



# High-margin, low-risk PGE Producer

TM McConnachie, MD  
Royal Bank of Canada  
Presentation

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

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- Key drivers:
  - **Business model**
    - High-margin, low risk surface dump processing operations and shallow opencast mines
  - **Future**
    - Growth facilitated by access to down stream smelting and funded by strong cash flows and balance sheet
  - **People**
    - Relevant experience with track record in value creation
  - **Sector**
    - PGM market fundamentals remain positive

# Sylvania Corporate Profile

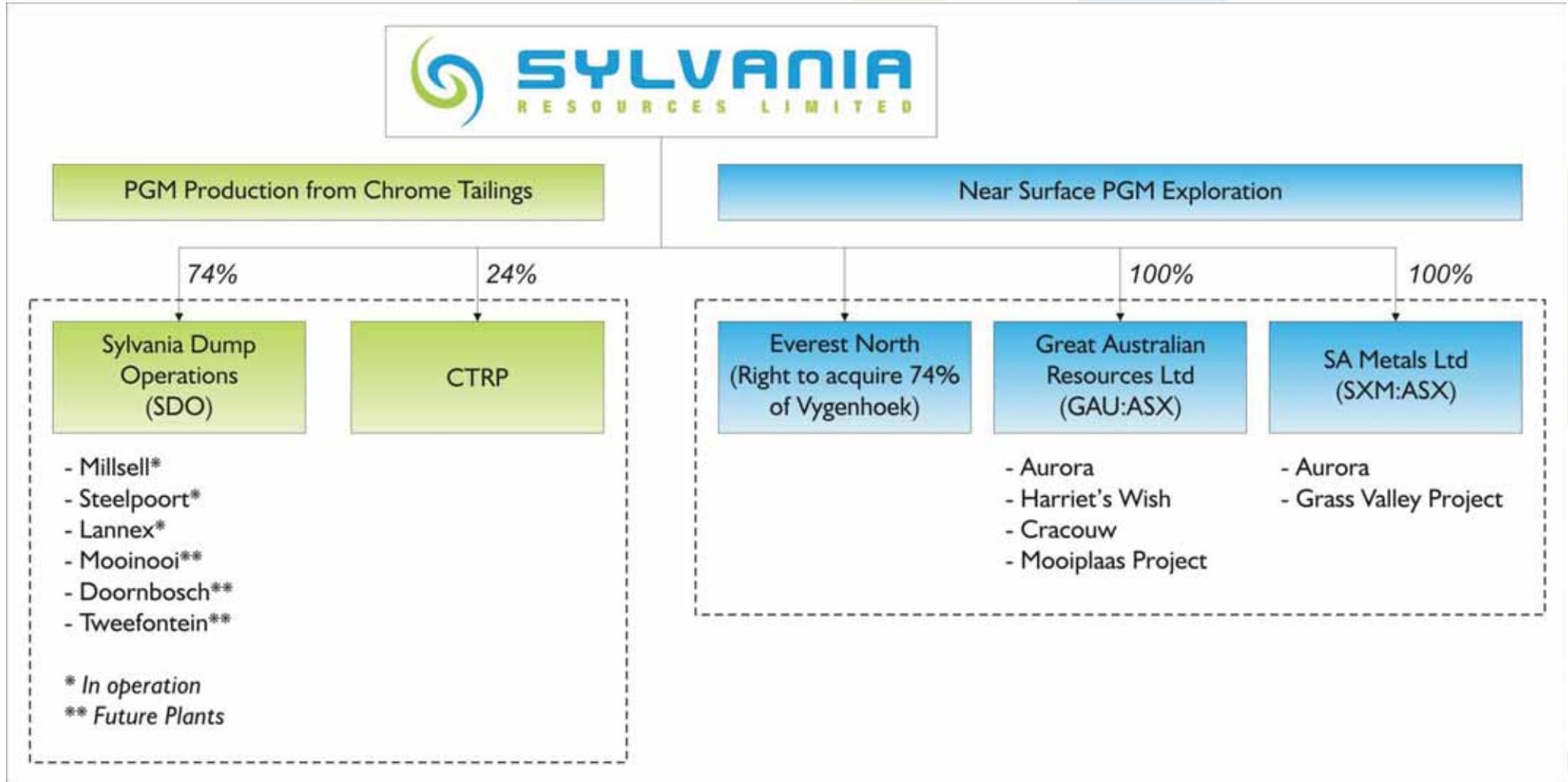


- South African tailings dump and opencast platinum group metals producer
- Shares in issue: 217m
- Market Capitalization: A\$277m
- Largest Shareholders\*
  - Audley Capital Advisors – 16.69%
  - Henderson Global Investors – 8.70%
  - JP Morgan Asset Management – 6.49%
  - Credit Suisse – 4.18%
  - UBS AG Market Maker / Principal Trading – 4.17%
  - Jo Hambro Capital Management – 3.52%
  - UBS Ag – 3.14%
  - Citibank Hong Kong – 2.98%
  - European Clearing – 2.70
  - New Star Asset Management – 2.49
- Cash A\$23m, no debt\*
- Acquisition of more surface and near surface resources underway

