1,600m to 2,000m;
- a bench area, located 4km east of the river, which is a subdued valley at elevations of 1,400m to 1,700m. It is drained by unnamed tributaries to the main river. Most of the agricultural activity between the Steenkampsberg and Groot Dwars River occurs along this feature; and
- the Steenkampsberg, which is located 7km east of the Groot Dwars River, with peaks at elevations of 1,900m to 2,300m.

The project area underlies the Groot Dwars River valley and hills between the valley and bench area. The topography of the site is defined by a river, a tributary to the Groot Dwars River, running north north-east, creating a topographical low with associated higher altitude hills to the east and west of the river. The surface elevation varies between 1,280mamsl in the north of the project area to 1,480mamsl to the south.

The main land use in the area is agriculture, ranging from extensive cattle ranching, sheep ranching, pig farming, wattle plantations and various agricultural crops. There is a limited amount of natural vegetation, consisting of indigenous trees, grasses, shrubs and flowering plants on the rocky areas of the site. The indigenous grassland is classified as North-Eastern Mountain Grassland and falls within the grassland biome and is typical of the grassland of the mountains and plateau.

The climate in the project area has maximum temperatures reaching 39˚C in the summer and minimums that reach -8˚C in the winter, with an average of 15˚C. The higher altitudinal areas of the province have average summer rainfall of 700-1,500mm per year. Rain falls predominantly in the summer season (November-March).

## GEOLOGICAL SETTING

The property under review is set within the 2,060Ma Eastern Limb of the BIC, which, like its Northern and Western counterparts, is subdivided into the lower Rooiberg Group, followed by the Rustenburg Layered Suite, overlain by the Rashoop Granophyre Suite and capped by the Lebowa Granite Suite. The mineralisation is hosted in the UG2 and Merensky reefs, found in the Upper Critical Zone of the Rustenburg Layered Suite. The Critical Zone in the Eastern Limb is developed over about 150km of strike in three areas separated by two down faulted blocks.

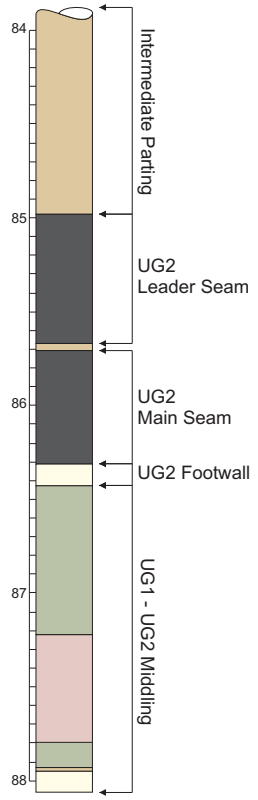
The Merensky and UG2 reefs are enriched with varying grades of PGE's, gold, nickel, copper, vanadium, titanium, magnetite and chromite. The Merensky Reef occurs stratigraphically higher than the UG2 Reef and is relatively more PGE enriched. The UG2 Reef commonly consists of the Leader Chromitite seams and an underlying Main Chromitite seam. The Leader seams, of which there are normally two or three, are thin, measuring from 5 to 15cm thick separated from the underlying Main Seam by similar widths of pyroxenite. The Main Seam is a more massive chromitite seam, measuring approximately 30cm to 80cm.

The principal target of the Everest North Project of Sylvania is the UG2 Reef. The depositional model of the UG2 Reef of Everest North is thought to be synclinal structures in the floor rocks in which mineralization has "ponded". The Merensky Reef is not present in the prospecting area, having been removed by extensive weathering.

## RECENT EXPLORATION

In 2006, Sylvania contracted Rock and Stock to conduct and manage the exploration programme on the farm Vygenhoek 10 JT. This was planned to consist of a drilling programme on an approximate grid of 250m x 250m, trenching, as well as limited surface mapping. In total, 21 holes were completed with 62 reef intersections for a total of 2,635m drilled. Of the 62 intersections, 45 were sampled and a total of 779 samples were taken across the mineralised portions of the drill hole intersections.

