SYLVANIA RESOURCES LIMITED

("Sylvania" or the "Company")
(ASX/AIM: SLV)
A.C.N. 091 415 968

2008 Financial Year

Quarterly report 30 June 2008

Production, cost and pre-tax profit improvements for third consecutive quarter

Highlights

- 30% increase in total PGM production to 6 264oz
- 10% decline in total cash operating costs to R2 591/oz (US$327/oz)
- 54% increase in total pre-tax profit to R86.6 million
- Sylvania Dump Operations (SDO) drive improvements
  - Millsell, Steelpoort plants fully operational
  - 36% increase in PGM production to 5 753oz
  - 15% decline in cash operating costs to R2 436/oz (US$308/oz)
- Faster SDO production build-up expected from Mooinooi plant expansion to 70 000tpm

Overview

Unaudited	Unit	Previous quarter Dec 2007	Previous quarter March 2008	Current quarter June 2008	YTD 12 months to June 2008
Financials					
Revenue	R'000	34 814	95 330	108 848	259 911
PBT and exchange variance					
– Attributable	R'000	22 715	56 208	86 805	166 895
Exchange rate variance	R'000	167	(57 692) *	(15 156)	(72 682)
Revaluation of equity investments	R'000			(22 486)	(22 486)
PBT – attributable	R'000	22 882	(1 484)	49 164	71 727
Ave R/$ rate	R/$	7.54	7.98	7.92	7.51
Production					
Plant feed tons	t	155 272	143 294	156 693	580 409
3E and Au	Oz	3 570	4 802	6 264	16 690

** Exchange rate adjustment in previous quarter*

A 36% increase in PGM (3E+Au) production to 5 753 ounces (oz) at Sylvania Dump Operations (SDO), reflecting further operational improvements and the attainment of full PGM production design capacity at the Millsell and Steelpoort plants, resulted in a 30% increase in total production to 6 264oz for the quarter ended 30 June 2008.

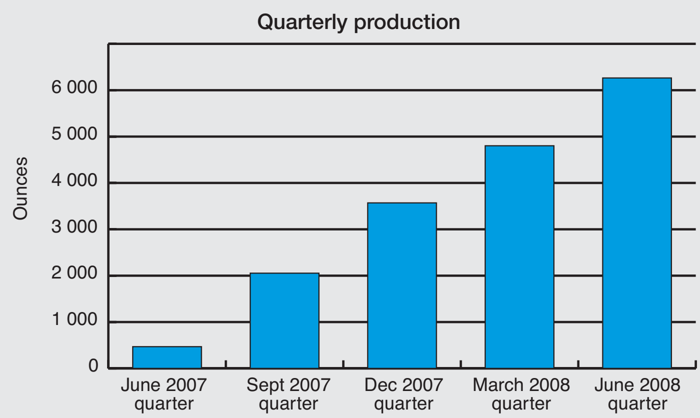
Higher production, an average basket price received steady at US$2 705 and a 1% weakening of the US Dollar/Rand (US$/R) exchange rate to 7.92:1 led to a 14% rise in total revenue to R108 848 000.

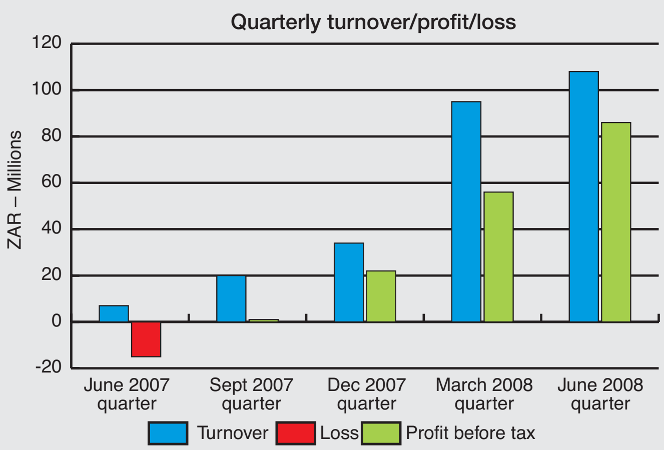
Total cash operating costs were 10% lower at R2 591/oz (US$327/oz), reflective of higher SDO production, and total profit before tax increased by 54% to R86 805 000.

Sylvania holds a portfolio of shares in various listed companies, including Great Australian Resources Limited. In light of the general downturn in international markets, a revaluation of this portfolio was conducted on 30 June 2008 and its value has been reduced by R22.5 million.

With regard to foreign exchange losses, Sylvania reviews its loans to its South African subsidiaries on a six-monthly basis in order to record accurately the true value of these in their respective currencies. Any exchange loss is then allocated to the quarter under review and the preceding quarter.

Sylvania Resources





Sylvania Dump Operations (SDO) (100%)

Unaudited	Unit	Previous quarter Dec 2007	Previous quarter March 2008	Current quarter June 2008	± % quarter on quarter	YTD 12 months to June 2008
Revenue						
Revenue	R'000	27 314	81 902	97 578	19%	221 130
Basket price	$/oz	2 004	2 737	2 692	(2%)	2 626
Gross cash margin – SDO plants	%	54%	84%	86%	2%	80%
Capital expenditure	R'000	14 368	20 601	20 468	(1%)	121 903
Ave R/$ rate	R/$	7.54	7.98	7.92	(1%)	7.56
Site cash cost						
Per ROM ton	R/t	91	105	101	5%	86
	$/t	12.0	13.2	12.7	4%	11
Per PGM oz	R/oz	3 995	2 875	2 436	15%	3 063
	$/oz	530	360	308	15%	405
Production						
Plant feed tons	t	137 518	127 451	139 289	9%	507 262
Grade	g/t	2.11	2.70	2.81	4%	2.26
Recovery	%	34%	46%	46%	0%	40%
Total 3E and Au	Oz	2 863	4 224	5 753	36%	14 224

SDO's Millsell and Steelpoort plants both reached full PGM production design capacity during the quarter. SDO production rose by 36% to 5 753oz, due both to a 9% increase in plant feed to 139 289 tons (t) and a 4% improvement in grade to 2.81 grams per ton (g/t). Higher throughput resulted from successful process adjustments at both plants, with none of the disruption to tailings reclamation due to heavy summer rainfall experienced during the previous quarter. Recovery was unchanged at 46%.

While the average basket price received was 2% weaker at R2 692/oz, higher production and a US$/R exchange rate 1% weaker at 7.92:1 resulted in a 19% increase in revenue to R97 578 000.

Cash operating costs were 15% lower at R2 436/oz (US$308/oz), reflecting higher production, and the gross cash margin rose by 2% to 86%.

Capital expenditure was 1% lower at R20 468 000. Capital commitment for the ensuing quarter amounts to R77 000 000.

While supplier delays during the quarter continued to hold up installation of performance-enhancing bead mills at SDO's Millsell and Steelpoort plants, components are now scheduled for delivery by the end of July and installation is expected to take place during August.

Sylvania Dump Operations (SDO) (100%) *(continued)*

Construction of SDO's 70 000 ton per month (tpm) Lannex chrome feed plant and Broken Hill extension continues, with good progress made in the quarter under review on the civils and on placement of orders for and delivery of some key components. Completion of the Broken Hill extension, to treat run-of-mine (ROM) fines from Samancor SA's Broken Hill and Spitzkop mines, continues to be scheduled for the end of August 2008 and of the Lannex plant for the end of December 2008. Commissioning and production ramp-up is scheduled to begin during the first quarter of 2009.

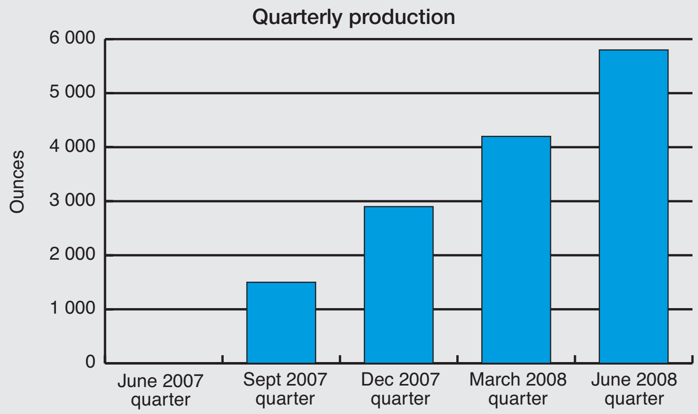
Following a capital construction project planning review during the quarter, it has been decided not to proceed with the construction of the 37 500tpm Elandsdrift chrome feed plant originally intended to treat Elandsdrift chrome tailings, pending the outcome of an environmental impact assessment of an opencast mining operation based on the MG1 surface outcrops at Elandsdrift Mine.

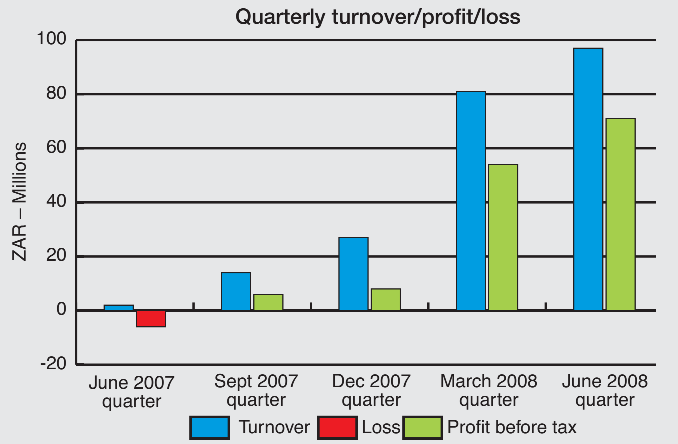
Instead, the chrome concentrator plant at Mooinooi Mine purchased from Samancor SA in February 2008 is being expanded and upgraded to create a 70 000tpm plant of a similar, modular design to the Lannex plant. To be known as the Mooinooi plant, it will treat those Mooinooi chrome tailings for which rights have been secured, as well as current arisings from Samancor's Mooinooi Mine and run of mine (ROM) feed from Samancor's Buffelsfontein Mine.

Synergies with the Lannex plant indicate that the Mooinooi plant can be fast-tracked. Civils construction has begun and it is intended that its completion and commissioning will be concurrent with that of Lannex. Shelving of the Elandsdrift plant in favour of the 87% larger Mooinooi plant will result in a faster build-up in SDO production than initially planned. Should an opencast mining operation at Elandsdrift prove to be unviable, the Elandsdrift chrome tailings will be transported to the Mooinooi plant for treatment.

Safety performance at SDO's operating plants (Millsell and Steelpoort) and at its construction sites (Lannex and Mooinooi) was very satisfactory in the quarter under review. The operating plants' Disabling Injury Frequency Rate (DIFR) remained at 0 and their Lost Time Injury Frequency Rate (LTIFR) improved to 1.38 from the previous quarter's 1.96. An LTIFR of less than 0.5 has been set as a short-term target. A range of safety-related training programmes and awareness campaigns, intended to achieve positive safety behaviour amongst the largely new workforce, has been initiated. At the construction sites, the DIFR and LIFR for the quarter were both 0.

Sylvania Dump Operations (SDO)





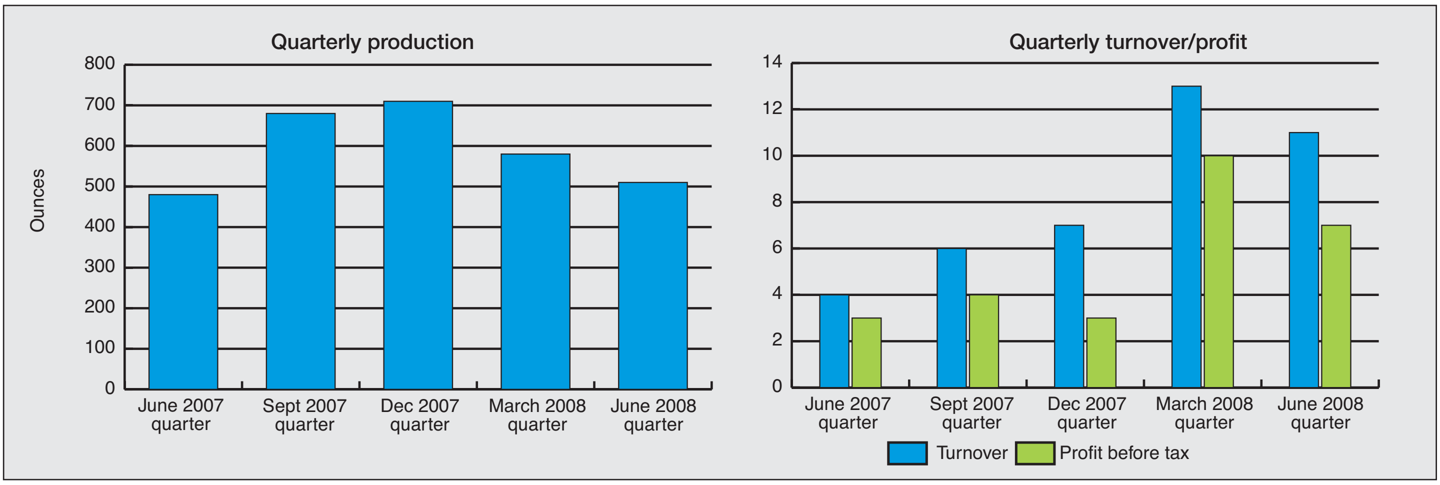
Chrome Tailings Retreatment Project (CTRP) (25% attributable)

Unaudited	Unit	Previous quarter Dec 2007	Previous quarter March 2008	Current quarter June 2008	± % quarter on quarter	YTD 12 months to June 2008
Revenue						
Revenue	R'000	7 501	13 428	11 270	(16%)	38 781
Basket price	$/oz	1 967	2 483	2 850	15%	–
Gross cash margin	%	81%	88%	80%	(9%)	83%
Ave R/$ rate	R/$	6.75	7.40	7.76	5%	7.09
Site cash cost						
Per ROM ton	R/t	79	103	127	(24%)	96
	$/t	12	14	16	(18%)	14
Per PGM oz	R/oz	1 988	2 818	4 329	(54%)	2 662
	$/oz	295	381	558	(46%)	375
Production						
Plant feed tons	t	17 755	15 843	17 404	10%	68 437
Grade	g/t	4.53	4.58	3.25	(29%)	4.70
Recovery	%	27%	25%	29%	17%	25%
Total 3E and Au	Oz	707	577	511	(11%)	2 466

PGM production for the quarter was 11% lower at 2 044oz (511oz attributable to Sylvania). While an increase in the feed rate of tailings dam material led to in a 10% improvement in material processed to 69 618t, the feed's lower grade resulted in a 29% drop in the head grade to 3.25g/t. However, optimisation of the mill circuit by increasing the media charge resulted in a 15% improvement in recovery to 29%.

Lower production resulted in a 17% drop in revenue to R45 million (R11.25 million attributable to Sylvania), in spite of a 15% increase in the average basket price received to US$2 850/oz and a weakening of the average US Dollar/Rand exchange rate to 7.76:1. Cash operating costs were 54% higher at R4 329/oz (US$558/oz) and the gross cash margin declined from 88% to 80%.

Chrome Tailings Retreatment Project (CTRP)



Near-surface projects and prospects

Discussions with Aquarius Platinum South Africa (AQPSA) on options for an equitable joint venture in respect of the Everest North prospect are continuing. If agreement cannot be reached in the short term however, Sylvania will proceed independently with plans to develop an opencast PGM mine at Everest North, in accordance with its binding contract with AQPSA. Work preparatory to an application to the Department of Minerals and Energy for a mining right has been substantially completed.

Sylvania and Eastern Platinum are continuing meantime with negotiations on an Everest North joint venture based on combining the former's Vygenhoek farm and the latter's contiguous Mareesburg farm.

In respect of its Harriet's Wish prospect acquired earlier this year from Rustenburg Platinum Mines, Sylvania is considering various possibilities and an announcement on these is expected shortly.

Outlook

With both the Millsell and Steelpoort plants now operating at full capacity, we expect SDO production to stabilize at around 6 500oz for the next two quarters, then to start rising again as the two 70 000tpm Lannex and Mooinooi plants are commissioned and their ramp-up gets under way during the first quarter of 2009.

Our confidence in our ability to deliver on our target of 70 000oz of production by 2010 is fuelled both by our track record of success to date with the Millsell and Steelpoort plants and our positive view of the platinum, palladium and rhodium markets going forward. Notwithstanding some recent tightening in platinum and palladium prices, the rhodium price has continued to strengthen and rhodium, of course, comprises a significant 15% of our production split. We believe the supply:demand fundamentals for the PGM basket will continue to favour producers, and that, as a low-risk, low-cost producer relative to our peers, we are particularly well positioned.

TERRY McCONNACHIE
Chief Executive Officer

The technical exploration and mining information contained in this report was compiled by Mr Ed Nealon, a former Sylvania Resources Ltd director. Mr Nealon provides consulting services via his company Athlone International Pty Ltd. Mr Nealon is a member of the Australasian Institute of Mining and Metallurgy and is considered to be a Competent Person in his respective area of expertise pursuant to the Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Nealon consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For further information please contact:

In South Africa

Terence McConnachie
CEO
Sylvania Resources Limited
(+27 11) 803 7214

James Duncan
Russell and Associates
(+27 11) 880 3924

In Australia

Richard Rossiter
Chairman
Sylvania Resources Limited
(+618) 9324 2955

Mike Langoulant
Company Secretary
Sylvania Resources Limited
(+618) 9481 8711

In United Kingdom

Richard Brown
Ambrian Partners Limited
(+44) 20 7634 4709

or visit our website at www.sylvaniaresources.com

Mining exploration entity quarterly report — Appendix 5B

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

SYLVANIA RESOURCES LIMITED

ACN or ARBN	Quarter ended ("current quarter")
091 415 968	**30 June 2008**

CONSOLIDATED STATEMENT OF CASH FLOWS

		Current quarter $A'000	Year to date (12 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	13,010	20,803
1.2	Payments for		
	(a) exploration and evaluation	(3)	(456)
	(b) development	(2,632)	(12,260)
	(c) production	(2,050)	(7,180)
	(d) administration	(1,526)	(5,793)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	684	2,301
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other	(694)	(384)
Net operating cash flows		6,789	(2,969)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects		(380)
	(b) equity investments		(4,716)
	(c) other fixed assets	(22)	(178)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments	345	345
	(c) other fixed assets		
1.10	Loans to other entities	(11)	(123)
1.11	Loans repaid by other entities	59	136
1.12	Other (provide details if material)		
Net investing cash flows		371	(4,916)
1.13	Total operating and investing cash flows (carried forward)	7 160	(7,885)

Consolidated Statement of Cash Flows

Cash flows related to operating activities		Current quarter $A'000	Year to date (12 months) $A'000
1.13	Total operating and investing cash flows (brought forward)	7,160	(7,885)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		952
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		863
1.17	Repayment of borrowings	(7)	(30)
1.18	Dividends paid		
1.19	Other – capital raising costs	–	(225)
Net financing cash flows		(7)	1,560
Net increase (decrease) in cash held		7,153	(6,325)
1.20	Cash at beginning of quarter/year to date	40,145	57,879
1.21	Exchange rate adjustments to item 1.20	(3,619)	(7,875)
1.22	**Cash at end of quarter**	43,679	43,679

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	287
1.24	Aggregate amount of loans to the parties included in item 1.10	–

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

Consolidated Statement of Cash Flows

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	–	–
3.2	Credit standby arrangements	–	–

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	684
4.2	Development	15,596
Total		**16,280**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	6,015	1,939
5.2	Deposits at call	37,664	38,206
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		43,679	40,145

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

*Pending the Minister's approval of transfer of rights

Compliance statement

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	**Preference +securities** (description)	–	–		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	180,012,273	180,012,273	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** (description)	–	–		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
				Exercise price	Expiry date
7.7	**Options** (description and conversion factor)	500,000	Nil	$0.50	30 June 2009
		600,000	Nil	$0.75	30 June 2010
		400,000	Nil	$2.89	30 June 2011
		600,000	Nil	$2.67	30 June 2011
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** (totals only)	–	–		
7.12	**Unsecured notes** (totals only)	–	–		

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2. This statement does give a true and fair view of the matters disclosed.

Date: 25 July 2008

Chief Financial Officer

Louis Carroll

Notes

1. This quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3. Issued and quoted securities: The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4. The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.

5. Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.