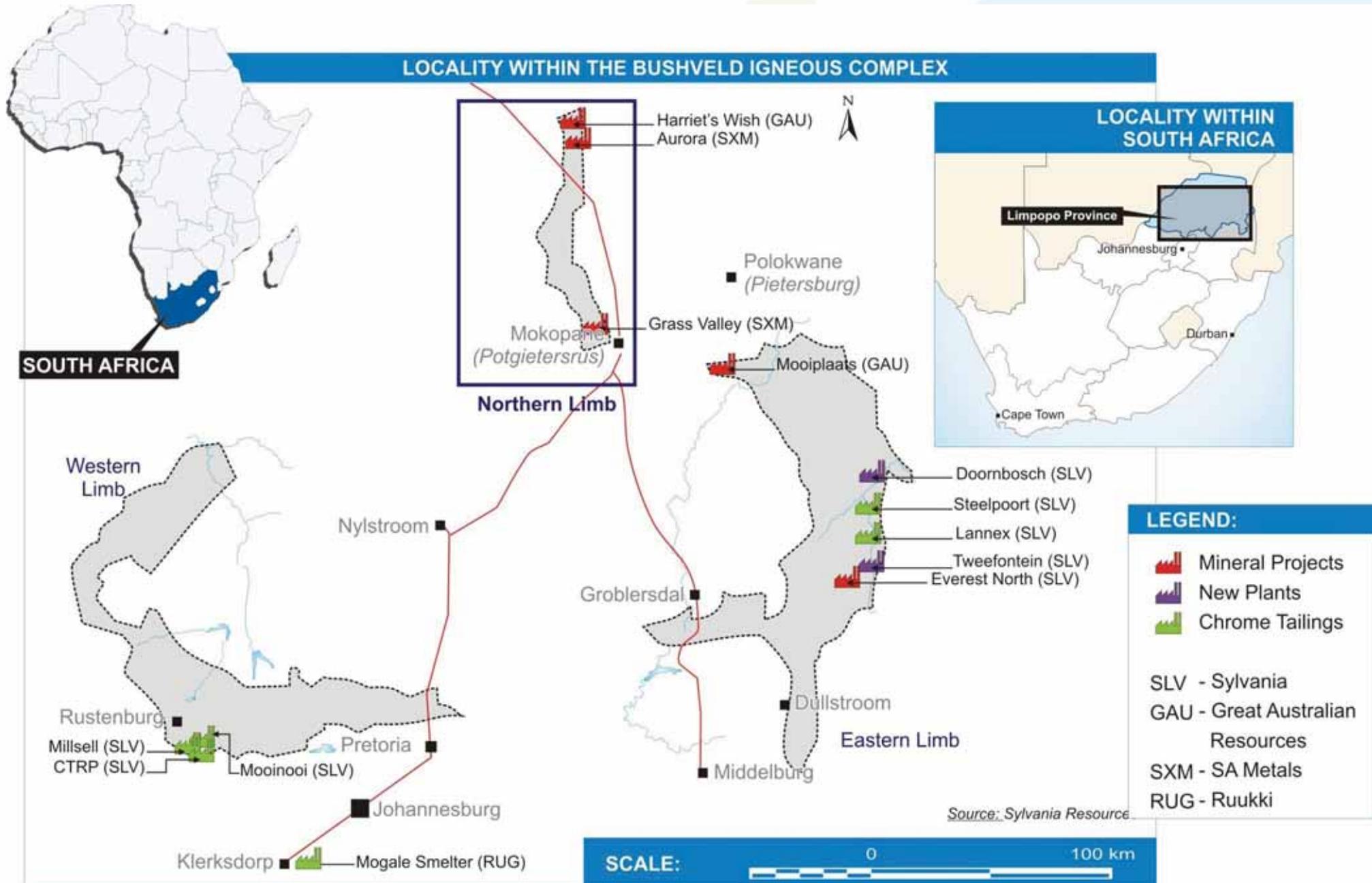


\*31<sup>st</sup> August 2009

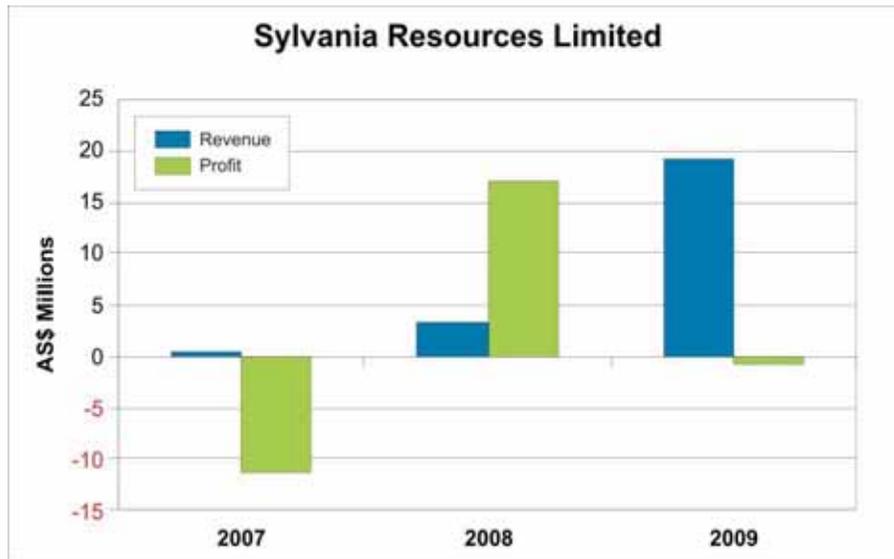
# Sylvania Corporate Structure



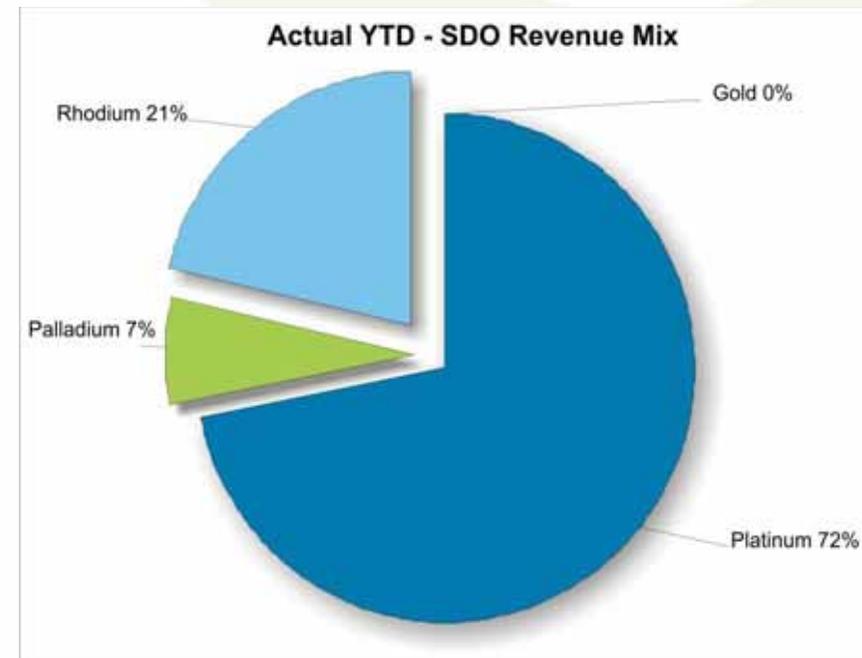
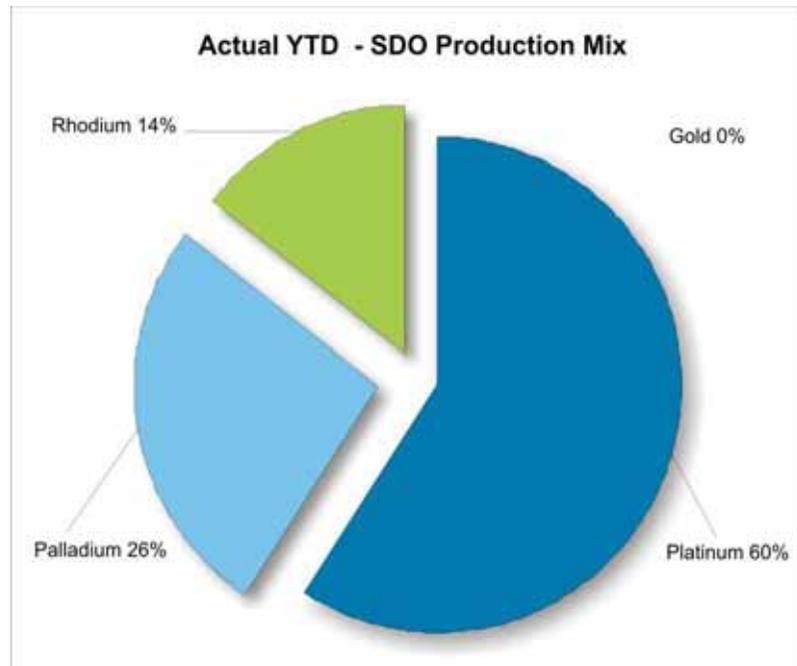
# Locality