FIGURE 2: STRATIGRAPHY FOR EVEREST NORTH



## FIGURE 3: LOCALITY OF THE EVEREST NORTH PROJECT ON THE EASTERN LIMB OF THE BIC

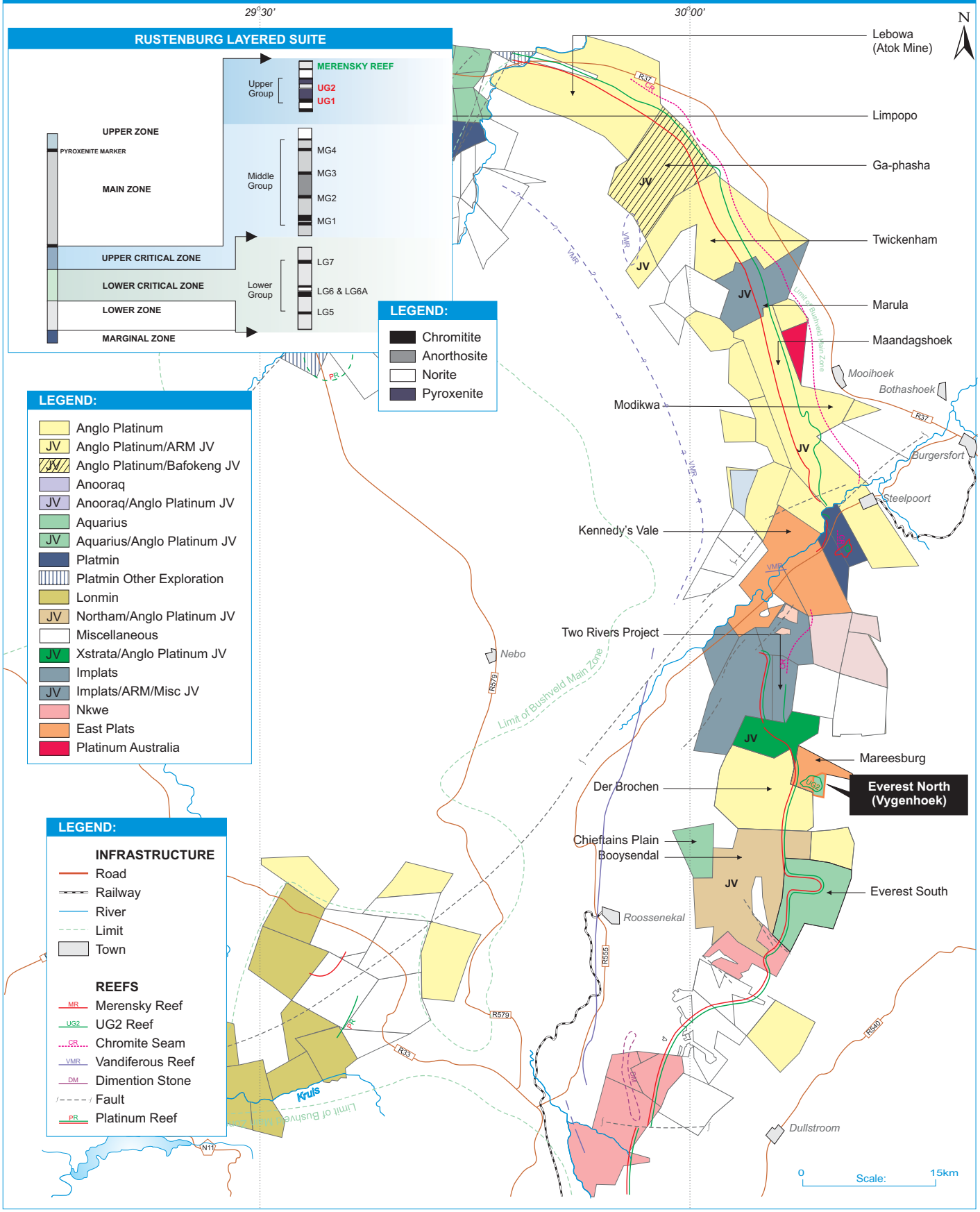
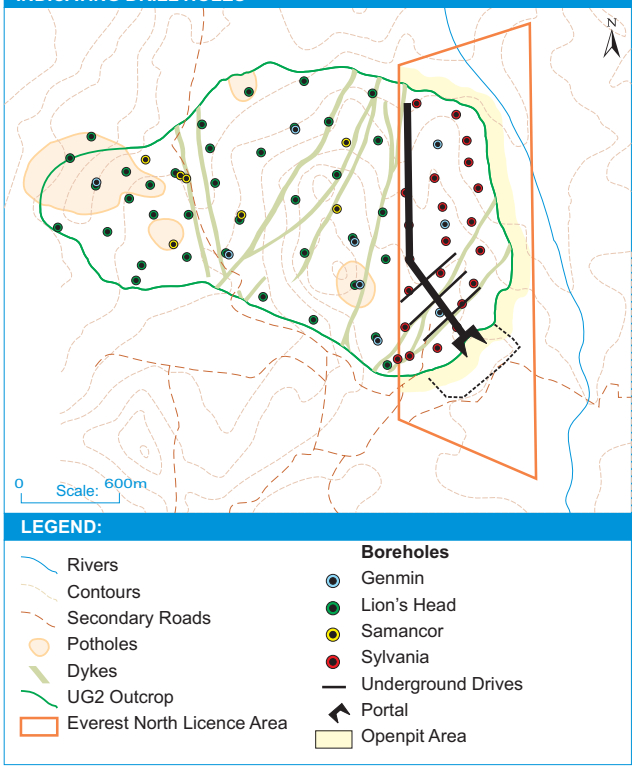


