

VOLSPRUIT 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 VOLSPRUIT 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

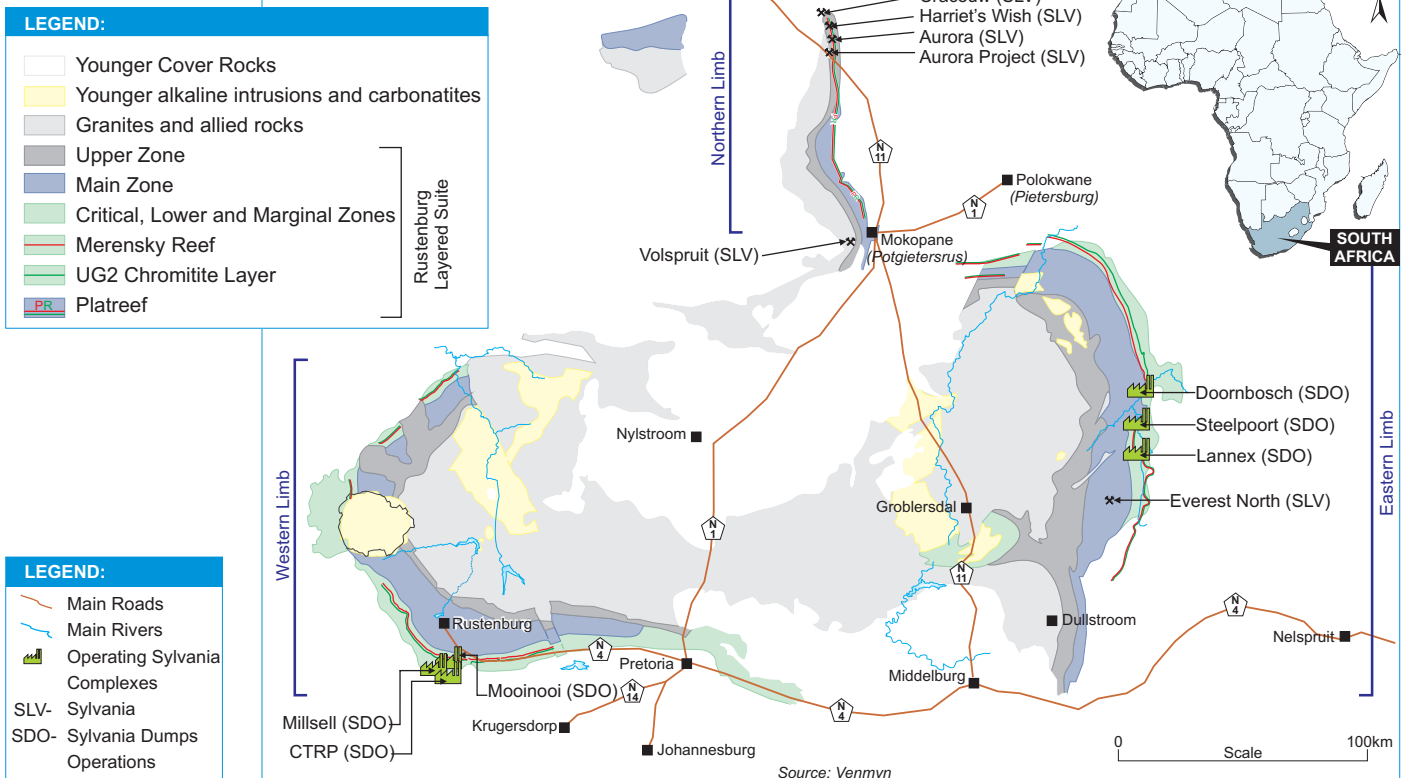
Competent Person:	Mr. Andy Clay, M.Sc.(Geol), M.Sc.(Min. Eng.), Dip.Bus.M., Pr.Sci.Nat., MSAIMM, FAusIMM, FGSSA, IOD, AAPG, CIMMP, Managing Director-Venmyn.
Key Technical Personnel:	Ms. Mpai Motloung, B.Sc.Hons (Geol.), MGSSA, ASAIMM. Mr. Khalid Patel, BSc. Hons (Geog and Environmental Science), MIAIA Mr. Richard Tayelor, B.Sc. Hons (Geol.), MGSSA.
Effective Date:	2 nd 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 Volspruit Project, previously owned by Pan Palladium SA (Pty) Ltd (PPD). Sylvania has recently acquired the holding company for PPD, SA Metals. This statement forms part of the overall appraisal of Sylvania's mineral assets. This statement has been based upon the company's recent exploration work and which includes drilling, assaying, geological interpretation and deposit modelling, geophysics, mine planning and design, geotechnical drilling and metallurgical testwork.
Sources of information:	Recent documentation used in this statement include the Definitive Feasibility Study (DFS) documentation coordinated by Integrated Geological Solutions (Pty) Ltd (IGS), which includes a geological and resource estimation report by IGS dated June 2010, an independent mineral resources statement by MSA Group dated July 2010, an Open Pit Mining Study by SRK, dated October 2010 a platinum concentrator design study by MDM Engineering dated September 2010 and a metallurgical testwork report by Mintek, dated October 2010. Additional original information included a Pre-feasibility study (PFS) by Minerals Corporation, completed in December 2004 for the entire Volspruit Project. The December 2004 PFS was based on a previous PFS by RSG Global in 2003, which included geochemical sampling data, 3D geological modeling and geological mapping.
Personal Inspection:	A visit to the Volspruit Project area was undertaken on the 3 rd August 2009 by the project team representatives Messrs. Andy Clay and Khalid Patel.
General Location:	The project is situated in the south of the Northern Limb of the Bushveld Igneous Complex (BIC) approximately 270km north of Johannesburg and approximately 15km south of the town of Mokopane.
Licence Status:	The Volspruit Project comprises primarily of the farm Volspruit 326 KR and a small portion of the adjacent farm Zoetveld 294 KR (Ptn 2), with a single prospecting licence number 111/2006. The licence was granted for a period of 5 years and will expire on 27 th February 2011. Volspruit is an unincorporated joint venture between Sylvania (through its acquisition of PPD) and Impala Platinum, which has a 25% economic interest. An application to renew this licence for 3 years will be lodged with the Department of Mineral Resources (DMR).
Climate:	The project area experiences very hot summers with temperatures ranging from a minimum of 16°C to a maximum of 36°C; afternoon thunderstorms are common. Temperatures in winter range from 3°C to 25°C.
Infrastructure and Accessibility:	The Volspruit Project is well appointed in close proximity to roads, rail and power infrastructure. The R101 national road to Mokgophong (previously Naboomspruit) and Polokwane and the north-south rail line are located on the northern side of the project area. The N11 national highway, runs south-easterly on the eastern side of the project area, while the N1 toll road passes the western boundary of the project area. The Nyl River flows west of the project area. The Volspruit Project is 40km downstream from the Nylsvlei SANZAR site.
Geological Setting and Deposit Type:	The BIC is the world's largest layered igneous intrusion, hosting an estimated 80% of the world's Platinum Group Elements (PGE) 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 66,000km ² and is subdivided in to the Northern, Eastern and Western limbs. The mineralisation in the northern limb is hosted by the platiniferous Platreef and Volspruit Reef. The former is at the base of the Main Zone/Upper Critical Zone boundary and the latter is in the Lower Zone, unlike the Merensky Reef and the UG2 Reef in the Western and Eastern Limbs which is hosted within the Critical Zone.