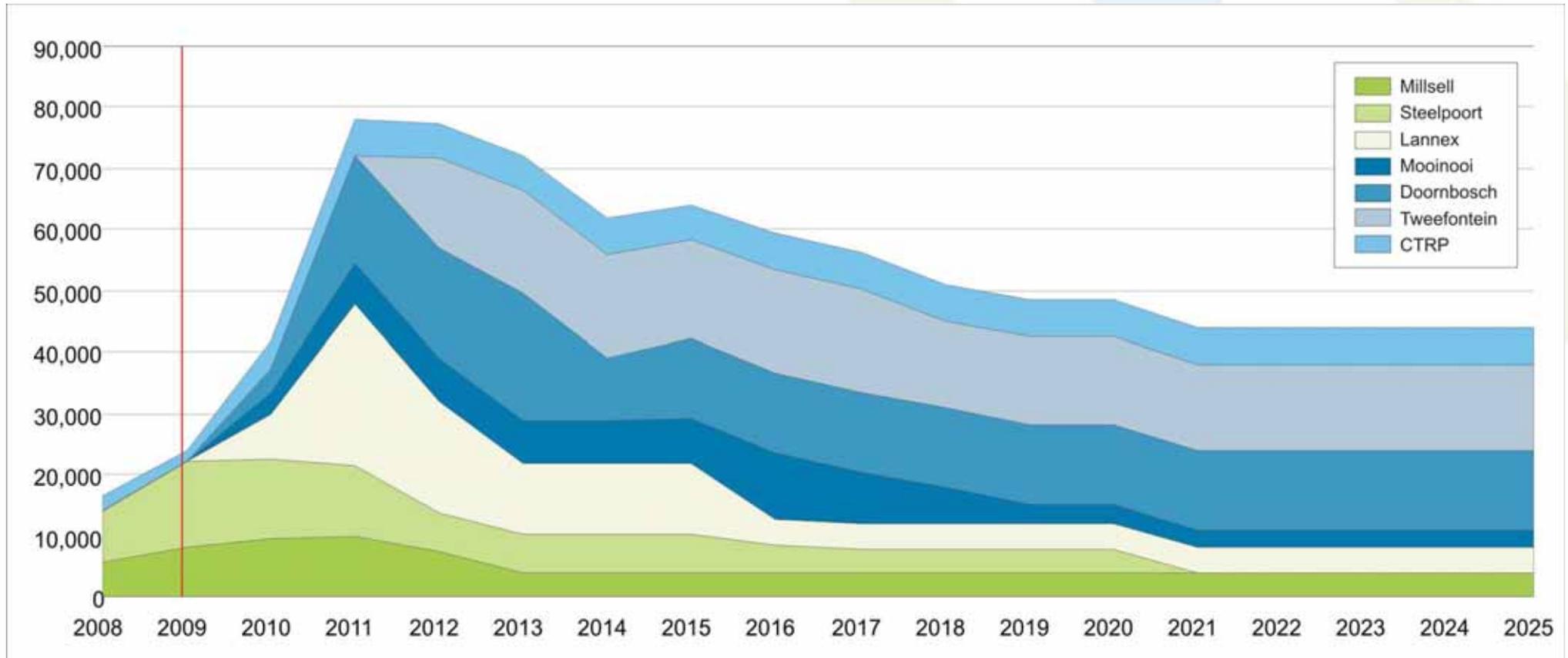
# Performance to profit by year



FUNDAMENTALS		
	2008	2009
Basket Price US\$/oz	2626	881
Our cost/oz	408	440

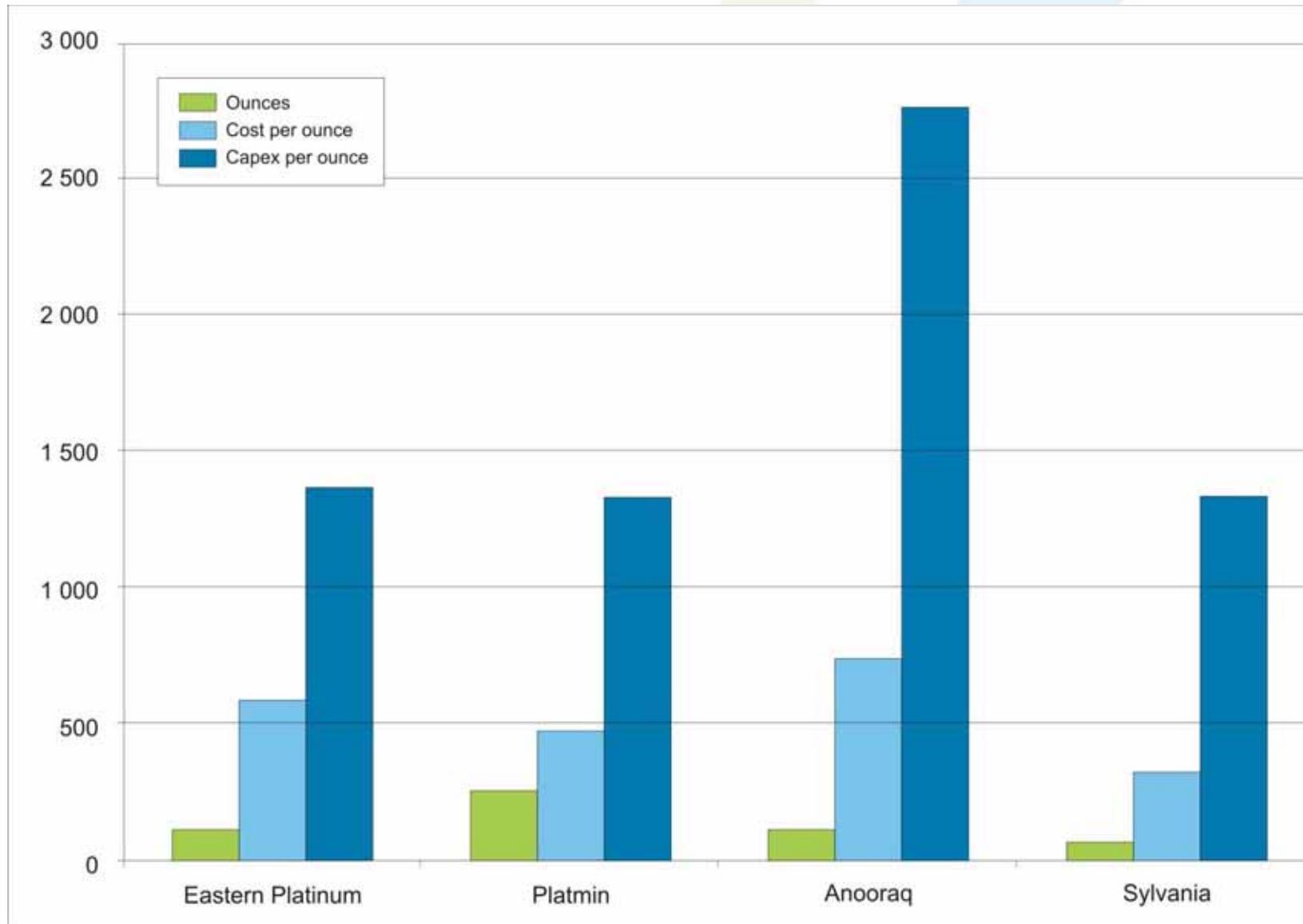


# Sylvania Resources Project Ounce Profile



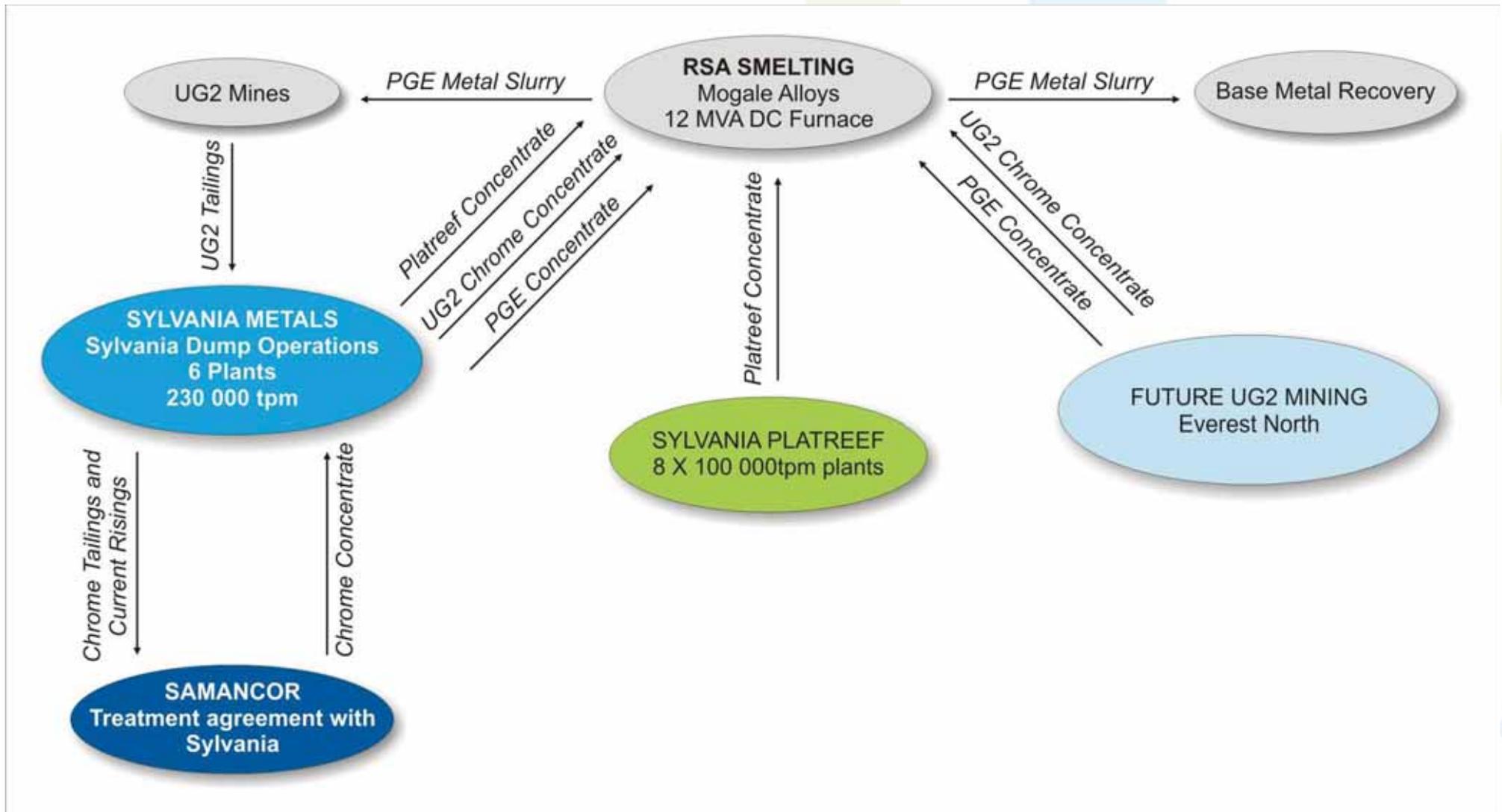
# Cost Comparison to other start-ups planned position by 2011

## Total Capex 2009 – 2011 against ounces in 2011



Source: Based on RBC-Report

## Create an Integrated PGE Metals Company



- Values produced by floatation of low-grade PGE material cannot be processed by current conventional smelters
- Sylvania believes using DC-smelting technology can unlock values to low PGE-grade mineral resource projects and concentrates
- Apply direct DC-furnace technology from existing Mogale 12MVA Furnace

- Processing of PGE Concentrate Sources
  - Phase 1 - PGE ore sources from dams and UG2 feed
    - DC smelting of metal alloy and leach process  
No roasting required due to low sulphur and low base metals (normal wet scrubber and air cleaning)
  - Phase 2 – PGE majority sourced from Platreef (High Sulphur)
    - DC smelting to produce a metal matte followed by a base metal recovery
    - No roast required but will require acid production