**FIGURE 4: UG2 OUTCROP ACROSS THE ENTIRE RESOURCE INDICATING DRILL HOLES**




The attached map summarises the findings of the mapping exercise. Three dolerite dykes were found to cross the UG2 Reef, with their thickness varying from 0.5m to 12macross the outcrop. The dykes strike between 32˚E and 40˚W, with a dip of 72˚N to 90˚N.

## QUALITY CONTROL AND ASSURANCE (QA/QC)

### Drilling

QA/QC on the data generated from historical drilling programmes was carried out by means of validation in SABLE software by Rock and Stock. This was done to check inconsistencies and irregularities such as gaps in borehole logs, overlaps, mismatched sample values and sample bias.

For the two sets of data (i.e. Genmin/Aquarius and Lion's Head/Easternplats), the following conclusions were made:-

- the Genmin/Aquarius data was found to be of good quality and deemed appropriate for mineral resource estimation;
- the field data from the same data set was found to be trustworthy with a limited amount of variance;
- in the Lion's Head/Eastplats exploration data, all drill holes interpreted as potholed reef intersections were excluded from the mineral resource estimation process;
- no collar positions for the geotechnical drillholes were obtained and subsequently, the holes could not be used for structural interpretation purposes; and
- exploration data was considered to be of a good standard and were used in mineral resource estimation, by Rock and Stock.

Recent drilling data from Sylvania's exploration programme was logged and sampled using the drill hole logging and sampling procedure as stipulated by Rock and Stock.

This procedure included:-

- the checking of all metres drilled and marked by the drilling company;
- verifying the metres across intersections;
- checking the metres marked against stick-up positions; and
- checking that all metres are metre lengths.

The logging of the drill holes was carried out by a geologist on hand-written logs and these were then entered into the SABLE™ database. No down hole surveys were carried out since all holes were less than 400m deep, (a depth which Rock and Stock considered a 'trigger' depth for down hole surveys) and were drilled vertically. Assay data returned from the laboratories in electronic format was directly imported into SABLE™ for validation. More than 60% of the drill holes were audited by a principal geologist from Rock and Stock. All collar positions were surveyed by a registered mine surveyor. Every box of drillhole core recovered from the drilling programme was photographed and stored in electronic format.

### Sampling

Rock and Stock followed a rigid sampling protocol, consisting of 12 check points, to ensure compliance with the SAMREC Code. Blank and standard samples were inserted randomly within the sampling schedule during sampling by the field geologist.

A total of 47 standard samples were submitted with the batches of cored samples. The control charts showed that the PGE elements plotted within the control limits. About 57% of the standards submitted returned values higher than the mean plus two. This bias was attributed to inter-laboratory variance and not instrument calibration. Rock and Stock did not consider that this had any influence on the integrity of the sampling database.

The blanks used during the sampling programme were made up of Magaliesburg Quartzite, taken just north of the Hartebeespoort Dam. A total of 50 blank samples were submitted with the batches of samples. No blank sample returned values higher than 0.12g/t 4PGE as anticipitated.

Field duplicates are not used for BIC sampling as the nugget effect is too pronounced with respect to PGE mineralisation, therefore samples and duplicates may have a variance of 50% in PGE tenor. A total of 44 of the returned sample pulps from the primary laboratory (Genalysis) were submitted to another laboratory (Setpoint Laboratories) for verification. All assay values returned from the primary lab have been accepted as an accurate reflection of the mineralisation. Results were acceptable for the proper resource statement to be carried out.