SUMMARY

This statement provides a technical review of the Volspruit located in the Northern Limb of the BIC (Figure 1). The Volspruit Project consists of two farms namely Volspruit 326 KR and a portion of Zoetveld 294 KR. PPD entered into an agreement with Impala Platinum on this project, in terms of which Impala has the right of refusal to contribute 25% of capital for the DFS, and earn 25% equity of the project.

The primary economic horizons in the Northern Limb are the Platreef in the north and the Volspruit Reef in the south. These reefs contain lower grades of PGE and associated metals when compared to the traditional Merensky and UG2 reefs in the Eastern and Western Limbs of the BIC but with important base metals. Structurally, the project area consists of a major horst block bounded by north-northwest faults and younger faults trending in a north-westerly direction. The exploration target is the Volspruit Reef, hosted in the Upper Volspruit Pyroxenite Unit of the Lower Zone in the Rustenburg Layered Suite.

FIGURE 1: LOCALITY WITHIN THE BUSHVELD IGNEOUS COMPLEX



The deposit forms two distinct orebodies, which have been named the North and South deposits. Over the past few months, Sylvania has undertaken a feasibility study that has evaluated the project development technical and economic engineering. At this stage, only the North Deposit has been modelled. Whilst a relatively low grade (50g/t) concentrate is generated opportunities to blend with other producers has been evaluated. Sylvania intends developing a Definitive Feasibility study as a consequence of this work. Several studies have been carried out on the Volspruit Nickel Project as summarised below:-

- 2003 PFS by RSG Global;
- 2004 PFS by Minerals Corporation;
- 2010 DFS by IGS, including reports from Mintek, MDM, SRK and MSA Group.

A total of 249 boreholes were drilled during the pre-feasibility study by Minerals Corporation (2004) which declared an Indicated Mineral Resource of 71.2Mt at a 0.5% PGE cut-off and with an average grade of 1.23 g/t PGE+Au, 0.11% Ni and 0.03% Cu. A Probable Reserve of 27.75Mt at a planned headgrade of 1.40g/t PGE+Au, 0.114%Ni and 0.035%Cu was also calculated during this study. The preliminary mine planning and design resulted in two open pits exploiting the two deposits, the North and South Pits. The North Pit contained 66% of the mineable ore. It should be noted that whilst the original focus of work has been on the PGE's which are low grade, the combined nickel and copper base metal credits makes this project more comparable to lower grade nickel sulphide deposits around the world.