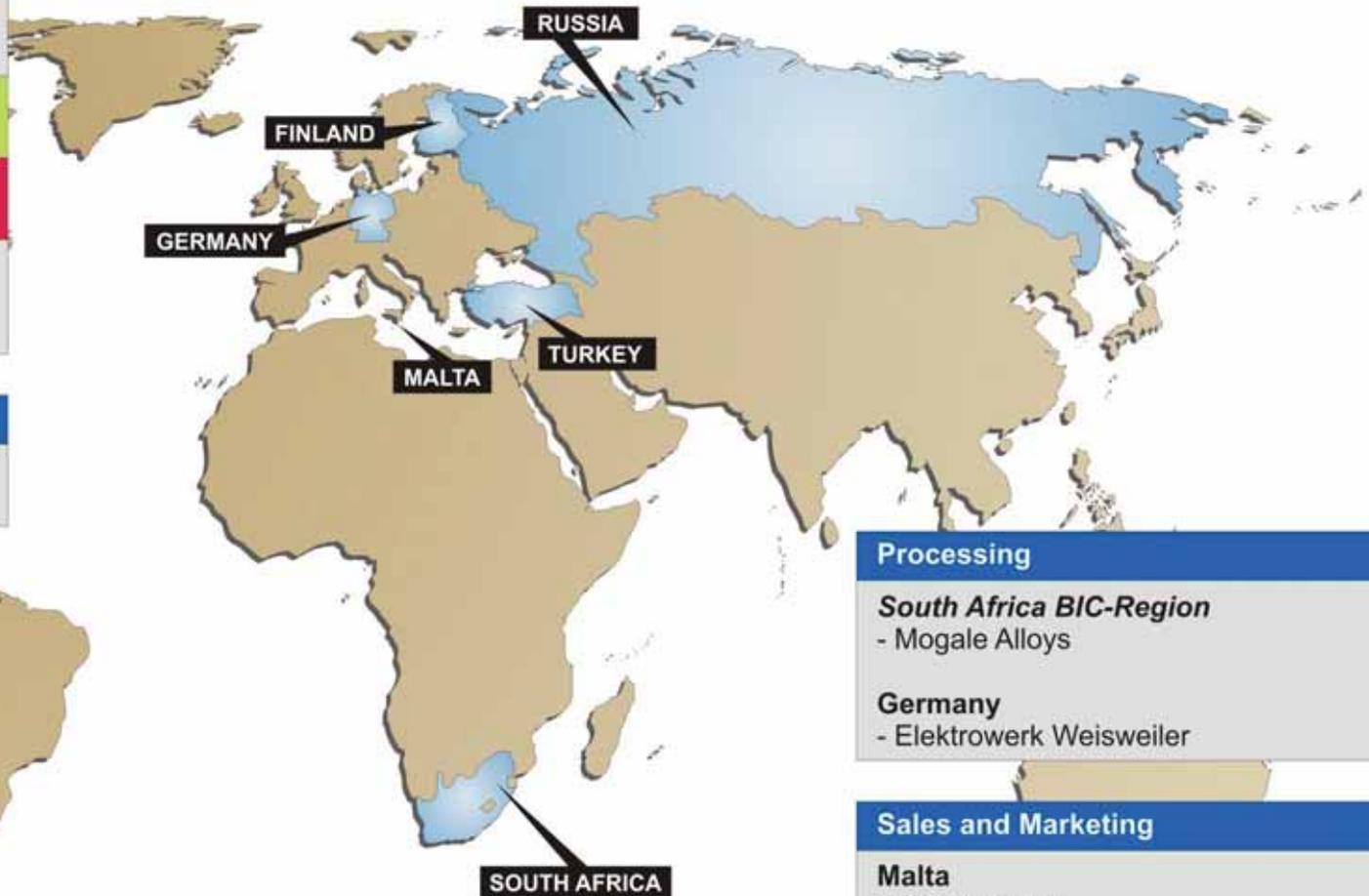
# The Proposed Ruukki Transaction

- Announcement for Ruukki to acquire 100% of Sylvania
  - 1.81 Sylvania shares for 1.0 Ruukki share
- Unanimous recommendation by the independent directors of Sylvania
  - In the absence of a superior proposal and subject to confirmation from an independent expert that the scheme is in the best interests of shareholders
- Transaction to be implemented by way of an Australian law governed scheme of arrangement
- Latest time for completion of the scheme of arrangement is April 2010

# Proposed Merged Group Structure

PGM Resources	
<b>South Africa BIC-Region</b>	
<b>Hard Rock</b>	
- Everest North	
- Grass Valley	
- Aurora	
- Mooiplaas	
- Hacra	
<b>Tailings Dumps &amp; Risings</b>	
- Sylvania Dump Operations	
- Chrome Tailings Retreatment Project	
FeCr Resources	
<b>Turkey</b>	
- Turk Maadin Sirketi	

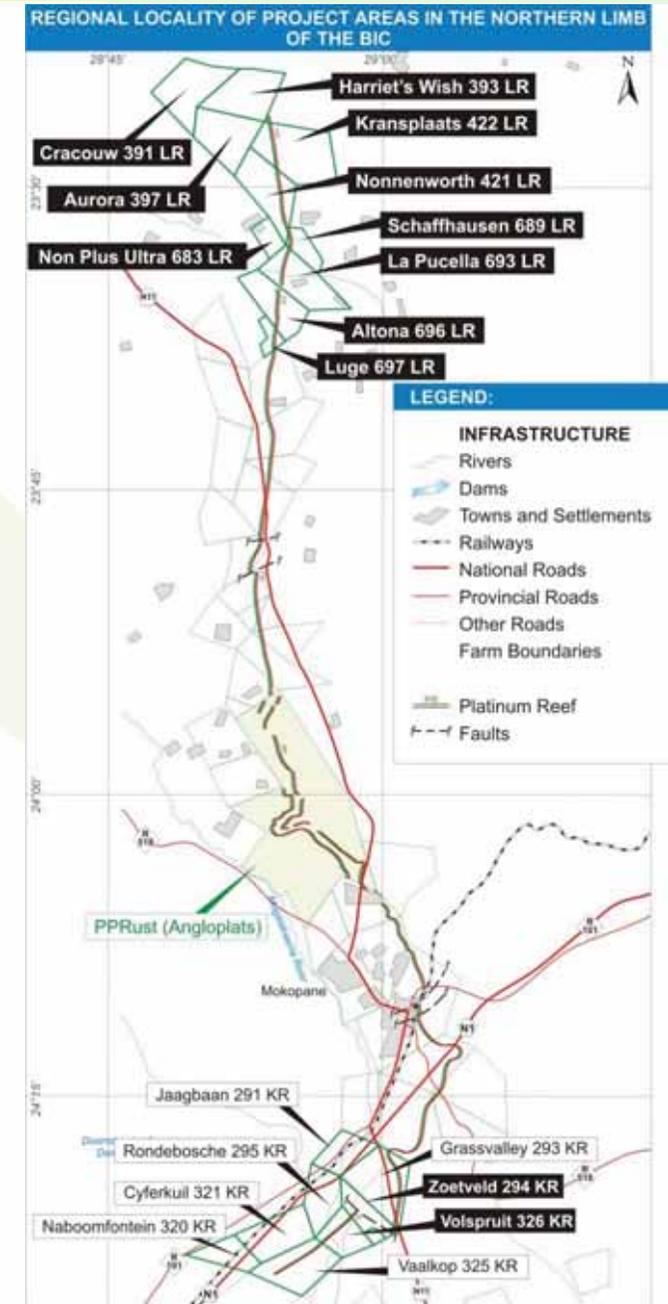
LEGEND:	
	Ruukki
	Sylvania
	SA Metals
	Great Australian Resources



Processing	
<b>South Africa BIC-Region</b>	
- Mogale Alloys	
<b>Germany</b>	
- Elektrowerk Weisweiler	
Sales and Marketing	
<b>Malta</b>	
- RCS Limited	
Head Office:	
<b>Finland</b>	
- Ruukki Group Plc	

# Sylvania Platreef Resource Target (incl Resources)

- Wide Mineralised Ore Zone (presently exploited by PPRust Angloplats)
- Low cost open pit mining
- Modular plants 100 000t/pm
- Phased roll-out of plants ensures