### Assaying

Both the primary (Genalysis) and the secondary (Setpoint) laboratories have in-house QA/QC checks which were performed on the samples submitted to them. These in-house checks were used to test their procedures, contamination, accuracy and precision. This was carried out through the use of standards and blanks.

## KEY ENVIRONMENTRAL ASPECTS

An Environmental Scoping Study was carried out on the Everest North Project by Scientific Aquatic Services CC and completed in July 2009. This study included public involvement from 2006/7 and other specialist scoping studies to determine the potential environmental impacts of the project and further specialist studies that might be required in more evolved stages of development of the project.

The key environmental issues highlighted in this report were as follows:-

- loss of soil resource through sterilisation, erosion and contamination;
- negative impact on the land capability (currently mostly for agriculture);
- negative impacts on land use:-
  - road disturbance and traffic;
  - disturbance of existing land uses; and
  - damage from blasting.
  - loss of natural vegetation;
  - loss of naturally occurring animals;
- negative impacts to surface water:-
  - altering drainage patterns; and
  - contamination of surface water.
- negative impacts to ground water:-
  - reducing ground water levels and availability; and
  - contamination of groundwater.
- reduction of air quality due to pollution from emissions
- increase in disturbance noise levels;
- loss of heritage resources;
- negative visual impacts; and
- socio-economic impacts (positive and negative).

Details of these potential impacts were provided in the Everest North Environmental Statement, but none were considered to be fatal flaws that would prevent mine development.

## CURRENT MINERAL RESOURCE STATEMENT

Mineral Resources were estimated by Rock and Stock as at 25th March 2008, based mainly on their exploration programme which included 21 boreholes and historical exploration carried out by Genmin and Eastplats. The classification was based on the following assumptions and factors:-

- the known continuity of the UG2 within the Eastern Limb of the BIC, with special attention to Aquarius' Everest South mine;
- the distribution and quantity of the data in terms of the drill hole locality and density;
- the quality of historical as well as current data within the drill hole database as well as the interpretation of the reef horizons;
- the accuracy and reproducibility of the assay data;
- the examination of confidence in the location of any discontinuities that may disrupt the reef;
- confidence in the knowledge of the character and abundance of features such as potholes and IRUPS (Iron Rich Ultramafic Pegmatites);
- no allowance was made for additional hangingwall dilution, this should form part of the mineral reserve estimation in future; and
- the actual thickness of the dykes is unknown at this point. The data allowed for a 20m thickness to be assigned for modelling purposes.

The mineral resource estimates are provided in the table below, which shows the Measured Resource category with a total tonnage of 5,08kt at a grade of 4.7g/t 4PGE over 1.72m.

**TABLE 2: PGE RESOURCE ESTIMATE FOR EVEREST NORTH PROJECT - ROCK AND STOCK (25th MARCH 2008)**

| CATEGORY | AREA ($m^2$) | 4PGE (g/t) (Pt+Pd+Rh+Au) | CHANNEL WIDTH (m) | SG ($g/cm^3$) | TONNAGE ('000t) | CONTENT ('000oz) |
|---|---|---|---|---|---|---|
| Measured Resources | 799,578 | 4.74 | 1.72 | 3.70 | 5,080 | 773 |

This Mineral Resource was not considered to have changed since no further drilling or modelling had been undertaken since its declaration. It should be noted that no cut-off was applied to the in situ Mineral Resource and a 0.0g/t cut-off must be assumed. Whilst this may not materially affect the quality and quantity as stated, it should be considered in any future estimates.

### Mine Planning and Scheduling

Mine planning and scheduling work was originally carried out by Sylvania on behalf of AQPSA in terms of a Mining Work Programme dated September 2008. This work, in Venmyn's opinion does not constitute a definitive feasibility study but is sufficient to support a preliminary assessment.

## CONCLUSION

Based on the information contained in this Technical Statement as well as a preliminary assessment conducted by Venmyn (not presented here), it can be concluded that Everest North demonstrates potential for eventual economic extraction of PGE's. While it has been shown that Everest North is a viable small mining operation in Venmyn's opinion, it could be used to create a larger economic entity with surrounding ground holders.