

("Sylvania" or "the Company")
ASX / AIM (SLV)
A.C.N. 091 415 968
Issued shares: 243,079,254

27 April 2010

Quarterly Report 31 March 2010

HIGHLIGHTS

- **PGM production increased by 22% from the previous quarter to 8,294 ounces**
- **Net revenue R66 million, a 26% increase on the previous quarter**
- **Platinum basket price increased 9% compared to the previous quarter**
- **Large core bulk sample completed at Northern Limb Grass Valley project (Analysis of results to upgrade the resource to MEASURED category due shortly)**
- **Jubilee Platinum Plc ("Jubilee") Framework Agreement signed**

GROUP OVERVIEW

PGM production increased by 22% from the previous quarter to a total of 8,294 ounces (December 2009 Q 6,807 ounces). Even though the US\$ has weakened further this quarter, the platinum price has continued to improve and this together with the increased production at the Millsell and Steelpoort operations has resulted in the revenue increasing by 26% to R66 million. Cash costs were relatively constant at R4,073/oz (US\$548/oz). The low ounce production at the Mooinooi plant as a result of the commissioning phase is still affecting the cash cost per ounce; this is expected to decrease as the plant reaches a more steady state of production. Costs were also affected by the Lannex plant only operating at 30% capacity due to temporary tailings dam restrictions. Operations at the Lannex plant have been temporarily suspended pending the final approvals for the construction of the new tailings facility. SDO plant feed increased by 21% to 270,711 tonnes and feed grade increased to 2.52g/t PGM, a marginal increase on the previous quarter.

During the quarter ended 31 March 2010, Sylvania completed the drilling programme for the large core bulk sample at the Northern Limb Grass Valley project. The samples are currently being tested at Mintek and results to upgrade the resource to a measured resource are expected to be received within two months.

The strategic alliance between Sylvania and Jubilee progressed to the signing of a Framework Agreement in the current quarter. This agreement further strengthens the commitment between Sylvania and Jubilee to provide a total processing capability for the processing and refining of low grade and high chrome PGM tailings and hard rock resources.

| * Unaudited - Group | Unit | Previous Quarter Dec 2009 | Current Quarter Mar 2010 | % Change |
|---------------------|--------|------------------------------|-----------------------------|----------|
| Financials | | | | |
| Revenue | R'000 | 52,174 | 65,842 | 26% |
| Ave R/US\$ rate | R/US\$ | 7.49 | 7.42 | -1% |
| Production | | | | |
| PGM Plant Feed Tons | t | 116,313 | 142,674 | 23% |
| 3E and Au | Oz | 6,807 | 8,294 | 22% |

A. SYLVANIA DUMP OPERATIONS

Health, safety and environment

During Q3 FY 2010 the SDO had no significant incidents or accidents. The accident frequency rate has shown a steady decrease during the current quarter and Sylvania remains committed to providing education and improving safety procedures in order to achieve the highest standard possible. There were no reportable environmental incidents during the March quarter.

Sylvania Dump Operations (100%) : Statistical Information

| * Unaudited | Unit | Previous Quarter Dec 2009 | Current Quarter Mar 2010 | + - % Quarter on Quarter | YTD 9 Months to Mar 2010 |
|-------------------------|---------|------------------------------|-----------------------------|--------------------------------|--------------------------------|
| Revenue | | | | | |
| Revenue | R'000 | 47,810 | 62,689 | 31% | 140,578 |
| Gross Basket Price | US\$/oz | 1,300 | 1,411 | 9% | 1,371 |
| Net Basket Price | US\$/oz | 945 | 1,031 | 9% | 993 |
| Gross Cash Margin - SDO | % | 46% | 49% | 7% | 44% |
| Capital Expenditure | R'000 | 55,977 | 18,769 | -66% | 123,836 |
| Ave R/US\$ rate | R/US\$ | 7.49 | 7.42 | -1% | 7.48 |
| SDO Cash Cost | | | | | |
| Per PGM Feed ton | R/t | 264 | 263 | - | 261 |
| Per PGM Feed ton | US\$/t | 35 | 35 | - | 35 |
| Per 3E & Au oz | R/oz | 4,120 | 4,073 | -1% | 4,089 |
| Per 3E & Au oz | US\$/oz | 550 | 549 | - | 547 |
| Production | | | | | |
| Plant Feed | t | 223,530 | 270,711 | 21% | 687,912 |
| Feed Head Grade | g/t | 2.49 | 2.52 | 1% | 2.50 |
| PGM Plant Feed Tons | t | 98,024 | 123,706 | 26% | 304,293 |
| PGM Plant Grade | g/t | 5.00 | 4.88 | -2% | 5.01 |
| PGM Plant Recovery | % | 39.6% | 41.1% | 4% | 39.9% |
| Total 3E and Au | Oz | 6,285 | 7,977 | 27% | 19,386 |