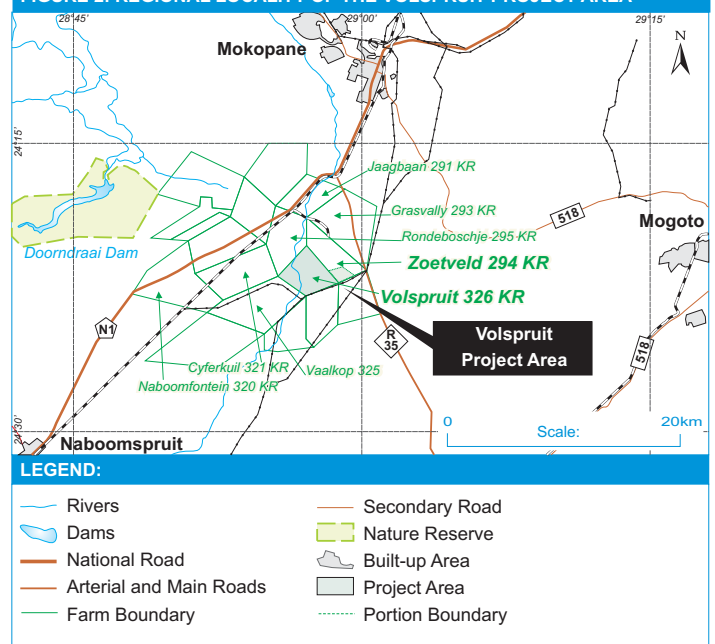
The recent drilling in the North Deposit has allowed for classification of Mineral Resources in the Measured category estimated to reach 31.6Mt at a grade of 1.28g/t 3E, 0.14% Ni and 0.04% Cu. In the Indicated Mineral Resources category, the tonnage is estimated at 18.5Mt at a grade of 1.17g/t 3E, 0.15% Ni and 0.04% Cu. Inferred Mineral Resources of 833 kt at 0.94g/t 3E, 0.18%Ni and 0.03% Cu. This mineral resources statement

is SAMREC and JORC compliant.

HISTORY

The earliest record of exploration for PGE's in the project area was by Hans Merensky in 1925. Rio Tinto reportedly conducted a soil sampling programme coupled with geological mapping, over the area which covers the contact between the BIC and the underlying meta-sediments as a possible target for mineralisation, the exact date of this activity is unknown.

FIGURE 2: REGIONAL LOCALITY OF THE VOLSPRUIT PROJECT AREA



A total of 3,193 soil samples were taken and submitted for analysis by atomic absorption spectrometry for Cu, Ni and Cr. Anomalous areas were identified, and a small trench (location unknown) was reportedly excavated over the highest Cr anomaly (approximately 5,000ppm). To test for depth integrity, 4 wagon drillholes were drilled over the same anomaly to overlap the trench site. The area drilled was reported to have been hampered by a considerable thickness of sandy soil and overburden, which may have been responsible for the poor surface results (450-1200ppm Cr). Drilling failed to intersect the contact of the BIC with the Transvaal rocks. No data or maps were available for this exploration campaign.

The Council for Geosciences carried out a regional geochemical soil sampling survey of the Nylstroom Sheet 2428 that covers the Volspruit

area, with a sample density of 1 sample/m². Hard copy maps for selected elements were constructed, but were not made available to Venmyn for the technical review. The latest record of exploration in the Volspruit Project area was that carried out by PPD.

PHYSIOGRAPHY AND INFRASTRUCTURE

The Volspruit Project lies at an average elevation of 1,100mamsl and the generally flat topography of the Nyl Valley reaches high points of 1,404mamsl and low points of 1,251mamsl. The vegetation in the region is classified as Waterberg Savannah which is an open tree savannah. Farmers in the area are involved in intensive pivot cultivation and game farming. The land is considered valuable as a result of prolific groundwater. The climate is semi-arid with moderate winter temperatures, ranging from 3°C to 25°C, and warm to hot summers with temperatures ranging from 16°C to 36°C. Average annual rainfall reaches 350mm to 400mm, concentrated in the summer months from November to March.

The Volspruit Project is well appointed in close proximity to roads, rail and power infrastructure as shown in Figure 2. The R101 national road to Mokgophong (previously Naboomspruit) and Polokwane and the north-south rail line are located on the northern side of the project area. The N11 national highway, runs south-easterly on the eastern side of the project area, while the N1 toll road passes the western boundary of the project area. The Nyl River flows through the project area.

GEOLOGICAL SETTING

The property under review is set in the 2,060Ma old Northern Limb of the BIC (Figure 3), which, like its Eastern and Western counterparts, is subdivided into the basal 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 Volspruit Reef, part of a pyroxenitic layer of the Lower Zone of the Rustenburg Layered Suite. The Platreef is enriched with PGE's, gold, nickel, copper, vanadium, titanium, magnetite and chrome. The genesis of the mafic phase of the BIC is that a staging chamber was located in the centre of the original Transvaal Supergroup basin. The thinned depressed crust under the basin was heated by an underlying mantle diaper and conical fractures formed in the crust which were subsequently exploited by mafic magmas to form the BIC. Several 'feeder' sites have been proposed throughout the BIC, based on gravity anomalies and observed proximal and distal magma facies. The Northern Limb feeder site is situated south of Mokopane and west of the project area.

