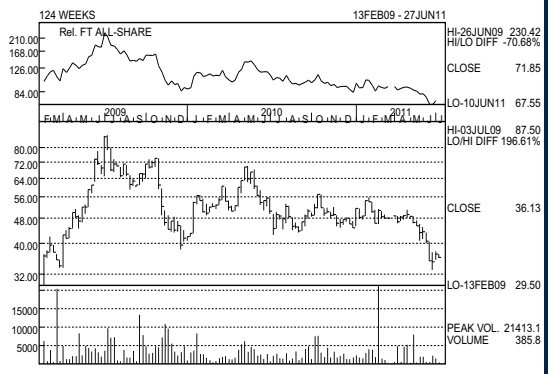


Royal Bank of Canada Europe Limited

Leon Esterhuizen (Analyst)
(+44) 207 653-4154;
leon.esterhuizen@rbccm.com

Arnold van Graan (Associate Analyst)
+27 11 575 4935; arnold.vangraan@rbccm.com

Ben McEwen (Associate)
+44-207-002-2100; ben.mcewen@rbccm.com

FY Jun	2010A	2011E	2012E	2013E
EPS (Op) - Basic	(0.04)	0.03	0.07	0.09
Prev.		0.02	0.06	0.07
P/E	NM	18.3x	7.9x	6.1x
CFPS - Basic	0.03	0.08	0.13	0.15
Prev.			0.16	0.14
P/CFPS	18.3x	6.9x	4.2x	3.7x
Prod.	20	45	59	59
Prev.			58	63
Cash Cost	596.00	591.00	582.00	566.00
Prev.				692.00
P/DCF	NM	0.7x	NM	NM

Production: Prod - 4PGE ub 000s ozs
Cash Cost: Cash Cost in US$/4 PGE oz

All market data in GBp; all financial data in AUD.

PRICE TARGET REVISION | COMMENT

JUNE 28, 2011

Sylvania Platinum Ltd. (LSE: SLP; ASX: SLP)

Well Positioned for Value, Growth and Consolidation

Outperform
Above Average Risk

Price:	36.13	**Price Target:**	100 ↓ 120
		Implied All-In Return:	177%
Shares O/S (MM):	302.0	**Market Cap (MM):**	109
Dividend:	0.00	**Yield:**	0.0%

Market Cap in GBP

Event

We re-iterate our positive investment case following a recent site visit and discussions with management.

Investment Opinion

- **Near Term Cash Flows, With Which To Fund Growth** - The tailings operation has been delivering decent results in recent times and with its new plants now ramping up to full production, we should see solid cash generation coming from these assets. These internally generated cash flows should go a long way in funding the Northern Limb strategy.
- **Northern Limb Potential - Ticking The Boxes** - Sylvania has made good progress in the development of its Northern Limb assets. We have seen an increase in the resource base and the smelting and refining trials have, to date, returned positive results. Turning this otherwise (using conventional smelting technology) uneconomical material to account, could unlock significant value for Sylvania shareholders, in our view.
- **Progress At Everest North** - We believe that the recent agreement with Aquarius on the possible joint development of this property should improve the economics of this project and brings it one step closer to being developed.
- **RBC Forecasts Revised** - We have adjusted our production forecasts, by pushing back the start of the Northern Limb production by about a year. Our revised FY-12 CFPS forecast is A$0.13/sh from A$0.16/sh, while our FY-13 forecast is A$0.15/sh from A$0.14/sh.Our revised NAV forecast is now A$0.80/sh from A$0.84/sh.

Stock Offers Value

We do not believe that the market currently gives the company much credit for its Northern Limb and other growth prospects. The dump re-treatment operational performance has improved in recent months and this should start to filter through to the bottom line.

South African PGM producers tend to trade on a forward P/CF multiple of between 5x to 15x. We continue to value Sylvania on a 12x forward P/CF basis. Applying this multiple to our revised forecasts yields a target price of £1.00/sh from £1.20/sh previously. We believe that the stock offers value even if one only values the current operations and that Sylvania's cash generating capacity and growth prospects makes it a clear potential takeout target. We therefore re-iterate our Outperform, Above Average Risk rating.

Sylvania – Small Company, Big Potential

Sylvania Platinum started out as a company that expressly aimed to re-treat the vast amounts of chrome tailings for PGMs. The Chrome Mines operate in the Bushveld Complex – the same complex that carries the Platinum Group Metal ore bodies. This geologic structure is basically like an onion with the chrome mines targeting only certain onion skins or layers to extract chrome. These layers carry some PGMs, but at very low concentrations and the chrome mines do not have mining licenses to extract and sell these metals. As a result, the PGM's are discarded as tailings. Sylvania recognized this opportunity and set about establishing a strong base by essentially signing agreements with Samancor (one of the largest chrome producers in South Africa) to re-treat these tailings – both from the existing tailings dams as well as from the current arisings (tailings now being generated from current production).

In time, and particularly after the chrome market effectively shut during the 2008 crisis, Sylvania started looking at additional avenues for revenue growth. It became very apparent that Sylvania, even though it was a PGM producer, was directly linked to the volatility associated with the chrome market. This direct link had to be diluted. The first, and most obvious step, was to start treating the low grade MG (middle Group chromite) Reefs – keeping the PGMs, but returning the chrome to Samancor. In this process, Sylvania essentially acts as a treatment contractor to Samancor and this particular makeup then lead to one more change to the structure. Since Sylvania acts as a contractor for Samancor with Samancor itself, being fully BEE compliant. Africa Asia Capital (owner of 74% of Samancor) then stepped in to buy just under 20% of Sylvania by taking out the existing BEE party in Sylvania. At the same time, Sylvania re-domiciled to Bermuda – this apparently allows for more flexibility in terms of corporate deal potential.

Now, the wheels were in motion – Sylvania not only now finds itself well on the way of building the final tailings re-treatment plant that will continue to build profit growth through to end 2012, but given the experience with the low grade MG Reefs, have turned to a potentially much bigger pot. The Northern Limb of the Bushveld Complex is essentially a very large low grade Nickel/Copper orebody with PGM credits. If MG Reefs can be mined and treated at a profit while only extracting the PGMs, surely these low grade, on surface ore bodies should be able to do better – both because the average PGM gardes up there are actually better than in the MGs, but also as Sylvania could now also get the revenues from the Nickel and Copper production.

Sylvania quickly assembled a land position with many years' production potential and set about doing the sampling and initial test work at the first project in the Northern Limb – Volspruit. These results were very encouraging and set the company on a tack that now sees this as the next big growth push. Although this is very exciting and seems to really hold significant upside (backed by the positive margins on much lower grade MG Reefs), what adds to the company's appeal, in our opinion, is the "mesh" of interlinking company interests that it now finds itself being part of.

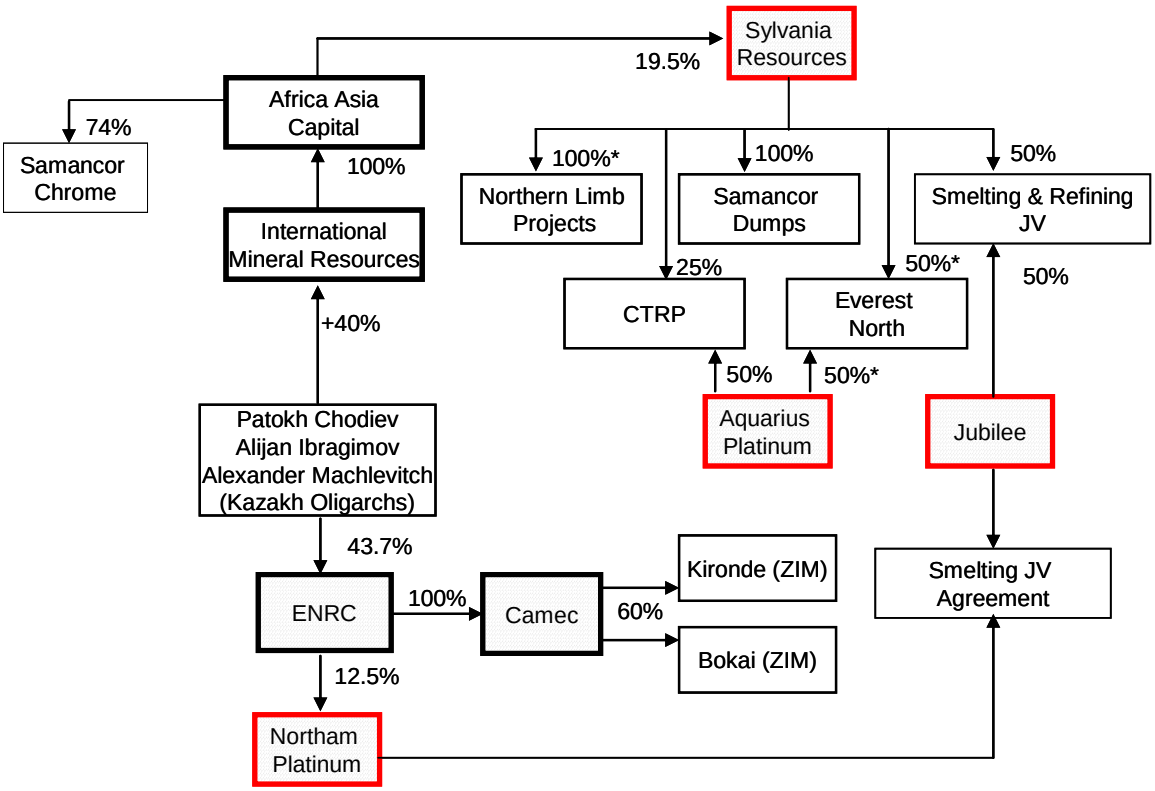
Sylvania is now fast becoming integrated into a "web" that includes Samancor, Jubilee Platinum, Aquarius Platinum, Northam Platinum, IMR and ENRC. This is highlighted further in the Corporate Structure section below, but it should be clear that there are some very serious players involved in this "web" and there are some very important central themes apparent throughout this web – not the least of which, is chrome (a resource often associated with PGM mining and thus implying at least, a real interest from chrome producers). This, we believe was also a central drive in Xstrata's failed takeover bid for Lonmin in late 2008. With such big names (Xstrata and ENRC) squaring up in this space, we believe there to be an inherent capacity for significant corporate activity in the space and Sylvania, as small as it is, seems to be squarely in the centre of this "pot of interest".

So, Sylvania is offering a compelling story on valuation (as we will demonstrate), it also offers a very unique but perfectly viable growth story and lastly, seems to be exceptionally well positioned to be part of a much larger play that could possibly make it a takeout target.

Corporate Structure

Sylvania's corporate structure has seen significant changes in the last couple of years. Ehlobo Metals Pty Ltd, a Black Empowerment ("BEE") group used to own a 26% stake in the Samancor Dump Operations (SDO). In September 2010 Africa Asia Capital (AAC) - a Samancor Chrome Group company - bought out Ehlobo's stake in SDO. This was possible as Sylvania merely acts as a contractor for Samancor (which is fully BEE compliant); therefore, Sylvania does not need to have a BEE partner on the project. In any event, this deal allowed the BEE party to exit with a nice profit that can now be invested into a new venture – exactly what the BEE drive is about and probably good enough to ensure Sylvania maintains that "credit" in any event. Most recently Sylvania changed its domicile to Bermuda, which we believe will make it easier for Sylvania to be a part of corporate deals in the future. What is important to note is Sylvania's close links with Samancor Chrome through AAC. This is the same entity which owns a majority stake in Samancor Chrome, further strengthening the close relationship between Sylvania and Samancor Chrome.

Exhibit 1: Corporate Structure - Sylvania In Some Pretty "Busy" Company



* Final holding dependant on BEE transaction
Source: Company Reports, RBC Capital Markets

Sylvania will have to conclude BEE deals on its Northern Limb projects in order to obtain a mining right. This will likely see the company ending up with a 74% holding in these projects.

Due to Sylvania's attractive valuation and longer term growth prospects, we believe that the company is a prime takeout target. Its close relationship with Samancor Chrome and related entities may well see Africa Asia Capital increasing its stake in the company in the future. We believe that Sylvania's recent re-domicile to Bermuda (which allows AAC to increase its stake to 30% without having to make an offer to minorities) to be the first step in this process. We believe that Sylvania could be used as a vehicle by the owners of ACC to pursue other opportunities in the PGM space.

Sylvania's SDO operation is a low risk operation compared to conventional underground PGM operations. These operations should also be generating significant amounts of cash flows in the coming years at current PGM prices, making Sylvania an ideal target for a PGM producer looking to add low risk, high margin production, in our view.

During 2009, Sylvania acquired a number of shallow low grade PGM deposits on the Northern Limb of the Bushveld complex, with the aim of exploiting these deposits using DC smelting technology (discussed in more detail below). These properties have mainly been targeted for PGMs, nickel and copper. However, magnetite iron ore deposits have now been discovered on a number of these prospects. The grades on these deposits have been encouraging, with surface grab samples and trench results yielding Fe_2O_3 grades ranging from 73.4% to 76.4% (approximately 51-52% Fe equivalent). Given that Sylvania's main focus is on PGMs, we believe that the company may well spin-off or sell the iron ore assets in future. This should be a nice windfall for shareholders as we do not believe that the market is currently ascribing Sylvania any value for this.

