

Sylvania Resources Limited

ABN 80 091 415 968



Interim report
for the half-year ended
31 December 2006

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Corporate Information

Directors

Terence M McConnachie
Edward F G Nealon
Grant M Button
Dr Evan Kirby
Melissa J Sturgess Smith
Kevin S Huntly

Company Secretary

Michael J Langoulant

**Registered office and
principal place of business**

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Share Registry

Computershare Investor Services Pty Ltd
Reserve Bank Building
Level 2
45 St George's Terrace
Perth, Western Australia 6000 Australia

Auditors

HLB Mann Judd
Chartered Accountants
15 Rheola Street
West Perth, Western Australia 6005 Australia

Solicitors

Clayton Utz
QV1
250 St Georges Terrace
Perth, Western Australia 6000 Australia

ASX Codes

Sylvania Resources Limited is listed on the Australian
Stock Exchange (Shares: SLV) and on the Alternative
Investment Market of the London Stock Exchange
(Shares: SLV)

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Sylvania Resources Limited ("the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2006.

Directors

The following persons were directors of Sylvania Resources Limited during the whole of the half-year and up to the date of this report:

Terence M McConnachie – *Chief Executive Officer*
Edward F G Nealon – *Non-executive Chairman*
Grant M Button – *Executive Director*
Dr Evan Kirby – *Chief Operating Officer*
Melissa J Sturgess Smith – *Non-executive Director*
Kevin S Huntly – *Non-executive Director*

Review of operations

The consolidated loss of the group after provision for income tax benefit was \$6,563,301 (2005: \$4,201,343).

South African Operations

Progress with chrome washing and PGM recovery plants

By the end of the half-year, the Millsell chrome washing plant ("CWP") was treating a feed of dump material and current tailings from the Samancor Millsell chrome plant. During the half year, construction of the scraper and winch system for mining the main Millsell dump was completed and commissioning work commenced in November 2006. By the end of the period, the system was working well and was clearly demonstrating potential as a low cost mining method.

Production for November and December was mainly from the winch mining system on the main dump. Minor modifications to the system to improve the handling of clayey and lumpy feed material were still in progress at the end of the period. The Millsell CWP produced 9,160 tons of metallurgical grade chromite concentrate in the half-year period.

The plant has achieved the original planned cumulative tonnage target of +7,000 tons of 44% saleable chrome concentrate for the period to the end of January 2007.

Construction work on the ball mill, thickener and new tailings pumps at Millsell was delayed by labour shortages and heavy rain during the Christmas holiday period. Work is now scheduled to be completed before the end of March.

During the half-year, Matomo Projects Pty Ltd ("Matomo") has been handling all engineering requirements of the CWP and PRP projects. The company's contract with Matomo, covers all of the remaining engineering associated with the CWPs, and PGM recovery plants ("PRPs"). During the half-year Matomo were working on the PRPs on a cost plus contract basis, but by the end of the period negotiations were well advanced to convert this cost plus contract to a fixed price contract.

Directors' Report (continued)

Progress with chrome washing and PGM recovery plants (continued)

By half-year end, designs had been completed and equipment, platework and structural steelwork had been ordered for two CWPs and two PRPs. The construction team for the Steelport plant commenced civil works in December.

Detailed plans on the Millsell and Steelport PRPs had been finalised by the end of the period and construction was underway.

Samancor Contracts

Subsequent to the end of the half-year, the company announced they had signed an Addendum to the Services and Supply Agreement with Samancor Limited ("Samancor").

The key aspects of the Addendum include:

- The duration of the Agreement has been extended to incorporate current arisings for the duration of the Samancor rights in respect of the specified mining areas;
- The company may now construct its PRPs within the Samancor Mining Area;
- The company is no longer obliged to remove tailings created after the PGM recovery process from the Samancor Mining Area and can now utilize the existing Samancor tailings facilities as directed by Samancor. The final rehabilitation responsibility rests with the company;
- A number of amendments to and clarification of, clauses that address operational and functional issues that have been identified between the parties since the original Agreement was signed.

The major significance of these amendments will be the removal of time delays associated with negotiating and acquiring land, and the negotiating of the necessary environmental and other approvals for the establishment of the plant and tailings storage facilities at a new site.

By half-year end, the company had established a CWP at Millsell and had commenced construction of an additional CWP at Steelport which is anticipated to be completed by April 2007.

