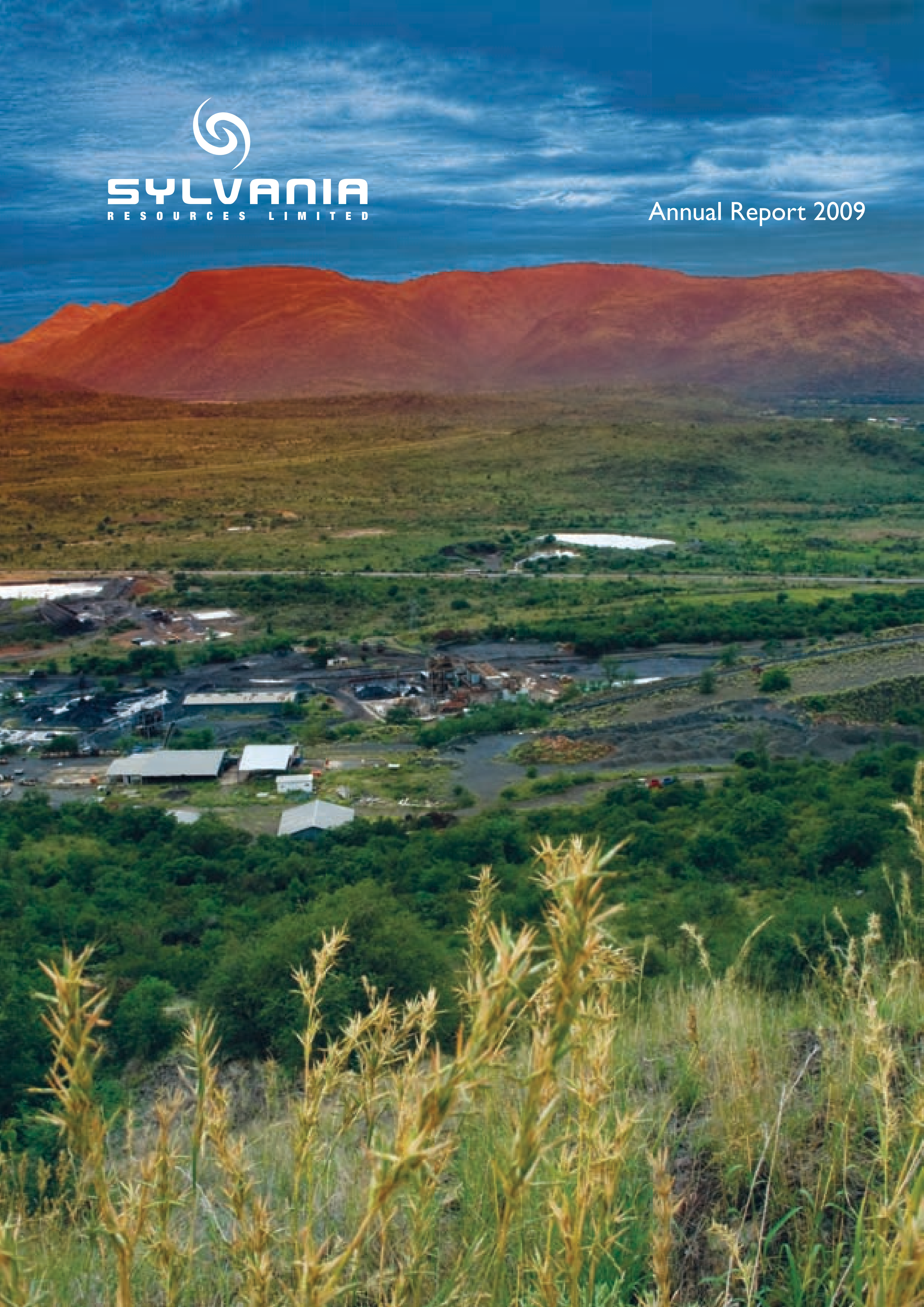


SYLVANIA RESOURCES LIMITED

Annual Report 2009

Corporate Directory

Directors
T M McConnachie - Managing Director
R D Rossiter - Non-Executive Chairman
L M Carroll - Finance Director
Dr A P Ruiters - Non-Executive Director
G M Button - Executive Director

