



22 November 2005

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

Dear Sir,

Re: Sylvania signs Millsell and Waterkloof tailings retreatment agreement with Samancor. Samancor challenged over right to sign.

On 11 October 2005 Sylvania Resources Limited ("Sylvania") announced that it had won a tender with Samancor Chrome, a division of Samancor Ltd, ("Samancor") to retreat chrome tailings and extract Platinum Group Metals at Samancor's Millsell and Waterkloof mine site in South Africa.

Sylvania has now entered into a contract with Samancor in respect of the chrome retreatment services to be conducted by Sylvania at the Millsell and Waterkloof Tailings Dump.

The contract is for Sylvania to construct a 30,000 tonne per month tailings retreatment plant on the Samancor site. The chromite recovered from the treatment will be sold back to Samancor at favourable rates whilst the recovered Platinum Group Metal concentrate will go for further retreatment and be solely for the account of Sylvania.

To date, Sylvania has completed metallurgical and engineering design, received sign off on the mining method to be used, ordered the plant spirals, purchased the mill, and hired staff for the project.

Sylvania has subsequently been advised that an unsuccessful tenderer, Copper Sunset Trading 59 (Pty) Ltd trading as Platchrome ("Platchrome"), has issued proceedings against both Samancor and Sylvania claiming that the tender process conducted by Samancor was inconsistent with the tender issued by Samancor and, accordingly, seeking orders that Samancor be prohibited from entering into an agreement with Sylvania (which has already happened), that work under any agreement entered into with Sylvania be prohibited, or that the tender be declared null and void.

Samancor has advised Sylvania that it considers the tender was fairly awarded to Sylvania, that Platchrome's claim is spurious and that Samancor will be vigorously defending the claim.

Sylvania has been advised that the claim is without merit and that it has a legally valid and binding agreement in respect of the proposed chrome retreatment services, and is taking legal advice on its position regarding a counter claim for damages.

Yours faithfully
Sylvania Resources Limited



Ed Nealon
Executive Chairman