Significantly, the Addendum has enabled the company to amend its business plan to bring forward the establishment of its first two PRPs.

Everest North Project

On 21 September 2006, the company announced that it had signed a Letter of Intent with Eastern Platinum Limited ("Eastplats") with the objective of establishing a Pool and Share Agreement on the Vygenhoek (Sylvania) and Mareesburg (Eastplats) properties respectively. Negotiations with Eastplats with respect to the proposed Pooling and Sharing Agreement on these two properties are ongoing.

Directors' Report (continued)

Everest North Project (continued)

The Vygenhoek and Mareesburg properties are contiguous and cover a geologically discreet PGM resource. Combined they constitute the Everest North resource which is similar to the Everest South deposit of Aquarius Platinum Limited in that it is an outlier from the main area of the Bushveld Igneous Complex.

Previous work on the Vygenhoek property has outlined an Inferred Resource of 4.2 million tonnes grading 5.87 4E g/t (Platinum, Palladium, Rhodium and Gold), containing 796,000 ounces of PGMs. The company's current drilling program is intended to define a Measured Resource of UG2 ore. To achieve this, the drill-hole collar spacing interval has been set at an average of 200 meters. By the end of the half year, boreholes VH1 to VH10 had been completed with deflections to give three reef intersections per borehole. All of the company's boreholes have intersected well developed UG2 reef. The average reef thickness is about 1.37 meters and the intersections have shown a composite UG2 package with no internal pyroxenite waste.

Borehole cores are being logged and photographed before being split longitudinally and subject to SG determination. Samples have been sent in for PGE and base metals assay; at Genalysis (Perth, Australia) and at half-year end results were being awaited. Preliminary structural modelling of the orebody has commenced using a combination of new information from the current drilling program and historical data from previous exploration.

The drilling program is expected to be complete by the end of March 2007. After this there will be a delay of about one month for assay results from Genalysis (Perth, Australia). A further month will then be required for geological modelling and resource estimation.

Chromite Tailings Retreatment Project ("CTRP")

The dump material project successfully commissioned during the first quarter resulted in a 68% increase in tonnes processed in the second quarter and 70,000 tonnes for the first half in total.

Total PGM production for the half-year was 3,576 ounces (Sylvania attributable 894 PGM ounces), a 45% increase compared with the previous corresponding period.

The CTRP operation recorded a net profit for the half-year of R23,753,557 of which Sylvania's 25% attributable interest was R5,938,389. The PGM basket price for the period increased 57% to US\$1,606 per PGM ounce. CTRP enjoys a relatively high rhodium content hence the high basket prices achieved. The strong basket price and weaker Rand Dollar exchange rate resulted in revenues more than doubling to R35 million (Sylvania attributable 25%). Cash costs decreased by 32% to R2,172 per PGM ounce as a result of higher volumes. The cash margin for the period was 78%.

In addition, management fees from CTRP of R1,014,489 were accrued to the company during the half-year.

Directors' Report (continued)

Australian Operations

No field work was undertaken by the company on its Australian tenements during the half year.

On 16 August 2004, the company entered into an Option Agreement with Warwick John Flint ("Flint") over all its Australian tenements at Jimblebar and Copper Knob. Under the terms of the Option Agreement Flint had the right to exercise the Option at any time up until 16 August 2006, to acquire the company's interests in its Australian tenements for the consideration of A\$55,000, and the issuance to the company of fully paid ordinary shares in a listed entity to the value of A\$300,000. Flint had the obligation to maintain the tenements in good standing during the life of the Option Agreement.

During the half year, Flint and the company extended the Option Agreement until 16 February 2007 for an Option fee of \$7,500. Under the terms of the Option Agreement extension, the share consideration component of the exercise price of the Option remains at \$300,000.

On 16 February 2007 the Option Agreement was exercised. Full details of this are disclosed under Note 6: Events occurring after the balance sheet date on page 15.

Auditors' independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7 and forms part of the director's report for the half year ended 31 December 2006.

This report is signed in accordance with a resolution of directors made pursuant to section 306(3) of the Corporations Act 2001.



