

SYLVANIA RESOURCES LIMITED

ACN 091 415 968

NOTICE OF ANNUAL GENERAL MEETING

and

EXPLANATORY MEMORANDUM

Date of Meeting: Friday, 28th November 2008

Time of Meeting: 4:00pm (DST)

Place of Meeting: Banksia Room, Holiday Inn City Centre
778-788 Hay Street
Perth WA 6000

This Notice of Annual General 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.

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SYLVANIA RESOURCES LIMITED
ACN 091 415 968

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of shareholders of Sylvania Resources Limited ACN 091 415 968 ("**Company**") will be held at Banksia Room, Holiday Inn City Centre, 778-788 Hay Street, Perth, Western Australia at 4:00pm on Friday, 28 November 2008.

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

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the financial statements, the Director's report and auditor's report for the Company and its controlled entities for the year ended 30 June 2008.

RESOLUTIONS

1. Adoption of Remuneration Report

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

"That the remuneration report for the Company and its controlled entities for the year ended 30 June 2008 be adopted."

The vote on this resolution is advisory only and does not bind the directors or the Company.
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2. Re-election of Dr Alistair Ruiters as a Director

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

"That Dr Alistair Ruiters, who retires by rotation in accordance with the Company's constitution and being eligible, offers himself for re-election, be re-elected as a Director."

3. Re-election of Mr Richard Rossiter as a Director

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

"That Mr Richard Rossiter, who retires by rotation in accordance with the Company's constitution and being eligible, offers himself for re-election, be re-elected as a Director."

4. Re-election of Mr John Cooke as a Director

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

"That Mr John Cooke, who was appointed as a director of the Company to fill a casual vacancy on 18 August 2008, retires in accordance with the Company's constitution and being eligible, offers himself for re-election, be re-elected as a Director."

5. Issue of Shares to Mr Richard Rossiter under the Sylvania Resources Share Plan

To consider and, if thought fit, to pass, the following as an **ordinary resolution**:

"That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the issue of up to 500,000 Shares at an issue price of \$1.63 per Share and the provision of a loan in respect of the issue price of those Shares, being \$815,000, to Mr Richard Rossiter in accordance with the Sylvania Resources Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to Sylvania) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Issue of Shares to Mr John Cooke under the Sylvania Resources Share Plan

To consider and, if thought fit, to pass, the following as an **ordinary resolution**:

"That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the issue of up to 200,000 Shares at an issue price of \$1.63 per Share and the provision of a loan in respect of the issue price of those Shares, being \$326,000, to Mr John Cooke in accordance with the Sylvania Resources Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to Sylvania) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Grant of Options to Mr Terrance McConnachie under the Sylvania Resources Option Plan

To consider and, if thought fit, to pass, the following as an **ordinary resolution**:

"That for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the grant of up to 1,750,000 Options, each exercisable at \$1.63 on or before 30 June 2011, to Mr Terrance McConnachie (or his nominee) in accordance with the Sylvania Resources Option Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum and to allot and issue up to 1,750,000 Shares in the capital of the Company on the valid exercise of those options."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to Sylvania) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. Grant of Options to Mr Louis Carroll under the Sylvania Resources Option Plan

To consider and, if thought fit, to pass, the following as an **ordinary resolution**:

"That for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the grant of up to 300,000 Options, each exercisable at \$1.63 on or before 30 June 2011, to Mr Louis Carroll (or his nominee) in accordance with the Sylvania Resources Option Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum and to allot and issue up to 300,000 Shares in the capital of the Company on the valid exercise of those options."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to Sylvania) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. Grant of Options to Dr Alistair Ruiters under the Sylvania Resources Option Plan

To consider and, if thought fit, to pass, the following as an **ordinary resolution**:

"That for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the grant of up to 200,000 Options, each exercisable at \$1.63 on or before 30 June 2011, to Dr Alistair Ruiters (or his nominee) in accordance with the Sylvania Resources Option Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum and to allot and issue up to 200,000 Shares in the capital of the Company on the valid exercise of those options."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to Sylvania) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

10. Approve an increase in directors remuneration

To consider and, if thought fit, to pass, the following as an **ordinary resolution**:

"That for the purposes of Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum total aggregate fixed sum per annum to be paid to non-executive Directors be set at \$500,000 to be paid in accordance with the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a director of the Company and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a 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



Mike Langoulant
Company Secretary
DATED: 13 October 2008

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, **Banksia Room, Holiday Inn City Centre, 778-788 Hay Street, Perth WA 6005, +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 5:00pm DST on Wednesday, 26 November 2008. 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

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be considered at the annual general meeting of Shareholders to be held at Banksia Room, Holiday Inn City Centre, 778-788 Hay Street, Perth, Western Australia at 4:00pm on Friday, 28 November 2008.

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 Annual General Meeting are set out below.

1. Resolution 1 - Adoption of remuneration report

The remuneration report of the Company for the financial year ended 30 June 2008 is set out on pages 19 to 28 of the Company's 2008 annual report.

Pursuant to the Corporations Act, a resolution that the remuneration report be adopted must be put to vote at the Company's annual general meeting. The vote on this resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

2. Resolutions 2 to 4 - Re-election of directors

In accordance with Article 6.3 of the Company's constitution, Mr John Cooke having been appointed by the Board on 18 August 2008 will retire and offers himself for re-election by shareholders.

