

SYLVANIA RESOURCES LIMITED

ACN 091 415 968

NOTICE OF MEETING

and

EXPLANATORY MEMORANDUM

Date of Meeting: Monday, 26 June 2006

Time of Meeting: 9.00 am (WST)

Place of Meeting: the Celtic Club
48 Ord Street
West Perth Western Australia

This Notice of Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

SYLVANIA RESOURCES LIMITED

ACN 091 415 968

NOTICE OF MEETING

Notice is hereby given that a meeting of shareholders of Sylvania Resources Limited ACN 091 415 968 ("**Company**") will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia at 9.00 am (WST) on Monday, 26 June 2006.

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting describes the various matters to be considered and contains a glossary of defined terms for terms that are not defined in full in this Notice of Meeting.

AGENDA

RESOLUTION

1. Issue of up to 40 million Shares to clients of Williams de Broë Plc

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, shareholders of the Company hereby approve and authorise the issue of up to 40 million Shares at an issue price of at least 80% of the average market price of the Shares calculated over the last five days on which sales in Shares were recorded on ASX before Sylvania's AIM Admission Document is lodged with the AIM team of the London Stock Exchange, on the terms and conditions contained in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Ratification of issue of 4 million Shares to Portpatrick

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, shareholders of the Company hereby ratify the issue of 4 million Shares to Portpatrick, on the terms and conditions contained in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a person who participated in the issue and an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD

A handwritten signature in cursive script that reads "G. Button".

Grant Button

Director

DATED: 19 May 2006

PROXY AND VOTING ENTITLEMENT INSTRUCTIONS

PROXY INSTRUCTIONS

Shareholders are entitled to appoint up to two individuals or bodies corporate to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to the Company's office, 98 Colin Street, West Perth WA 6005, facsimile +61 8 9324 2977, not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual or body corporate named in the proxy form proposes to vote.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy may, but need not, be a shareholder of the Company.

In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form is attached to this Notice.

VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7:00pm on 24 June 2006. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

SYLVANIA RESOURCES LIMITED
ACN 091 415 968

PROXY FORM

Sylvania Resources Limited, 98 Colin Street, West Perth WA 6005, Facsimile +61 8 9324 2977

I/We _____

of _____

being a shareholder(s) of Sylvania Resources Limited ("**Company**") and entitled to

_____ shares in the Company

hereby appoint _____

of _____

or failing him/her/it _____

of _____

or failing him/her/it the Chairman as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia at 9.00 am (WST) on Monday, 26 June 2006 and at any adjournment thereof in respect of _____ of my/our shares or, failing any number being specified, **ALL** of my/our shares in the Company.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is []%.
(An additional proxy form will be supplied by the Company on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a resolution, the proxy may abstain or vote at his/her/its discretion.

In relation to undirected proxies, the Chairman intends to vote in favour of all of the Resolutions.

If you do not wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of a resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

I/we direct my/our proxy to vote as indicated overleaf:

SYLVANIA RESOURCES LIMITED
ACN 091 415 968

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be considered at the meeting of Shareholders to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia at 9.00 am (WST) on Monday, 26 June 2006.

The Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. For the assistance of Shareholders, a glossary of defined terms is included at the end of the Explanatory Memorandum.

Full details of the business to be considered at this Meeting are set out below.

1. Issue of up to 40 million Shares

1.1 Listing Rule 7.1

As set out in Sylvania's Notice of Annual General dated 17 October 2005, Sylvania is considering applying for admission to trading on the AIM Market of the London Stock Exchange Plc ("AIM"). At the 2005 AGM Shareholders approved to issue of up to 20 million shares in conjunction with the proposed application for admission to trading on AIM. The approval obtained at the AGM was valid for only 3 months after the date of the AGM. The proposed application for admission to trading on AIM was delayed to allow Sylvania time to finalise its acquisition of chrome and PGM rights in South Africa. As announced on 1 May 2006, Sylvania has now acquired the chrome rights in respect of Samancor's tailings dumps at its Western Chrome Mines and Eastern Chrome Mines. The Board is again considering the application for admission to trading on AIM and capital raising in the United Kingdom in conjunction with the application for admission to trading on AIM. As at the date of the Notice of Meeting, an application for admission to trading on AIM has not been made and there is no certainty that such an application will be made. The Board currently proposes that, if it proceeds with the application for admission to trading on AIM, it will raise in the order of 12 million pounds in conjunction with the listing.

Listing Rule 7.1 limits the number of securities which a listed company may issue in any 12 month period without shareholder approval (subject to certain exceptions such as a pro rata issue to shareholders) to no more than 15% of the total number of fully paid ordinary shares on issue at the beginning of the 12 month period plus the number of fully paid ordinary shares issued with the approval of the shareholders or under one of the exceptions during the previous 12 months.

As the number of Shares that the Company may issue if it proceeds with the proposed application for admission to trading on AIM, may exceed the 15% limit, Sylvania is seeking shareholder approval to issue up to 40 million Shares in conjunction with the application for admission to trading on AIM. The Company will only issue Shares in accordance with this resolution if the Company makes an application for admission of the Company's securities to trading on AIM.

The purpose of seeking shareholder approval of the issue of Shares is to effectively reinstate the maximum limit under the Listing Rules on the number of securities that the Company may issue in any 12 month period without shareholder approval.