The farm Volspruit 326 KR is underlain by sedimentary rocks of the Pretoria Group, Transvaal Supergroup and igneous rocks of the Lower Zone, Rustenburg Layered Suite of the BIC. The proposed tectonic model that affected the area after the emplacement of the BIC involves the formation of a major horst block with boundary faults trending towards north of northwest. This major horst structure has subsequently been deformed by faulting trending north-westerly. The Lower Zone is essentially composed of pyroxenitic and harzburgitic rocks. The Lower Zone is subdivided into the basal Volspruit Pyroxenite subzone, Drumondlea Harzburgite-Chromitite subzone and the upper Moordrift Harzburgite-Pyroxenite subzone. The Volspruit Pyroxenite subzone is further subdivided into Upper and Lower units based on the presence of an olivine chromite cumulate occurring at the base of the Upper unit. There are 37 cyclic units identified within the Lower Zone, numbered from the base upwards.

PGE's, with associated copper and nickel mineralisation, occur within a pyroxenite unit of the Upper Volspruit Pyroxenite unit.

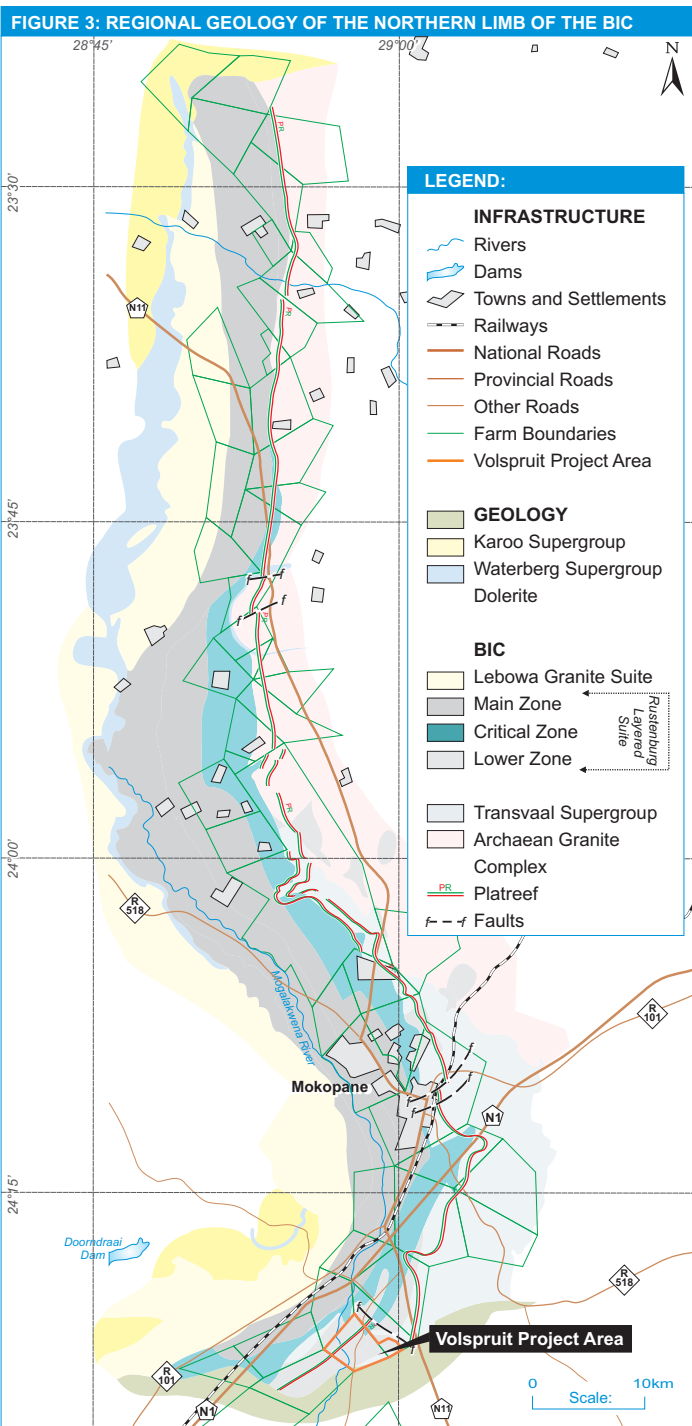
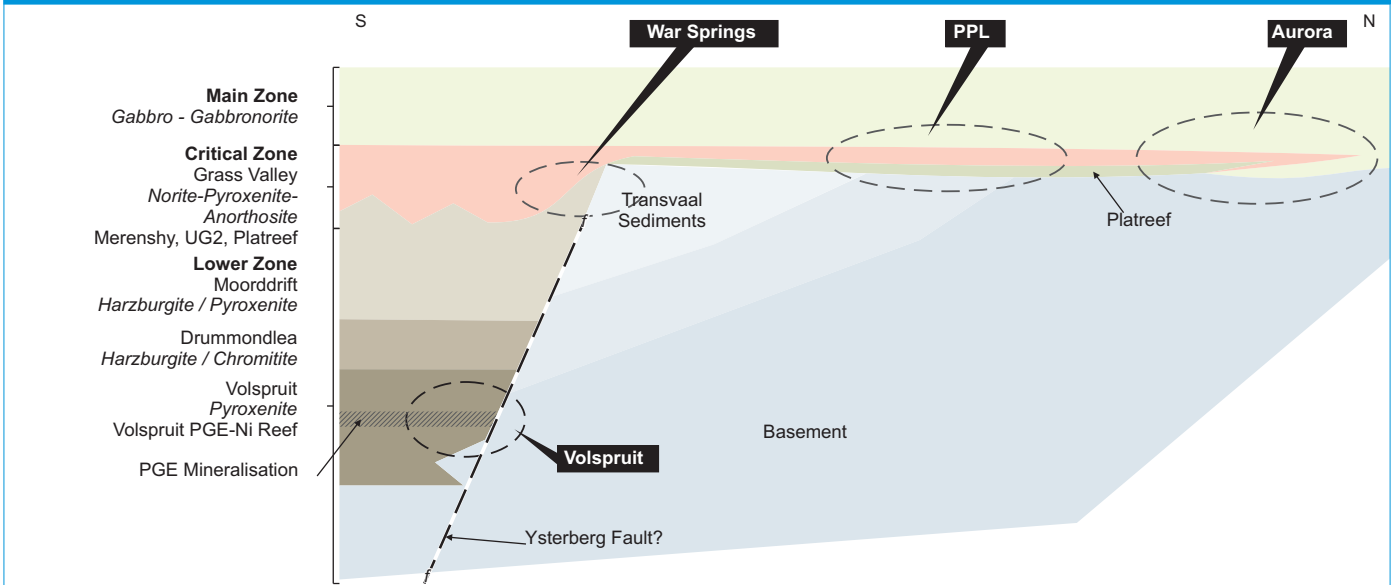