The remaining Directors recommend to shareholders that Mr Cooke be re-elected.

Mr Rossiter and Dr Ruiters retire in accordance with the Company's rotation policy contained in the Company constitution.

The remaining Directors recommend to shareholders that both Mr Rossiter and Mr Ruiters be re-elected.

3. Resolutions 5 - 9 - Issue of Securities to Directors

3.1 Details of proposed issues of securities to the Directors

The Company proposes to issue Shares to two directors of the Company, Mr Richard Rossiter and Mr John Cooke, in accordance with the terms of the Share Plan and to grant Options to directors of the Company, Messrs Terrance McConnachie and Louis Carroll and Dr Alistair Ruiters, in accordance with the terms of the Option Plan.

The proposed issue of Shares and grant of Options to the Recipient Directors is intended to:

- (a) provide an appropriate and adequate incentive for the Recipient Directors;
- (b) ensure that the Company may retain the services of the Recipient Directors; and
- (c) reinforce the commitment of the Recipient Directors to the Company.

The Recipient Directors will only benefit from an issue of Shares under the Share Plan or the grant of Options under the Option Plan when there is an improvement in the Company's share price since the date on which they are offered the Shares and Options.

Resolutions 5 - 9 seek shareholder approval for the issue of Shares and grant of Options to the Recipient Directors as follows:

Name of Director	Number of Shares to be issued	Number of Options to be issued
Mr Richard Rossiter	500,000	nil
Mr John Cooke	200,000	Nil
Mr Terrance McConnachie	Nil	1,750,000
Mr Louis Carroll	Nil	300,000
Dr Alistair Ruiters	Nil	200,000

The number of Shares and Options proposed to be issued or granted to the Recipient Directors reflects the level of commitment provided or to be provided by each Director to the Company, taking into account the responsibilities of each Director and the time commitments required from each Director. The number of Shares and Options proposed to be issued or granted to the Recipient Directors also reflects the value the Board feels that each Director brings to the enhancement of the Company and the level of commitment required by the Company from each Director.

The issue price of the Shares offered to Directors under the Share Plan and the exercise price of the Options to be granted to Directors under the Option Plan is \$1.63, being greater than the weighted average price of shares on ASX during the 5 day trading period immediately before 25 July 2008, the date of the offer, which was \$1.628.

The Shares to be issued pursuant to Resolution 5 and 6 may not be transferred or otherwise dealt with until the later to occur of the following:

- (d) the loan amount in respect of the relevant share has been repaid; and
- (e) in respect of:
 - (i) one half of the Shares issued, 12 months after the date of issue of the Shares;
 - (ii) the remaining one half of the Shares issued, 24 months after the date of issue of the Shares.

The Shares to be issued pursuant to Resolutions 5 and 6 and the Options to be granted pursuant to Resolutions 7 - 9 are in addition to the fee and remuneration packages payable by the Company to the Recipient Directors. Given the size of the Company, the Board considers it appropriate for part of the remuneration package to comprise non-cash, incentive-based remuneration.

3.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each Recipient Director is a related party and the issue of Shares and grant of Options to the Recipient Directors and provision of a loan by the Company to Messrs Rossiter and Cooke to fund payment of the subscription price for the Shares constitutes the giving of a financial benefit. Accordingly, Shareholder approval is required.

In accordance with the requirements of Chapter 2E, and in particular with section 219, of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of Shares and grant of Options to the Recipient Directors and the provision of a loan by the Company to Messrs Rossiter and Cooke to fund payment of the subscription price for the Shares:

- (a) the Recipient Directors are each related parties of the Company to whom proposed Resolutions 5 -9 would permit the financial benefits to be given;
- (b) the nature of the financial benefit to be given to Mr Rossiter is the issue of 500,000 Shares and a loan in respect of those Shares, being \$815,000 as at the date of the Notice of Meeting;
- (c) the nature of the financial benefit to be given to Mr Cooke is the issue of 200,000 Shares and a loan in respect of those Shares, being \$326,000 as at the date of the Notice of Meeting;
- (d) the nature of the financial benefit to be given to Mr McConnachie is the grant of 1,750,000 Options exercisable at \$1.63 on or before 30 June 2011;
- (e) the nature of the financial benefit to be given to Mr Carroll is the grant of 300,000 Options exercisable at \$1.63 on or before 30 June 2011;
- (f) the nature of the financial benefit to be given to Dr Ruiters is the grant of 200,000 Options exercisable at \$1.63 on or before 30 June 2011;
- (g) it is proposed that the Shares and Options will be issued on one date within 12 months from the date of the Annual General Meeting, but the Company reserves its right to issue the shares and options progressively;
- (h) the Shares will be issued under the Share Plan, the terms of which are summarised in Section 3.6 and the Options will be granted under the Option Plan, the terms of which are summarised in Section 3.7. The Options will be granted on the terms and conditions set out in Schedule 1 to this Explanatory Memorandum;
- (i) the Options will be granted for no cash consideration and accordingly, no funds will be raised by the grant of the Options to Messrs McConnachie or Carroll or Dr Ruiters. If all the Options proposed to be granted to Messrs McConnachie or Carroll or Dr Ruiters are exercised and paid for, the Company will receive \$3,667,500. The funds raised from time to time due to the purchase of Shares issued as a result of the exercise of Options will be used for working capital purposes, as the Board thinks fit;