Millsell

The Millsell operation has maintained its outstanding performance during the quarter. A total of 2,407 ounces was produced from 32,315 PGM feed tonnes. The head grade increased from 2.53g/t in the previous quarter to 2.72g/t, with an average recovery of 40.4%. Plant availability increased to 93% for the whole operation and costs have been further reduced to R2,099/oz (US\$282/oz).

The favourable results achieved at Millsell are attributable mainly to improved plant availability, increased head grades, mining of the inner core of the main dump which contains higher grade material and increased fines to the PGM plant.

Construction has commenced on the extension of the tailings dam to accommodate new tailings to be processed from the nearby Waterkloof dump in the following quarter.

Steelpoort

The Steelpoort operation produced 3,343 ounces for the current quarter, a 1,026 ounce increase compared to the previous quarter, from an average head grade of 3.68g/t. Float recoveries increased to 53%, a 20% increase on the previous quarter. Costs per ounce decreased from R3,240/oz (US\$433/oz) to R2,356/oz (US\$318/oz), due mainly to the increase in production. Plant uptime has increased to over 92% during this quarter.

The optimisation of the column cell, higher feed grade material from the silt trap areas, changes to the reagents and reagent ratios, as well as changes to the process flows are the main contributors to the improved production results and recoveries.

Lannex

The Lannex operation produced a total of 1,425 ounces from an average head grade of 2.23g/t and PGM float recoveries improved to 34%. The average concentrate grade improved by 25% over the previous quarter and plant uptime was 87%. The plant operating costs increased to R6,745/oz (US\$909/oz), due mainly to the plant only running at 30% of design capacity. This is as a direct result of temporary tailings dam restrictions and unit operating costs are expected to reduce significantly in line with those seen at Sylvania's other plants when the plant is able to operate at full design capacity.

Operations at the Lannex plant have been temporarily suspended pending the final approvals for the construction of the new tailings facility. The work force has been reassigned to the Steelpoort and Doornbosch operations until Lannex is re-commissioned. The decision to suspend operations at Lannex until all the tailings dam environmental approvals are in place is as a result of the artificially inflated cost of production raising the overall SDO cash costs.

Environmental approval has been received from the Limpopo Department of the Environment for the new tailings facility at the Lannex mine. Once the water permit from the Department of Water Affairs and permission from the South African Department of Mineral Resources have been received construction can commence. These final approvals are expected to be obtained shortly and management are confident that the Lannex plant is ready to quickly ramp up to the full design capacity of approximately 70,000 tonnes feed per month.

Contractors have already been appointed to construct the new tailings dam which is expected to take a maximum of 90 days to construct after approvals have been obtained.

Mooinooi

The Mooinooi operation is still in the commissioning phase and ramping up to full design capacity with the key focus being to improve plant uptime, increase recoveries and production of a consistent grade of concentrate.

A total of 802.5 ounces were produced during the current quarter from an average head grade of 1.65g/t. The low production was due mainly to the low PGM-grade and poor recovery achieved from the outer walls of MG1/2 tailings. This low grade is common in the new operation start up as the outer walls of the tailings dumps are being processed which is the coarser fraction of the chrome tails and has historically contained the lowest grade. As processing moves towards the inner core of the dump the grades consistently improve. Breakdown of the ball mill and re-designing of the transfer conveyor that feeds the scrubber also contributed to the slow start up of this plant.



A new reagent mix has been tested and is showing promising results. Operating costs for the quarter amounted to R4,749/oz (US\$640/oz). As the plant builds up to design capacity these costs will be reduced with a target of achieving unit operating costs of US\$300/oz.