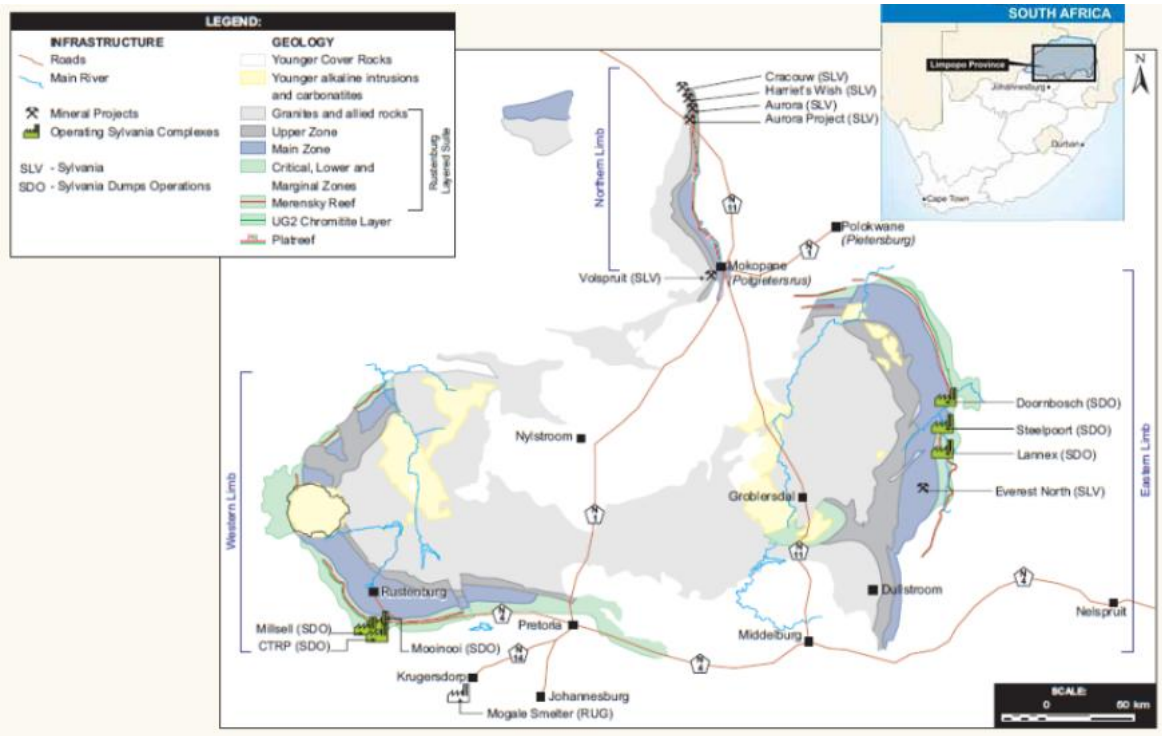
Asset Base - Near Term Cash Generation Funding Longer Term Growth

Sylvania's tailings retreatment business comprises a 74% interest in Sylvania Dump Operations (SDO), which recovers PGMs by retreating chrome tailings from Samancor Chrome's mines. The company currently has 5 plants in operation, with a sixth planned for commissioning in 2012. Sylvania also has a 25% interest in the Chrome Tailings Retreatment Plant (CTRP) at Kroondal on the Western Limb. This operation is managed by Aquarius Platinum.

Sylvania has a stake in the Everest North UG2 exploration project on the Eastern Limb, which is currently being assessed for viability in conjunction with Aquarius Platinum.

Sylvania also has a number of near surface PGM prospects on the Northern Limb, which it plans to exploit by developing a series of low cost 100 Ktpm modular flotation plants, using the same processing technology currently employed at the SDO operations. Due to the low grade nature of these ore bodies the material is not suited for conventional smelters, but the company is aiming to turn these resources to account by applying DC smelting technology to process these otherwise uneconomic concentrates.

Exhibit 2: Sylvania's Assets



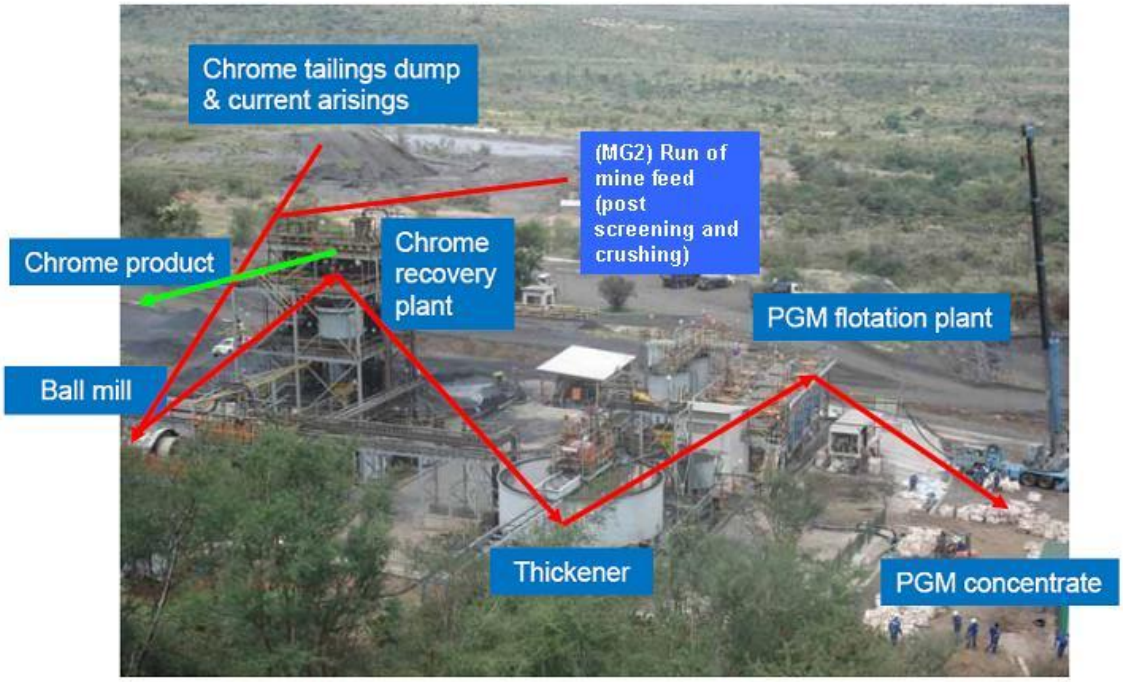
Source: Company Reports

Samancor Dump Operations (SDO)

The Samancor tailings retreatment business began with the award of a Services & Supply tender by Samancor Chrome Ltd. ("Samancor") in October 2005. In February 2008, the Samancor agreement was amended giving Sylvania the right to treat 300 Ktpa of run-of-mine ("ROM") fines averaging 1.4 g/t PGMs from Samancor's Broken Hill, Spitzkop and Buffelsfontein East chrome mines and to recover chrome and PGMs (approximately 6 Koz per annum). Recovered chrome is returned to Samancor for a nominal charge. Broken Hill and Spitzkop fines is treated at the Lannex extension. Buffelsfontein East material is treated at the Mooinooi plant (see Exhibit 2).

Sylvania is effectively a contractor to Samancor, which owns the dumps that Sylvania processes. Sylvania treats chrome tailings and ROM fines material to recover PGMs from Samancor's chrome mines on the Western and Eastern Limbs of the Bushveld Igneous Complex. In terms of the agreement, Sylvania produces a chromite product for Samancor at cost and Sylvania is "paid" by being allowed to retain any PGMs recovered.

Exhibit 3: Typical SDO Plant Flow Sheet (Without ROM Circuit)



Source: Company Reports

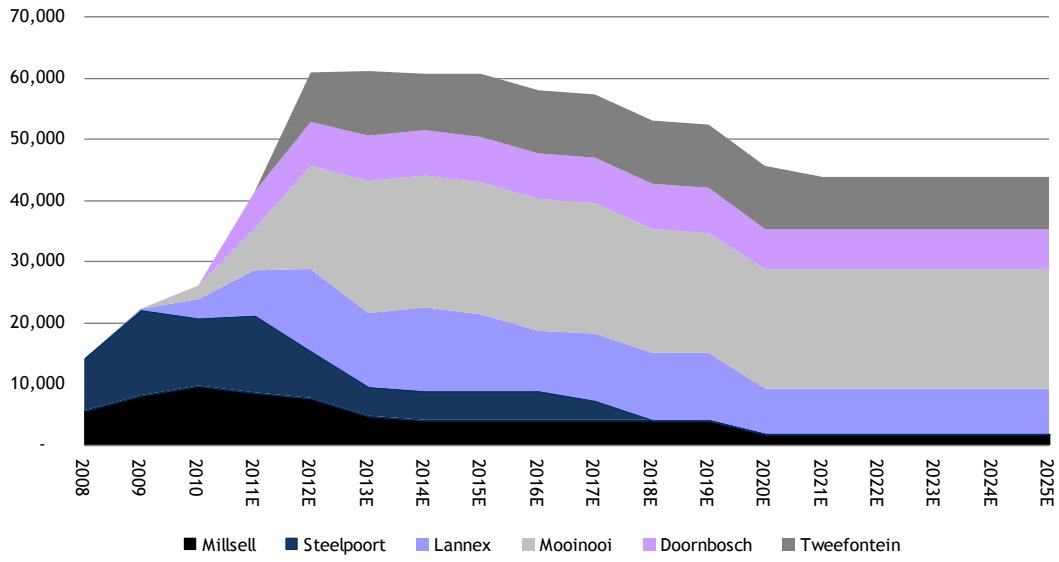
SDO currently has 5 operating plants in operation. Millsell and Mooinooi are located on the Western Limb, while Doornboch, Steelpoort and Lannex are located on the Eastern Limb. The Tweefontein plant, located on the Eastern Limb, is currently under construction and is schedule for completion in May 2012.

Initially the main sources of material for the SDO plants were chrome tailings dumps and current arisings from the Samancor chrome plants (treating current production). Based on initial estimates it would have taken about 5 years to process all of the dump material. This was always a problem as Sylvania was basically seen as a company with a very short life with no or much lower production levels (only from current arisings) once the dumps were depleted. In an effort to address this problem, Sylvania has subsequently started treating ROM (run-of-mine) fines material and it is also planning to re-process the dumps (effectively treating it for a second time as current recoveries are generally only around 50%). This additional material sees the original planned production drop-off being much lower than would otherwise have been the case. It also extends the production life of these plants to over 15 years, albeit at lower rates, but at levels that can still deliver a decent margin.

Prior to the increase in ROM material, a significant portion of the feed for the plants came from current arisings. This made the SDO operations dependant on a steady flow of chrome tailings. In the financial crises of 2008, this stream literally "dried up" as the chrome mines were closed when the chrome price collapsed. Sylvania was thus clearly shown to be extremely sensitive to changes in the chrome market (which tends to be a very volatile market due to very low barriers to entry) even though it is in fact a PGM producer. With the increase in ROM material (which according to Sylvania management, now represents some of Samancor's lowest cost production) the SDO plants are significantly less depend on current arisings and thus a lot less affected by changes in the price of chrome.

The combined peak output of these plants is currently expected to be roughly 60 Koz of PGMs per annum. This level of production will be maintained for about 4 years until the initial chrome tailings are depleted. Production will then start declining to an eventual level of about 40 Koz (maintained in excess of 15 years – or essentially for as long as the chrome mines remain in production).

Exhibit 4: SDO Guided Production Profile (Oz PGMs)



Source: Company Reports

Sylvania's plants do not require much power to run (around 1 MW each), a competitive advantage given South Africa's on-going electricity crisis as these plants could easily be run off diesel burning generators if needed. The low-capex, low-opex nature of the operations translates into some of the best margins in the industry. The bulk of the capex to construct these plants have now been spent and with the planned production increase these plants should be generating very strong cash flows over the next year. These plants are also fully mechanized and therefore require only about 50 employees per plant to operate. This naturally makes the operations less prone to safety issues and less sensitive to labour costs increases – particularly when compared to underground PGM mines.

The Cash Flow Base - Driving current growth and also funding future growth

Millsell

Millsell, approximately 4.2 km from CTRP on the Western Limb, began production of metallurgical-grade chromite concentrates (44% Cr_2O_3) from dumps at Samancor's Millsell mine in August 2006. The chrome-recovery plant is fed a blend of fine material from the centre of the tailings dam and coarser material from nearer the walls. A flotation circuit to recover PGMs was commissioned in June 2008. There is a PGM offtake agreement with Anglo Platinum (Anglo Plat handles the smelting and refining at a charge which we believe to be in the order of some 15% of the metal price). Construction of the tailings dam was completed and commissioned during mid 2010 in order to accommodate future tailings from the nearby Waterkloof dump, which will extend the life of this operation by allowing it to continue producing at a rate of roughly 2 Koz per quarter for at least another two years.

Mooinooi

Preparatory work on an integrated plant at Samancor's Elandsdrift chrome mine on the Western Limb commenced in early 2007. The plant was to have processed Elandsdrift's dumps plus current arisings from Samancor's Mooinooi mine. However, work was suspended as Sylvania focused on completing Millsell and Steelpoort first. Subsequently, Elandsdrift was further postponed towards the end of H1-FY09 in favour of the Lannex integrated plant (on the Eastern Limb).

Mooinooi was finally commissioned in early 2010 but the ball mill failed in February, suspending production. The mill was re-started at the end of May and the ROM section was commissioned in June of 2010.

Exhibit 5: Mooinooi Ball Mill

Source: RBC Capital Markets, Courtesy of Sylvania

The plant is currently being fed by three sources of material:

- Current arisings fed directly from the Samancor chrome plant;
- Tailings from the existing tailings dam; and,
- ROM ore coming directly from the underground mining of the MG2 chrome reef seam – this marks a big departure from the original idea of just re-treating tailings and adds a significant dimension to Sylvania that, we believe, the market has not yet picked up on. Exhibit 6 below shows the Run of Mine conveyer feeding ore into the ROM section of the plant.

Exhibit 6: Run of Mine MG2 (Chrome Ore) Feed

Source: RBC Capital Markets, Courtesy of Sylvania

A three stage optimisation programme is currently being undertaken at the Mooinooi plant:

- Construction of a Heavy Media Separation (HMS) plant to reduce the amount of waste fed into the plant from underground.
- Construction of additional chrome spiral capacity to maintain chrome recovery from the additional feed from the HMS section and also allow the ROM section to increase to 60 Ktpm (allowing total plant feed to increase to 75 Ktpm).
- Construction of a new PGM floatation plant with associated infrastructure to recover PGMs from the increased feed.

The first stage of this programme has now been completed. RBC attended a site visit to site on 15 June 2011 and viewed the newly constructed and commissioned Heavy Media Separation plant, additional crushers, and upgrades to the existing conveyors, screens & chutes. Although there are some teething problems which are currently being addressed, we expect this expansion to result in a meaningful increase in Mooinooi's production and hence, profit.

Exhibit 7: Heavy Media Separation Plant (rock containing metal sinks while light rock with no metal floats and gets discarded)

Source: RBC Capital Markets, Courtesy of Sylvania

It is important to note that total plant feed remains at 40 Ktpm; however, this expansion will allow more direct underground feed to be processed, due to the separation of waste from the feed (effectively replacing waste with ore). This is expected to lead to improved recoveries allowing production of PGMs to increase by 220oz / month and chrome production to increase from 10 Ktpm to 25 Ktpm by Q1-FY12. The ROM throughput increases from 15 Ktpm to 40 Ktpm (ROM material will effectively be replacing dump material) and the mine life extended from a 5 year dump project to a +15 year dump and run of mine project due to displacement of dump feed with ROM material – a far more stable profit generating platform.

Exhibit 8: Additional Crusher and Screen to Deal with Increased MG2 Material

Source: RBC Capital Markets, Courtesy of Sylvania

The second phase of the project entails the construction of additional chrome spiral capacity to maintain chrome recovery from the additional feed from the HMS section. This will also allow the ROM section to increase to 60 Ktpm and thus total plant feed to increase to 75 Ktpm (15 Ktpm from current arisings), while maintaining chrome recovery from additional feed. The additional chrome spiral will be constructed in close proximity to the existing one. Completion of this stage is due by end November 2011.