FIGURE 4: SCHEMATIC CROSS SECTION THROUGH THE NORTHERN LOBE OF THE BUSHVELD COMPLEX



This unit is No.11 and in terms of the layered nature of the BIC could be expected to be mineralised in other fault blocks, hitherto unidentified. Scrutiny of the core drilled by PPD suggests the PGE mineralisation is in the form of fine interstitial base metal sulphides. Although harzburgitic units occur within the No.11 pyroxenite unit, it is generally the pyroxenite rocks in this unit that contain visible mineralisation. The harzburgite layer occurring at the base of No.11 unit sometimes contains fine-grained disseminated and coarse-grained base metal sulphides. The northwest trending faults have controlled the disposition of the Upper Volspruit unit and tectonic blocks containing mineralised pyroxenite rocks of the No. 11 unit in close proximity to surface.

RECENT EXPLORATION

FIGURE 5: SURFACE DRILLING PLAN AND LOCATION OF NORTH AND SOUTH ORE BODIES INDICATING METALLURGICAL TEST BLOCKS

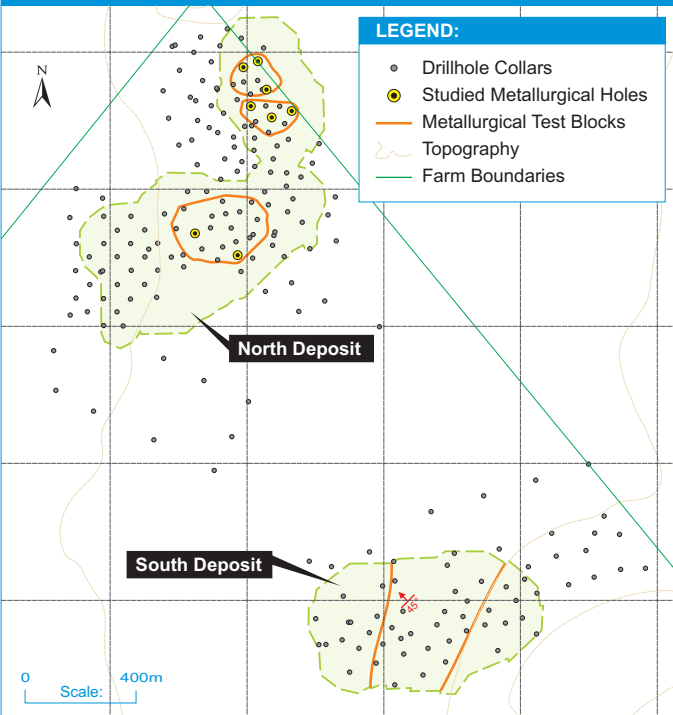
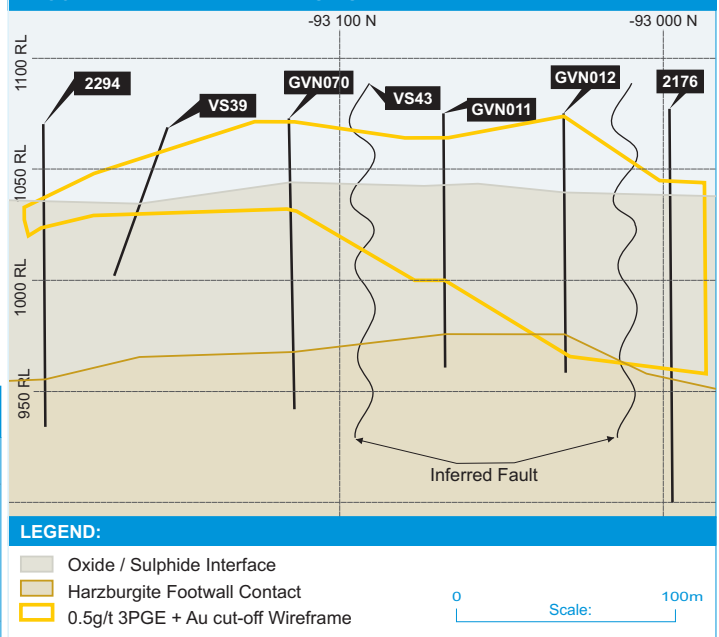