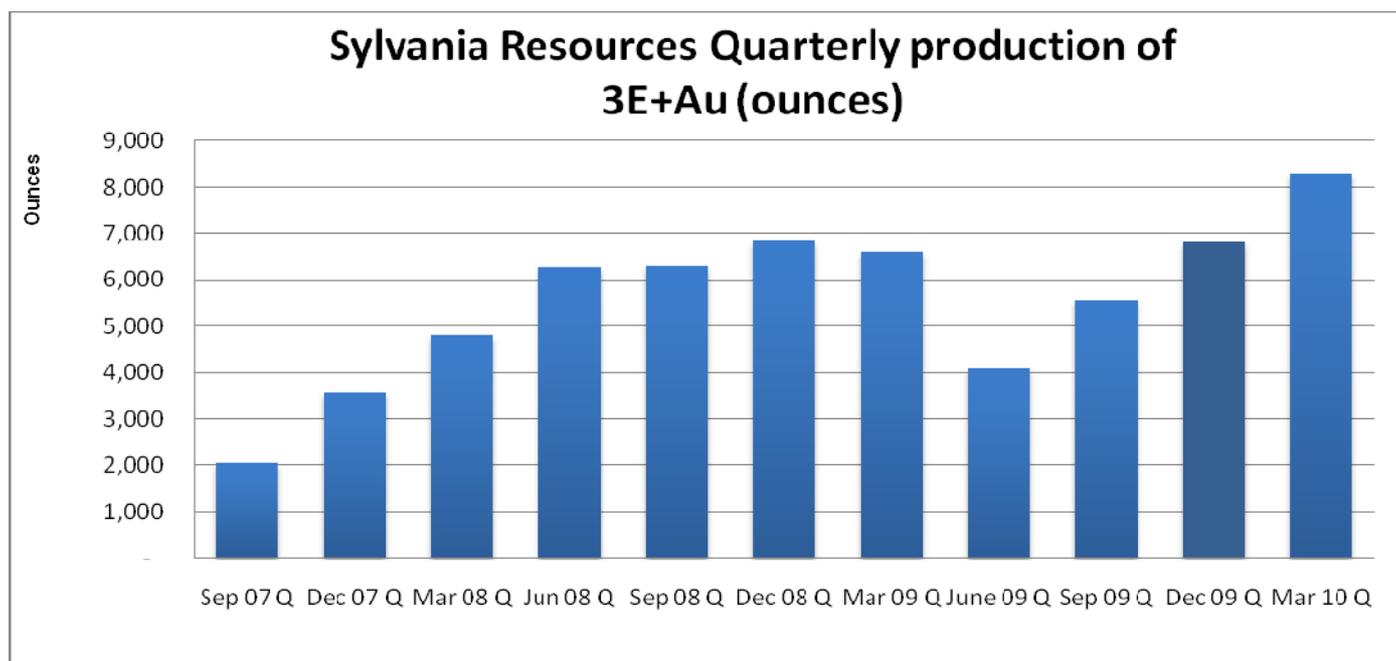
The run of mine ("ROM") section is still under construction and is scheduled for commissioning in July 2010. It is anticipated that when the ROM material is processed, recovery and grade will improve due to the larger percentage of un-oxidised feed that will dilute the outer core oxidised dump material.

Doornbosch

A total of R12 million was spent on construction activities during the quarter and a total of R92 million has been spent to date. Cold commissioning is scheduled for May 2010 and the first slurry through the plant is scheduled for June 2010.

Twefontein

Work has commenced on planning equipment configurations and processing options for this plant.



B. CTRP (Sylvania 25% attributable, managed by Aquarius Platinum)

CTRP saw a decrease in ounces produced of 317 ounces against a target of 694 ounces. The lower ounces are as a result of lower than planned tonnes and a reduced head grade of only 2.06g/t.

CTRP (25%): Statistical Information

| * Unaudited | Unit | Previous Quarter Dec 2009 | Current Quarter Mar 2010 | + - % Quarter on Quarter | YTD 9 Months to Mar 2010 |
|-----------------|---------|---------------------------|--------------------------|--------------------------|--------------------------|
| Revenue | | | | | |
| Revenue | R'000 | 4,364 | 3,153 | -28% | 7,517 |
| Basket Price | US\$/oz | 1,183 | 1,456 | 23% | 1,248 |
| Ave R/US\$ rate | R/US\$ | 7.47 | 7.47 | - | 7.53 |

CTRP (25%): Statistical Information



| * Unaudited | Unit | Previous Quarter Dec 2009 | Current Quarter Mar 2010 | + - % Quarter on Quarter | YTD 9 Months to Mar 2010 |
|-----------------------|---------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Site Cash Cost | | | | | |
| Per ROM ton | R/t | 84 | 75 | -11% | 81 |
| Per ROM ton | US\$/t | 11 | 10 | -9% | 11 |
| Per PGM oz | R/oz | 2,951 | 4,478 | 52% | 3,446 |
| Per PGM oz | US\$/oz | 395 | 597 | 51% | 458 |
| Production | | | | | |
| Plant Feed Tons | t | 18,289 | 18,968 | 4% | 54,481 |
| Grade | g/t | 2.34 | 2.06 | -12% | 2.20 |
| Recovery | % | 38% | 25% | -34% | 33% |
| Total 3E and Au | Oz | 522 | 317 | -39% | 1,274 |