Exhibit 9: Existing Chrome Spiral at Mooinooi (Additional Spiral will be Constructed to Deal with the Increased ROM Material)

Source: RBC Capital Markets, Courtesy of Sylvania

Phase three of the process will see the construction of a new PGM floatation plant with associated infrastructure to recover PGMs from the increased feed. A new floatation plant similar to the existing plant will be constructed while the thickener, piping and tailing facility will be upgraded. PGM production should increase by a further 650 oz/month following the commissioning of the new flotation plant. Completion of this phase is also due in November 2011 – lining Mooinooi up for a solid increase in profitability through 2012.

Management is confident that the ROM material will improve recovery and grade (less complex chemistry as the ore is "fresh" rather than having to deal with varying levels of oxidation from the tailings resource). On top of these margin enhancements, the acquisition of the Mooinooi tailings dam and the ROM project should increase the life of the Mooinooi operation substantially. The life of mine is now well in excess of 15 years and it must also be noted that this upgrade effectively leads to even more dump material being created as a result of the increased volume from underground producing more tailings for future treatment. Phase one of the project had a capital cost of about R8 million. Phases two and three of the project has a budgeted Capex of R54 million – all of which is funded from operating cash flows and all of which is expected to come to an end by the end of 2011.

Exhibit 10: Existing Mooinooi PGM Float Section - to be expanded by November 2011

Source: RBC Capital Markets, Courtesy of Sylvania

Steelpoort

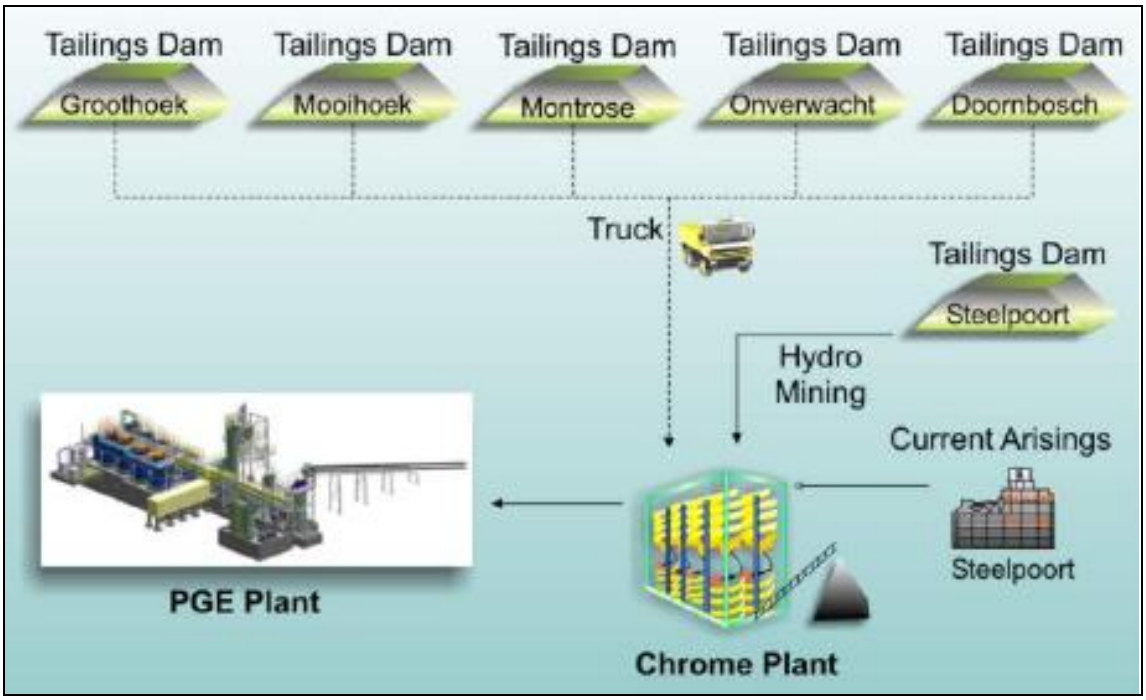
Like Millsell and Mooinooi on the Western Limb, Steelpoort, Lannex, Doornbosh and Tweefontein form a second, significant hub on the Eastern Limb of the Bushveld Complex – the major geological feature that carries the world's largest known PGM and chrome resource.

At the Steelpoort chrome mine, an integrated chromite and PGM recovery plant commenced production in August 2007. Given higher PGM head grades, Steelpoort enjoys lower cash costs and better margins than Millsell.

Both Millsell and Steelpoort reached full production in Q4-FY08. Initial PGM cash costs at both plants were higher than expected due to rehabilitation provisions and higher chrome penalties due to high chrome levels in early PGM concentrate. These costs fell as the plants ramped up and sorted out initial problems. Sylvania is now also installing bead mills and extra flotation cells at both Millsell and Steelpoort to further improve PGM recoveries (by a predicted 10-15%) and concentrate grade.

Bead milling involves the use of a stirred mass of ceramic beads to achieve an ultra fine grind, (thereby liberating mineral particles at the microscopic level – allowing for intimate contact with the chemicals that extract the metal). It is also believed to be more power-efficient than conventional milling. Additional benefits include that fact that it avoids possible contamination with metallic particles (which can hamper flotation) that can result from the use of steel balls in conventional milling (these beads being made from a ceramic material).

Exhibit 11: Steelpoort Flow Sheet



Source: Company reports

Lannex

The Lannex plant was completed in 2010, but due to delays in obtaining approval (from the Department of Water Affairs) for the new water license required in order to construct the new tailings dam, operations were scaled back due to the limitations of the existing tailings dam. The new Lannex tailings dam was completed in April 2011 and now that it has been commissioned, Lannex will be able to ramp up to its full capacity of 70 Ktpm (roughly 3 Koz of PGMs per quarter) from the restricted level of 25 Ktpm (roughly 1.7 Koz of PGMs per quarter).

Doornbosch

The Doornbosch plant was commissioned at the end of June 2010 at a capital cost of R97 million. The plant is expected to produce 670 ounces of PGMs per month at steady state which was achieved towards the end of 2010.

The Doornbosch underground and open pit mines are still being developed. As a result, the feed grade to the Doornbosch PGM plant is still only in the order of 2.9g/t. This should increase to more than 5 g/t as the underground mine expands output. To ensure that the plant achieves its design capacity of 20 Kt of PGM feed per month, arrangements are being made for fines from the Tweefontein mine and dumps to be temporarily treated at the Doornbosch plant. This will increase PGM production at Doornbosch to an estimated 1 Koz per month.

Tweefontein

The Tweefontein project (which will see the construction of a plant similar to the Doornboch operation) study has been completed and will be presented to the Board for approval in June 2011. Current estimates put the project capex at R90 million of which R64 million will be for plant construction and R16 million towards other infrastructure, while power reticulation from Eskom (the national power utility) is expected to be R10 million. Based on a now thorough track record of plant construction, Sylvania expects the plant construction to be completed by May 2012. PGM production is expected to reach 880 oz per month at steady state (some six months later). Tweefontein also boasts the real potential for a further build-out equal to that of Mooinooi, adding direct underground mining feed into the equation. This possible second phase is currently still under review with the host mine.

Chromite Tailings Retreatment Project ("CTRP")

CTRP is a 25%-owned joint venture with Aquarius Platinum and Ivanhoe Platinum & Nickel ("Ivanhoe"). Aquarius (which operates the project in return for a management fee) has a 50% interest and Ivanhoe, 25%. Located at Aquarius' Kroondal mine, CTRP extracts PGMs from tailings from the nearby Xstrata and Beyer chrome mines. Construction of the CTRP plant commenced in mid-2004 and production commenced in 2005.

The fineness of the tailings particles enables them to be fed direct into CTRP's conventional flotation process. However, towards the end of CY2007, a bead mill was added ahead of flotation to improve recoveries and production. The operation is currently producing roughly 5.5 Koz of PGMs (100%) per annum at a ~US$900/PGM oz cash cost (compared to a current PGM basket price in the order of US$1400/oz).

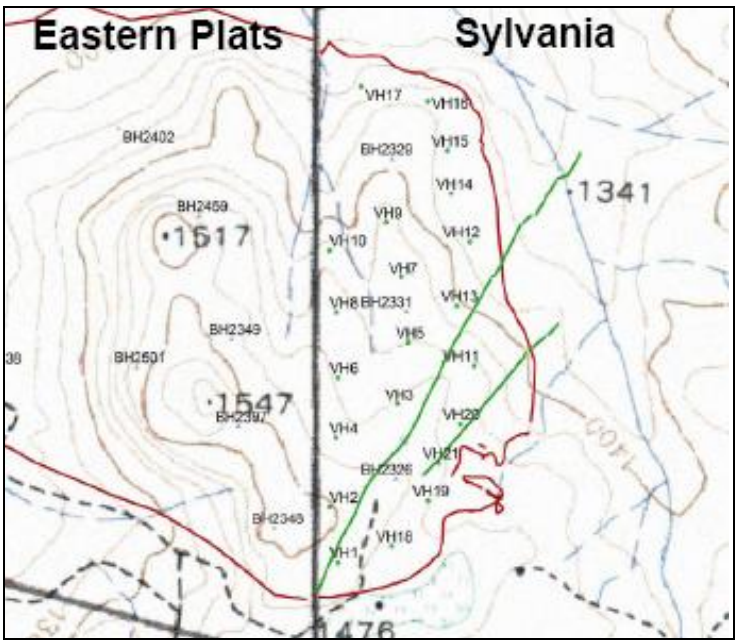
Recent moves at AQP where it bought out the minorities in its Platinum Mile PGM dump retreatment project, suggests that Aquarius is positioning itself to increase its exposure to low risk-high margin dump retreatment operations, in our view. With the stalemate between Sylvania and Aquarius at Everest North now broken (see below) we expect to see improved relations between the companies going forward. We believe that this may even lead to wider co-operation between the parties on expanding the tailings retreatment business.

Everest North

Further to the potential of further cooperation on tailings re-treatment, Aquarius Platinum and Sylvania also share a common interest in the Everest North project. The Everest North UG2 project is located on the Vygenhoek farm on the Bushveld Complex's Eastern Limb, adjacent to Eastern Platinum's Mareesburg property (Mareesburg and Everest North are actually on different sides of the same hill). The shallow-dipping (5°-15°) UG2 orebody outcrops along the entire perimeter of the hill.

Sylvania had been prospecting Everest North under an earn-in agreement with Aquarius; a drilling program was completed in September 2007 and a Measured Resource of 0.8 Moz PGMs was established. However, there was a disagreement about the terms of the deal and the companies were locked in a legal dispute. After years of legal wrangling the companies managed to reach an agreement for the joint development of the project.

Exhibit 12: Everest North is Contiguous with Eastplats' Mareesburg



Source: Company reports

Sylvania Platinum has now entered into an agreement with Aquarius to examine the feasibility of extracting and processing ore from the Everest North deposit. A feasibility committee will review and update the existing feasibility study. The Committee will also compile an application for a Mining Right. Sylvania will carry all the costs of the study.

If the project is found to be viable, Sylvania and Aquarius will enter into a 50/50 Joint Venture on the project. The Joint Venture will have a management committee with equal representation by both companies.

On the date of the granting of a New Order Mining Right on the property Sylvania will pay R6 million in cash to Aquarius. Aquarius will be appointed as contract miner at Everest North. Aquarius will make available a minimum of 27 Ktpm of its processing capacity at the Everest South Plant to process the Everest North ore. It is expected that the PGM concentrate will be sold to Impala Refining Services.

This agreement – which will eliminate the need to build a dedicated plant - should significantly enhance the economics of this project, in our view. We also believe that there is the possibility of combining Everest North with Eastplats' Mareesburg project. With the deadlock between Sylvania and Aquarius now broken this avenue could, or rather should, also be explored further. This is not a big ore body and mining it as a single asset would make the most sense to any of Eastern Platinum, Sylvania or Aquarius. Logic dictates that the likely outcome will be one of these three companies taking up the entire project and mining it. In any event, Sylvania's presence here carries at least some value – value that the market does not currently recognize, in our opinion.

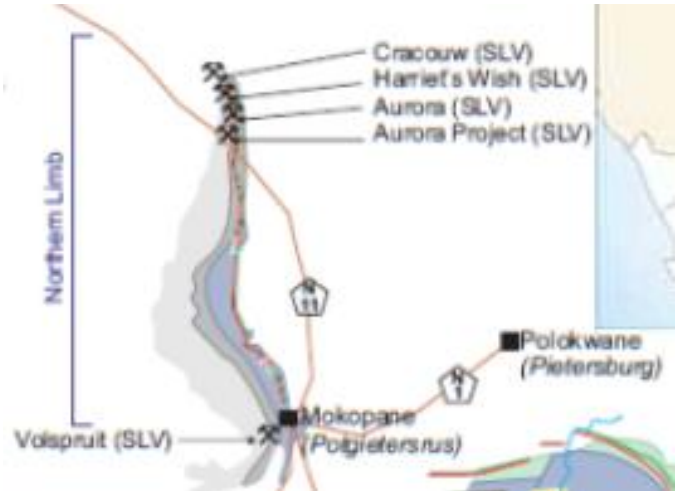
We envisage an initial open pit operation, with decline shafts to be developed to gain access to deeper resources. We believe the operation could produce roughly 40Koz of PGMs per annum over an expected life of mine of some 10 years.

Northern Limb Assets – The Big Option on the Future PGM Market

During 2009, Sylvania acquired a number of shallow low grade PGM deposits on the Northern Limb of the Bushveld complex, with the aim of exploiting these deposits using Sylvania's existing low grade PGM concentrating capabilities and DC smelting technology.

These deposits normally tend to be low in PGMs and base metal rich. Due to the shallow nature of these ore bodies - allowing for low cost open pit mining – it can be economically exploited, despite the low PGM grades. The large base metal credits further enhances the economics of these ore bodies. However, due to the lower grade PGM content of these deposits, the concentrate produced from it tends to be of a too low grade (as low as 50 g/t) to be treated by conventional PGM smelters. This low grade concentrate essentially displaces higher grade material in the smelter making it uneconomic for conventional (capacity constrained and power constrained) smelters to treat. In order to "crack the nut" of making these ore bodies viable then, Sylvania will have to find a smelter that would be willing to treat this low grade concentrate or build it themselves.