G BUTTON
Executive Director

Perth
12 March 2007

The technical exploration and mining information contained in this report was compiled by Mr Ed Nealon, a Sylvania Resources Limited director. Mr Nealon provides consulting services via his company Athlone International Pty Ltd. Mr Nealon is a member of the Australasian Institute of Mining and Metallurgy and is considered to be a Competent Person in his respective area of expertise pursuant to the Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Nealon consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Sylvania Resources Limited for the half year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sylvania Resources Limited.



Perth, Western Australia
12 March 2007

W M Clark
Partner, HLB Mann Judd

Condensed Income Statement
For the half-year ended 31 December 2006

	Notes	Consolidated Half-year ended 31 December 2006 \$	2005 \$
Revenue		82,696	-
Other income		506,013	-
Share of net profits of jointly controlled entity accounted for using the equity method		1,116,845	529,628
		<u>1,705,554</u>	<u>529,628</u>
Change in inventories of work-in-progress, raw materials and consumables used		(331,960)	-
Consulting fees		(598,365)	(681,209)
Depreciation		(31,990)	-
Employee benefits		-	(131,893)
Exploration expenditure written off		-	(45,183)
Finance costs		(34,596)	-
Foreign exchange gain/(loss)		255,809	472,884
Project generation costs		(5,546,000)	(3,821,987)
Share based payment expense		(412,564)	-
Other expenses		(1,726,398)	(523,583)
		<u>(6,720,510)</u>	<u>(4,201,343)</u>
Loss before income tax benefit	3	(6,720,510)	(4,201,343)
Income tax benefit		157,209	-
		<u>(6,563,301)</u>	<u>(4,201,343)</u>
Loss after income tax benefit from continuing operations		(6,563,301)	(4,201,343)
Net loss for the period		<u>(6,563,301)</u>	<u>(4,201,343)</u>
Net loss attributable to members of the parent		<u>(6,563,301)</u>	<u>(4,201,343)</u>
		<u>Cents</u>	<u>Cents</u>
Basic earnings per share (cents per share)		(4.61)	(4.56)
Diluted earnings per share (cents per share)		(4.61)	(4.56)

The above condensed income statement should be read in conjunction with the accompanying notes.

Sylvania Resources Limited
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Condensed Balance Sheet
As at 31 December 2006

	31 December 2006	30 June 2006
	<u>\$</u>	<u>\$</u>
Current Assets		
Cash and cash equivalents	28,560,039	5,945,746
Trade and other receivables	789,101	208,942
Total Current Assets	<u>29,349,140</u>	<u>6,154,688</u>
Non-Current Assets		
Available-for-sale investments	670,290	322,779
Investments accounted for using equity method	4,908,648	4,761,496
Other financial assets	68,680	114,731
Plant and equipment	5,416,109	1,404,044
Deferred exploration expenditure	908,823	490,693
Deferred tax asset	307,042	158,129
Total Non-Current Assets	<u>12,279,592</u>	<u>7,251,872</u>
Total Assets	<u>41,628,732</u>	<u>13,406,560</u>
Current Liabilities		
Trade and other payables	2,292,400	569,221
Borrowings	23,798	-
Total Current Liabilities	<u>2,316,198</u>	<u>569,221</u>
Non-Current Liabilities		
Borrowings	66,275	-
Total Non-Current Liabilities	<u>66,275</u>	<u>569,221</u>
Total Liabilities	<u>2,382,473</u>	<u>569,221</u>
Net Assets	<u>39,246,259</u>	<u>12,837,339</u>
Equity		
Issued capital	61,709,501	29,242,204
Reserves	(307,364)	(812,288)
Accumulated losses	(22,155,878)	(15,592,577)
Total Equity	<u>39,246,259</u>	<u>12,837,339</u>

The above condensed balance sheet should be read in conjunction with the accompanying notes.