FIGURE 6: GEOLOGICAL CROSS-SECTION THROUGH METALLURGICAL BLOCK 1 WITH INTERPRETED FAULTS



Drilling

A total of 249 diamond drill holes have been drilled at spacings of 75m to 100m for the PFS by Minerals Corporation. The total core length obtained was 25,663m, from which over 17,000 assay samples were taken. Drill hole locations are shown in the accompanying figure. Of the total boreholes, 156 were drilled in the North Deposit at a drill spacing of 75m, and 95 holes in the South Deposit at spacings of between 100m to 150m along strike and 75m to 100m along dip. The results of the PFS indicated that the North Deposit was more prospective than the South Deposit and it was decided that further development should be concentrated on the North Deposit. A DFS was initiated in February 2010 for this purpose. An additional 42 diamond boreholes were drilled, totalling 4,300m to the 193 holes drilled in previous exploration activities, in order to upgrade the resource classification and to enable for metallurgical testwork to be carried out.

Geology

Geological sections were prepared from the drillhole database which was carried out by the Minerals Corporation. Wire frames of the oxide/sulphide interface, harzburgite footwall contact and the 0.5g/t 3PGE+Au deposit from an earlier Datamine™ model were used in these sections. The mineralized Upper Volspruit Pyroxenite unit forms two distinct orebodies, one to the north of the property and one to the south.

The North Deposit is generally flat lying and suboutcrops against the alluvium/soil on the eastern margin and is deeper towards the west, possibly due to faulting. The deposit has an average vertical width of mineralisation of 59m and strike length of approximately 1,800m.

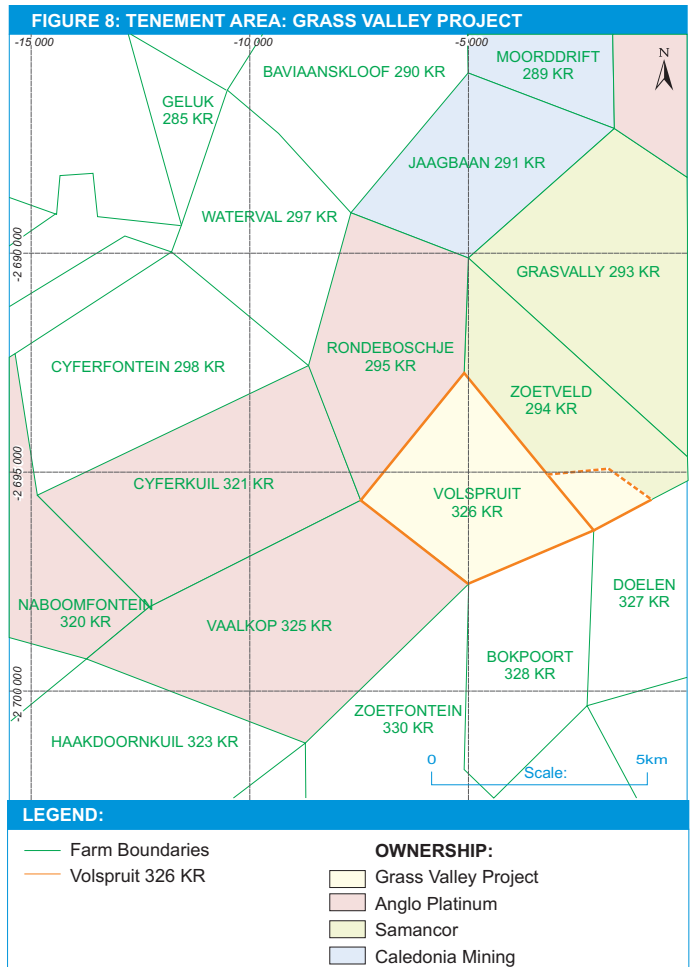
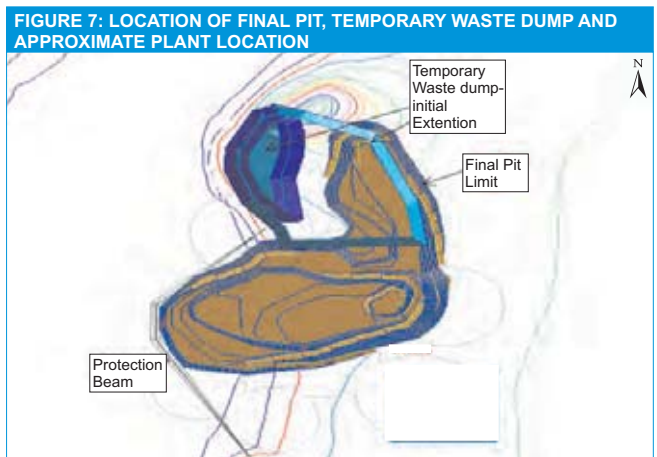
The South Deposit dips at approximately 45° to the north and has a strike length of approximately 1,000m. The deposit also suboutcrops against alluvium/soil and has a vertical mineralisation width of 47m. No faulting within the orebodies has been modelled, but a "folded" model has been favoured by RSG Global. Evidence from core, structural contour maps and cross-sections indicate widespread tectonism that is not reflected in the electronic model of the north and south orebodies.