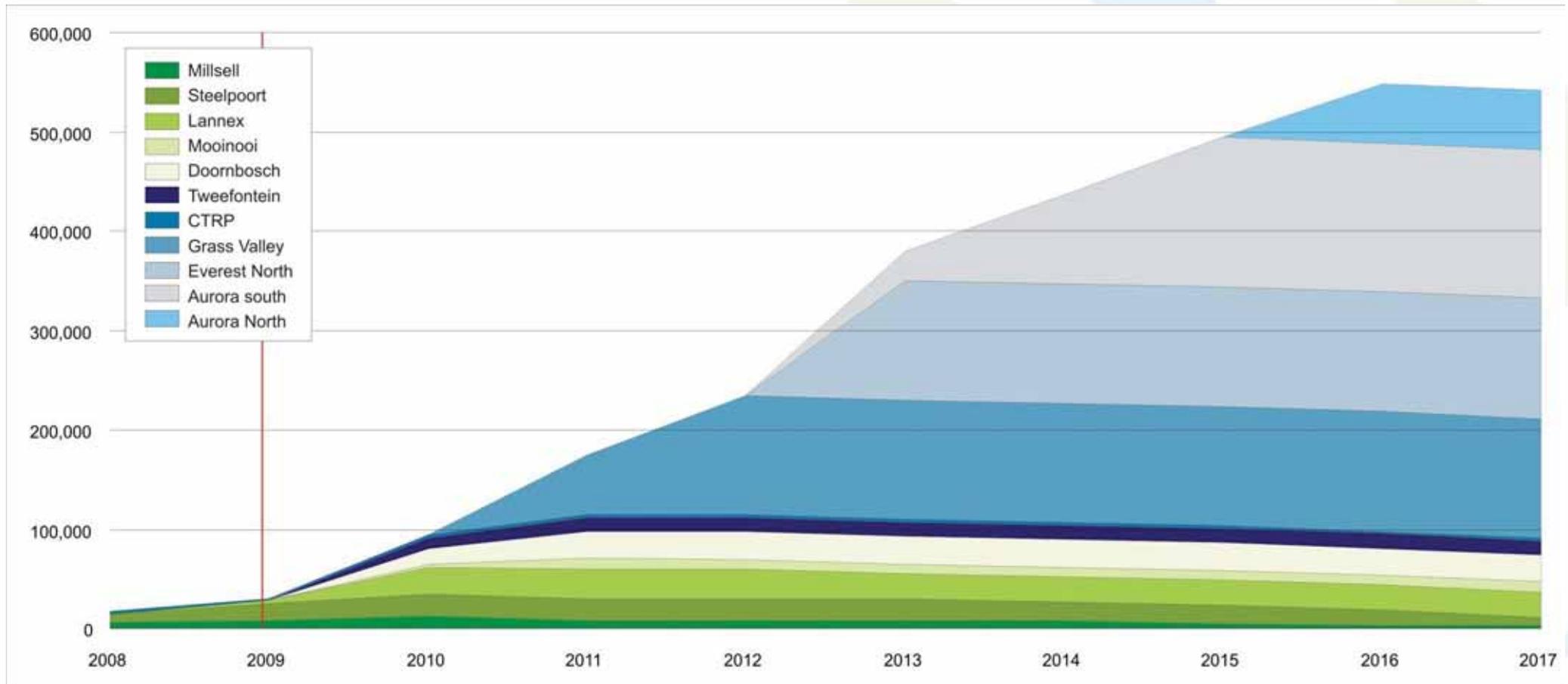
Mineral Resource	Grasvalley*	Aurora*	Harriet's Wish**	Ave
tons (millions)	71	133	20	224
PGE (g/t)	1.23	1.34	1.08	1.28
Ni	0.11%	0.05%	0.05%	0.07%
Cu	0.03%	0.08%	0.08%	0.06%

\*All figures quoted are estimates based on data published by Pan Palladium

\*\* All figures quoted are internal estimates of exploration target

# Sylvania – Growing into the Future

## Conceptual Production



- Experienced board focused on value creation
- Committed and talented employees and contractors
- SHE-driven culture
- Empowered
  - Ehlobo Metals (Pty) Ltd

**Leading SA mid-tier PGM producer**

**Low-risk tailings and shallow mining assets**

Terry McConnachie



- Managing Director
- Mining
- Entrepreneur

Louis Carroll



- Finance Director
- Finance

Richard Rossitier



- Non-executive Chairman
- Geology
- Banking

Alastair Ruiters



- Non-executive Director
- Public / Private Sector

Grant Button



- Director
- Corporate

- Vehicle Sector remains key demand driver
  - New ventures for growth – auto sector in BRIC countries
  - Euro IV legislation imposed in Shanghai, Beijing, Guangzhou
  - Euro V by end 2009 in Europe – new vehicles will need to be compliant
- Supply constraints expected to restore balance
  - With potential for future deficits as demand revives and inventories are depleted

# Attractive Valuation

- Recent Research Reports
  - Ambrian (Nomad);
  - RBC Capital Markets;
  - Investec Securities;
  - Mirabaud;
  - Edison Investment Research;
  - Evolution Securities;
  - Fat Prophets;
  - Hogan & Partners; and
  - Veritas Securities.
- Lowest Cost Producer
- Buy Recommendations
  - Ambrian
  - Investec Securities;
  - Mirabaud;
  - Hogan & Partners; and
  - Veritas Securities.



- Dump Operations
  - Dump operations are profitable
  - From 5 x 37 000 ton plants and 1 x 70 000 ton plant
  - At a steady state of 80 000oz/yr
- Develop the Platreef Resources to produce 376 000oz/yr
  - From 8 x 100 000 modular plants
  - From opencast, low-stripping ratio operations
- Develop Everest North to produce 51 000oz/yr
- Gain access to smelting technology
  - 12 MVA DC Furnace at Mogale
- Track Record

- Business Model
  - High margin, low costs and low risks
- Future
  - Growth funded by robust cash flows
- People
  - Growth orientated and experienced team
- Sector
  - Positive PGM Fundamentals
- Attractive Valuation



# High-margin, low-risk PGE Producer

*Annexures Only*

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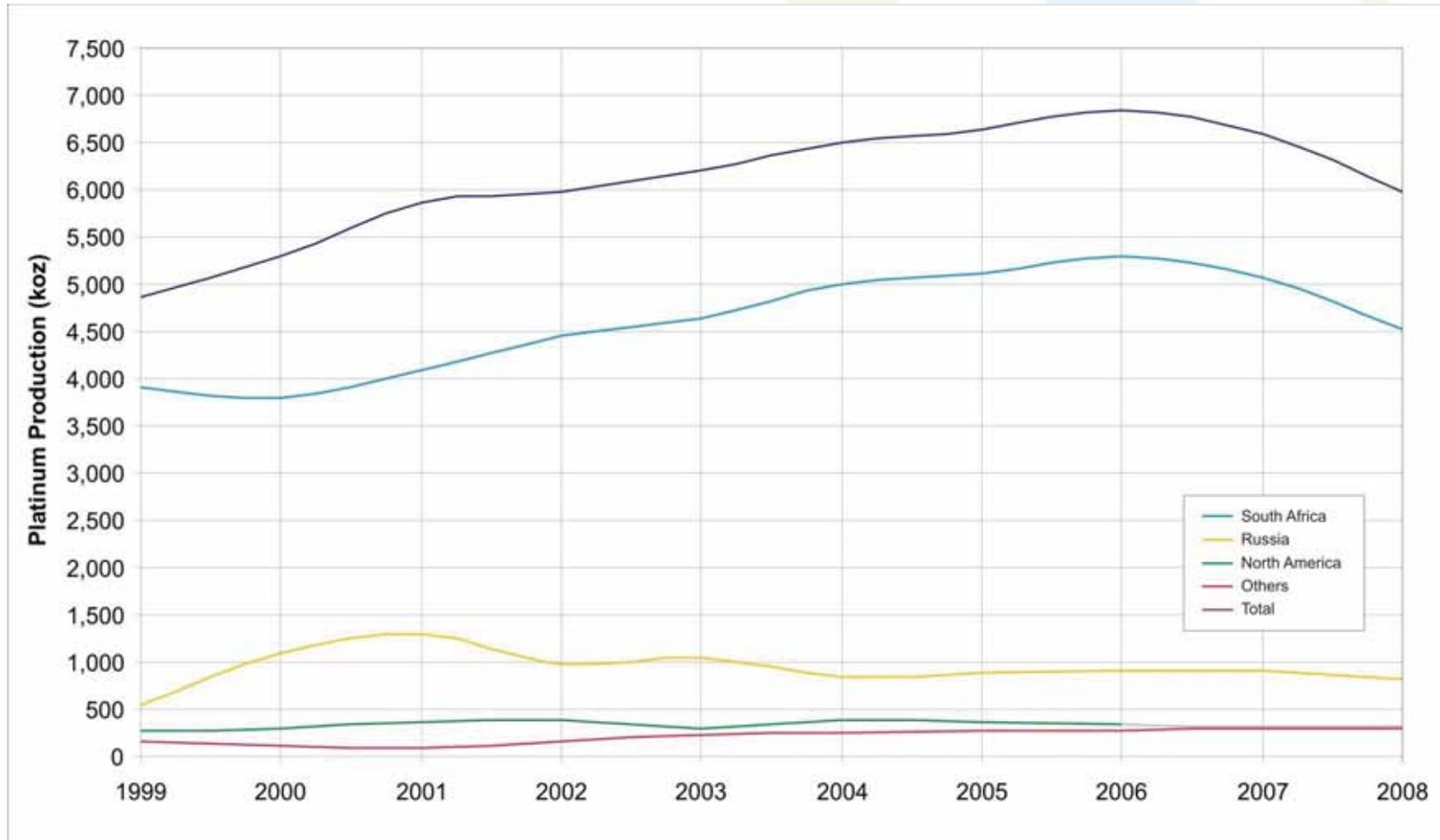
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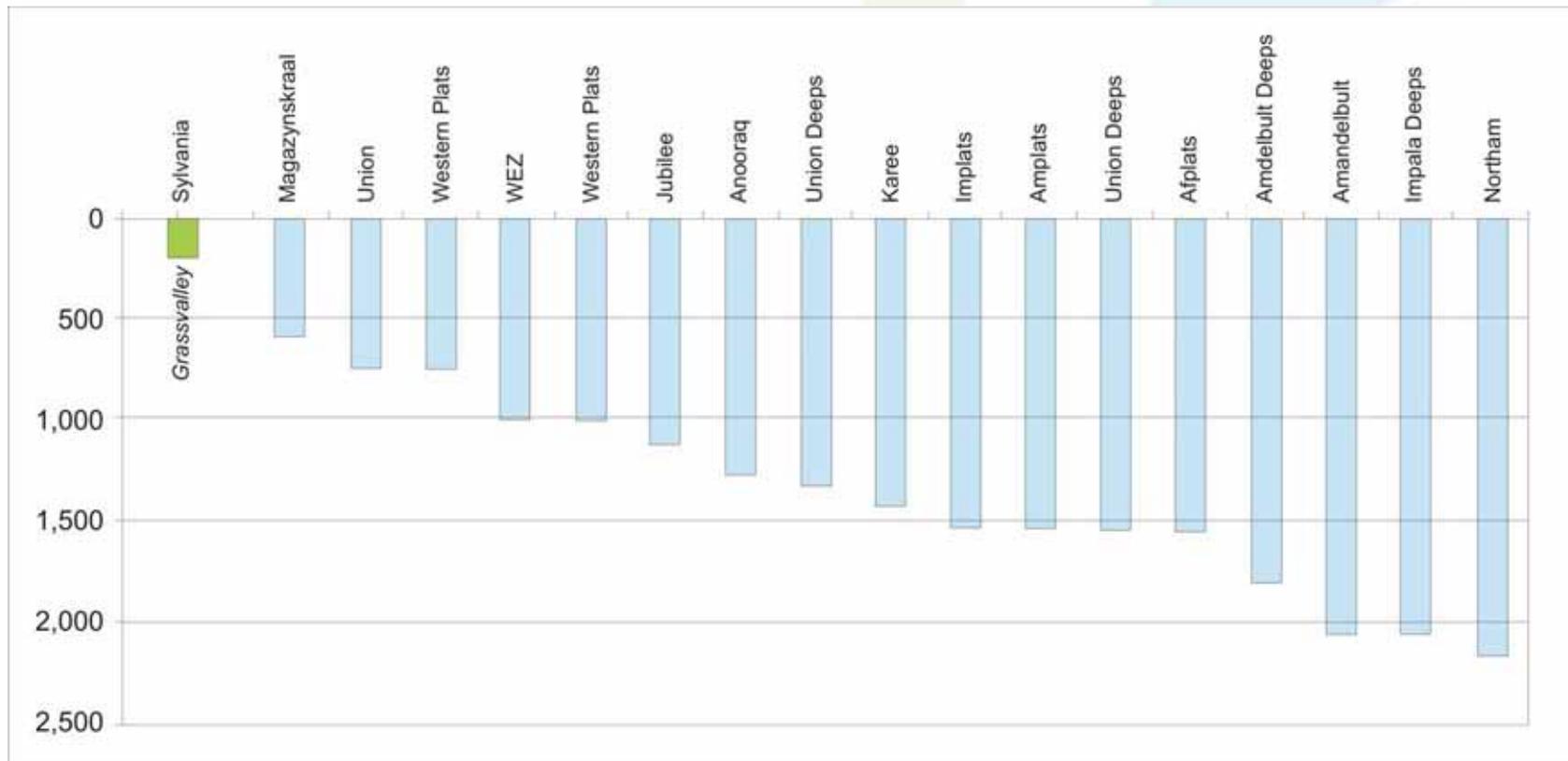
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## Platinum Production Trends from 1999 - 2008