Exhibit 13: Northern Limb Assets

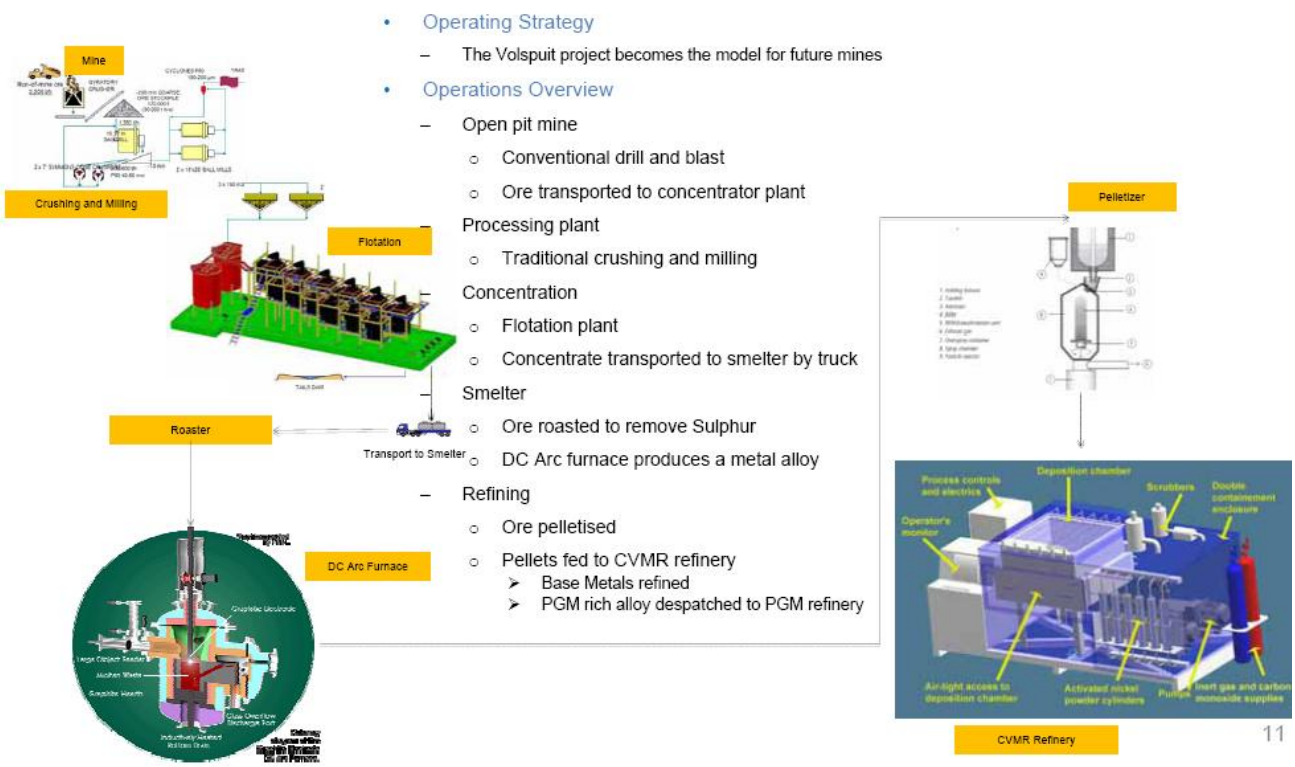


Source: Company reports

Sylvania believes it has managed to solve this problem and now sees the potential growth from these assets as the ultimate platform to put it on a longer-term, sustainable and highly profitable plane. Sylvania's plan is to bring together existing technology and processes widely used throughout the mining and processing industry to exploit these ore bodies. The final key to this strategy is the use of alternative smelting technology.

Although the technology and process have been used extensively thought the mining and processing industry, it will be the first time these elements are combined in this way. Due to this unique approach and the risks associated with this ground breaking process, Sylvania aims to establish a series of modular 100 Ktpm processing facilities. The longer term aim is to establish eight facilities funded from internally generated cash flow, contributing to targeted group wide production of 350,000oz PGM per annum.

Exhibit 14: Northern Limb Mine To Market Process



Source: Company reports

Mining & Concentrating – Volspuit the First Target

Sylvania will initially focus on the Volspruit project (formerly Grass Valley) near Mokopane in the Limpopo province (towards the bottom end of the Northern Limb), where the first modular plant is to be established. The development of the Volspruit project will be the first step to Sylvania unlocking value from its Platreef properties as future plants on the Northern limb will be identical in design and will ensure long term feed to the proposed smelter.

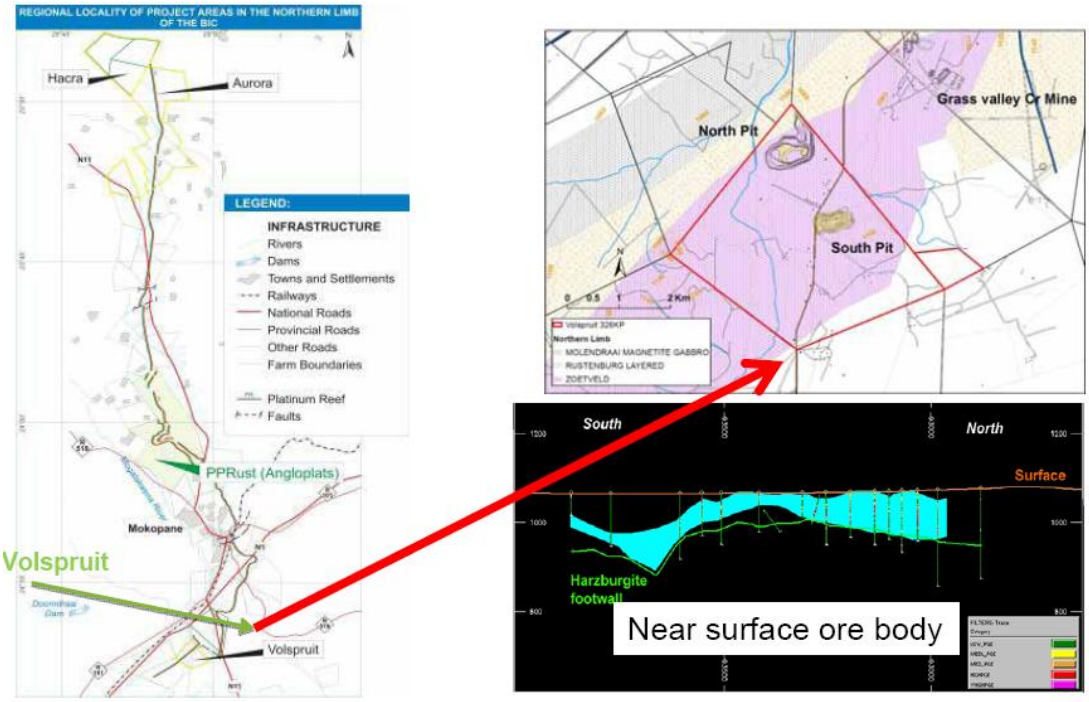
The Northern and Southern ore bodies on which the project is located were identified by previous exploration and resource estimation programs. These are part of a faulted complex that is up-thrown about 1200 m from the base of the lower zone of the BIC. The reef has similar wide reef Platreef ore body found nearby. The reefs are 50 meters wide in places and the amount of oxidization is fairly limited (roughly 2% of material is oxidized) making the reefs amenable to open pit mining.

Since acquiring the Northern Limb assets, a JORC compliant Inferred Resource of 3.59 Moz of PGMs, 263 Mlb of nickel and 77 Mlb of copper has been declared for Volspuit. The company also identified four other main high grade prospecting target areas/hot spots with a JORC resource of 4.99 Moz of PGMs, 137 Mlb of copper and 101 Mlb of nickel identified. A drilling program, designed to generate the information necessary to upgrade the exploration targets is being planned.

The plan is to mine these resources using conventional open pit mining methods. The mined ore will then be concentrated applying the existing concentrating technology used at its SDO operations to beneficiate this lower grade ore (upgrading ore of roughly 1.2 g/t to a concentrate of at least 50 g/t).

Sylvania has started a Definitive Feasibility Study (DFS) on the project which incorporates the process to design, build and commission the open cast mine, PGM concentrator, smelter and CVMR (Chemical Vapour Metal Refinery). Work has commenced on the mining works plan ("MWP"), the social and labour plan ("SLP") and the Environmental Impact Assessment ("EIA") process. Once the EIA is received the company will apply for a mining right. The current target is for the first module to be in operation by late 2013, but as with any new project of this nature, this target may be optimistic, in our view.

Exhibit 15: Volspuit Project - The First Northern Limb Target



Source: Company reports

Smelting Trials Have Delivered Good Results

As mentioned before, they key to unlocking the value of these ore bodies lies in the ability to smelt low grade PGM and base metal rich concentrates. The solution to this lies in the use of DC smelting technology. Sylvania has a Smelting and Refining Agreement with Jubilee Platinum in which the companies will work together to establish an optimal processing route, using Jubilee ConRoast DC smelting technology. The final stage is to use VCMR technology for the downstream refinement or processing of the material produced in the DC smelter.

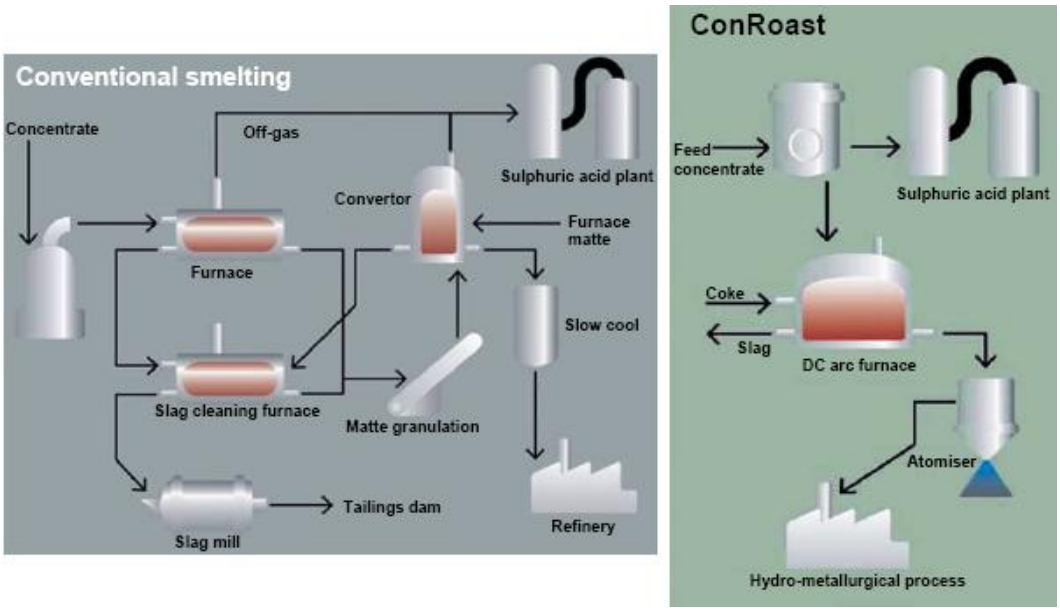
To this end, Sylvania and Jubilee entered into a specific agreement on PGE/Ni, Cu smelting and refining of Sylvania's Volspruit deposit using Jubilee's ConRoast technology. The smelting and refining study of Volspruit material which included roasting, smelting and refining trials has delivered positive results and the first metal alloy from Volspruit was produced. As part of the base metal refining trials (nickel, iron, copper) this alloy has been sent to Canada (CVMR) for further trials.

About ConRoast

Mintek, in association with Lonmin and Falconbridge, commenced research into ConRoast in the late 1980s with the aim of developing an efficient, cost-effective and green smelting process for PGMs. The ConRoast process is defined as the sulphur-free reductive smelting of PGMs into an iron-alloy collector in a DC Arc Furnace.

Conventional PGM smelters use AC technology (not DC) and smelt into a sulphide matte (as opposed to an iron alloy). ConRoast can be thought of as comprising three discrete stages: roasting, smelting and refining. In our view, the first two can be regarded as proven. Refining options are currently still being studied and finalised, but this final step is not absolutely crucial (see below).

Exhibit 16: Conventional versus ConRoast Smelting



Source: Jubilee Platinum

ConRoast offers a number of benefits to PGM companies:

- ConRoast effectively overcomes a number of problems plaguing existing conventional PGM smelting operations. In doing so, ConRoast allows "difficult" materials to be processed, e.g. high-chrome UG2 concentrates and smelter reverts.
- **Furnace Feed Chrome Constraints** - PGM production from UG2 sources is increasing as viable low-chrome Merensky reserves are depleted. Traditional AC furnaces are limited to feed chrome levels of 1.5%-2.5%, typically achieved by sacrifices in PGM flotation concentrator recoveries or by blending UG2 concentrates with Merensky or Platreef material. In contrast, chrome dissolves readily in slag in DC furnaces. DC furnaces thus allow flotation recoveries to be maximised and do not require feed blending.
- **SO_2 Emissions** - SO_2 emissions legislation is getting increasingly stringent, whereas traditional AC technology suffers significant emissions at all stages. With ConRoast, sulphide concentrates are dead-roasted ahead of smelting; the liberated sulphur dioxide gas is captured and fed into an acid plant. This keeps SO_2 off-gases well below legal limits, and the acid produced can be used downstream or sold.
- **UG2 is Sulphide-Deficient** - AC smelters collect PGMs in a sulphide matte and thus require a minimum feed sulphide content; the sulphur must be removed subsequently, resulting in SO_2 emissions. UG2 concentrates are relatively sulphide-deficient, while UG2 production is only ever going to increase. DC technology overcomes both problems by using an iron alloy collector.
- **Material Containment** - In AC furnaces, highly-corrosive superheated matte can burn through furnace walls, leading to smelter runouts (a problem which has plagued Lonmin) - in DC furnaces, there is no such danger as there is no need to subject material to temperatures that result in superheating.
- Most Junior projects are based on UG2 reef and/or low-grade resources which yield low-grade PGM concentrates (the processing of which would displace higher-grade concentrates at Majors' furnaces, an opportunity cost). Given Majors' smelting issues, finding a home for concentrates from such sources could be a problem in future. Alternatively, or in addition, Majors could impose more onerous tolling terms, and/or more punitive penalties where concentrate specifications are breached.
- Installation of DC technology at Majors' operations would circumvent the chrome issue (see above). PGM recoveries into flotation concentrates can be maximised as there would no longer be a need to minimise concentrate chrome levels.
- The establishment of "alternative" junior toll smelters (e.g., Jubilee) promises an alternative home for low-grade concentrates. That said, capacity could be limited - this would be dependent on how many furnaces Jubilee builds, or licences others to build. Limiting DC capacity (own or out-licensed) could actually be advantageous to Jubilee in potentially allowing Jubilee to extract higher tolling or price participation terms. Consequently, ConRoast is by no means a complete panacea for Junior PGM companies.

Future Sylvania/Jubilee Smelting and Refining Relationship

The agreement between Sylvania and Jubilee propose that the parties develop a 50/50 smelting and refining operation. Once the Volspruit feasibility study has been completed, the companies need to decide if the agreement is going to be formalized.

Jubilee is currently constructing a new 5MW ferroalloy furnace at Middelburg which should be operational later this year. It has two existing 2.5MW Arc furnaces that are currently operational. This 5 MW furnace forms part of the first phase of expansion at the Middelburg facility. Should an agreement be reached, we could well see Sylvania's Northern Limb material being treated at Middelburg.