- (j) initially no funds will be raised by the issue of Shares to Messrs Rossiter and Cooke due to the provision of the Loan to Messrs Rossiter and Cooke. However, when the Loans are repaid, the funds raised will be used for working capital purposes, as the Board thinks fit;
- (k) as at the date of this Notice, the capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	180,962,273
Options	
Expiring 30/6/09 at \$0.50	500,000
Expiring 30/06/10 at \$0.75	600,000
Expiring 30/06/11 at \$2.89	400,000
Expiring 30/06/11 at \$2.67	600,000
Expiring 30/06/11 at \$1.63	3,383,000
Total ordinary shares if all options on issue are exercised	186,445,273

If Shareholders approve all Resolutions contained in this Notice and all Options are granted and all Shares are issued as contemplated by this Notice, the issued capital of the Company would be as follows:

Capital	Number
Ordinary shares	181,662,273
Options	
Expiring 30/6/09 at \$0.50	500,000
Expiring 30/06/10 at \$0.75	600,000
Expiring 30/06/11 at \$2.89	400,000
Expiring 30/06/11 at \$2.67	600,000
Expiring 30/06/11 at \$1.63	5,633,000
Total ordinary shares if all options on issue are exercised	189,395,273

If Shareholders approve the issue of 500,000 Shares to Mr Rossiter, the effect will be to dilute the shareholding of existing members by approximately 0.28%, based on the existing number of Shares as at the date of this Notice.

If Shareholders approve the issue of 200,000 Shares to Mr Cooke, the effect will be to dilute the shareholding of existing members by approximately 0.11%, based on the existing number of Shares as at the date of this Notice.

If Shareholders approve the grant of 1,750,000 Options to Mr McConnachie and all of those Options are exercised, the effect will be to dilute the shareholding of existing members by approximately 0.97% based on the existing number of Shares as at the date of this Notice.

If Shareholders approve the grant of 300,000 Options to Mr Carroll and all of those Options are exercised, the effect will be to dilute the shareholding of existing members by approximately 0.17% based on the existing number of Shares as at the date of this Notice.

If Shareholders approve the grant of 200,000 Options to Dr Ruiters and all of those Options are exercised, the effect will be to dilute the shareholding of existing members by approximately 0.11% based on the existing number of Shares as at the date of this Notice.

If Shareholders approve the issue of all the Shares and Options as contemplated by this Notice and all of those Options are exercised, the effect will be to dilute the shareholding of existing members by approximately 1.64% based on the existing number of Shares as at the date of this Notice.

- (l) as at the date of this Notice, the Recipient Directors hold the following securities in the Company representing 0.79% of the issued capital of the Company on a fully diluted basis:

Recipient Director	Number of Shares held Directly	Number of Shares held Indirectly	Number of Options held Directly	Number of Options held Indirectly
Richard Rossiter	500,000	32,000	Nil	nil
John Cooke	Nil	Nil	Nil	Nil
Terrance McConnachie	Nil	Nil	500,000	Nil
Louis Carroll	Nil	Nil	200,000	Nil
Alistair Ruiters	Nil	Nil	200,000	Nil

If Shareholders approve all Resolutions contained in this Notice, all Shares and Options are issued as contemplated by this Notice, the Recipient Directors will hold 2.31% of the issued capital of the Company on a fully diluted basis as follows:

Recipient Director	Number of Shares held Directly	Number of Shares held Indirectly	Number of Options held Directly	Number of Options held Indirectly
Richard Rossiter	1,000,000	32,000	Nil	nil
John Cooke	200,000	Nil	Nil	Nil
Terrance McConnachie	Nil	Nil	2,250,000	Nil
Louis Carroll	Nil	Nil	500,000	Nil
Alistair Ruiters	Nil	Nil	400,000	Nil

- (m) Details of the remuneration paid to the Recipient Directors for the year ended 30 June 2008 are as follows:

Recipient Director	Primary benefits – fees/salary(\$)	Superannuation (\$)	Non-Monetary Benefit (\$)	Total (\$)
Richard Rossiter	254,736	2,766	117,114	374,616
John Cooke	-	-	-	-
Terrance McConnachie	302,369	-	56,872	359,241
Louis Carroll	214,091	-	26,364	240,455
Alistair Ruiters	30,733	-	46,846	77,579