Company Secretary
L M Carroll/G M Button

Principal registered office in Australia
Unit 2, Level 1,
Churchill Court, 331 - 335 Hay Street,
Subiaco, Western Australia, 6008 Australia

Telephone: (08) 9226 4777

Facsimile: (08) 9481 5044

Registrar
Computershare Investor Services Pty Limited
Reserve Bank Building
Level 2, 45 St George's Terrace
Perth, Western Australia, 6000 Australia

Auditors
HLB Mann Judd Chartered Accountants,
15 Rheola Street
West Perth, Western Australia, 6005 Australia

Solicitors
Clayton Utz
QV1, 250 St George's Terrace
Perth, Western Australia, 6000 Australia

Nominated Advisor and Broker
Ambrian Partners Limited
Old Change House
128 Queen Victoria Street
London, EC4V 4BJ, United Kingdom

Stock Exchange Listings
Sylvania Resources Limited is listed on the Australian Securities Exchange (Shares:SLV) and on the AIM market of the London Stock Exchange (Shares:SLV)

Website www.sylvaniaresources.com

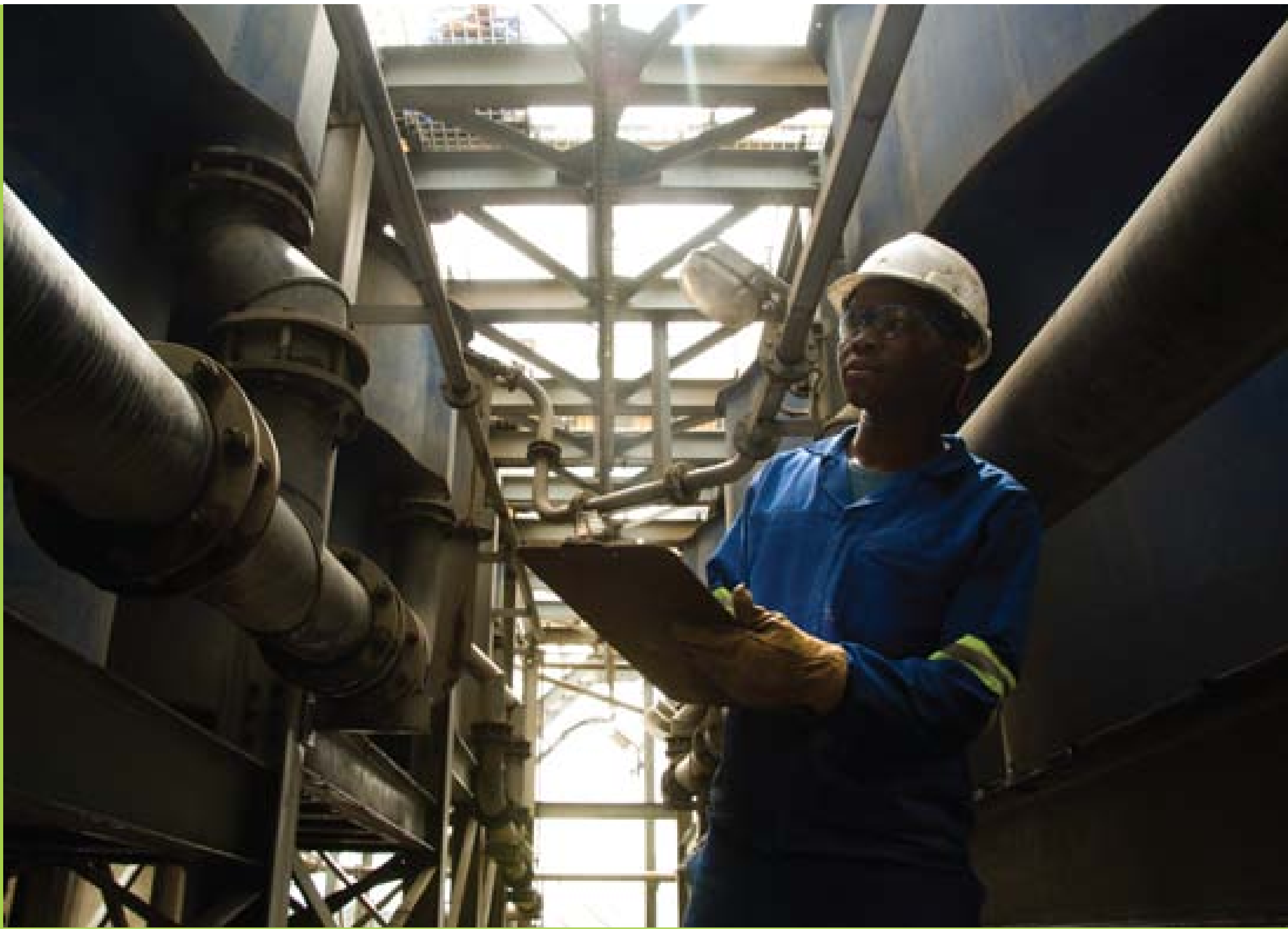
Contents

Vision

Sylvania's vision is to become the pre-eminent south african mid-tier PGM producer as measured by its stakeholders, using its metallurgical and engineering expertise to aquire and develop low-risk tailings and shallow mining assets.

Highlights

- PGM production increased by 43% to 23,813 oz
  - Reflecting process improvements at Millsell and Steelpoort
- Sylvania Dump Operations (SDO) produces 22,107oz
  - PGM plant feed grade 5.73g/t
  - PGM plant recovery 55%
  - No significant incidents or accidents
- Low cost producer - the ultimate protection in the downturn
  - Average site cash cost of A$440/oz (US$321/oz)
- Revenue down 40% to A$19.3m due to 65% collapse in net PGM basket price received
- Profit from operations down 69% to A$8.8m
- Growth accelerated with:-
  - Increased investment (A$30.6m) in organic expansion of SDO
    - Lannex commissioned and in production build up, construction at Mooinooi progressing well.