Our understanding is that the ConRoast patent belongs to Mintek (effectively, the South African government) and that Jubilee holds exclusive rights to this patent until 2020. Whilst there have previously been questions over the exclusivity of Jubilee's right to this patent and the possibility of another party circumventing it, we believe this unlikely. Any attempt by Sylvania, or any other party, to utilize the technology outside of a relationship with Jubilee, could expose that party to conflict with both Jubilee and the South African Government via Mintek. We believe that the South African Government would side strongly with Jubilee in any such eventuality, given the joint development of the technology between the two parties.

However, DC smelting technology is widely used in the mining industry and Sylvania still has the option to develop alternative technologies. Sylvania's close relationship with Samancor, which makes extensive use of DC smelting technology, should be beneficial should it decide to peruse alternative smelting options.

One of the biggest obstacles in expanding Jubilee's facilities or constructing any new smelting facility is power availability. South Africa's electricity constraints are set to remain for some years to come. We believe that getting an additional power allocation from Eskom for new projects is going to be a challenge. Alternative forms of power, like Jubilee's 10 MWA gas fired power station normally tends to be more expensive than Eskom power (despite the 25% plus annual increases expected in coming years).

Refining Choices

Another key component of Sylvania's strategy on the Northern Limb is what route to follow and degree of downstream refinement it should pursue (if any) of the smelter product. A DC smelter can opt to sell untreated PGM-containing iron alloy from the furnace, or (semi) refined products. Generally, the more refined the final products, the better their payability; also, the more potential customers for a particular product type, the better terms are likely to be.

There are two general refining routes: converting, or leaching:

- Converting is simpler, using existing converter technology; the resulting converter matte is an attractive product for existing refineries.
- Leaching is more complicated, requires more development work and more expensive but could potentially yield more and cleaner products, attract a more diverse range of clients and boast better payability.

The collection of PGMs in a metal alloy has been a concern to some, as it raises concerns about retrieving the PGMs via leaching. However, according to Jubilee, leaching recoveries as high as 99% have been achieved from granulated/atomised matte.

A "third alternative" refining route (i.e., not converting or conventional leaching routes) called CVMR® (Chemical Vapor Metal Refinery) shows significant promise in pilot plant test work to date.

Jubilee and Sylvania commissioned a Canadian company - CVMR® to undertake a feasibility study for the extraction and refining of metals in ConRoast alloy utilising the CVMR® process, which in essence extracts nickel, iron, and cobalt as gaseous metal carbonyls (carbonylation) using carbon monoxide gas.

Three pilot-scale campaigns have been completed on samples of ConRoast alloy, which was produced during ConRoast R&D trials at Mintek in 2007, delivering good results. Extraction yields (carbonylation) of 99.5% for nickel and 95.6% for iron were achieved. Further processing of these extracts produce high purity nickel and iron powders. A PGM-rich copper residue, unaffected by the process above, remains after the extraction stage of the base metals.

Initial indication are that this process delivers PGMs with a much higher payability (we believe possibly up to 97%), and pure nickel and iron, which will have 100% payability. Following the encouraging result achieved during these trials, external consultants have been appointed to the project to conclude a techno-economic review, which is expected to be completed in H2-CY11.

Plenty of Moving Parts – But It's Coming Together

From the discussion above, it is clear to us that there are a number of things that need to come together for Sylvania to realize its Northern Limb ambitions. Firstly, the company needs to complete the feasibility study on the Volspuit project after which it will have to apply for a mining right. Obtaining the mining right will require the company to tick a number of regulatory boxes, including the conclusion of a BEE transaction on the property. Once this is in place, Sylvania will have to finalize its agreement with Jubilee regarding the smelting and refining option. As mentioned above, Sylvania could still decide to peruse alternative smelting options.

This is a very simple summary of what needs to be done, but we believe the current October 2013 production timeline may be too optimistic. As a result, we are forecasting production from Volspruit to start in FY-14 (from FY-13 previously). A delay in this timeline will not, however, be all that bad in our view, as this will allow the company more time to accumulate internally generated cash flows from its SDO operation, reducing the external capital requirements of developing this project. We currently estimate that a 100 Ktpm operation will have a capital cost of roughly US$30 million. A DC furnace has a capital cost of roughly US$35 million.

Based on our current estimates, Sylvania should generate about A$40 million free cash flow over the next two years. At current spot, this number will likely be closer to A$20 million. This should go a long way to fund the Northern Limb expansion, limiting the need for external financing.

Exhibit 17: Internal Cash Generation Capacity RBC Forecast vs. Spot (A$ millions)

RBC Forecast	2011E	2012E	2013E	2014E	2015E
Net Operating Cash Flow	24.2	26.3	31.8	38.2	43.8
Net Investing Cash Flow	-25.7	-7.5	-10.8	-8.0	-5.9
Free Cash flow	-1.5	18.8	21.0	30.2	37.9

Spot	2011E	2012E	2013E	2014E	2015E
Net Operating Cash Flow	22.3	21.2	20.8	24.8	31.2
Net Investing Cash Flow	-27.1	-9.3	-12.7	-10.7	-7.8
Free Cash flow	-4.8	11.9	8.1	14.1	23.4

Spot: Pt: US$1,780; Pd: US$790; Rh US$2,025; R/US$6.80
Source: Company Reports

Once the first 100 Ktpm plant at Volspruit is up and running and the process is proven, the company can replicate this process. Open pit operations normally have a much smaller labour force, are less exposed to safety issues and use less electricity than conventional underground PGM operations. Sylvania's Northern Limb projects will, therefore, be much lower risk compared to underground PGM operations.

We believe the market is giving Sylvania little credit for its Northern Limb exposure. Although these operations will likely have a much lower margin and longer payback than the current SDO plants, this growth is still worth pursuing as it could see Sylvania growing into a mid tier PGM producer on a section of the Bushveld Complex not previously thought viable. Once these projects have been de-risked (all the technological components have been brought together successfully), these operations will be a source of low risk production, offering good gearing to PGM prices. Should the company manage to pull this off, it could unlock significant additional value for its shareholders, in our view. Of course, even if one discounted this potential, we can show that even just the existing SDO business is offering value – the Northern Limb comes as a zero cost option at present.

Comparative Analysis

Exhibit 18 shows our current forecasts compared to consensus and at a flat spot scenario. The SA PGM Industry normally tends to trade in a forward P/E range of between 10x to 20x. Sylvania trades at between 9x to 13x on the different metal price assumptions. This is far below the current industry average and below the lowest end of the normal trading range. The stock offers good value at these levels in our opinion, as this low valuation suggests that the market still seems to be valuing the stock as a short-life company. The market, therefore, doesn't seem to be pricing in the possibility that the SDO operations will operate in excess of 15 years, nor is it pricing in any of the Northern Limb growth. A good opportunity then – on both counts, but we will also add to that the potential of ending up as a takeout target for another PGM producer.

Exhibit 18: The Majors Finally Trading On Earnings – Impala, Aquarius and Stillwater Look Interesting

Company	Share Price	12 Month Forward Earnings Forecast			12-Month Forward P/E			Average
		Consensus	RBC	RBC Spot *	Consensus	RBC	RBC Spot *	P/E
Anglo Platinum	R 609.00	R 45	R 43.92	R 30.69	13	14	20	16
Impala Platinum	R 176.73	R 16.14	R 13.71	R 10.24	11	13	17	14
Lonmin	£13.91	$1.65	$1.62	$0.96	13	14	23	17
Northam Platinum	R 41.55	R 2.73	R 2.54	R 1.65	15	16	25	19
Aquarius Platinum	£2.90	£0.47	£0.50	£0.36	10	9	13	11
Anooraq Resources	C$1.10	-C$0.07	-C$0.13	-C$0.15	n.a.	n.a.	n.a.	n.a.
Eastern Platinum	C$0.86	$0.03	$0.04	$0.02	28	21	46	32
Platmin	C$0.61	-C$0.05	C$0.01	-C$0.01	n.a.	123	n.a.	n.a.
Platinum Australia	A$0.35	-A$0.05	A$0.00	A$0.00	n.a.	n.a.	n.a.	n.a.
Sylvania	£0.37	A$0.06	A$0.07	A$0.04	9	8	13	10
North American Palladium	C$3.71	C$0.12	C$0.27	C$0.17	31	14	22	22
Stillwater	$20.52	$1.90	$1.90	$1.23	11	11	17	13
Weighted Average P/E					**13**	**15**	**19**	**15**

***Pt: $1,780/oz; Pd: $790/oz; Rh: $2,025/oz; R/$: 6.80**

Source: INet, Bloomberg, RBC Capital Markets Estimates

In the broader comparison sheet in Exhibit 19, Sylvania stands out as offering very good value as it trades at a forward P/CF multiple of 4.5x (on RBC) or 5.2x (at current spot), compared to the peer group average of 8.6x and 10.8x. The market appears to be assuming high levels of risk associated with the company's Northern Limb venture even though underlying cash flows from the existing tailings re-treatment operations are indicating very good value in the stock.

Exhibit 19: Spot vs. RBC Scenario - Valuation Metrics

RBCCM FORECAST SCENARIO: (2011 at: Pt US$1900/oz, Pd US$850/oz, Rh US$2100/oz at R/US$ 7.00) = BASKET PRICE US$1550/oz or R352 000/kg

Company	Tick	Price Curr	Report Curr	Rating	Risk	Price	Target (12m)	Return to Target	NAV/sh Est	P/NAV	Shares (MM)	Mkt Cap (US$M)	CFPS '09	CFPS '10E	CFPS '11E	CFPS '12E	P/CF '10E	P/CF '11E	P/CF '12E	P/CF 1 yr frd	EPS '09	EPS '10E	EPS '11E	EPS '12E	P/E '10E	P/E '11E	P/E '12E	P/E 1 yr frd
South African Producers																												
Aquarius Platinum	AQP	GBP	USD	O	AA	£2.90	£4.35	53%	$5.55	0.52x	463	$2,144	($0.07)	$0.27	$0.56	$0.61	17.3x	8.3x	7.6x	7.6x	($0.13)	$0.11	$0.37	$0.50	42.9x	12.4x	9.2x	9.2x
Northam Platinum	NHM	ZAR	ZAR	O	AA	R 41.55	R 60.00	44%	R45.55	0.91x	360	$2,166	R 0.66	R 2.41	R 1.87	R 3.93	17.2x	22.2x	10.6x	10.6x	R 1.84	R 1.78	R 1.01	R 2.54	23.4x	41.2x	16.4x	16.4x
Jubilee Platinum	JLP	GBP	USD	O	Spec	£0.22	£0.60	169%	$1.42	0.16x	257	$91	$0.06	($0.01)	($0.00)	($0.04)	n.m.	n.m.	n.m.	n.m.	($0.06)	($0.02)	($0.02)	($0.05)	n.m.	n.m.	n.m.	n.m.
Wesizwe Platinum	WEZ	ZAR	USD	O	AA	R 1.70	R 3.60	112%	$0.74	2.30x	798	$197	(R0.02)	(R0.01)	R0.00	(R0.01)	n.m.	n.m.	n.m.	n.m.	(R0.01)	(R0.01)	(R0.00)	(R0.01)	n.m.	n.m.	n.m.	n.m.
Anooraq Resources	ARQ	CAD	USD	SP	AA	C$0.74	C$1.10	48%	$1.38	0.54x	202	$151	$0.03	($0.08)	($0.13)	($0.08)	n.m.	n.m.	n.m.	n.m.	($0.10)	($0.12)	($0.15)	($0.11)	n.m.	n.m.	n.m.	n.m.
Platmin	PPN	CAD	USD	SP	AA	C$0.61	C$1.05	72%	$1.20	0.51x	910	$563	($0.11)	($0.11)	($0.01)	$0.08	n.m.	n.m.	7.8x	n.m.	($0.02)	($0.09)	($0.02)	$0.03	n.m.	n.m.	17.8x	n.m.
Eastern Platinum	ELR	CAD	USD	O	A	C$0.86	C$1.70	97%	$2.16	0.40x	908	$791	$0.03	$0.09	$0.08	$0.15	9.8x	11.2x	5.6x	8.4x	$0.01	$0.02	$0.02	$0.06	46.4x	38.6x	14.3x	26.5x
Lonmin	LMI	GBP	USD	O	A	£13.91	£18.00	30%	$16.17	0.86x	202	$4,496	($0.65)	$1.45	$1.96	$2.64	15.3x	11.4x	8.4x	9.1x	($1.64)	$0.57	$1.07	$1.81	39.1x	20.7x	12.3x	14.4x
Platinum Group Metals	PTM	CAD	USD	SP	AA	C$1.93	C$2.40	24%	$2.89	0.67x	177	$347	($0.08)	($0.08)	($0.05)	($0.05)	n.m.	n.m.	n.m.	n.m.	($0.10)	$0.27	($0.06)	($0.05)	7.1x	n.m.	n.m.	n.m.
Platinum Australia	PLA	AUD	USD	O	AA	A$0.35	A$0.80	131%	$0.64	0.54x	392	$142	(A$0.06)	(A$0.07)	(A$0.01)	A$0.07	n.m.	n.m.	5.2x	n.m.	(A$0.06)	(A$0.05)	(A$0.04)	A$0.02	n.m.	n.m.	15.9x	n.m.
Impala Platinum	IMP	ZAR	ZAR	SP	AA	R 176.73	R 230.00	32%	R98.71	1.79x	632	$16,179	R 7.67	R 10.24	R 15.84	R 19.33	17.3x	11.2x	9.1x	9.1x	R 10.01	R 7.86	R 10.89	R 13.71	22.5x	16.2x	12.9x	12.9x
Sylvania Resources	SLV	GBP	AUD	O	AA	£0.37	£1.00	170%	A$0.80	0.46x	302	$178	A$0.05	A$0.03	A$0.08	A$0.13	18.7x	6.7x	4.5x	4.5x	(A$0.02)	(A$0.04)	A$0.03	A$0.07	n.m.	20.8x	8.3x	8.3x
Anglo Platinum	AMS	ZAR	ZAR	U	A	R 609.00	R 755.00	26%	R439.58	1.39x	263	$23,246	R 30.93	R 42.66	R 54.92	R 70.83	14.3x	11.1x	8.6x	9.8x	R 2.97	R 19.29	R 36.74	R 51.09	31.6x	16.6x	11.9x	14.2x
Nkwe Platinum	NKP	AUD	AUD	U	Spec	A$0.29	A$0.40	38%	A$0.61	0.48x	560	$171	(A$0.01)	(A$0.01)	(A$0.01)	A$0.00	n.m.	n.m.	n.m.	n.m.	(A$0.00)	(A$0.01)	(A$0.01)	(A$0.00)	n.m.	n.m.	n.m.	n.m.
								69%		**0.90x**		**$50,863**					**15.1x**	**11.4x**	**7.7x**	**8.6x**					**28.8x**	**22.7x**	**13.6x**	**14.8x**
North American Producers																												
North American Palladium	PDL	GBP	CAD	SP	AA	C$3.71	C$5.80	56%	C$12.56	0.30x	162	$609	(C$0.24)	(C$0.15)	C$0.25	C$0.73	n.m.	14.6x	5.1x	9.8x	(C$0.29)	(C$0.16)	C$0.08	C$0.46	n.m.	45.1x	8.1x	26.6x
Stillwater	SWC	USD	CAD	O	AA	$20.52	$35.00	71%	$29.27	0.70x	103	$2,114	$0.98	$1.22	$2.40	$3.44	16.8x	8.6x	6.0x	7.3x	-$0.10	$0.51	$1.49	$2.29	40.0x	13.8x	8.9x	11.4x
										0.50x		**$2,723**					**16.8x**	**11.6x**	**5.5x**	**8.6x**					**40.0x**	**29.4x**	**8.5x**	**19.0x**