Sylvania Resources Limited
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Condensed Statement of Changes in Equity
For the half-year ended 31 December 2006

	Consolidated			
	Issued capital	Accumulated losses	Reserves	Total equity
	\$	\$	\$	\$
Balance at 1 July 2005	22,042,204	(6,610,770)	(512,730)	14,918,704
Shares issued during the half year	3,600,000	-	-	3,600,000
Currency translation differences	-	-	(38,747)	(38,747)
Loss attributable to members of the parent entity	-	(4,201,343)	-	(4,201,343)
Net gains revaluation reserve	-	-	61,938	61,938
Balance at 31 December 2005	25,642,204	(10,812,113)	(489,539)	14,340,552
Balance at 1 July 2006	29,242,204	(15,592,577)	(812,288)	12,837,339
Shares issued during the half year	32,467,297	-	-	32,467,297
Currency translation differences	-	-	(247,794)	(247,794)
Loss attributable to members of the parent entity	-	(6,563,301)	-	(6,563,301)
Net gains revaluation reserve	-	-	347,511	347,511
Recognition of share based payments	-	-	405,207	405,207
Balance at 31 December 2006	61,709,501	(22,155,878)	(307,364)	39,246,259

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Sylvania Resources Limited
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Condensed Cash Flow Statement
For the half-year ended 31 December 2006

	Consolidated	
	31 December 2006	31 December 2005
	Inflows/(Outflows)	
	\$	\$
Cash flows from operating activities		
Joint venture partnership distribution received	744,649	33,813
Payments to suppliers and employees	(2,932,644)	(1,309,907)
Interest received	498,208	262,535
Finance costs	(34,596)	-
Other revenue	388,193	-
Net cash outflow from operating activities	(1,336,190)	(1,013,559)
Cash flows from investing activities		
Payments for plant and equipment	(2,851,844)	(158,764)
Payments for exploration and evaluation	(479,330)	(139,761)
Investments held for re-sale	-	(400,000)
Loans to other parties	(119,592)	-
Repayment of loans by other parties	156,258	297,721
Net cash outflow from investing activities	(3,294,508)	(400,804)
Cash flows from financing activities		
Proceeds from the issue of shares	29,487,840	-
Capital raising costs	(2,573,900)	-
Net cash inflow from financing activities	26,913,940	-
Net increase/(decrease) in cash held	22,283,242	(1,414,363)
Cash at the beginning of reporting period	5,945,746	10,133,474
FOREX movements on cash balances	331,051	(22,770)
Cash at the end of the reporting period	28,560,039	8,696,341

The above condensed cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements
For the half-year ended 31 December 2006

Note 1: Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Sylvania Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2: Segment information

The Group's primary segment reporting format is geographical segments.

	South Africa \$	Australia \$	Consolidated \$
Half-year 31 December 2006			
Segment revenue	1,214,421	491,133	1,705,554
Segment result	394,842	(6,958,143)	(6,563,301)
Half-year 31 December 2005			
Segment revenue	762,747	262,535	1,025,282
Segment result	(3,804,601)	(396,742)	(4,201,343)

Notes to the financial statements
For the half-year ended 31 December 2006

Note 3: Loss for the half-year

	Consolidated	
	31 December 2006	31 December 2005
	\$	\$

Loss for the half-year includes the following items that are unusual because of their nature, size or incidence:

Expenses

Project generation costs incurred in acquiring new projects in South Africa	5,546,000	3,821,987
	5,546,000	3,821,987

Note 4: Issued capital

	Consolidated	
	31 December 2006	30 June 2006
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	61,709,501	29,242,204

	No.	\$
<i>Movements in ordinary shares on issue</i>		
At 1 July 2006	105,529,273	29,242,204
21/07/06 – AIM Listing	40,000,000	29,487,840
21/07/06 – AIM Listing Share Issue Costs	-	(2,573,900)
25/07/06 – Issued for services rendered	5,275,000	3,903,500
25/10/06 – Issued for services rendered	1,825,000	1,642,500
20/12/06 – Issued under ESP	300,000	-
29/12/06 – Transferred from ESP register	-	7,357
At 31 December 2006	152,929,273	61,709,501

Note 5: Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Notes to the financial statements
For the half-year ended 31 December 2006

Note 6: Events occurring after the balance sheet date

On 9 January 2007 the company announced that it had signed an Addendum to the Services and Supply Agreement with Samancor Limited ("Samancor"). The Addendum refines the Services and Supply Agreement with Samancor, the terms of which were previously outlined in an announcement dated 1 May 2006 and the AIM Admission Document dated 20 July 2006.

The amendments contained in the Addendum are considered to be significant to the company as they streamline a number of operational issues.

The major significance of these amendments will be the removal of the time delays associated with negotiating and acquiring land, and the negotiating of the necessary environmental and other approvals for the establishment of the plant and tailings storage facilities at a new site.