C. NORTHERN LIMB OPERATIONS

Sylvania has three projects on the Northern limb of the Bushveld Igneous Complex, namely the Grass Valley Project on the Southern end of the Northern limb, the Hacra Project on the Northern end of the Northern limb and the Aurora project adjoining the Hacra project to the immediate south. The resource categories on these projects are currently being upgraded. Sylvania is also in the process of upgrading the previous pre-feasibility study on the Grass Valley Project to a feasibility study incorporating the definition of a measured resource and floatation and smelting test work for definitive flowsheet design.

The three northern limb projects are considered to be the long term future of the Group with the historically defined resource of 13 million ounces planned to be exploited by eight 100,000 tonne per month floatation plants. The potential that the Jubilee joint venture brings of being able to smelt this concentrate at lower grades than are exploited by other platinum producers adds significantly to the economics of the project.

Grass Valley Project

The Grass Valley project is located on the farm Volspruit 326KR and consists of two ore bodies, the Northern ore body and the Southern ore body, of Platreef like ore. Sylvania intends to build the first three 100,000 tonne floatation plants on this property.

A programme to upgrade the resource to a JORC compliant measured resource was commenced in the quarter. This programme includes the collection of a bulk sample using new drill core, floatation and smelting testwork, remodelling the ore body and initial mine and floatation plant design and the preparation of capital and operating cost estimates. The drilling programme has been successfully completed with 43 boreholes totalling 4,310m giving a total of 2,368 samples of half core extracted to make up the bulk sample and quarter core for assay purposes. The remaining quarter core has been retained for reference purposes. The bulk sample is estimated to comprise 7 tonnes of material, the majority (6 tonnes) of which is fresh sulphide material with approximately 1 tonne comprising an oxide and transitional bulk sample.

All the boreholes have been geologically logged and specific gravity readings performed on each sample. All borehole collars have been surveyed by a land surveyor.

The bulk samples have been submitted for mineralogical test work and analysis at Mintek and preliminary results are promising. It is anticipated that a geological model and resource estimation will be completed in May 2010 and a final geological and resource report will be available after independent review in July 2010.



Hacra Project

The Hacra project comprises three farms on the Northern Limb of the Bushveld Igneous Complex, namely, Harriet's Wish 393LR, Aurora 397LR and Cracouw 391LR.

As previously reported initial drilling for preliminary ore body definition has been completed. Analyses of samples sent to SGS South Africa (Pty) Ltd, an accredited SANAS ISO17025 laboratory in the previous quarter have now been received for all the boreholes. The data has been validated and quality control checks are currently being performed. The review logging of 14 of the historical boreholes is in progress.

A geological model will be constructed from the current drill programme records as well as the review logging of the historical boreholes, the analytical data will then be applied to the model and further exploration work can then be designed for ore resource definition.

A comprehensive report on all exploration activity on the Hacra project has been scheduled for June 2010.

Aurora Project

The Aurora project area comprises seven farms to the immediate south of and adjoining Hacra, namely, Kransplaats 422LR, Nonnenwerth 421LR, La Pucella 693LR, Altona 696LR, Non Plus Ultra 683LR, Schaffhausen 689LR and Luge 697LR.

Re-logging of selected boreholes through the so-called "target" areas designated by Pan Palladium SA (Pty) Ltd in the 2004-2005 drilling programme, was completed during the current quarter. These logs (44 boreholes & 12,515m of core) have been recorded in a database and geological sections produced. Interpretation of the geology, aimed at identifying continuity of host lithologies or stratigraphy is being applied to the boreholes not included in the target zone re-logging. Review logging of certain of these holes will be undertaken to confirm the stratigraphy applied to the original lithological logs. A stratigraphy for the Aurora project area, including the Hacra properties, has been defined from the re-logging exercise.

Once the geological stratigraphic correlations are complete, combined with the dyke and fault interpretation employing geophysical data and satellite imagery, the spatial distribution of the mineralised zones will be added to determine their relationship to the defined stratigraphy. A geological model will then be constructed to provide further information to enable Sylvania to identify the additional exploration drilling required to determine the most suitable location of the plants to be constructed following those on the Grass Valley project property.