SPOT SCENARIO: (Pt US$1780/oz, Pd US$790/oz, Rh US$2025/oz at R/US$ 6.80) = BASKET PRICE US$1470/oz or R321 380/kg

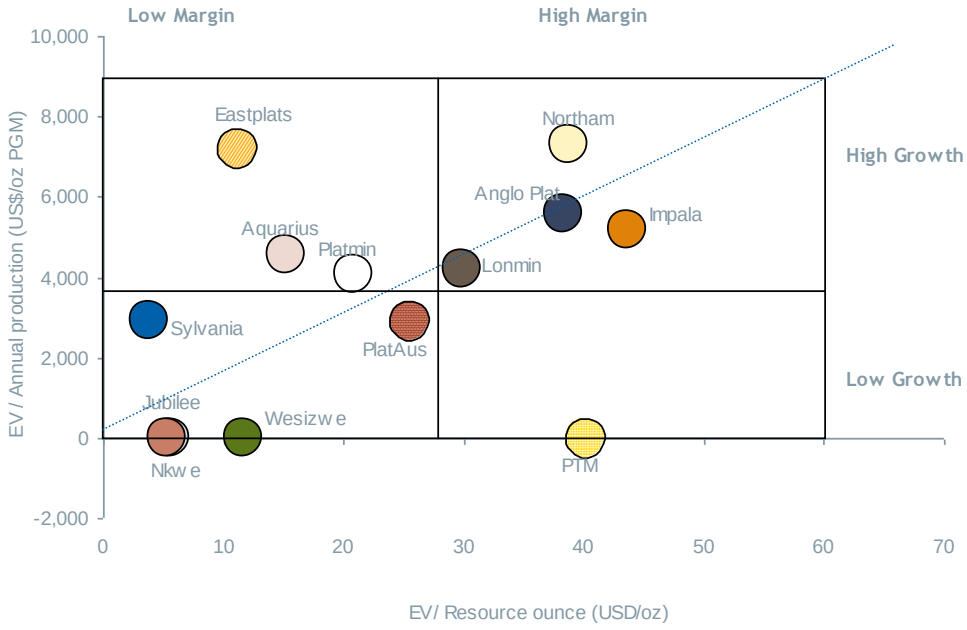
Company	Tick	Price Curr	Report Curr	Rating	Risk	Price	Target (12m)	Return to Target	NAV/sh Est	P/NAV	Shares (MM)	Mkt Cap (US$M)	CFPS '09	CFPS '10E	CFPS '11E	CFPS '12E	P/CF '10E	P/CF '11E	P/CF '12E	P/CF 1 yr frd	EPS '09	EPS '10E	EPS '11E	EPS '12E	P/E '10E	P/E '11E	P/E '12E	P/E 1 yr frd
South African Producers																												
Aquarius Platinum	AQP	GBP	USD	O	AA	£2.90	£4.35	53%	$3.59	0.81x	463	$2,144	($0.07)	$0.27	$0.52	$0.47	17.3x	8.9x	9.9x	9.9x	($0.13)	$0.11	$0.33	$0.36	42.9x	14.2x	13.0x	13.0x
Northam Platinum	NHM	ZAR	ZAR	O	AA	R 41.55	R 60.00	44%	R31.76	1.31x	360	$2,166	R 0.66	R 2.41	R 1.48	R 2.69	17.2x	28.0x	15.5x	15.5x	R 1.84	R 1.78	R 0.76	R 1.65	23.4x	54.8x	25.2x	25.2x
Jubilee Platinum	JLP	GBP	USD	O	Spec	£0.22	£0.60	169%	$1.34	0.17x	257	$91	$0.06	($0.01)	($0.00)	($0.05)	n.m.	n.m.	n.m.	n.m.	($0.06)	($0.02)	($0.02)	($0.06)	n.m.	n.m.	n.m.	n.m.
Wesizwe Platinum	WEZ	ZAR	USD	O	AA	R 1.70	R 3.60	112%	$0.69	2.48x	798	$197	(R0.02)	(R0.01)	R0.00	(R0.01)	n.m.	n.m.	n.m.	n.m.	(R0.01)	(R0.01)	(R0.00)	(R0.01)	n.m.	n.m.	n.m.	n.m.
Anooraq Resources	ARQ	CAD	USD	SP	AA	C$0.74	C$1.10	48%	$1.02	0.72x	202	$151	$0.03	($0.08)	($0.15)	($0.12)	n.m.	n.m.	n.m.	n.m.	($0.10)	($0.12)	($0.17)	($0.14)	n.m.	n.m.	n.m.	n.m.
Platmin	PPN	CAD	USD	SP	AA	C$0.61	C$1.05	72%	$1.07	0.57x	910	$563	($0.11)	($0.11)	($0.02)	$0.05	n.m.	n.m.	13.1x	n.m.	($0.02)	($0.09)	($0.03)	$0.01	n.m.	n.m.	47.2x	n.m.
Eastern Platinum	ELR	CAD	USD	O	A	C$0.86	C$1.70	97%	$1.80	0.48x	908	$791	$0.03	$0.09	$0.06	$0.10	9.8x	13.6x	8.4x	11.0x	$0.01	$0.02	$0.01	$0.03	46.4x	72.2x	33.5x	52.9x
Lonmin	LMI	GBP	USD	O	A	£13.91	£18.00	30%	$8.95	1.55x	202	$4,496	($0.65)	$1.45	$1.73	$1.87	15.3x	12.8x	11.9x	12.1x	($1.64)	$0.57	$0.83	$1.00	39.1x	26.6x	22.1x	23.3x
Platinum Group Metals	PTM	CAD	USD	SP	AA	C$1.93	C$2.40	24%	$2.63	0.74x	177	$347	($0.08)	($0.08)	($0.05)	($0.05)	n.m.	n.m.	n.m.	n.m.	($0.10)	$0.27	($0.06)	($0.05)	7.1x	n.m.	n.m.	n.m.
Platinum Australia	PLA	AUD	USD	O	AA	A$0.35	A$0.80	131%	$0.66	0.52x	392	$142	(A$0.06)	(A$0.07)	(A$0.01)	A$0.07	n.m.	n.m.	4.8x	n.m.	(A$0.06)	(A$0.05)	(A$0.05)	A$0.02	n.m.	n.m.	20.3x	n.m.
Impala Platinum	IMP	ZAR	ZAR	SP	AA	R 176.73	R 230.00	32%	R60.41	2.93x	632	$16,179	R 7.67	R 10.24	R 14.67	R 15.84	17.3x	12.0x	11.2x	11.2x	R 10.01	R 7.86	R 9.73	R 10.24	22.5x	18.2x	17.3x	17.3x
Sylvania Resources	SLV	GBP	AUD	O	AA	£0.37	£1.00	170%	A$0.63	0.59x	302	$178	A$0.05	A$0.03	A$0.07	A$0.11	18.7x	7.6x	5.2x	5.2x	(A$0.02)	(A$0.04)	A$0.02	A$0.04	n.m.	28.4x	13.0x	13.0x
Anglo Platinum	AMS	ZAR	ZAR	U	A	R 609.00	R 755.00	26%	R268.04	2.27x	263	$23,246	R 30.93	R 42.66	R 46.84	R 50.76	14.3x	13.0x	12.0x	12.5x	R 2.97	R 19.29	R 29.14	R 32.23	31.6x	20.9x	18.9x	19.9x
Nkwe Platinum	NKP	AUD	AUD	U	Spec	A$0.29	A$0.40	38%	A$0.55	0.53x	560	$171	(A$0.01)	(A$0.01)	(A$0.01)	A$0.00	n.m.	n.m.	n.m.	n.m.	(A$0.00)	(A$0.01)	(A$0.01)	(A$0.00)	n.m.	n.m.	n.m.	n.m.
								69%		**1.19x**		**$50,863**					**15.1x**	**13.2x**	**10.1x**	**10.8x**					**28.8x**	**31.3x**	**22.8x**	**22.6x**
North American Producers																												
North American Palladium	PDL	GBP	CAD	SP	AA	C$3.71	C$5.80	56%	C$18.26	0.20x	162	$609	(C$0.24)	(C$0.15)	C$0.23	C$0.54	n.m.	16.0x	6.8x	11.4x	(C$0.29)	(C$0.16)	C$0.06	C$0.27	n.m.	62.4x	13.6x	38.0x
Stillwater	SWC	USD	CAD	O	AA	$20.52	$35.00	71%	$29.27	0.70x	103	$2,114	$0.98	$1.22	$2.40	$3.44	16.8x	8.6x	6.0x	7.3x	-$0.10	$0.51	$1.49	$2.29	40.0x	13.8x	8.9x	11.4x
										0.45x		**$2,723**					**16.8x**	**12.3x**	**6.4x**	**9.3x**					**40.0x**	**38.1x**	**11.3x**	**24.7x**

Source: INet, RBC Capital Markets Estimates

Another way to highlight potential value, especially when long-term value has to be played off against low short-term cash flows (or production) is to plot the companies' longer-term production capacity (as EV/Production ounce) against the resource base capacity (as EV/Resource ounce). Of course, there should be an intuitive alignment between resource size and production (the bigger the resource, the more the company should also tend to produce). We also believe the chart could be read as an indication of profitability – the higher the US$/resource ounce valuation normally is, the higher the margin also tends to be (or visa-versa really). Against this, a high EV/Production ounce valuation is indicative of the market expecting high growth (strong volume growth).

In Exhibit 20, we show current market valuation based on current production. We then move the clock forward two years in Exhibit 21 to show how the companies are **currently** rated on the assumption that they achieve expected output two years from now. The difference between the two charts pinpoints very well, in our opinion, where the real value opportunities lie. Some of the companies only see meaningful production increases beyond the two year window, making them look worse than they could of course. Still, given the market tendency to only look forward about 12 months, we find it very difficult pushing numbers beyond a two-year time frame which already pushes this "usual" investable horizon – Exhibit 21 shows the production assumptions in 2013.

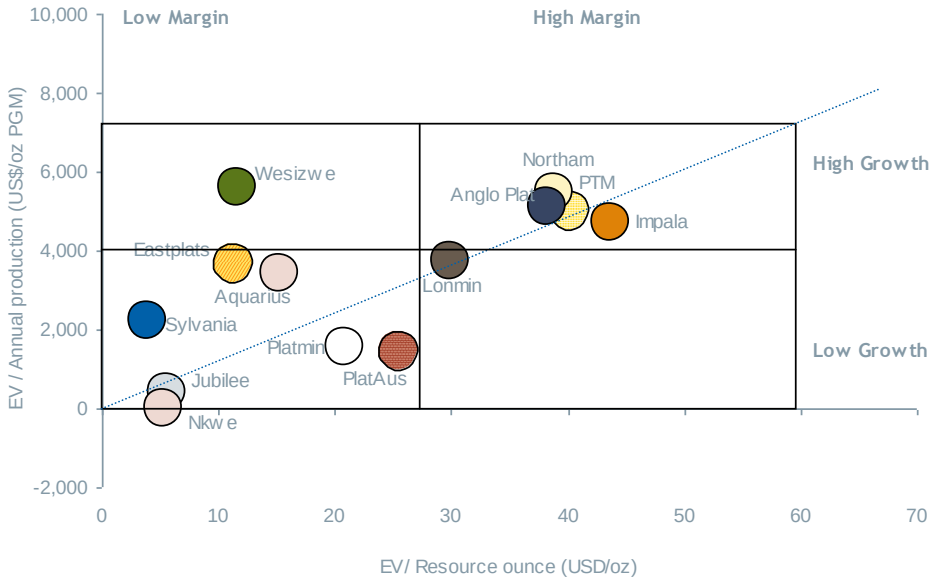
Exhibit 20: SA PGMs - Current Production



Source: INet, Company Reports, RBC Capital Markets estimates

Based on the current production levels, Sylvania stands out as offering good value – the company, in our opinion, is not a low growth, low margin play. The low EV/Resource valuation suggests that the company is getting very little credit (probably nothing) for its Northern Limb resources AND that the view is probably still that it only has short life assets.

Exhibit 21: SA PGMs - Assuming 2013E Production levels



Source: INet, Company Reports, RBC Capital Markets estimates

On an EV/Production ounce basis (assuming 2013E production), Sylvania again stands out as offering even better value assuming just the expected growth over the next two years – all of the growth from the Northern Limb will only reflect beyond this time frame. This suggests that the market is giving the company very little credit for its near term production growth associated with the expansion and ramp-up at its SDO operation, which is expected to grow production to 60 Koz in FY-12 from roughly 40Koz in FY-11. This is important to note – as virtually all of the capex needed to deliver this growth has already been spent. Some of the other Junior producers like Eastplats and PTM offer bigger near term production growth prospects, but delivering this growth still require large amounts of capex as well as all the risks associated with developing a new project – including the need to raise capital. On all these metrics Sylvania stands out as offering very good value relative to its peers and as such, continues to trade as a very real probable takeout candidate.

Exhibit 22: Expected Production Growth to Calendar 2013E

Company	EV (US$ Million)	Normalised production (koz)	Current production (koz)	Change %	Resource (Moz 4E)
Sylvania	171.71	67.8	51.7	31%	9.7
Platinum Australia	122.16	88.5	43.9	101%	5.1
Jubilee	70.37	183.3	0.0	100%	12.9
Platinum Group Metals	339.51	69.6	0.0	100%	8.7
Eastplats	782.16	223.8	114.7	95%	74.2
Nkwe	161.19	0.0	0.0	100%	32.5
NAPalladium	463.13	211.8	160.0	32%	5.2
Platmin	344.22	253.1	96.5	162%	18.9
Anooraq	948.74	87.3	66.5	31%	94.9
Wesizwe	180.48	32.7	0.0	100%	15.7
Stillwater	2,080.32	492.4	486.1	1%	20.6
Northam	1,980.56	375.7	281.5	33%	52.9
Aquarius	2,076.97	626.4	472.8	32%	141.1
Lonmin	5,170.63	1,419.9	1,271.6	12%	177.5
Impala	16,209.52	3,532.7	3,204.9	10%	380.8
Anglo Plat	24,506.11	4,937.3	4,523.8	9%	659.8

Source: INet, Bloomberg, Company Reports, RBC Capital Markets estimates

Sensitivity Analysis

The sensitivity summary is based on our official PGM price and R/US$ exchange rates forecasts. The basket price and exchange rate reflected in the table represents our long term forecasts.