- (n) the subscription price at which Shares may be issued to Messrs Rossiter and Cooke will be \$1.63 per Share (being greater than the weighted average price of Shares on ASX over the 5 trading days immediately before the date on which the Shares were offered which was \$1.628), with the subscription price being loaned to Messrs Rossiter and Cooke on the terms set out in Section 3.6, in accordance with the terms of the Share Plan;
- (o) the Options are being granted for no consideration. The exercise price of the Options is \$1.63 (being greater than the weighted average price of Shares on ASX over the 5 trading days immediately before the date on which the Options were offered, which was \$1.628);
- (p) the market price for the underlying shares during the term of the Options would normally determine whether or not the relevant Recipient Directors would exercise the Options. If, at the time any of the Options are exercised, the price of the underlying shares is higher than the exercise price of the Options, there may be a perceived cost to the Company;
- (q) during the last 12 months before the date of lodgement of this Notice with the ASIC, the highest trading price of the Shares was \$3.05 on 3 March 2008 and the lowest trading price of the Shares was \$0.56 on 10 October 2008. The market price of the Company's Shares over the 5 days of trading on ASX up to and including 10 October 2008 has been between a minimum of \$0.56 per Share to a maximum of \$0.93 per Share. On 10 October 2008, the last trading day before this Notice of Meeting was lodged with the ASIC, the Shares closed at a price of \$0.60 per Share;
- (r) assuming a market price on the date of repayment of the loans of not less than \$1.63, being the weighted average price of the Shares on ASX over the 5 day trading period before the date of the offer, the Company will receive \$1,141,000 from the issue of the shares to Messrs Rossiter and Cooke;
- (s) if the relevant Recipient Directors exercise all 2,250,000 Options proposed to be granted to them, the Company will receive \$3,667,500;
- (t) the primary purpose of the issue of the Shares and grant of Options to the Recipient Directors under the Plans is to provide an incentive to the Recipient Directors. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone to the Company in issuing the Shares proposed by Resolutions 5 and 6 or granting the Options proposed by Resolutions 7 - 9;
- (u) the issue of securities to the Recipient Directions is a more cost effective incentive for the Company as opposed to the payment of cash compensation;

- (v) Mr Rossiter has a material personal interest in the outcome of Resolution 5, Mr Cooke has a material personal interest in the outcome of Resolution 6, Mr McConnachie has a material personal interest in the outcome of Resolution 7, Mr Carroll has a material personal interest in the outcome of Resolution 8, and Dr Ruiters has a material personal interest in the outcome of Resolution 9 as the recipients of the Shares proposed to be issued and Options proposed to be granted;
- (w) none of the Recipient Directors wish to make a recommendation to Shareholders about Resolutions 5 - 9 because each has an interest in the outcome of those Resolutions;
- (x) a valuation of the Options proposed to be issued has been calculated using the Black and Scholes option pricing model and based upon the following assumptions:
- the underlying value of each share in the Company is based on the closing share price of \$0.60 cents as at 10 October 2008;
 - Risk free rate of return – 4.19% (based on the 3 year bond indicator rate as at 10 October 2008);
 - share price volatility of 71%, determined utilising the daily closing share prices of the Company for the preceding 12 months;
 - options are exercisable on or before 30 June 2011 subject to the Qualifying Period in Schedule 1;
 - exercise price of \$1.63; and
 - options are not transferable without the permission of the directors and no application will be made to ASX for quotation of the options.

The Black and Scholes Option Pricing Model assumes that the options the subject of the valuation can be sold on a secondary market. The terms and conditions of the options state that the options shall not be listed for official quotation on ASX. In addition, the options are not transferable and are subject to vesting terms. Accordingly a discount of 20% for lack of marketability was required to determine an indicative fair value of the options.

The indicative fair value of the options has been calculated as being 0.10 cents.

The table below summarises the values attributed to the options:

Allottee	Indicative value per option (cents)	Number of options issued to Allottee	Total value (\$)
Mr McConnachie	0.10	1,750,000	175,000
Mr Carroll	0.10	300,000	30,000
Dr Ruiters	0.10	200,000	20,000

- (y) a valuation of the Shares and the Loan proposed to be issued has been calculated using the Black and Scholes option pricing model and based upon the following assumptions:
- the underlying valuation of each share in the Company is based on the closing price of \$0.60 as at 10 October 2008;
 - Risk free rate of return – 4.19% (based on the 3 year bond indicator rate as at 30 September 2008);

- share price volatility of 71%, determined utilising the daily closing share prices of the Company for the preceding 12 months;
- shares may not be transferred or otherwise dealt with until the later of the following occurs;
 - A. any loan in respect of the shares is repaid;
 - B. in respect of:
 - 1) one half of the shares issued under the offer, the expiry of 12 months from the date of issue of the shares; and
 - 2) the remaining one half of the shares issued under the offer, the expiry of 24 months after the date of issue of the shares;
- issue price of \$1.63.

The Black and Scholes Option Pricing Model assumes that the equity instruments the subject of the valuation can be sold on a secondary market. The terms and conditions of the share plan state that the Shares are not transferable, until certain time limits have expired, including the repayment of the loan. Accordingly a discount for 20% for lack of marketability was required to determine an indicative fair value of the shares.

The indicative fair value of the shares and the Loan has been calculated as being \$0.10 for the shares.

Allottee	Indicative value per Share (\$)	Number of Shares issued to Allottee	Total value (\$)
Mr Rossiter	0.10	500,000	50,000
Mr Cooke	0.10	200,000	20,000

- (z) additional information in relation to Resolutions 5 - 9 is set out throughout this Explanatory Memorandum. Shareholders should therefore read the Explanatory Memorandum in its entirety before making a decision on how to vote on Resolutions 5 - 9;
- (aa) the Company will incur no liabilities or costs in respect of the proposed issue of the Shares and Options to the Recipient Directors other than:
 - (i) the fees payable to ASX for quotation of the shares. At the rates applying at the date of this notice, these fees would be approximately \$4,502.50.
 - (ii) in relation to the options, a value, equal to the market value of the underlying shares that could be acquired by exercising the options, as at the day on which the options are granted, minus the lowest amount that must be paid to exercise the options to acquire those shares, will be included as wages for the purposes of *Pay-roll Tax Act 2002 (WA)*, *Pay-roll Tax Assessment Act 2002 (WA)* and the *Taxation Administration Act 2003(WA)*. If this value in addition to other wages paid or payable by the Company during a month is in excess of the monthly pay-roll tax threshold, the Company may be required to register for pay-roll tax in the relevant jurisdiction. If this value in addition to other wages that are

taxable in the jurisdiction is in excess of the annual pay-roll tax threshold, the Company will have a liability in respect of pay-roll tax in that jurisdiction; and