    - Doornbosch fast tracked into development
    - Contract operations now undertaken directly by Sylvania
  - Announced takeovers of SA Metals and Great Australian Resources to secure significant shallow PGM resources
  - Proposed merger with Ruukki Group for potential mines to metal PGM and Ferrochrome expansion
- Cash reserves at year end were A$32.2m



Review By the Chairman and Managing Director

Overview

We are pleased to reflect on a year where your company continued to make operating profits and invest in future growth despite the dramatic downturn in the global economy and specifically in platinum group metal (PGM) prices and the chrome industry that provides the feed for our plants.

Sylvania has seen a year of new plants being commissioned, further PGM resources being secured and an opportunity to gain access to PGM smelting capacity, which will facilitate further expansion of its business model.

PGM production for the year increased by 43% to 23,813 oz (vs. 16,690 oz in FY'08) largely as a result of process improvements and steady performance from the Millsell and Steelpoort plants. Following the temporary closure of a number of chrome mines towards the end of calendar 2008, our plants had to rely almost entirely on dump material and this eventually affected the operating performance of existing plants and the construction planning and commissioning of our new plants at Lannex and Mooinooi. In response, the plant construction programme was reviewed and as a result the Doornbosh plant was fast tracked due to its higher grade profile while the lower grade Mooinooi plant was downscaled. Sylvania is also proud of the fact that despite the significant expansion in PGM production through new plants and optimization of existing operations not a single serious injury was sustained by any of our workforce during the year.