On 13 February 2007 the company announced that it had signed two shareholder agreements with Ehlobo Metals Pty Ltd ("Ehlobo") ("the Agreements"). The Agreements relate to the company's South African subsidiaries, Sylvania Metals (Pty) Limited ("SLV Metals") and Sylvania Minerals (Pty) Limited ("SLV Minerals"). SLV Metals holds the company's chrome washing plants ("CWPs") and SLV Minerals holds the company's platinum retreatment plants ("PRPs"). The aforesaid two companies were established as a consequence of the company's services and supply agreement (and addendum) entered into with Samancor Limited.

Under the terms of the Agreements, Ehlobo will acquire a 26% interest in both SLV Metals and SLV Minerals on condition that Ehlobo will procure that, by not later than 28 February 2007, each of its shareholders will be and thereafter will remain historically disadvantaged South Africans (HDSAs). Satisfaction of this condition will enable both the 26% shareholding in SLV Metals and SLV Minerals to be transferred to Ehlobo and SLV Metals and SLV Minerals at all times to satisfy the requirements of the South African Legislation and the South African Mining Charter aimed at encouraging the participation of HDSA's in the mining industry in South Africa. The company will in turn, under the terms of the Agreements, provide the skills and expertise to manage the operational and commercial affairs of SLV Metals and SLV Minerals. The company will retain Board and management control of both companies.

Under the terms of the Agreements, Ehlobo has furthermore committed to contribute amounts of not more than ZAR25 million (A\$4.44 million) and ZAR39 million (A\$6.928 million) towards the initial capital requirements of SLV Metals and SLV Minerals respectively, which amounts are calculated to equate to 26% of the initial capital requirements to construct 6 CWPs and 4 PRPs. The company has committed to contribute the remaining 74% of the initial capital requirements and to assist Ehlobo to raise their required capital contributions which are anticipated to be in place by not later than August 2007.

Notes to the financial statements
For the half-year ended 31 December 2006

Note 6: Events occurring after the balance sheet date (continued)

Should Ehlobo be unsuccessful in securing the necessary funding to meet the capital commitment, the company may in its sole discretion terminate the Agreements and all shares held by Ehlobo in SLV Metals and SLV Minerals will forthwith and upon request be retransferred to the company or its nominee.

Ehlobo is restricted in transferring its shareholding until at least 31 December 2009 and there is a reciprocal right of first refusal for the company and Ehlobo to purchase each others shares if one party decides to sell their shares.

Ehlobo is owned by Ehlobo Resources ("ER"). ER is headed by Dr Alistair Ruiters and Mr Rafique Bagus. Both have had long and distinguished careers in the South African government. Dr Ruiters was the Director General of DTI from 1999 to 2005. Mr Bagus was the CEO of Trade and Industry of South Africa from 1987 to 2002. ER was established in 2005 and has since grown its interests in resources. Today ER has a presence in coal, chrome and metal trading. Both Dr Ruiters and Mr Bagus have developed a sound understanding of the mining environment and have through their operational involvement in mining companies developed a working knowledge of mining operations.

On 16 February 2007 the company concluded the sale of its interests in its Australian tenements. The consideration received for the sale of the interest in the tenements is 1.5 million fully paid ordinary shares of \$0.20 each in the ASX listed entity, Warwick Resources Limited ("Warwick Resources") plus A\$55,000 in cash. Based on the mid price of Warwick Resources shares as at close of business on 15 February 2007, total consideration amounted A\$355,000. The company has entered into a restriction agreement such that the Warwick Resources shares granted to the company will not be tradeable on ASX, or otherwise transferable, for a period of 12 months from the date of issue.

The sale was completed pursuant to the option agreement with Warwick John Flint for the sale of the company's interest in its Australian tenements at Jimblebar and Copper Knob dated 16 August 2004 and as extended on 16 August 2006.

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Sylvania Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



G BUTTON
Executive Director

Perth
12 March 2007

INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of
Sylvania Resources Limited
Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report, which comprises the condensed balance sheet as at 31 December 2006, the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration, of Sylvania Resources Limited and the entities it controlled during the half-year ended 31 December 2006 ("consolidated entity").

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sylvania Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Sylvania Resources Limited on 12 March 2007.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sylvania Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB MANN JUDD
Chartered Accountants



W M CLARK
Partner

Perth, Western Australia
12 March 2007