(iii) in relation to the shares, a value equal to the weighted average trading price of shares on ASX in the five days immediately before the date of valuation, will be included as wages for the purposes of the *Pay-roll Tax Act 2002 (WA)*, *Pay-roll Tax Assessment Act 2002 (WA)* and the *Taxation Administration Act 2003(WA)*. If this value in addition to other wages paid or payable by the Company during a month is in excess of the monthly pay-roll tax threshold, the Company may be required to register for pay-roll tax in the relevant jurisdiction. If this value in addition to other wages that are taxable in the jurisdiction is in excess of the annual pay-roll tax threshold, the Company will have a liability in respect of pay-roll tax in that jurisdiction; and

(bb) neither the Board nor the Company is aware of any other information that would reasonably be required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolutions 5 - 9, other than as stated in this Explanatory Memorandum.

3.3 Listing Rule 10.14

Listing Rule 10.14 provides, in essence, that the approval of ordinary shareholders by ordinary resolution is required before any of the following persons can acquire securities under an employee incentive scheme:

- (a) director;
- (b) an associate of a director; or
- (c) a person whose relationship with the company or a related party is, in ASX's opinion, such that approval should be obtained.

Each of the Recipient Directors is a Director of the Company for the purpose of Listing Rule 10.14. Accordingly, in order for the Recipient Directors to acquire Shares and Options under the Plans, the Company must obtain Shareholder approval pursuant to Listing Rule 10.14.

3.4 Listing Rule disclosure requirements

In accordance with Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolutions 5 - 9:

- (a) Messrs Rossiter, Cooke, McConnachie and Carroll and Dr Ruiters are Directors;
- (b) the maximum number of Shares that may be issued to Mr Rossiter under Resolution 5 is 500,000 Shares;
- (c) the maximum number of Shares that may be issued to Mr Cooke under Resolution 6 is 200,000 Shares;
- (d) the maximum number of Options that may be granted to Mr McConnachie (or his nominee) under Resolution 7 is 1,750,000 Options;
- (e) the maximum number of Options that may be granted to Mr Carroll (or his nominee) under Resolution 8 is 300,000 Options;

- (f) the maximum number of Options that may be granted to Dr Ruiters (or his nominee) under Resolution 9 is 200,000 Options;
- (g) it is proposed that the Shares and Options will be issued on one date within 12 months from the date of the Meeting, but the Company reserves its right to issue the Shares and Options progressively;
- (h) the issue price of the shares is \$1.63, being greater than the weighted average price of Shares on ASX over the 5 trading days prior to 25 July 2008, which was \$1.628;
- (i) the exercise price of the Options will be \$1.63 and the Options are exercisable on or before 30 June 2011 subject to the Qualifying Periods set out in Schedule 1;
- (j) subject to compliance with the Listing Rules, the Shares to be issued to Messrs Rossiter and Cooke pursuant to Resolutions 5 and 6 may not be transferred or otherwise dealt with until the later to occur of the following:
 - (i) the loan in respect of those Shares has been repaid; and
 - (ii) in respect of:
 - A. one half of the Shares issued, 12 months after the date of issue of the Shares; and
 - B. the remaining one half of the Shares issued, 24 months after the date of issue of the Shares;
- (k) other than the restriction on trading referred to above, the Shares issued pursuant to Resolutions 5 and 6 will rank equally with all other Shares on issue and shares issued as a result of the exercise of Options granted pursuant to Resolutions 7- 9 will rank equally with all other Shares on issue;
- (l) the Company will provide a loan to Messrs Rossiter and Cooke in relation to the acquisition of the Shares under the Share Plan. The Loan is repayable within 4 years from the date of issue of the Shares. The other terms of the loan are set out in Section 3.6 of this Explanatory Memorandum;
- (m) a summary of the terms of the Share Plan is set out in Section 3.7 of this Explanatory Memorandum and a summary of the terms of the Option Plan is set out in Section 4.3 of this Explanatory Memorandum. The Options will be granted on the terms and conditions set out in Schedule 1 to this Explanatory Memorandum;
- (n) initially no funds will be raised by the issue of shares due to the provision of the Loans to Messrs Rossiter and Cooke. However, when the Loan has been repaid, the funds raised by the issue of the Shares will be used for working capital purposes of the Company as the Board thinks fit; and
- (o) the Options will be granted for no cash consideration and accordingly, no funds will be raised by the grant of the Options to the relevant Recipient Directors. If all the Options proposed to be granted to Recipient Directors are exercised and paid for, the Company will receive \$3,667,500. The funds raised from time to time due to the purchase of any Shares issued as a result of the exercise of any of the Options will be used for working capital purposes of the Company as the Board thinks fit.

3.5 Employees Incentive Plans - Background

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of directors and employees of a high calibre, the Company has established share and option plans. The Company's existing share and option plans were approved by shareholders at the annual general meeting held on October 26, 2007.