A 65% decline in the average net basket price received to US$659/oz saw revenue decline by 40% to AUS$19.3m, despite the increase in PGM production. Profit from operations consequently declined to A$8.8m (vs. A$28.7m in FY'08) and earnings before interest and tax (EBIT) to a loss of A$3.2m (vs. a profit of A$14.3m in FY'08). Cash flow from operations improved significantly to A$19.9m (vs. A$10.5m in FY'08) highlighting the low cost nature of Sylvania's operations. Cash flow and reserves were largely utilised for investment in growth projects at Lannex, Mooinooi and Doornbosch with expenditure on property, plant and equipment at A$30.6m (vs. A$12.1m in FY'08). Cash reserves at year end were A$32.2m (vs. A$43.6m in FY'08).

On the strategic front, Sylvania, like most platinum companies, was affected by the global economic crisis. However, the downturn clearly demonstrated its highly robust model and provided opportunities for the company to access additional resources. These opportunities have resulted in the successful acquisition of SA Metals (SXM:ASX) and Great Australian Resources (GAU:ASX), both holders of significant shallow PGM resources, as well as a proposed merger with Ruukki Group Oyj to create a vertically integrated mines to metals PGM and ferrochrome company. As world economies begin to recover Sylvania is well placed to take advantage of strengthening PGM prices.

Health, Safety and Environment

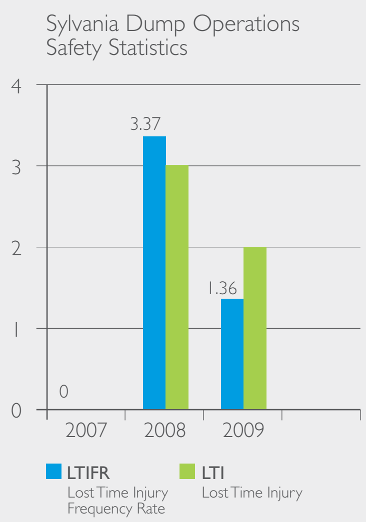
Sylvania's commitment to the health and safety of its employees, contractors, sub contractors and the environment in which we work, is paramount to our continued existence. During 2009 the Sylvania Dump Operations had no significant incidents or accidents. Two Lost Time Injuries occurred and remedial actions were implemented immediately. While this is a commendable result, we continue to strive to improve to zero harm to people and environment. There were no reportable environmental incidents during 2009. Sylvania remains compliant with Samancor Safety standards, Environmental Programs and systems. We also comply with the highest safety (OHSAS) and environmental (ISO) standards as well as the National Environmental Management Act.

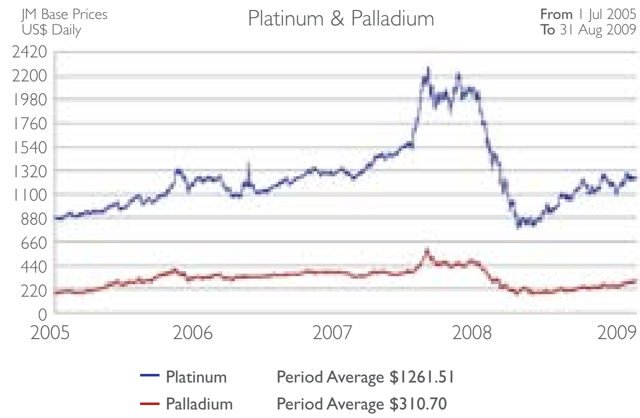
Overall Sylvania is proud of its commitment to the environment and sustainability given its focus on the retreatment of mine tailings and the production of PGMs, which are largely used in catalytic converters for pollution control in the auto industry.