1.2 Disclosure Requirements

Set out below is the information required to be disclosed in compliance with Listing Rule 7.3:

- (a) The maximum number of Shares that the Company proposes to issue in accordance with the resolution is 40 million Shares.
- (b) If the Company issues any Shares in accordance with this resolution, the issue of those shares will occur no later than 3 months after the meeting or such later time as may be approved by ASX.
- (c) The Shares will be allotted at a price that is at least 80% of the average market price of the Shares calculated over the last 5 trading days on which sales in Shares were recorded on ASX before Sylvania's AIM Admission Document is lodged with the AIM team of the London Stock Exchange.
- (d) The allottees of the Shares will be clients of Williams de Broë Plc.
- (e) The Shares issued in accordance with the resolution will, from the date of from of issue, rank equally in all respects with all other Shares on issue.
- (f) The Company will use the funds to finance the development of its existing platinum and chrome retreatment projects and for the assessment and acquisition of additional opportunities in the platinum industry. As set out above, if the Board proceeds with the application for admission to trading on AIM, it proposes to raise in the order of 12 million pounds. The Company proposes that the funds raised would be used as follows:

PROPOSED USE OF FUNDS	AMOUNT (\$)
<u>Chromite and new CTRP Plants</u>	
Capital expenditure and working capital on five new Chrome washing plants and four new CTRP plants	\$17,500,000
<u>Everest North</u>	
Feasibility Study	\$4,500,000
Purchase of Land	\$1,750,000
Final payment to Aquarius Platinum (R6 million)	\$1,250,000
<u>Working capital, administration and AIM costs</u>	\$4,000,000
TOTAL	\$29,000,000

- (g) The Directors of the Company presently intend to issue the Shares on one date. However, they reserve the right to issue the Shares progressively.

2. Ratification of issue of 4 million Shares to Portpatrick

2.1 Listing Rule 7.4

Portpatrick has introduced several Eligible Projects to Sylvania in accordance with a Co-operation Agreement dated 9 December 2005 between Sylvania and Portpatrick ("**Agreement**").

Portpatrick has identified opportunities for Sylvania to participate in Eligible Projects involving the re-treatment of Samancor's tailings for the extraction of chrome and PGMs at Samancor's tailings dumps at its Western Chrome Mines (Buffelsfontein, Waterkloof, Mooinooi, Elandsdrift and Millsell) and Eastern Chrome Mines (Tweefontein, Lannex, Steelport, Doornbosch, Montrose, Groothoek, Onvarwecht and Mooihoek). Sylvania acknowledges that Portpatrick notified Sylvania of those opportunities and assisted Sylvania to negotiate the commercial terms upon which Sylvania entered into agreements with Samancor in respect of those Eligible Projects.

In accordance with the Agreement, Sylvania issued 4,000,000 shares to Portpatrick in consideration for Portpatrick's role in assisting Sylvania to obtain the chrome rights in respect of the Eligible Projects listed above.

Under Listing Rule 7.1, Sylvania must not issue or agree to issue securities which exceed 15% of its securities on issue during the 12 month period prior to the date of issue or agreement, without shareholder approval. Listing Rule 7.1 is, however, subject to prescribed exceptions. Under Listing Rule 7.4, if Sylvania issues securities without approval under Listing Rule 7.1, the issue of securities is treated as having been made with approval for the purposes of Listing Rule 7.1, if shareholders subsequently approve the issue.

Sylvania is therefore seeking shareholder approval in relation to the shares which have been previously issued to Portpatrick.

2.2 Disclosure Requirements

In compliance with Listing Rule 7.5, the following details are disclosed to Shareholders:

- (a) 4,000,000 Shares were issued to Portpatrick on 11 May 2006 in consideration for Portpatrick's role in assisting Sylvania to obtain the chrome rights.
- (b) The deemed issue prices of the Shares is \$0.90.
- (c) The Shares rank equally in all respects with all other Shares of the Company on issue.
- (d) The Shares were issued for no cash consideration and accordingly, no funds were raised.

3. Glossary of Terms

The following terms and abbreviations used in the Notice of Meeting and this Explanatory Memorandum have the following meanings:

"**AIM**" means the AIM Market of the LSE.

"**Meeting**" means the meeting of Shareholders to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia at 9.00 am (WST) on Monday, 26 June 2006 or any adjournment thereof.

"**ASX**" means Australian Stock Exchange Limited.

"Board" means the board of Directors.

"Company" and **"Sylvania"** means Sylvania Resources Limited, ACN 091 415 968.

"Directors" means the directors of the Company, from time to time.

"Eligible Projects" means a project for the treatment or re-treatment of PGM chrome tailings produced from mines in South Africa and includes any material classed as current arisings.

"Explanatory Memorandum" means this explanatory memorandum.

"Listing Rules" means the official listing rules of ASX.

"LSE" means London Stock Exchange Plc.

"Notice of Meeting" means the notice of the Meeting which accompanies the Explanatory Memorandum.

"Portpatrick" means Portpatrick Incorporated, IBC Number 632244.

"Resolution" means a resolution in the Notice of Meeting.

"Shareholders" means registered holders of Shares.

"Shares" means fully paid ordinary shares in the capital of the Company.