Preliminary Mine Planning And Design Proposal

The Minerals Corporation was originally commissioned to prepare initial economic estimates of viability for the Volspruit area. This is in keeping with demonstrating "reasonable prospects for eventual economic extraction".

A preliminary decision was made to employ the open pit mining method as the optimal method of exploitation for these orebodies. The characteristics of the orebodies allowed for two pits, a North Pit and a South Pit to be designed. Preliminary pit planning data indicated that the preferred mining sequence would be North Pit, followed by South Pit. The North Pit contained approximately two thirds of the available ore and geotechnical studies indicate that a 49° slope angle could be optimal. SRK suggests further geotechnical work could upgrade the slope angle to 54°. The slope angle of the South Pit would be 39° because it contains less competent rocks.

The previous feasibility work suggested reasonable prospects for economic extraction but recent developments at Sylvania with respect to Jubilee and the ConRoast™ process led to the commissioning of the latest scoping study. This was meant to further assess pit optimisation, metallurgical recoveries and operational efficiencies that could be generated from alternative thinking. This led to comparisons with the nickel sulphide industry whereby PGE's are converted to nickel credits.



As a consequence, SRK was commissioned to carry out the mine plan and scheduling for the North pit during the DFS exercise. The mine is now planned to operate from 2012 to 2027, reaching a steady state production of 12.2Mt by the 5th year of production.

Mineral Processing

Mintek was commissioned to carry out the Bulk Sample Assay and Mini plant bulk recovery test for a 5t sample. The aim was to provide process parameters for the proposed plant configuration, and also to firm up on design parameters and to generate a concentrate for the ConRoast™ process.

Five tons of fresh ore and 350 kg of oxide and transition zone ore were delivered to Mintek on 6th April 2010 and the laboratory recovery and Mini bulk plant recovery test were completed at the end of August 2010. The report classifies the ore as relatively hard with Bond Wall and Bond Rod indices of greater than 20 Wh/t however having low abrasion index. The liberation requires 80% passing at -75µm. The process will require a lot of energy and will result in higher operating costs due to higher grinding and power costs. Fortunately the maintenance costs due to wear and tear will be lower as the abrasion of mill and liner plates will be reduced because of the low abrasion index possibly due to high presence of talc, which in itself introduces a flotation problem requiring the addition of additional depressant solutions to control the talc in the flotation process.

On analysis of the mini-plant results it was observed that the recoveries obtained were on the low side.

Further laboratory tests indicated that to achieve sulphide nickel and 4 PGE recoveries of at least 75 %, an activator is compulsory and careful control is required due to high depressant dosages, use of a co collector such as aero 3477 is required. It was recommended that a mass pull of 3 to 4 % is required.

Mintek made it clear that it is important to take into consideration that the sample grade delivered to Mintek averaged 1.7 g/t 4PGE where as the average pit grade is 1.26. A 50g/t PGE concentrator produced is generally not acceptable to local smelters but is suitable as feed to the ConRoast™ process.

The report recommended the use of the laboratory tests be used for design purposes as the mini plant run were sub optimal. The recoveries achieved in this exercise were:-

- total Ni - 68%;
- Pt - 70%;
- Pd – 79%;
- 4E - 75 %;
- Cu - 86%

The prepared bulk sample was delivered to the Mintek's pyrometallurgy department for the ConRoast™ smelting tests on 7th June 2010. The head grade results obtained are in Table 1.