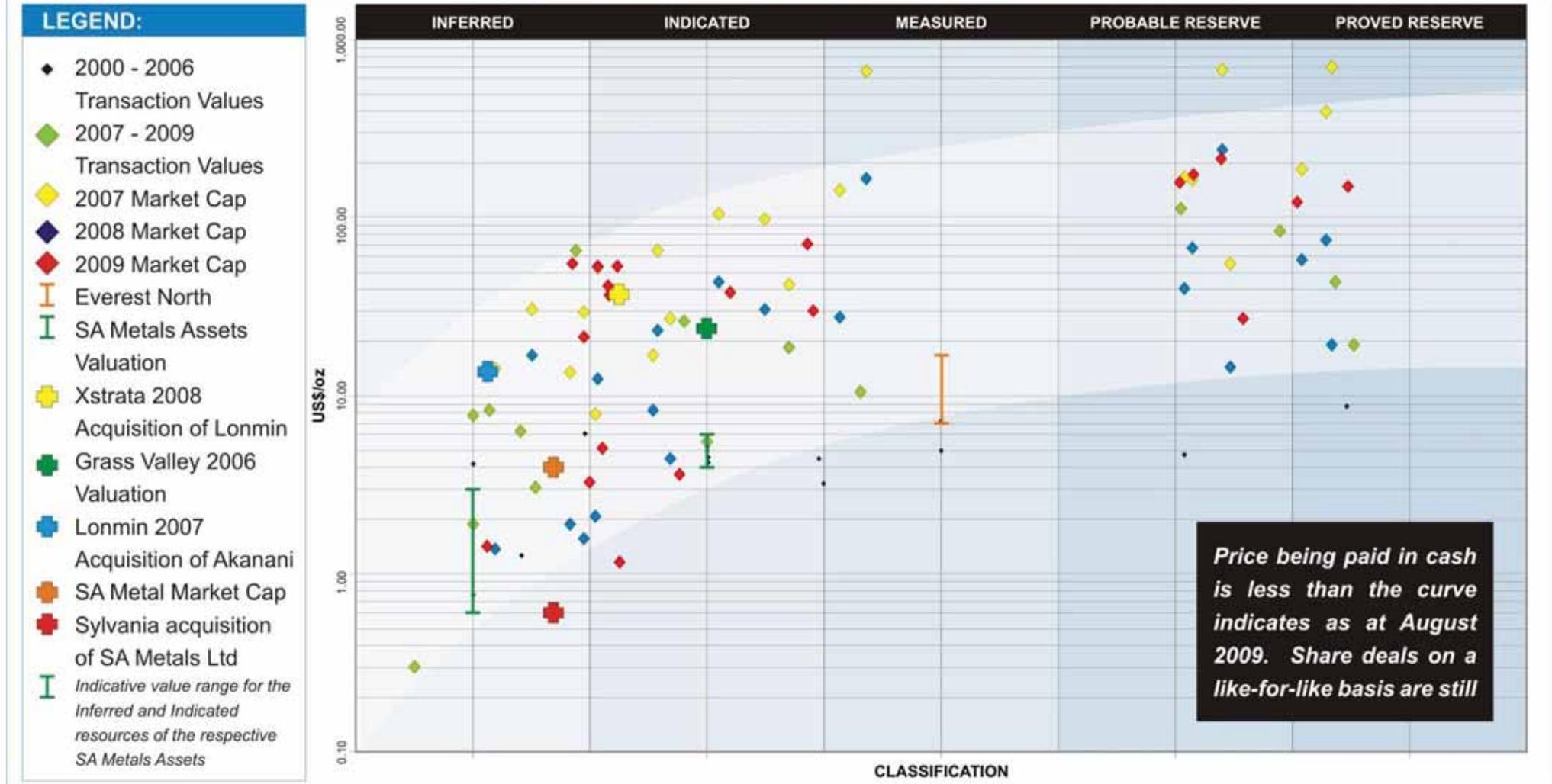
# Annexure II – Mining Depths



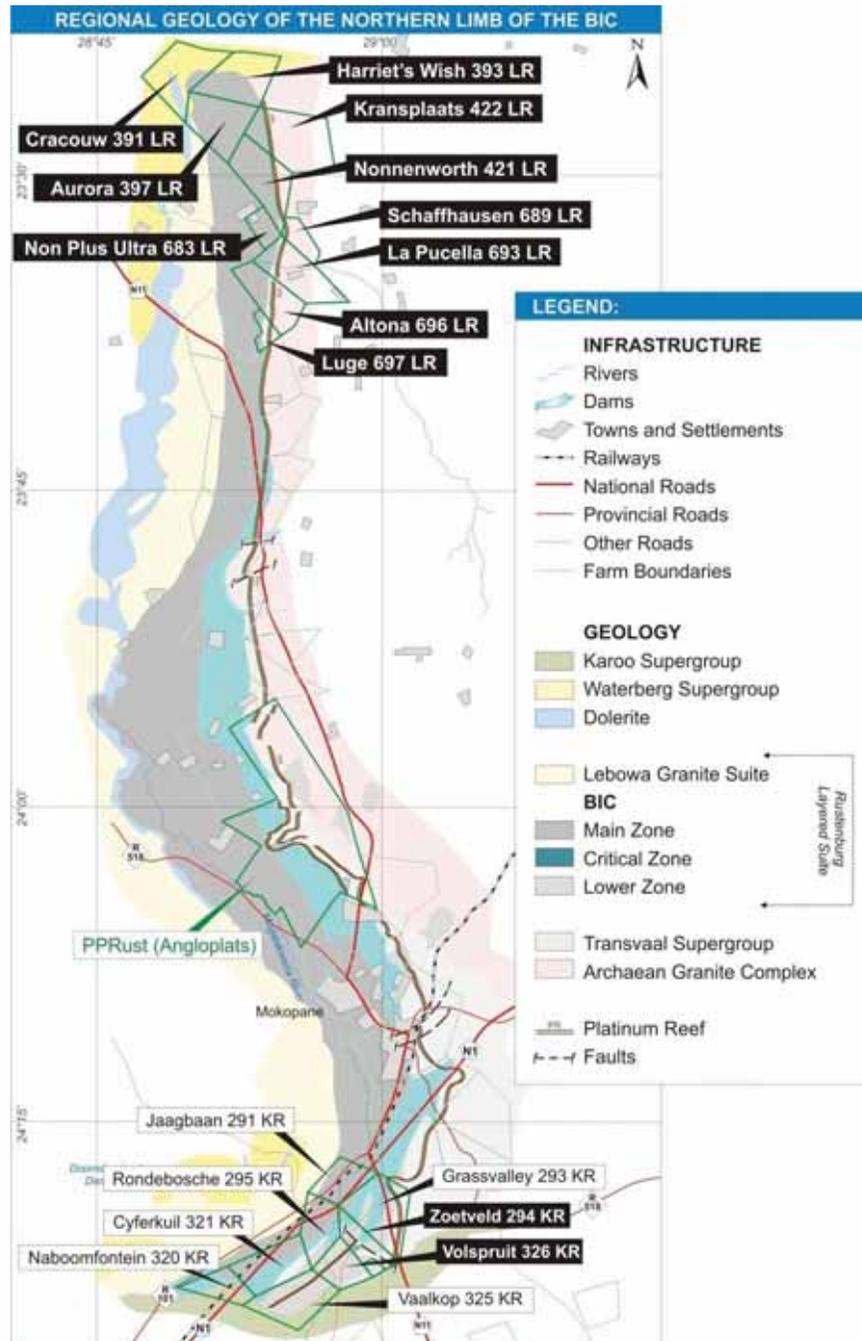
- The opencast operations compares favorably with mainstream operations which currently average depths of around 1,400m
- Majors' new shafts averaging 1,800 – 2,200m depth

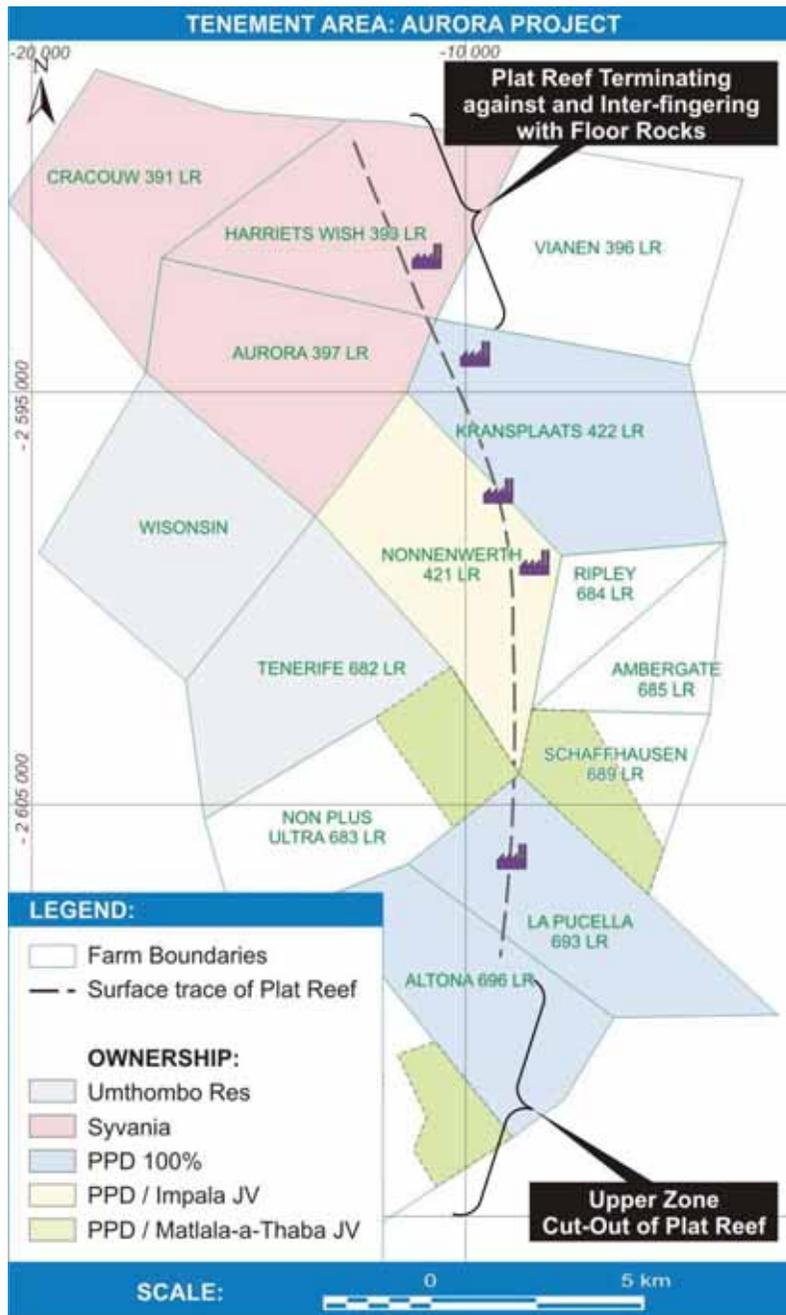
# Annexure III – Transaction Values of Sylvania's New Acquisition

PLATINUM VALUATION CURVE FOR AUGUST 2009