The Directors, employees and consultants of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Plans are an appropriate method to:

- (a) reward Directors, consultants and employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate Directors and generate loyalty from senior employees and consultants; and
- (d) assist to retain the services of valuable employees and consultants.

Further, the Directors consider that the Plans will provide the Company with the ability to attract and retain employees of a high calibre. The Plans will be used as part of the remuneration planning for executive Directors and employees. The Corporate Governance Council Guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the company's circumstances and goals. The Plans will also be used as part of the remuneration planning for non-executive Directors. Although this is not in accordance with the recommendations contained in the Corporate Governance Council Guidelines, the Company considers that it is appropriate for non-executive Directors to participate in the Plans given the size of the Company.

Although the Company is not required to obtain shareholder approval for the introduction of the Plans, if the Plans are approved by shareholders within 3 years of the date of issue of securities under the Plans, then those securities will be considered as an exception to Listing Rule 7.1.

Listing Rule 7.1 broadly provides, subject to certain exceptions, that a company may not issue or agree to issue securities which represent more than 15% of the company's issued capital at the beginning of any 12 month period without obtaining shareholder approval. If Shareholders approve this resolution, then the securities issued under the Plans would not be included in the 15% limit imposed by Listing Rule 7.1.

The Company will offer, subject to certain exceptions as outlined below, no more than 5% of its total issued capital under the Plans.

A summary of the terms of the Share Plan is set out in section 3.6 of this Explanatory Memorandum. A summary of the terms of the Option Plan is set out in section 3.7 of this Explanatory Memorandum. A copy of the full rules of the Plans will be sent to any member of the Company upon request.

3.6 Summary of the terms and conditions of the Share Plan

Set out below is a summary of the terms and conditions of the Share Plan.

- **Participants** - Participants in the Share Plan may be directors, full-time and part-time employees of, and consultants to, the Company or any of its subsidiaries ("**Participants**").

- **Board** - The Board, or a duly appointed committee of the Board, is responsible for the operation of the Share Plan.
- **Eligibility** - The Board determines the eligibility of Participants, having regard to:
 - (a) the seniority of the Participant and the position the Participant occupies with the Company or any subsidiary;
 - (b) the length of service of the Participant with the Company and its subsidiaries;
 - (c) the record of employment of the Participant with the Company and its subsidiaries;
 - (d) the potential contribution of the Participant to the growth and profitability of the Company and its subsidiaries; and
 - (e) any other matters which the Board considers relevant.
- **Invitations** - The Board may issue invitations to Participants for the number of Plan Shares specified in the invitation. Shares offered under the Share Plan must be in the name of the Participant.
- **Number of Shares** - The number of Shares that may be offered to a Participant is entirely within the discretion of the Board. The number of Shares issued pursuant to the Share Plan, and any other share option plan in the last three years, cannot exceed 5% of the issued capital of the Company from time to time. Shares issued to overseas offerees and excluded offerees in accordance with section 708 of the Corporations Act are not included in calculating the 5% limit.
- **Issue Price** - The issue price for each Plan Share will be not less than:
 - (a) (if there was at least one transaction in the Shares on ASX during the 5 day trading period immediately before the date on which an offer was made) the weighted average trading price of the Shares on ASX during that period; or
 - (b) (if there were no transactions in the Shares on ASX during that 5 day trading period immediately before the date on which an offer was made) the last price at which an offer was made on ASX to purchase a Share.
- **Loan** - A Participant who is invited to subscribe for Shares under the Share Plan may also be invited to apply for a loan ("**Loan**") up to the amount payable in respect of the Shares accepted by the Participant, on the following terms:
 - (a) Loans must be made solely to the Participant and in the name of that Participant.
 - (b) Loans will be interest free.
 - (c) Any Loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Shares to be acquired under the Share Plan.
 - (d) The term of the Loan, the time in which repayment of the Loan must be made by the Participant and the manner for making such payments shall be determined by the Board and set out in the invitation.

- (e) The amount repayable on the Loan by the Participant will be the lesser of:
 - (i) the issue price of the Shares, less any cash dividends paid in respect of the Shares and applied by the Company in accordance with paragraph (g) below and any amount of the Loan repaid by the Participant; and
 - (ii) the last sale price of the Shares on ASX on the date of repayment of the Loan or, if there are no transactions on that day, the last sale price of the Shares prior to that date, or, if the Shares are sold by the Company, the amount realised by the Company from the sale.
- (f) A Participant must repay the Loan in full prior to expiry of the term of the Loan but may elect to repay the Loan amount in respect of any or all of the Shares (in multiples representing not less than 1,000 Shares) at any time prior to expiry of the term of the Loan.
- (g) Cash dividends which are paid in respect of Shares the subject of a Loan will be applied by the Company on behalf of the Participant to repayment of the amount outstanding under the Loan and any surplus of the cash dividend will be paid to the Participant.
- (h) Any fees, charges and stamp duty payable in respect of a Loan will be payable by the Participant.
- (i) The Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Share Plan.
- (j) A Share issued under the Share Plan will not be tradeable by a Participant until the Loan amount in respect of that Share has been repaid and the Company will place a holding lock over the Loan Shares until the Loan amount has been repaid.
- **Termination of the Loan prior to the Repayment Date** - If, prior to repayment of a Loan by a Participant:
 - (a) the Participant dies, becomes bankrupt or is no longer a director or employee of, or consultant to, the Company or its subsidiaries as a result of retirement or retrenchment, then the Participant is required to either repay the loan within 12 months or allow the Company to place shares with excluded offerees for the purposes of s708 of the Corporations Act or to sell the Shares on ASX or AIM and apply the proceeds of sale in repayment of the Loan; or
 - (b) the Participant is no longer a director or employee of, or consultant to, the Company or its subsidiaries other than as a result of one of the matters referred to in paragraph (a) above, then the Participant is required to either repay the loan within one month or allow the Company to place shares with excluded offerees for the purposes of s708 of the Corporations Act or to sell the Shares on ASX or AIM and apply the proceeds of the sale in repayment of the loan.

If the proceeds of sale of the Shares are less than the amount outstanding in relation to the Loan, the Company will forgive the amount of the shortfall.

- **Restriction on Transfer** - Subject to the requirements of the Listing Rules, Shares issued under the Share Plan may not be sold or otherwise dealt with until the loan in respect of those Shares has been repaid in full and any other qualifying period that may be imposed by the Board has expired. If a Participant wishes to sell any Shares prior to the expiry of the qualifying period, the Participant may give written notice to the Company requesting the Company to place shares with excluded offerees for the purposes of s708 of the Corporations Act or to sell the relevant Shares on ASX or AIM. The Directors have absolute discretion to arrange the sale of the Shares, in the case of hardship or otherwise, provided that the proceeds of sale are reasonably likely to exceed the outstanding Loan amount.
- **Rights attaching to Shares issued under the Share Plan** - Shares which are issued under the Share Plan will rank equally in all respects (other than with respect to any restriction on transfer imposed until the Loan has been repaid or otherwise imposed by the Board and set out in the relevant invitation) with all Shares on issue.

3.7 Summary of the terms and conditions of the Option Plan

Set out below is a summary of the terms and conditions of the Option Plan.

- **Participants** - Participants in the Option Plan may be directors, full time or part-time employees of, and consultants to, the Company or any of its subsidiaries ("**Participants**").
- **Board** - The Board, or a duly appointed committee of the Board, is responsible for the operation of the Option Plan.
- **Eligibility** - The Board determines the eligibility of Participants, having regard to:
 - (a) the seniority of the Participant and the position the Participant occupies with the Company or any subsidiary;
 - (b) the length of service of the Participant with the Company and its subsidiaries;
 - (c) the record of employment of the Participant with the Company and its subsidiaries;
 - (d) the potential contribution of the Participant to the growth and profitability of the Company and its subsidiaries;
 - (e) the extent (if any) of the existing participation of the Participant in the Option Plan; and
 - (f) any other matters which the Board considers relevant.
- **Invitations** - The Board may, in its absolute discretion, issue invitations to Participants for the number of options specified in the invitation. Options may be renounced in favour of the spouse of the invitee, a body corporate in which the invitee holds and beneficially owns not less than 50% of the issued voting share capital, the trustee of a trust in which the invitee is a beneficiary or object or the trustee of a superannuation fund of which the invitee is a member.
- **Number of Options** - The number of options that may be offered to a Participant is entirely within the discretion of the Board. Each option will entitle the holder to one Share, upon payment of the exercise price in full upon application, prior to the expiry date. The number of Options issued pursuant to the Option Plan, and any other share option plan in the last three years, cannot exceed 5% of the issued

capital of the Company from time to time. Options issued to overseas offerees and excluded offerees in accordance with section 708 of the Corporations Act are not included in calculating the 5% limit.

- **Issue Price** - Options granted under the Option Plan will be granted free of charge.
- **Exercise Price** - The exercise price of Options granted under the Option Plan will be determined by the Board, but must not be less than:
 - (a) (if there was at least one transaction in Shares on ASX during the 5 trading day period immediately before the date of the offer) the weighted average of the prices at which the Shares were traded on ASX during that period; or
 - (b) (if there were no transactions in the Shares on ASX during the 5 trading day period immediately before the date on which the offer is made, the last price at which an offer was made on ASX to purchase a Share.
- **Expiry Date** - The expiry date of the options will be determined by the Board, but will not be more than 10 years. Options granted under the Option Plan will lapse if not exercised prior to the expiry date, or on the first to occur of the following:
 - (a) if the Participant (or the person by virtue of whom a Participant holds options) ceases to be a Director, employee or consultant for any reason other than set out in paragraph (b) below, one month thereafter; and
 - (b) if the Participant (or the person by virtue of whom a Participant holds options) dies, retires, is retrenched, becomes bankrupt, wound up or deregistered, 12 months thereafter.
- **Restriction on Transfer** - Options may not be transferred without the prior written approval of the Board.
- **Adjustment of Options** - If, prior to the expiry of an option granted under the Option Plan, there is a reorganisation of the issued share capital of the Company (including a consolidation, subdivision or reduction of capital or return of capital to shareholders), the number of Shares subject to the option and/or the exercise price will be adjusted in the manner required by the Listing Rules.
- **Bonus issue and rights issues** - A participant is required to exercise an Option in order to participate in a bonus or entitlement issue made by the Company. Participants will be provided with written notice of the terms of the issue to shareholders and afforded that period as determined by the Listing Rules to exercise their Options if they wish to participate in the bonus or entitlement issue.
- **Shares issued on Exercise of Options** - Shares which are issued as a result of the exercise of options granted under the Option Plan will rank equally in all respects with all Shares on issue and the Company will apply for quotation of those Shares on ASX and AIM.
- **Rights on exercise of Options** - Dividends will not accrue on the shares in respect of which an Option was exercised until the exercise price has been paid in full in cash. No Participant may exercise any votes attaching to the shares in respect of which an Option was exercised until the exercise price has been paid in full in cash.