TABLE 1: THE HEAD GRADE RESULTS OBTAINED BY MINTEK ON THE 5T BULK SAMPLE ASSAY

4E HEAD GRADE (g/t)	Pt	Pd	Rh	Au	4E	Ni (%)	Cu (%)
Fresh sample	0.73	0.88	0.07	0.03	1.70	0.17	0.04
Transition Sample	0.51	0.66	0.06	0.03	1.25	0.16	0.03
Oxide Sample	0.33	0.44	0.04	0.04	0.84	0.11	

A platinum concentrator was designed by MDM Engineering based on the metallurgical testwork carried out by Mintek. This plant has a capacity to process 100,000t per month (1.2Mtpa) and is planned to have a capital cost of ZAR 280m and operating cost of ZAR64.14/t. These costs include the overall cost of the process plant, associated infrastructure and tailings storage facility first fills, mechanical spares, laboratory costs including contingencies, SMP and EPCM costs and exclude VAT as at August 2010.

ADJACENT PROPERTIES

The Volspruit Project is adjacent to Anglo Platinum, Samancor and Caledonia prospects as shown on Figure 8.

QUALITY CONTROL AND ASSURANCE

A data verification procedure was carried out by MSA as documented in their report. The exploration geologist confirmed that full and adequate procedures had been adopted during the geological sampling programme.

KEY ENVIRONMENTAL ASPECTS

The following environmental studies have been carried out for the Volspruit Project:-

- land use and soils;
- air quality;
- visual impact;
- noise;
- fauna and flora.

No major environmental issues or potential fatal flaws with regard to these studies were identified with the PFS.

The Nyl River occurs to the west of the prospect but the 50 year floodline encroaches on the proposed Northern Pit. In the recent DFS, the hydro-geological study and its EIA of the effects of the proposed open mine on the Nyl river and its associated floodplains and wetlands has been completed by Escience.

The 50 year floodline has been reviewed and it has been found that the N1 highway bridge built recently was the determinant of the floodline and that the mine or a berm constructed around the open pit will have no impact on the new 50 year floodline. Undoubtedly the bridge is the overriding constraint to any floodwaters. It appears as though the environmental impact of the bridge on the 50 or 100 year was never considered at the time of the bridge construction. This finding now opens the way for a Mining right application to the edge of a proposed berm that extends down to the River which will allow mining to take place to the inside edge of the berm. The extent of some 14 million tons of the North Deposit that occurs under the river has not been included in the current study.

MINERAL RESOURCE STATEMENT

Whilst several Mineral Resource estimates have been made for this project the latest Mineral Resource has been prepared by IGS and verified by MSA and is dated 8th July 2010 as shown in Table 2.

TABLE 2: MINERAL RESOURCES ESTIMATES FOR THE NORTH PIT AREA

CATEGORY	TONNAGE (Mt)	DENSITY (g/cm ³)	3E (g/t)	Cu (ppm)	Ni (ppm)
FRESH ZONE					
Measured	24.27	3.05	1.27	390	1,415
Indicated	14.71	3.03	1.17	393	1,486
Measured and Indicated	38.98	3.04	1.23	391	1,442
Inferred	0.09	3.01	0.92	330	1,776
TRANSITION ZONE					
Measured	2.28	2.84	1.20	497	1,269
Indicated	1.21	3.00	1.20	309	1,673
Measured and Indicated	3.48	2.90	1.20	432	1409
Inferred	0.62	3.00	0.95	314	1,767
OXIDE ZONE					
Measured	1.92	2.20	1.16	515	1,347
Indicated	0.72	2.20	0.96	317	1,479
Measured and Indicated	2.64	2.20	1.11	461	1383
Inferred	0.05	2.20	0.97	357	1,784
TOTAL RESOURCES					
Measured	28.47	2.97	1.26	407.16	1,398.56
Indicated	16.63	2.99	1.16	383.77	1,498.96
Measured and Indicated	45.1	2.98	1.22	398.53	1435.59
Inferred	0.76	2.95	0.95	318.59	1,769.10

**Estimate by IGS applying a cut-off of 0.34g/t 3E and 10% geological losses by MSA*

The recent drilling in the North Deposit has allowed for classification of Mineral Resources in the Measured category estimated to reach 31.6Mt at a grade of 1.28g/t 3E, 0.14% Ni and 0.04% Cu. In the Indicated Mineral Resources category, the tonnage is estimated at 18.5Mt at a grade of 1.17g/t 3E, 0.15% Ni and 0.04% Cu. Inferred Mineral Resources of 833 kt at 0.94g/t 3E, 0.18%Ni and 0.03% Cu.

CONCLUSION

Venmyn has highlighted the following potential project risk areas:-

- 1 the environmental aspects of the project. As studies carried out have not been relayed to Venmyn, the potential environmental risk is as yet unknown. Therefore, a cautious approach to the environmental aspect is recommended.