Sylvania should continue to generate positive cash flows even if metal prices are 30% below our current forecast. This suggests that the SDO operations have robust economies (high margin, low cost) and should be able to withstand a sharp drop in PGM prices (low risk).

Exhibit 23: Sensitivity Summary

NPV Sensitivity (A$/share)	RBC PGM Basket price				
Discount Rate	-30%	-20%	0%	+20%	+30%
0%	0.10	0.53	1.36	2.18	2.58
2.5%	0.01	0.36	1.04	1.70	2.03
5.0%	-0.06	0.24	0.80	1.34	1.61
7.5%	-0.11	0.14	0.61	1.07	1.30
10.0%	-0.15	0.07	0.47	0.86	1.05
12.5%	-0.18	0.01	0.36	0.70	0.86
15.0%	-0.20	-0.03	0.28	0.57	0.71
US$/oz PGM Basket (0.60Pt+0.35Pd+0.05Rh)	973	1,112	1,390	1,668	1,807
R/$ rate	8.0	8.0	8.0	8.0	8.0
R/kg PGM Basket	250,263	286,015	357,519	429,023	464,775

EPS Sensitivity	Earnings/Share (A$/sh)				
	2010A	2011E	2012E	2013E	2014E
Base Basket price	-0.04	0.03	0.07	0.09	0.10
Basket -30%	-0.04	-0.02	-0.00	0.01	0.00
Basket -20%	-0.04	-0.01	0.02	0.03	0.04
Basket +20%	-0.04	0.06	0.11	0.13	0.16
Basket +30%	-0.04	0.08	0.13	0.16	0.19

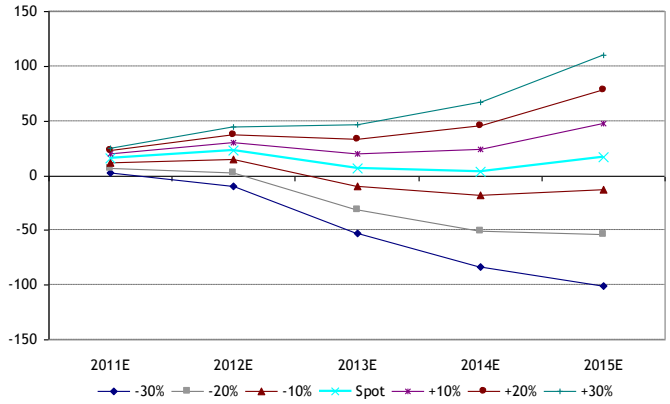
CF Sensitivity	CF/Share (A$/sh)				
	2010A	2011E	2012E	2013E	2014E
Base Basket price	0.03	0.08	0.13	0.15	0.15
Basket -30%	0.03	0.01	0.05	0.06	0.06
Basket -20%	0.03	0.04	0.08	0.10	0.11
Basket +20%	0.03	0.12	0.15	0.20	0.22
Basket +30%	0.03	0.14	0.17	0.22	0.25

Source: RBC Capital Markets estimates

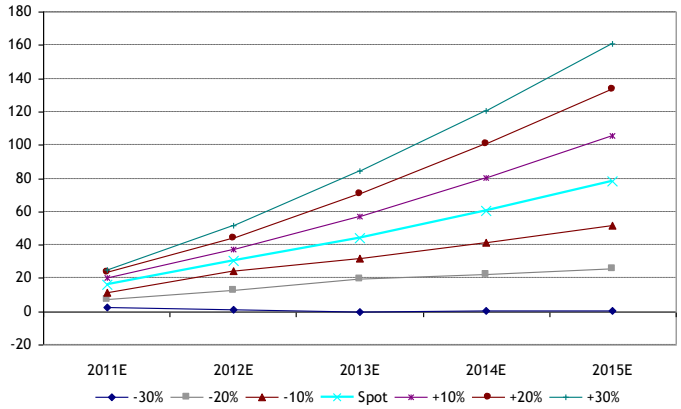
We believe this view is further illustrated by the cumulative cash balance sensitivity below. Based on our current forecast and assuming spot prices, the cash balance keeps on increasing, even when the company spends money on developing its Northern Limb and Everest North Projects. The chart on the right hand side – excludes any investment in growth. This shows that the current operations will be cash generative even if metal prices drop by 30% from current spot levels. This gives us comfort that Sylvania will be able to fund a large portion of its growth plans using internally generated funds.

Exhibit 24: Cumulative Cash Balance (A$ millions) - Sensitivity To PGM Price Fluctuations

With Investment In Growth



Without Investment In Growth



Source: Company reports, RBC Capital Markets estimates

Valuation

Sylvania stands out as offering value based on our comparative analysis above. The market seems to be pricing is none of production growth associated with its Northern Limb strategy or its stake in Everest North while the existing production base seems to be discounted significantly. The low P/NAV – 0.46x vs. 0.9x for the peer group further supports this view. The low P/E and P/CF multiples suggest that the market is also not giving the company credit for its current cash generation capacity and the life of mine extensions of its SDO operations associated with treating ROM chrome ores. This obviously makes Sylvania a potential takeout target.

In order to be conservative and to be able to show value without having to be overly optimistic in terms of our assumptions, we have adjusted our production forecasts by pushing back the start of the Northern Limb production by about a year to 2015 (with almost nothing in 2014). We have also accounted for the proposed Everest North JV – assuming production from 2014.

Exhibit 25: Revised RBC Production Forecasts (Koz PGMs -100% of Project)

Current Forecast	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E
Samancor Dumps	43	57	58	59	59	57	56	55
CTRP	6	6	6	6	6	6	6	0
Northern Limb	0	0	0	5	19	28	35	56
Everest North	0	0	0	24	37	38	38	38
Total	**49**	**63**	**64**	**94**	**121**	**128**	**134**	**149**

Previous Forecast	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E
Samancor Dumps	43	57	54	47	46	46	41	41
CTRP	6	6	6	6	6	6	6	0
Northern Limb	0	0	5	28	28	28	28	28
Everest North	0	0	5	22	57	65	70	70
Total	**49**	**62**	**70**	**102**	**136**	**145**	**145**	**139**

Source: RBC Capital Markets estimates

Our revised FY-12 EPS forecast is A$0.07/sh from A$0.06/sh, while our FY-13 forecast is A$0.09/sh from A$0.07/sh, while our new CFPS forecast for FY-12 is A$0.13/sh from A$0.16/sh, and FY-13 is now A$0.15/sh from A$0.14/sh. Our revised NAV forecast is now slightly lower at A$0.80/sh from A$0.84/sh but still based on very conservative assumptions – particularly with respect to the Northern Limb expansion.

On our new conservative forecasts, Sylvania still stands out as offering good value. Even if one gives the company no credit for its future growth, we derive a NAV of A$0.58/sh on our current metal price forecasts. At spot this NAV is A$0.43/sh. This compares to the current A$0.37/sh share price.

Based on these numbers, one is getting the dump retreatment operations at a discount while getting the other projects for free. The Board's recent decision to launch a share buy back seems to supports this view.

The market seems to be suggesting that the company's growth projects will consume all the cash flows generated by the dump operations. This management team has, however, demonstrated in the past, that they will stop investing in projects when they no longer make economic sense and cash is running short, as they did during the 2008 downturn when the collapse of chrome and PGM prices negatively affected the company. Bear in mind that Sylvania is making money off the MG Reefs right now – at lower grades than the Northern Limb material and without getting any additional revenue credits from the other metals contained in the ore body. This, more than anything, should imply a significantly lower risk associated with the Northern Limb strategy compared to what the market currently seems to be pricing in to the share.

Exhibit 26: NAV – RBC Forecast vs. Spot

RBC Forecast				
Projects	**%Own'ship**	**A$MM**	**A$/Share**	**%NAV**
Samancor Dumps	100.0%	A$199.6	A$0.66	73.9%
CTRP	25.0%	A$5.5	A$0.02	2.0%
Everest North	50.0%	A$27.0	A$0.09	10.0%
Northern Limb	74.0%	A$37.8	A$0.13	14.0%
Operating NAV		**A$269.9**	**A$0.89**	
G&A		(A$54.4)	(A$0.18)	
Working Capital		A$27.2	A$0.09	
L/T Debt		A$0.0	A$0.00	
Net Asset Value at 5%		**A$241.7**	**A$0.80**	

Spot				
Projects	**%Own'ship**	**A$MM**	**A$/Share**	**%NAV**
Samancor Dumps	100.0%	A$159.8	A$0.53	71.0%
CTRP	25.0%	A$5.1	A$0.02	2.3%
Everest North	50.0%	A$21.6	A$0.07	9.6%
Northern Limb	74.0%	A$38.5	A$0.13	17.1%
Operating NAV		**A$225.1**	**A$0.75**	
G&A		(A$58.6)	(A$0.19)	
Working Capital		A$23.3	A$0.08	
L/T Debt		A$0.0	A$0.00	
Net Asset Value at 5%		**A$189.8**	**A$0.63**	

Spot: Pt: $1,780/oz; Pd: $790/oz; Rh: $2,025/oz; R/$: 6.80
Source: RBC Capital Markets estimates

Conclusion

South African PGM producers tend to trade on a forward P/CF multiple of between 5x to 15x. We continue to value Sylvania on a 12x forward P/CF basis. Applying this multiple to our revised forecasts yields a target price of £1.00/sh from £1.20/sh previously (notice that this valuation focuses entirely on current near-term projected cash flows and takes no account of any of the future growth potential and even then, represents a number that is more than double the current share price). We believe that the stock offers value even if one only values the current operations and that Sylvania's cash generating capacity and growth prospects makes it a highly likely takeout target. We therefore re-iterate our Outperform, Above Average Risk rating.

Exhibit 27: Comparative Analysis

All US$ unless noted Current company values		Group Average	AMS	IMP	LMI	AQP	ARQ	ELR	JLP	NHM	PLA	PTM	PPN	WEZ	SLV	NKP	PDL	SWC
EV/ Resource ounce	$/oz	30	37	43	29	15	10	11	5.5	37	24	39	18	11	18	5.0	88.8	101.0
EV/ Production ounce	$/oz	3,781	4,963	4,588	3,642	3,316	10,862	3,495	384	5,272	1,380	4,877	1,360	5,520	2,531	0	2,186	4,225
Price to sales	%	3%	2.5%	2.9%	2.1%	1.1%	0.6%	0.8%	0.5%	2.4%	2.1%	2.3%	1.3%	0.8%	0.9%	0.4%	11.6%	10.6%
Market Cap/ Normalised Earnings (Junior P/E)	X	11	25	13.8	12.3	9.3	10.4	40.2	1.0	16.8	8.4	2.5	5.8	1.7	9.5	2.4	19.4	13.9
Market Cap/ Normalised Earnings (Major P/E)	X	17																
Price/NAV at RBC long term metal prices	X	0.8	1.4	1.8	1.4	0.8	0.5	0.4	0.3	0.8	0.6	0.7	0.5	0.3	0.8	0.6	0.2	0.7
Company fundamentals			**AMS**	**IMP**	**LMI**	**AQP**	**ARQ**	**ELR**	**JLP**	**NHM**	**PLA**	**PTM**	**PPN**	**WEZ**	**SLV**	**NKP**	**PDL**	**SWC**
Attributable resource	Moz		660	381	178	141	95	74	13	53	5	9	19	16	10	33	5	21
Production ounces (steady state)	4PGE ('000)		4,937	3,533	1,420	626	87	224	183	376	89	70	253	33	68	0	212	492
Basket price (PGE including base metals)	$/oz		1,578	1,560	1,597	1,549	1,618	1,512	1,658	1,714	1,498	1,800	1,772	1,827	2,072	1,528	908	1,100
Basket price (PGE excluding base metals)	$/oz		1,479	1,471	1,528	1,502	1,370	1,487	1,362	1,539	1,310	1,546	1,466	1,538	1,488	1,495	816	1,003
Enterprise value	$MM		24,506	16,210	5,171	2,077	949	782	70	1,981	122	340	344	180	172	161	463	2,080
Shares in issue	MM		263	632	202	463	202	908	257	360	392	177	910	798	302	560	162	103
Normalised earnings - RBC long term metal prices	$MM		948	1,169	365	238	15	20	92	129	17	140	97	118	20	70	31	152
Potential price applying peer group average ratings			**AMS**	**IMP**	**LMI**	**AQP**	**ARQ**	**ELR**	**JLP**	**NHM**	**PLA**	**PTM**	**PPN**	**WEZ**	**SLV**	**NKP**	**PDL**	**SWC**
EV/ Resource ounce	$/sh		75.74	18.23	26.50	9.21	14.21	2.47	1.52	4.45	0.39	1.48	0.63	0.59	0.97	1.76	0.97	6.05
EV/ Production ounce	$/sh		70.88	21.15	26.52	5.11	1.64	0.93	2.70	3.95	0.85	1.48	1.05	0.15	0.85	0.00	4.93	18.07
Price to sales	$/sh		102.48	24.37	36.28	12.23	19.71	3.20	2.16	6.53	0.50	2.29	0.95	0.93	1.73	2.30	0.76	5.70
Market Cap/ Normalised earnings (Junior P/E 11x)[1]	$/sh		38.69	19.89	19.40	5.53	0.77	0.23	3.87	3.85	0.46	8.48	1.14	1.58	0.73	1.35	2.08	15.88
Market Cap/ Normalised earnings (Senior P/E 17x)[1]	$/sh		60.78	31.25	30.48	8.68	1.21	0.37	6.08	6.05	0.73	13.33	1.79	2.49	1.14	2.11	3.27	24.95
10x P/E on forecast earnings at full production[1]	$/sh		35.98	18.50	18.05	5.14	0.72	0.22	3.60	3.58	0.43	7.89	1.06	1.47	0.68	1.25	1.94	14.77
NPV 5% discount at spot	$/sh		39.42	8.69	8.95	3.59	1.02	1.80	1.34	5.99	0.66	2.62	1.07	0.69	0.60	0.48	17.88	34.34
NPV 5% discount at 30% premium to spot prices	$/sh		96.82	20.67	29.77	7.69	2.74	3.19	2.30	14.72	1.43	4.06	1.80	1.10	1.32	0.79	11.36	55.05
NPV 5% RBC long term metal prices	$/sh		62.80	13.99	16.17	5.55	1.38	2.16	1.42	7.80	0.65	2.91	1.20	0.74	0.73	0.48	18.26	29.27
Average	$/sh		**64.84**	**19.64**	**23.57**	**6.97**	**4.82**	**1.62**	**2.78**	**6.33**	**0.68**	**4.95**	**1.19**	**1.08**	**0.97**	**1.17**	**6.83**	**22.68**
Current producer - near term earnings valuation																		
10x P/E one year forward[2] - Juniors								0.41			0.19				0.63		2.80	14.90
15x P/E one year forward[2] - Majors			93.34	23.15	24.33	4.47				2.14								
Valuation																		
Current share price	$/sh		**88.25**	**25.61**	**22.20**	**4.63**	**0.75**	**0.87**	**0.36**	**6.02**	**0.36**	**1.96**	**0.62**	**0.25**	**0.59**	**0.30**	**3.75**	**20.52**
Target price	$/sh		**107.50**	**32.70**	**29.30**	**7.05**	**1.10**	**1.75**	**1.00**	**8.55**	**0.85**	**2.45**	**1.10**	**0.50**	**1.60**	**0.40**	**5.90**	**35.00**
Potential upside to target price	%		22%	28%	32%	52%	47%	101%	181%	42%	134%	25%	78%	103%	171%	31%	57%	71%
Current Market Cap	$MM		23,245	16,179	4,496	2,214	151	792	91	2,166	142	347	563	197	194	171	609	2,114
Company value based on our valuation	$MM		28,315	20,657	5,933	3,266	222	1,589	257	3,075	334	435	1,001	399	483	224	958	3,606
Prices and averages in main listing currency																		
Main listing			South Africa	South Africa	U.K.	U.K.	Canada	Canada	U.K.	South Africa	Australia	Canada	Canada	South Africa	U.K.	Australia	Canada	USA
Currency			ZAR	ZAR	GBP	GBP	CAD	CAD	GBP	ZAR	AUD	CAD	CAD	ZAR	GBP	AUD	CAD	USD
USD exchange rate			6.90	6.90	0.63	0.63	0.99	0.99	0.63	6.90	0.95	0.99	0.99	6.90	0.63	0.95	0.99	1.00
Primary currency average	/sh		447.45	135.51	14.77	4.37	4.77	1.60	1.74	43.66	0.65	4.89	1.17	7.48	1.74	1.11	6.75	22.68
Current Price	/sh		**609.00**	**176.73**	**13.91**	**2.90**	**0.74**	**0.86**	**0.22**	**41.55**	**0.35**	**1.93**	**0.61**	**1.70**	**0.37**	**0.29**	**3.71**	**20.52**
Target price	/sh		**755.00**	**230.00**	**18.00**	**4.35**	**1.10**	**1.70**	**0.60**	**60.00**	**0.80**	**2.40**	**1.05**	**3.60**	**1.00**	**0.40**	**5.80**	**35.00**
Potential upside to target price	%		24%	30%	29%	50%	48%	97%	169%	44%	131%	24%	72%	112%	170%	38%	56%	71%
Current Market Cap	MM		160,405	111,643	2,818	1,388	150	782	57	14,945	136	343	556	1,357	121	163	602	2,114
Rating and Risk			**U/A**	**SP/AA**	**O/A**	**O/AA**	**SP/AA**	**O/A**	**O/Spec**	**O/AA**	**O/AA**	**SP/AA**	**SP/AA**	**O/AA**	**O/AA**	**U/Spec**	**SP/AA**	**O/AA**

