



11 October 2005

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

Dear Sir,

Re: Sylvania to expand Platinum Production from Tailings - Wins Tender with Samancor Chrome Ltd

The Directors of Sylvania Resources Ltd and its subsidiaries ("Sylvania" or "the Company") are pleased to announce that they have won a tender with Samancor Chrome Ltd ("Samancor") to retreat chrome tailings and extract the platinum group metals (PGM's) at Samancor's Millsell and Waterkloof mine sites, located approximately 4.2km from the Chromite Tailings Retreatment Plant ("CTRP") in the Western Bushveld region of South Africa.

The agreements, which are currently being finalised, will require Sylvania to create two consortia: one for the retreatment of the chrome and the other for the subsequent extraction of the PGM's. Sylvania's key partner in both consortiums will be Portpatrick Incorporated ("Portpatrick"), the Company responsible for negotiating the commercial terms of the agreements with Samancor.

Sylvania's equity participation in the chrome retreatment consortium is expected to be 74% (26% self funded BEE). In the PGM extraction consortium Sylvania will own 100% of the equity, reducing to approximately 50% once current negotiations with Aquarius Platinum Limited are completed. It is anticipated that Aquarius will manage the PGM programme in line with the current practice at the CTRP. An additional 1,450 oz per month of PGMs is expected to be generated by the new deal.

Chrome Tailings Retreatment

The Consortium will treat 30,000 tonnes per month of dormant tailings mixed with current arisings from the Millsell and Waterkloof Mines. The chrome produced will be sold back to Samancor on commercial terms. It is envisaged that Sylvania will upgrade the chromite extraction plant that is currently on site at Millsell.

PGM extraction

The PGM tailings from the Millsell Chrome Washing Plant will be piped to the current CTRP for PGM extraction.

Capital Expenditure

The capital expenditure for the Chrome Washing Plant upgrade, the construction of the pipeline to the CTRP and the upgrade of the CTRP is expected to be in the region of A\$2m.

The CTRP (25% owned by Sylvania) has been ramping up since February, and is currently producing at the rate of some 600 oz of PGM's per month rising to 1,100 oz per month by December of this year. The technology has been fully proven and Sylvania now intends to leverage it. At present, the CTRP is operating at a margin of around US\$700 per PGM ounce.

Consideration

To secure Sylvania's 74% interest in the Chrome Tailings consortium and its initial 100% interest in the PGM consortium, Sylvania will issue 6 million fully paid ordinary Sylvania shares.

Yours faithfully
Sylvania Resources Limited



Ed Nealon
Executive Chairman