



SYLVANIA RESOURCES LIMITED

9 March 2004

The Manager
Company Announcement Office
Australian Stock Exchange Limited
Exchange Centre
20 Bond Street
Sydney NSW 2000

Dear Sir,

Re: Sylvania participates in Consortium with Aquarius Platinum to extract Platinum Group Metals ("PGM's") from Chromite tailing retreatment

Sylvania Resources Limited ("Sylvania") announced today that it has entered into an agreement to acquire a 25% interest in a Consortium (known as RK1) led by Aquarius Platinum Limited which will undertake a project to treat chromite tailings through a purpose built plant at its Kroondal Mine in order to extract the platinum group metals (platinum, palladium, rhodium and gold). Sylvania's 25% interest in the Consortium will be held through its 100% owned South African subsidiary, Sylvania South Africa (Pty) Ltd.

The initial year of the project is expected to yield in excess of 20 000 ozs of platinum group metals (PGMs), growing to 28 000 ozs per year from the second year, with 25% of the production attributable to Sylvania.

The capital cost of the project, which is to be managed by Aquarius Platinum (South Africa) (Pty) Ltd, is estimated to be R28.5m (including working capital) with plant construction commencing this month and a rapid ramp-up to full production being achieved by December 2004. At R7/US\$1 operating costs are expected to be US\$170 per PGM oz in year one reducing to US\$145 per PGM oz thereafter.

The project economics have been conservatively modelled and are very robust over a wide range of metal prices and exchange rate assumptions. An after-tax internal rate of return of 72% is generated at the current basket price of US\$ 521 per PGM oz with an exchange rate of R 7/ US\$ 1.

During the construction of the RK1 plant, the consortium will commence work on RK2, which will be a similar style chromite retreatment project centred on Aquarius' Marikana Mine. Discussions relating to a proposed RK3 project are also underway.

The Directors of Sylvania see participation in this consortium as a rare opportunity to gain access to PGM cashflow, with low risk, and immediate potential for growth of the earnings stream via the development of further chromite retreatment projects.

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Sylvania has entered into a Deed of Novation with Victoria Global Holdings (“Victoria”), which outlines the terms of Sylvania’s entry into the Consortium. Under the terms of the Deed of Novation, Sylvania will acquire its 25% interest in the Consortium by funding £625,000 towards the capital costs of the project, and issuing 6 million fully paid shares in the Company to Victoria.

Sylvania proposes to raise approximately £2.22m from institutional investors in London, through a placement of up to 18.5 million fully paid ordinary shares in the Company at a minimum issue price of £0.12 per Share, to fund its commitment to the RK1 Project, and provide Sylvania with additional funds to assess a number of other PGM projects in South Africa.

The completion of this transaction is dependant upon the approval of Sylvania shareholders being obtained for the placement of shares and the issue of shares to Victoria. Shareholder approval for this issue will be sought at a General Meeting of shareholders, details of which will be released shortly.

For full details of the technical aspects of the project please refer to the announcement released by Aquarius Platinum today.

Yours faithfully
Sylvania Resources Limited



Grant Button
Company Secretary

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