[1]Based on metal prices 30% above spot (Spot: Pt US$1,780/oz; Pd US$790/oz; Rh US$2,025/oz; R/US$6.80)

[2]Based on RBC long term metal prices (Pt US$1,450/oz, Pd US$450/oz, Rh US$2,500/oz, R/US$ 9)

TP: Top PickO: Outperform; S: Sector Perform; U: Underperform; A: Average; AA: Above Average; Spec: Speculative; R: Restricted

**Main trading exchange*

Source: RBC Capital Markets estimates

Valuation

Our £1.00/sh target price is based on a forward P/CF of 12x - in line with its peers. We rate the stock Outperform, Above Average risk.

Price Target Impediment

Risks to our valuation include project, political, socio-economic, fiscal, mineral rights ownership, operational, commodity price, environmental regulations, financing and trading liquidity risks. More specific, given the brand new approach to the Northern Limb, the proposed, but untested way in which Sylvania is approaching this potential could carry unknown risks.

Company Description

Sylvania Platinum Limited (LSE: SLP; ASX: SLV; "Sylvania") is a PGM producer whose current operations comprise tailings re-treatment and run-of-mine ("ROM") fines treatment operations on South Africa's Bushveld Complex. In the longer term, the company hopes to be involved in shallow PGM mining.

Sylvania Platinum Ltd.

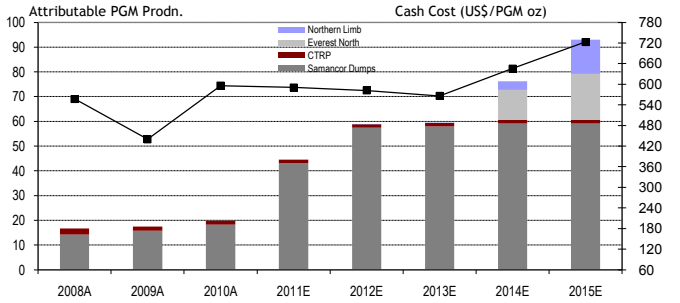
LSE: SLP; ASX: SLV	Share Price	A$0.56	£0.37	Stock Rating:	Outperform		Risk Qualifier	Above Average Risk	
	Mark. Cap (MM)	US$168	£111	Price Target:	US$1.60	£1.00	NAV (@5%)	US$0.73	A$0.80

All A$ unless noted — For Fiscal Year Ended June 30

RATIO ANALYSIS		FY2010A	FY2011E	FY2012E	FY2013E
Net Income	$MM	(7.9)	7.0	20.4	25.8
EPS	$/sh	($0.04)	$0.03	$0.07	$0.09
P/E Multiple	x	n.m.	20.6	8.2	6.5
Operating Cash Flow	$MM	6.8	21.5	37.8	45.1
CFPS before Working Cap.	$/sh	$0.03	$0.08	$0.13	$0.15
Price/CF	x	18.5	6.7	4.5	3.7
Dividends per Share	$/sh	$0.00	$0.00	$0.00	$0.00
Dividend Yield	%	0.0%	0.0%	0.0%	0.0%
LTD/(Total Cap)	%	0.2%	0.0%	0.0%	0.0%
INCOME STATEMENT		**FY2010A**	**FY2011E**	**FY2012E**	**FY2013E**
Sales Rev. incl. Royalties	$MM	29.8	60.7	90.9	99.4
Operating Costs	$MM	30.8	40.6	49.3	50.6
EBITDA	$MM	(1.0)	20.1	41.6	48.8
DD&A	$MM	3.4	6.6	9.2	9.8
EBIT	$MM	(4.4)	13.5	32.4	39.1
Net Interest Expense	$MM	(0.7)	(1.4)	(1.1)	(2.2)
EBT	$MM	(3.7)	14.9	33.5	41.3
Foreign Exchange (Loss) Gain	$MM	(1.8)	-	-	-
Non-Recurring Items/Other	$MM	(1.4)	-	-	-
Taxes/Recovery	$MM	3.1	7.9	13.1	15.5
Minority Interests	$MM	(0.7)	-	-	-
Net Income	$MM	(7.9)	7.0	20.4	25.8
Shares o/s	MM	224.7	256.6	302.0	302.0
EPS	$/sh	($0.04)	$0.03	$0.07	$0.09
CASH FLOW		**FY2010A**	**FY2011E**	**FY2012E**	**FY2013E**
Cash Flows from Operating Activities					
Net Income	$MM	(7.9)	7.0	20.4	25.8
DD&A	$MM	3.4	6.6	9.2	9.8
Deferred Taxes	$MM	4.6	7.9	8.2	9.6
Non Recurring/Other	$MM	6.7	-	-	-
Working Cap. Changes	$MM	(8.0)	3.0	(5.3)	(1.9)
Net Operating Cash Flow		(1.2)	24.5	32.5	43.2
Cash Flows from Investing Activities					
Capital Expenditure (net)	$MM	(23.1)	(29.4)	(13.7)	(42.9)
Acquis./Investments	$MM	-	0.1	(0.0)	(0.1)
Other	$MM	-	1.1	(0.6)	(1.1)
Net Investing Cash Flow		(23.1)	(28.2)	(14.3)	(44.1)
Cash Flows from Financing Activities					
Equity Issues (Net of Costs)	$MM	17.5	-	-	-
Net Borrowings	$MM	-	(0.4)	0.0	0.0
Dividends Paid & Other	$MM	-	-	-	-
Net Financing Cash Flow	**$MM**	17.5	(0.4)	0.0	0.0
X-rate Adjustments	$MM				
Net Inc.(Dec.) incl For. Ex.	$MM	(6.8)	(4.2)	18.2	(0.9)
Cash at End of Year	$MM	23.5	19.3	37.5	36.6
BALANCE SHEET		**FY2010A**	**FY2011E**	**FY2012E**	**FY2013E**
Cash & Equivalents	$MM	23.5	19.3	37.5	36.6
Total Current Assets	$MM	40.4	34.3	59.9	61.1
PP&E & Mining Interests	$MM	77.0	99.8	104.3	137.5
Other	$MM	73.6	72.4	73.0	74.2
Total Assets	$MM	191.0	206.5	237.2	272.7
Current Liabilities	$MM	6.0	7.1	9.2	9.3
Long Term Debt	$MM	0.4	-	-	-
Other Long Term Liabilities	$MM	25.6	33.6	41.8	51.3
Total Liabilities	$MM	32.1	40.6	51.0	60.7
S/Holder Equity	$MM	158.9	165.9	186.3	212.1
Total Liab. & S/Holder Equity	$MM	191.0	206.5	237.2	272.7
Working Capital	$MM	34.4	27.2	50.7	51.7

All A$ unless noted — For Fiscal Year Ended June 30

PRICES/EXCHANGE RATES		FY2010A	FY2011E	FY2012E	FY2013E
Platinum Price	$/oz	$1,458	$1,763	$1,950	$1,950
Palladium Price	$/oz	$389	$717	$975	$1,050
Rhodium Price	$/oz	$2,265	$2,190	$2,300	$2,750
PGM Basket Price	$/oz	$1,264	$1,526	$1,723	$1,804
Exchange Rate	AU$/US$	$1.09	$1.02	$1.07	$1.09
Exchange Rate	ZAR/US$	R7.57	R7.05	R7.05	R7.18
MINE/EQUITY PRODUCTION		**FY2010A**	**FY2011E**	**FY2012E**	**FY2013E**
Pt Production ('000oz)		12	26	34	35
Pd Production ('000oz)		6	12	17	17
4 PGE Production ('000oz)		20	45	59	59
Cash Costs (US$/ 4 PGE oz)		596	591	582	566
OTHER DATA					
Issued Shares	302.0 MM		12-month High		£0.52
Issued Shares (fully diluted)	302.0 MM		12-month Low		£0.34



ESTIMATED NET ASSET VALUE (NAV)/SHARE				
Projects	**%Own'ship**	**A$MM**	**A$/Share**	**%NAV**
Samancor Dumps	100.0%	A$199.6	A$0.66	73.9%
CTRP	25.0%	A$5.5	A$0.02	2.0%
Everest North	50.0%	A$27.0	A$0.09	10.0%
Northern Limb	74.0%	A$37.8	A$0.13	14.0%
Operating NAV		**A$269.9**	**A$0.89**	
G&A		(A$55.4)	(A$0.18)	
Options and other		A$0.0	A$0.00	
Working Capital		A$27.2	A$0.09	
L/T Debt		A$0.0	A$0.00	
Net Asset Value at 5%		**A$241.7**	**A$0.80**	

NPV calculation limited to a 20 year period

Source: Company reports, RBC Capital Markets estimates

Required Disclosures

Non-U.S. Analyst Disclosure

Leon Esterhuizen, Arnold van Graan and Ben McEwen (i) are not registered/qualified as research analysts with the NYSE and/or FINRA and (ii) may not be associated persons of the RBC Capital Markets, LLC and therefore may not be subject to FINRA Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Conflicts Disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access current disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

Distribution of Ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Top Pick/Outperform, Sector Perform and Underperform most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis (as described above).

Distribution of Ratings
RBC Capital Markets, Equity Research

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY[TP/O]	748	52.60	223	29.81
HOLD[SP]	611	43.00	139	22.75
SELL[U]	63	4.40	11	17.46

Conflicts Policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of Research and Short-Term Trading Calls

RBC Capital Markets endeavors to make all reasonable efforts to provide research simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets' equity research is posted to our proprietary websites to ensure eligible clients receive coverage initiations and changes in ratings, targets and opinions in a timely manner. Additional distribution may be done by the sales personnel via email, fax or regular mail. Clients may also receive our research via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research. RBC Capital Markets also provides eligible clients with access to SPARC on the Firm's proprietary INSIGHT website. SPARC contains market color and commentary, and may also contain Short-Term Trade Ideas regarding the publicly-traded common equity of subject companies on which the Firm currently provides equity research coverage. SPARC may be accessed via the following hyperlink: https://www.rbcinsight.com. A Short-Term Trade Idea reflects the research analyst's directional view regarding the price of the subject company's publicly-traded common equity in the coming days or weeks, based on market and trading events. A Short-Term Trade Idea may differ from the price targets and recommendations in our published research reports reflecting the research analyst's views of the longer-term (one year) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. Thus, it is possible that a subject company's common equity that is considered a long-term 'sector perform' or even an 'underperform' might be a short-term buying opportunity as a result of temporary selling pressure in the market; conversely, a subject company's common equity rated a long-term 'outperform' could be considered susceptible to a short-term downward price correction. Short-Term Trade Ideas are not ratings, nor are they part of any ratings system, and the Firm generally does not intend, nor undertakes

any obligation, to maintain or update Short-Term Trade Ideas. Securities and Short-Term Trade Ideas discussed in SPARC may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any securities or strategies discussed herein.

Analyst Certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Disclaimer

RBC Capital Markets is the business name used by certain subsidiaries of Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, Royal Bank of Canada Europe Limited and Royal Bank of Canada - Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior consent of RBC Capital Markets.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by Royal Bank of Canada Europe Limited ('RBCEL') which is authorized and regulated by Financial ServicesAuthority ('FSA'), in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FSA. However, targeted distribution may be made to selected retail clients of RBC and its affiliates. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada - Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product.

To Hong Kong Residents:
This publication is distributed in Hong Kong by RBC Investment Services (Asia) Limited and RBC Investment Management (Asia) Limited, licensed corporations under the Securities and Futures Ordinance or, by Royal Bank of Canada, Hong Kong Branch, a registered institution under the Securities and Futures Ordinance. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact RBC Investment Services (Asia) Limited, RBC Investment Management (Asia) Limited or Royal Bank of Canada, Hong Kong Branch at 17/Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong (telephone number is 2848-1388).

To Singapore Residents:
This publication is distributed in Singapore by RBC (Singapore Branch) and RBC (Asia) Limited, registered entities granted offshore bank status by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance.