

For immediate release

27 October 2008

Sylvania Resources Limited ('Sylvania' or the 'Company'; ASX, AIM: SLV)

**DISPOSAL OF AURORA, HARRIET'S WISH AND CRACOUW EXPLORATION
PROJECTS TO GREAT AUSTRALIAN RESOURCES LIMITED**

Sylvania has announced that through its wholly owned subsidiary, Sylvania Mining (Pty) Limited ('Sylvania Mining'), it has reached an agreement for the disposal of its interests in the Aurora, Harriet's Wish and Cracouw exploration projects (the 'Projects'), to Great Australian Resources Limited ('GAU'), a company in which Sylvania currently has a 13.8% interest and which is Sylvania's preferred partner for the development of its exploration assets.

Under the terms of the disposal agreement, Sylvania retains a call option to acquire a 71% interest in the Projects on agreed terms following the completion of exploration work by GAU.

Background

On 5 September 2007, Sylvania announced the acquisition of a 19.9% strategic investment in GAU, a company focused on platinum and nickel exploration in South Africa which is listed on the Australian Stock Exchange. Since this time, Sylvania's interest in GAU has been diluted to approximately 13.8% by the issue of new equity.

On 31 January 2008, Sylvania announced the acquisition from Rustenburg Platinum Mines Ltd ('RPM'), a subsidiary of Anglo Platinum Ltd, of a new order prospecting right on the farm Aurora 397LR ('Aurora'), and a half share in the new order prospecting right on the farms Harriet's Wish 393 LR ('Harriet's Wish') and Cracouw 391 LR ('Cracouw') for a price of R2 million, exclusive of VAT. The half share of the Harriet's Wish and Cracouw projects not purchased by Sylvania was retained by Sika-Bopha Trading (Pty) Limited ('Sika-Bopha'), a black economic empowerment (BEE) company.

The Transaction

Sylvania Mining has entered into an agreement with Kyanite Assets Corporation ('Kyanite') and Mr Zolani Mtshotshisa, a BEE entrepreneur, in terms of which Kyanite has purchased 74% of the issued share capital of Sika-Bopha Trading (Pty) Limited, with a further agreement to transfer the prospecting rights held by Sika-Bopha to a new entity ('NewCo').

Sylvania Mining has also agreed to transfer its interests in the mining rights acquired from RPM to NewCo, such that the Projects will now be wholly owned by NewCo. The shares in NewCo will be held by Sylvania Mining (14.2%), Kyanite (56.8%) and Mr Mtshotshisa (29%). Mr Mtshotshisa, the BEE partner in the transaction, will be allowed to trade 3% of the shares in NewCo, but is prevented from disposing of the balance of his shares until 1 April 2014.

A further agreement (the 'GAU Agreement') has been entered into between Kyanite, Sylvania Mining, Sylvania and GAU whereby GAU will acquire the shares of Sylvania Mining and Kyanite in NewCo. GAU will pay to Sylvania Mining the sum of R2, 000,000 (two million rand) plus the issue of 2,000,000 shares in the share capital of GAU. This will increase Sylvania's effective interest in GAU to approximately 16%.

GAU is now to embark on an agreed work plan with the objective of defining a resource. In terms of the GAU Agreement, Sylvania has been granted a call option to purchase the shares in NewCo acquired by GAU from Sylvania Mining and Kyanite (71% interest in NewCo), at a purchase price to be calculated in accordance with an agreed formula linked to the resource defined at the Projects once GAU has completed its exploration work and the resource has been measured.

Commenting on the transaction, Sylvania Managing Director Terry McConnachie said:

"This effective transfer of assets from Sylvania to GAU in exchange for new equity in GAU is in line with Sylvania's original stated objective of increasing its stake in GAU to a meaningful percentage and then to support GAU as Sylvania's preferred exploration partner."

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