# Annexure IV – Platreef Properties





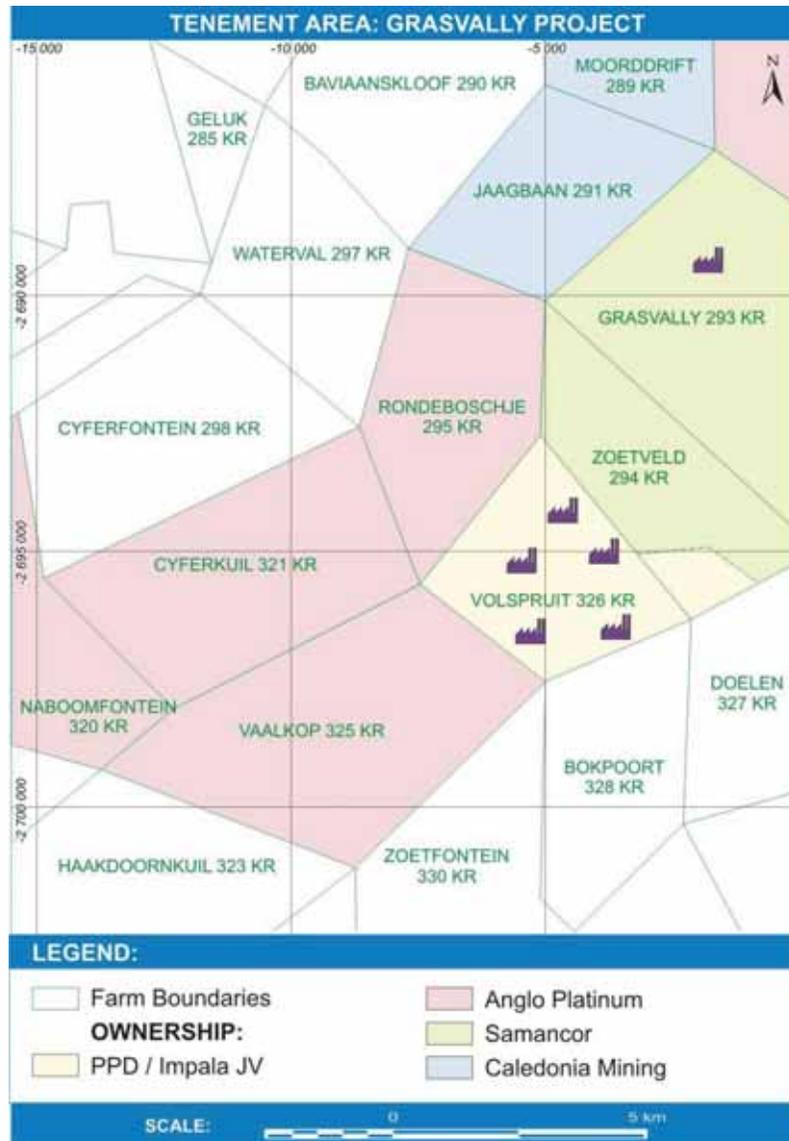
## Aurora / Harriet's Wish

- Platreef (*Estimated grades only*)
  - 168 million tons
  - 1.34g/t – 6.7 million ounces
  - 0.05% Ni – 78 000 tons Ni
  - 0.08% Cu – 139 000 tons Cu
- Potential for significant iron ore and vanadium resources as secondary project (*Estimated grades only*)
  - $\text{Fe}_2\text{O}_3$  – 72.6%
  - $\text{V}_2\text{O}_5$  – 1.34%
  - $\text{TiO}_2$  – 18.6%