4. Resolution 10 - Approval of directors remuneration

Article 6.5 of the Constitution requires that the total aggregate fixed sum per annum to be paid to the Directors (excluding salaries of executive Directors) from time to time will not exceed the sum determined by the Shareholders in general meeting and the total aggregate fixed sum will be divided between the Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.

Resolution 10 seeks Shareholder approval to increase the total aggregate fixed sum per annum to be paid to the Directors to \$500,000. This represents an increase of \$200,000.

The total aggregate fixed sum per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

The Company intends to increase the annual fees paid to its non-executive Directors to \$65,000 per annum. Shareholder approval for aggregate Directors' fees of \$500,000 is to ensure that the Board has the capacity to appoint additional non-executive Directors as and when considered necessary by the Board.

5. 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 London Stock Exchange.

"**Annual General Meeting**" or "**Meeting**" means the annual general meeting of Shareholders to be held at Banksia Room, Holiday Inn City Centre, 778-788 Hay Street, Perth, Western Australia at 4:00pm on Friday, 28 November 2008 or any adjournment thereof.

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means ASX Limited.

"**Board**" means the board of Directors.

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

"**Corporations Act**" means the *Corporations Act 2001* (Commonwealth).

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

"**Explanatory Memorandum**" means this explanatory memorandum.

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

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

"**Option**" means options to acquire Shares, each exercisable at \$1.63 on or before 30 June 2011, proposed to be granted pursuant to Resolutions 7 -9, the terms of which are set out in the Schedule to this Explanatory Memorandum.

"**Option Plan**" means the Sylvania Resources Option Plan.

"**Plan Share**" means a Share issued pursuant to the Share Plan.

"**Plans**" means the Share Plan and the Option Plan.

"**Recipient Directors**" means Mr Richard Rossiter, Mr John Cooke, Mr Terrance McConnachie, Mr Louis Carroll and Dr Alistair Ruiters.

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

"**Section**" means a section of this Explanatory Memorandum.

"**Shareholders**" means registered holders of Shares.

"**Share Plan**" means the Sylvania Resources Share Plan .

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

Schedule 1 - Terms and conditions of the Options

The terms and conditions of the Options proposed to be granted to Mr Terrance McConnachie, Mr Louis Carroll and Dr Alistair Ruiters pursuant to Resolutions 7, 8 and 9 are as follows:

1. The exercise of each Option will entitle the holder to one fully paid ordinary share in the capital of the Company.
2. The exercise price of each Option is \$1.63.
3. The Options will expire on 30 June 2011.
4. The Options can only be exercised for after the expiry of the following periods ("**Qualification Period**") and in the following proportions:
 - after 12 months have lapsed from the acceptance date, in respect of not more than one half of the total number of Options; and
 - after 24 months have lapsed from the acceptance date, in respect of the balance of those Options,except that a Participant may exercise Options in the event of the announcement by the Company of a takeover bid for Shares in the Company in accordance with Chapter 6 of the Corporations Act 2001 (Cth) ("**Act**") or a merger by scheme of arrangement in accordance with Part 5.1 of the Act.
5. Exercise of the Options is effected by completing the "Election Form to Exercise Options" attached to the invitation to apply for the grant of Options, in each case following expiry of the Qualification Period, and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company.
6. An Option holder is required to exercise the Option in order to participate in a bonus or entitlement issue of shares made by the Company. Option holders will be provided with written notice of the terms of the issue to shareholders and afforded that period as determined by the Listing Rules to exercise their Options if they wish to participate in the bonus or entitlement issue.
7. If, prior to the expiry of an Option, there is a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Shares subject to the Option and/or the exercise price will be adjusted in the manner required by the Listing Rules.
8. All shares issued upon exercise of the Options will, from the date they are issued, rank equally in all respects with the Company's then issued Shares.
9. Shares allotted and issued pursuant to the exercise of an Option will be allotted within the time prescribed by the Listing Rules. The Company will apply for official quotation of shares issued pursuant to the exercise of Options in accordance with the Listing Rules.
10. A certificate will be issued for Options, which certificate must take effect as a deed.
11. Application will not be made for official quotation of the Options on ASX or AIM.
12. Options are not transferable except with the prior written approval of the board of Directors.
13. The Company is not obliged to give an Option holder copies of any notices, circulars and other documents sent by the Company to its shareholders until the Option holder becomes a shareholder by exercising any or all of its Options.

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SYLVANIA RESOURCES LIMITED
ACN 091 415 968

PROXY FORM

Sylvania Resources Limited, Suite 2, 5 Ord 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 **Banksia Room, Holiday Inn City Centre, 778-788 Hay Street, Perth, Western Australia** at 4:00pm on Friday, 28 November 2008 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:

