

QUARTERLY REPORT 30 JUNE 2005

SYLVANIA RESOURCES LIMITED (ASX:SLV.AX)

HIGHLIGHTS

- **Appointment of Ed Nealon as Executive Chairman (formerly Non Executive Chairman)**
 - **Appointment of Terry McConnachie as Chief Operations Officer**
 - **Sylvania enters into agreement with Aquarius Platinum to take control of the exploration/mining of the Everest North project in South Africa**
 - **First payment of R2 million made for Everest North Project**
 - **Placement of 7,780,000 shares to raise A\$3.5 million**
 - **Sylvania receives A\$6,403,078 from the exercise of 32,015,390 listed options**
 - **Cash on hand at end of quarter A\$10.1 million**
-

SOUTH AFRICAN OPERATIONS

Chromite Tailings Retreatment Project (“CTRP”) (formerly “RK1”)

Sylvania Resources Limited (“Sylvania”) owns a 25% interest in a Consortium led by Aquarius Platinum Limited. During the quarter, the consortium changed its name from the RK1 project to the “Chrome Tailings Retreatment Project” (“CTRP”). The Consortium treats chromite tailings in a plant on Aquarius Platinum Limited’s Kroondal Mine property, in order to extract platinum group metals (platinum, palladium, rhodium and gold). Current tailings from the Xstrata owned Kroondal Chrome Mine are pumped to the plant whilst old chrome tailings from Bayer and Xstrata operations are trucked to the plant.

During the first six month of ramp-up operations 55,000 tonnes of material were fed to the CTRP plant at an average grade of about 3 grams per tonne. The average basket priced received for the six months was over US\$800 per ounce and total revenue was ZAR8.5 million. As ramp up technical issues are resolved tonnes



A.C.N 091 415 968

QUARTERLY REPORT 30 JUNE 2005

processed through the plant are expected to increase, along with an increased head grade due to higher grade tailings being processed.

Everest North Project

On the 26th May 2005 the company announced that it had entered into an Agreement between Sylvania South Africa (Pty) Ltd (a 100% controlled entity of Sylvania), and Aquarius Platinum (SA) Ltd ("Aquarius"), whereby Sylvania will take control of the exploration/mining of the Everest North project in South Africa.

The Everest North project lies on the Farm Vygenkoek in the eastern Bushveld of South Africa, and is prospective for Platinum Group Metals ("PGMs"). Previous work has outlined an Inferred resource of 7.4 million tonnes grading 3.38 g/t (Platinum, Palladium, Rhodium and Gold), for an Inferred resource of 796,000 ounces of PGM's. Sylvania will further test the ground to assess the viability of delivering dense medium separation sinks to Aquarius at their Everest South Mine, which is currently under construction.

Sylvania has initially paid to Aquarius R2 million, and will become a contractor to Aquarius. Sylvania will then, at its cost, prospect the Everest North Project area. Upon proof of the project viability, Sylvania will assist Aquarius to obtain a mining right which will subsequently be transferred to Sylvania. Sylvania will pay a further R6 million to Aquarius upon grant of the mining right to Sylvania.

Aquarius and Sylvania shall, for a period of three months from the date of the grant of a mining right to Sylvania, negotiate on an exclusive basis, to conclude a written agreement to regulate the terms upon which Sylvania shall supply to Aquarius all PGM bearing ore produced from the property, or in circumstances where Sylvania has constructed a concentrator plant to process PGM bearing ore from the property to produce PGM concentrate, any such PGM concentrate.

A desktop feasibility study has shown that this is a robust project, and drilling will commence shortly.

CORPORATE

New Board Appointments

During the quarter Mr Ed Nealon was appointed as Executive Chairman of Sylvania. Mr Nealon previously held the position of Non Executive Chairman of the company.



A.C.N 091 415 968

QUARTERLY REPORT 30 JUNE 2005

As a consequence of this appointment Mr Grant Button has stepped down from the position of Managing Director but remains a Director of the company.

Also during the quarter the company announced the appointment of Mr Terry McConnachie as Chief Operations Officer.

Mr McConnachie is based in South Africa and was appointed to the Sylvania board to maintain day to day control of the South African operations.

Further to the changes above, Mr Adrian Paul resigned as Director of the company on 22 June 2005.

The Sylvania board now comprises of the following:

Mr Ed Nealon	Executive Chairman
Mr Terry McConnachie	Chief Operations Officer
Mr Grant Button	Director
Ms Melissa Sturgess	Non Executive Director
Dr Evan Kirby	Non Executive Director
Mr Scott Huntly	Non Executive Director

Placement

On 26th May 2005 the company announced that 7,780,000 fully paid ordinary shares have been placed with institutional and other investors through London Stockbroker, Williams de Broe Plc, acting as agent at a price of £0.186 (A\$0.45) per share. The placement raised approximately A\$3.5 million which will be utilised to make the first payment on Everest North, fund exploration activities on Everest North and for working capital to assess other opportunities.

Exercise of listed Options

Throughout the quarter the company announced it has received applications to exercise 32,015,390 and received \$6,403,078 cleared funds in relation to the exercise of these options. The company now has an issued capital of 91,679,273.

AUSTRALIAN OPERATIONS

Previous exploration by Sylvania within Australia has been focused on the Archean Sylvania Inlier, situated in Western Australia. Within this area the Company still retains mineral exploration projects known as Copper Knob and Jimblebar. The

QUARTERLY REPORT 30 JUNE 2005

projects lie east and south of Newman and are located within the Peak Hill Mineral Field. Exploration on these tenements has targeted gold, copper-zinc, nickel and platinum group element mineralization.

Sylvania has previously entered into an Option Agreement with Warwick John Flint (“Flint”) over all of the Australian tenements of Sylvania at Jimblebar and Copper Knob. Under the terms of the Option Agreement Flint has the right to exercise the Option at any time up until 16 August 2005, to acquire Sylvania’s interests in its Australian tenements for the consideration of A\$55,000, and the issuance to Sylvania of fully paid ordinary shares in a listed entity to the value of A\$200,000. Flint has the obligation to maintain the tenements in good standing during the life of the Option Agreement. Flint has the right to extend the Option Agreement for a further 12 month period, until 16 August 2006 through the payment of A\$10,000 and the share consideration increasing to A\$300,000.

Sylvania entering into this Option Agreement was consistent with the Board’s stated intention of focusing its attention on the activities of the RK1 Consortium, and other opportunities in Southern Africa.

1. JIMBLEBAR COPPER/GOLD (45 kms east south east of Newman; Sylvania 80% P52/869 & MLA52/739, Sylvania 100% others)

The Jimblebar tenements lie immediately south east of the currently operating Jimblebar iron ore mine. Sylvania’s interests now relate to two prospecting licences, with one of the latter associated with a mining lease application, covering an area of approximately 200 hectares.

The main area of interest for copper in the Jimblebar tenements is a prospective sequence of metamorphosed felsic and intermediate volcanics containing magnetite outcrops as well as several occurrences of outcropping secondary copper mineralization.

No field work was undertaken by the Company during the quarter.

2. COPPER KNOB (42 kms east south east of Newman; Sylvania 100%)

The Mining Lease 52/211 at Copper Knob, covers a very large body of disseminated low grade sulphide copper mineralization with some gold values that has been drilled by previous explorers. This mineralization lies within a sequence of felsic and intermediate volcanic rocks that extend for over 9 kilometres forming the Jimblebar copper area. The Copper Knob mining lease has untested potential for an oxide copper resource and for discrete massive copper bearing sulphide bodies.

QUARTERLY REPORT 30 JUNE 2005

No field work was undertaken by the Company during the quarter.

A handwritten signature in black ink, appearing to read "E. Nealon".

ED NEALON
Executive Chairman

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.

Further information please contact:

In Australia:

Sylvania Resources Limited
Grant Button
+61 8 9481 8711

or visit our website at www.sylvaniaresources.com

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

SYLVANIA RESOURCES LIMITED

ACN or ARBN

091 415 968

Quarter ended ("current quarter")

30 June 2005

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(116)	(106)
(b) development	(60)	(2,104)
(c) production		
(d) administration	(273)	(738)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	29	115
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other - Forex	(60)	(60)
Net Operating Cash Flows	(480)	(2,893)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(389)	(389)
(b) equity investments		
(c) other fixed assets	(4)	(4)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		(298)
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(393)	(691)
1.13 Total operating and investing cash flows (carried forward)	(873)	(3,584)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(873)	(3,584)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	9,904	9,904
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – capital raising costs	(105)	(186)
	Net financing cash flows	9,799	9,718
Net increase (decrease) in cash held			
		8,926	6,134
1.20	Cash at beginning of quarter/year to date	1,205	4,023
1.21	Exchange rate adjustments to item 1.20		(26)
1.22	Cash at end of quarter	10,131	10,131

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	100
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

-	
---	--

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-	
---	--

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	50
Total	300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	9,678	1,189
5.2 Deposits at call	453	16
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	10,131	1,205

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed			
6.2 Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference +securities <i>(description)</i>	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	91,679,273	91,679,273	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	32,015,390 7,780,000	32,015,390 7,780,000	\$0.20 \$0.45	\$0.20 \$0.45
7.5 +Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	-	-	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 30/06/2005
7.8 Issued during quarter				
7.9 Exercised during quarter	32,015,390	32,015,390		
7.10 Expired during quarter	272,133	272,133		
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
Print name: Mike Langoulant
Company Secretary

Date: 20 July 2005

Notes

-
- 1 This quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
 - 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
 - 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
 - 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
 - 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==