D. SYLVANIA GROUP

Black Economic Empowerment Transaction update

Negotiations with new BEE partners to potentially replace Ehlobo have not been finalised and are ongoing.

Vygenhoek Mining Application (Everest North)

The arbitration hearing for the ongoing dispute between Aquarius Platinum SA (Pty) Limited and Sylvania regarding the submission by Sylvania of an application for a Mining Right over Mineral Area 2 of the farm Vygenhoek in the Province of Mpumalanga is still set for July 2010.

Sylvania and its legal team remain confident that this disagreement can be resolved.

Jubilee/Sylvania Alliance

On 4 February 2010, Sylvania and Jubilee announced that they had entered into a Framework Agreement whereby both parties have agreed to incorporate a company to undertake the smelting and refining activities using the ConRoast technology. Sylvania will hold a 30% interest in this company. A second company will be incorporated to undertake the processing of future **platinum tailings** opportunities. Sylvania will hold a 50% interest in this second company.

Discussions are ongoing and further announcements will be made in the near future.



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The technical exploration and mining information contained in this report was compiled by Mr Ed Nealon, a former Sylvania Resources Limited director. Mr Nealon provides consulting services via his company Athlone International Pty Limited. 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.



Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

SYLVANIA RESOURCES LIMITED

ACN or ARBN

091 415 968

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|------------------------------------|
| 1.1 Receipts from product sales and related debtors | 9,197 | 20,492 |
| e1.2 Payments for | | |
| (a) exploration and evaluation | (650) | (706) |
| (b) development | (9,529) | (22,201) |
| (c) production | (6,062) | (11,997) |
| (d) administration | (3,493) | (10,773) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of a similar nature received | 170 | 463 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | (801) | (742) |
| 1.7 Other | 197 | 785 |
| Net Operating Cash Flows | (10,971) | (24,679) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | | |
| (b) equity investments | | |
| (c) other fixed assets | (3) | (121) |
| (d) financial assets | | (2) |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | | |
| (b) equity investments | | |
| (c) other fixed assets | | |
| (d) financial assets | | |
| 1.10 Loans to other entities | 18 | (8) |
| 1.11 Loans repaid by other entities | (26) | (349) |
| 1.12 Other (provide details if material) | | |
| Net investing cash flows | (11) | (480) |
| 1.13 Total operating and investing cash flows (carried forward) | (10,982) | (25,159) |



| | | | |
|------|--|----------|----------|
| 1.13 | Total operating and investing cash flows (brought forward) | (10,982) | (25,159) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | | 18,669 |
| 1.15 | Proceeds from sale of forfeited shares | | |
| 1.16 | Proceeds from borrowings | (62) | 358 |
| 1.17 | Repayment of borrowings | (8) | (24) |
| 1.18 | Dividends paid | | |
| 1.19 | Other – capital raising costs | (193) | (1,166) |
| | Net financing cash flows | (263) | 17,837 |
| | Net increase (decrease) in cash held | (11,245) | (7,322) |
| 1.20 | Cash at beginning of quarter/year to date | 35,806 | 32,278 |
| 1.21 | Exchange rate adjustments to item 1.20 | (699) | (1,094) |
| 1.22 | Cash at end of quarter | 23,862 | 23,862 |

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 | 1,643 |
| 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



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 | 1,302 |
| 4.2 Development | 2,807 |
| Total | 4,109 |

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 | 12,653 | 22,125 |
| 5.2 Deposits at call | 11,209 | 13,681 |
| 5.3 Bank overdraft | | |
| 5.4 Other (provide details) | | |
| Total: cash at end of quarter (item 1.22) | 23,862 | 35,806 |

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 approval of transfer of rights | | | |



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 | 243,079,254 | 243,079,254 | 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 | | | | |
| 7.7 Options (description and conversion factor) | | | <i>Exercise price</i> | <i>Expiry date</i> |
| | 600,000 | Nil | \$0.75 | 30 June 2010 |
| | 457,435 | Nil | \$1.40 | 30 June 2010 |
| | 359,909 | Nil | \$1.40 | 30 June 2011 |
| | 400,000 | Nil | \$2.89 | 30 June 2011 |
| | 600,000 | Nil | \$2.67 | 30 June 2011 |
| | 5,633,000 | Nil | \$1.63 | 30 June 2011 |
| | 6,000,000 | Nil | \$1.05 | 30 June 2012 |
| 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.



Sign here:

Date: 27 April 2010

Print name: 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.

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