# Annexure VI – Southern Platreef Project

## Grassvalley

- 71 Million tons (*Inferred & Indicated Resources*)
- 1.23 g/t (2e+Au) – 3.4 million oz
- 0.11% Ni – 100 000 tons Ni
- 0.03% Cu – 28 000 tons Cu

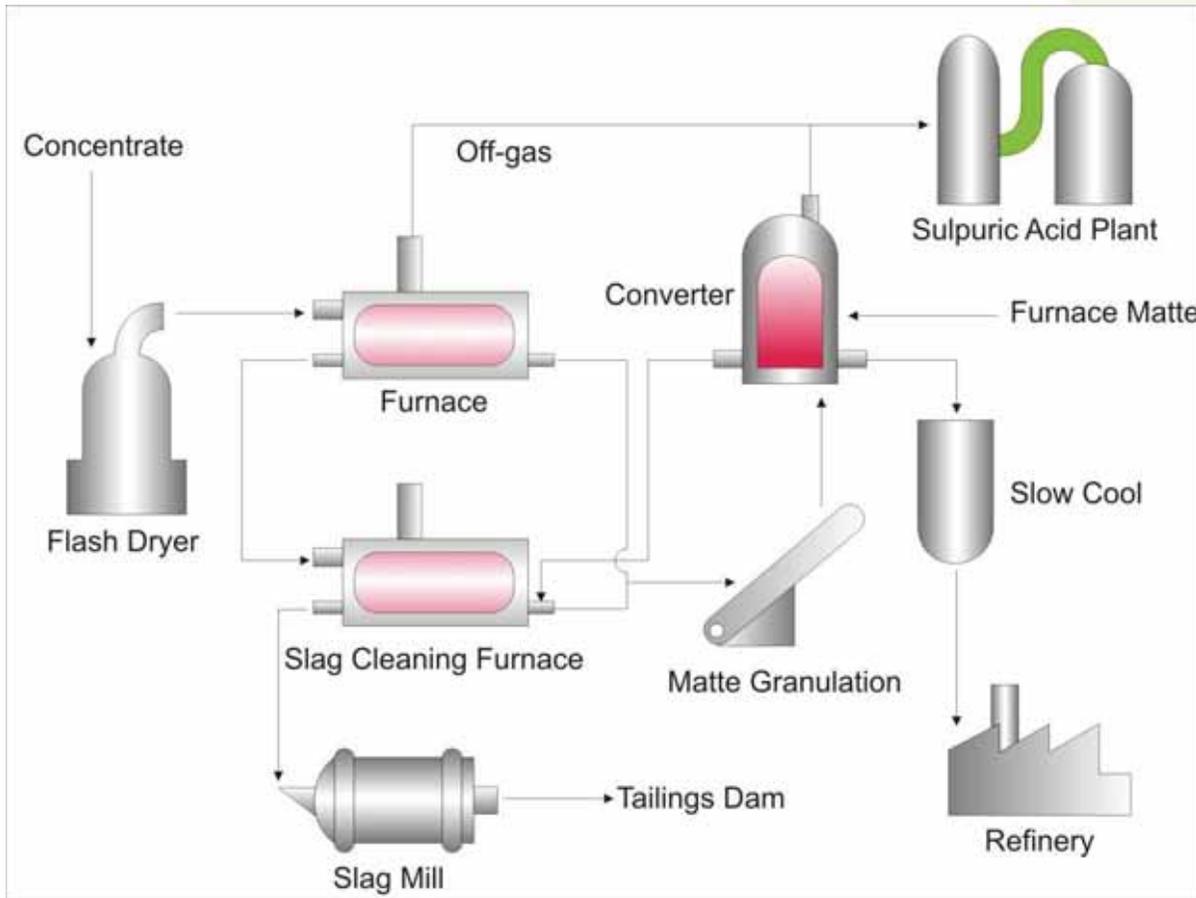


## Requirements for Smelting Projects

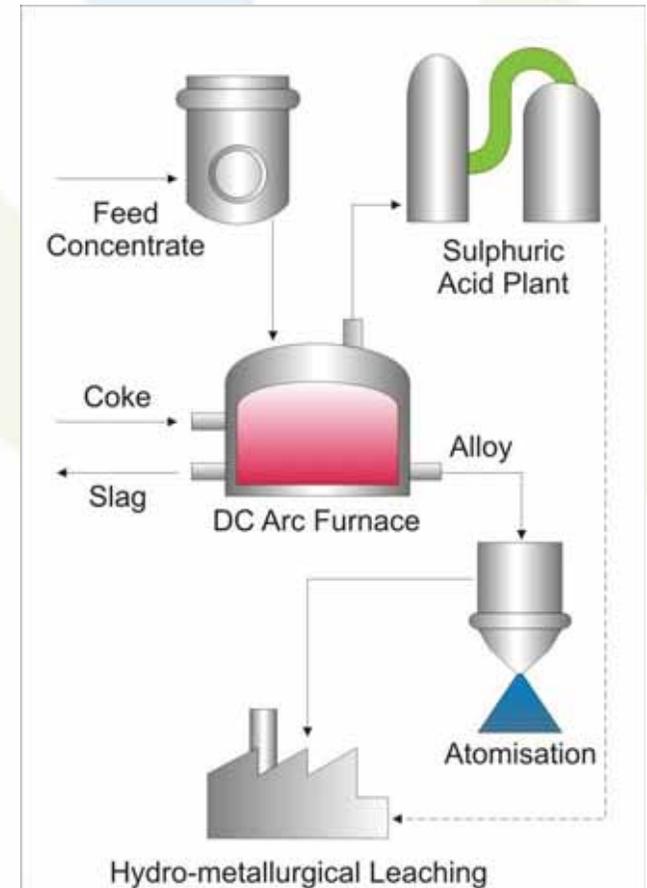
- Convert 12 MVA DC Furnace to smelt PGE's
  - Estimated cost of conversion R300m
- Base Metal Removal Plant
  - Metal Atomiser or granulator estimated to cost R50m
  - Converter or Hydro-metallurgical removal of iron and base metals
    - Plant will cost an estimated R250m

# Annexure VIII – Platinum Smelting

## Conventional Smelting



## DC Smelting



# Annexure IX – Platinum Smelting

- Sylvania believes that DC arc smelting is applicable for low grade concentrates derived from Platreef type ore bodies.
- Sylvania has access to DC arc smelting technology at Mogale.
- Sylvania is investigating downstream processing opportunities for the metal alloy or metal matte produced by DC arc smelting.
- The properties held in Great Australian and SA Metals have a 25 year life if mined at a rate of 12 million t/pa giving potential annual production of:
  - Conservative PGE production potential 376 000 oz/pa (Current dump operation steady state 90 000 t/pa)
  - Ni = 5 880 tons
  - Cu = 5 040 tons
- This would require 3 x 12 MVA DC furnaces.

## Platreef Project Plan

- Complete Bankable Feasibility 12 months
- Mining licence application 1 year
- Construction 9 months
- 15 year life will give the following annual production
  - Tons mined 12 million
    - PGE 376 000 oz/yr (Position company above AQPISA 196 000 ounces and between Northam 362 000 ounces and Lonmin 1 489 000 ounces)
  - Ni 5 880 tons
  - Cu 5 040 tons
- This production would require 3 X 14 MVA DC furnace's
- Smelting concentrate increase revenue from 80% of LME to 95% of LME
- Smelting cost approximately 6% of LME

*Based on internal estimates*

## Capex and time scale for Platreef Project

- First 100 000t feed plant planned for 2011 on Southern Project
  - Produce 37 600 ounces of platinum per annum (3 100 oz/m)
    - Ni = 588 t/pa
    - Cu = 504 t/pa (from 100 000 t/m)
- Business Plan
  - Continue building a new 100 000t plant every 9 months
  - Opencast mining only, reef widths (50m in South & 20m in North) allow for deep open pits at low stripping ratios
  - Outsourced opencast contractor
  - Mobile crusher and screens
  - **ONE PLANT DESIGN TO BE USED** (Cookie cutter-model)
- Capex forecast at ZAR185m per 100 000t production unit
- Opex estimated a A\$301ounces (excluding base metal credits)

*Based on internal estimates*

## Platinum Summary

- Based on:
  - 75% Recovery of PGE's and 80% of LME (US\$1,200/oz) and 70% recovery of Base Metals and 70% of LME and an exchange rate of 9 ZAR/US\$
- This project will yield the following returns per plant
  - Production
    - 37 600 ounces per plant per annum
    - 588 tons of Nickel per plant per annum
    - 504 tons of Copper per plant per annum
  - Financial
    - US\$ 41.5 million turnover per plant per annum
    - US\$ 28.7 million profit per plant per annum
- Total Project will take 10 years to full production and at full production would yield
  - 376 000 ounces per annum
  - US\$ 287 million profit per annum

*Based on internal estimates*