Terry McConnachie

Richard Rossiter

Review By the Chairman and Managing Director

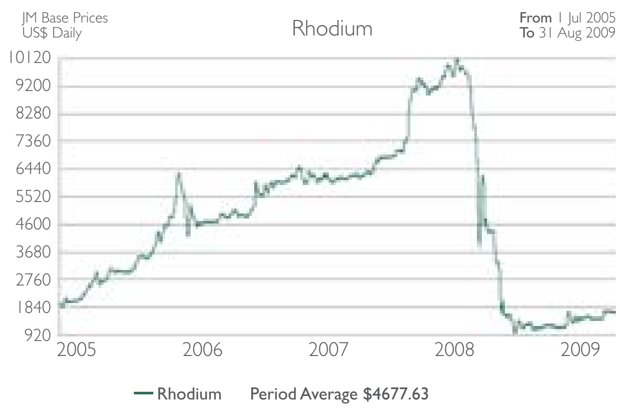




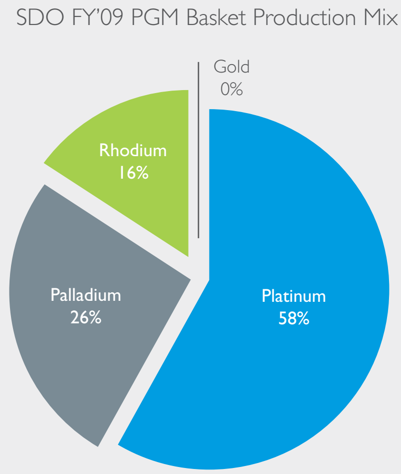
Markets

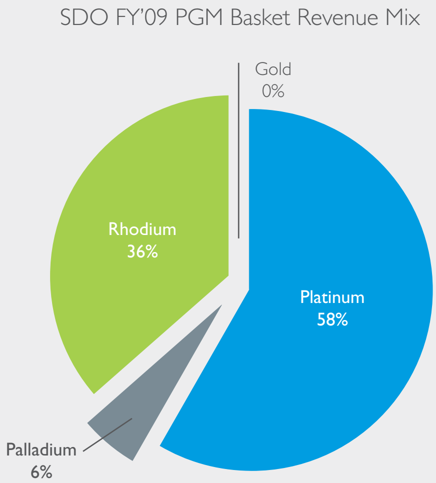
The onset of the global financial crisis, and the consequent reduction in demand for vehicles and autocatylists saw the PGM basket price received fall by more than 70% from an average of US$2,692/oz in the last quarter of FY'08 to a low of US$687/oz in the December quarter 2008. Since then the basket price has gradually recovered to an average of US$1,007/oz in the final quarter of the 2009 financial year.

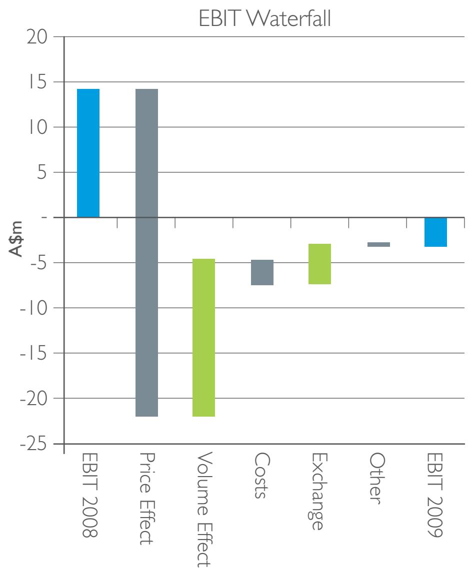
In terms of the price of the individual metals in Sylvania's basket, the sharp fall in rhodium from a high of above US$10,000/oz to a low of below US$1,000/oz had a disproportionally large impact on Sylvania's revenue mix given the higher than industry average proportion of rhodium in the company's PGM basket. While the production mix has not changed during the financial year, the revenue mix has changed where rhodium now contributes 36% (vs. 51% in FY'08) and platinum 58% (vs. 46% in FY'08).



Review By the Chairman and Managing Director







Financial and Operating Performance

Sylvania continued to make operating profits and invest in future growth despite the dramatic decrease in platinum group metal (PGM) prices and the chrome industry that provides the feed for our plants.

The table below sets out a summary of the Sylvania Resources financials and performance.

When reconciling FY'09 and FY'08 EBIT, the largest factor impacting the result was the collapse in the PGM basket price over the year. This was in part offset by volume and lower exchange rate gains.

Sylvania Resources		2008	2009	% Change
Financials				
PGM basket price (Gross)	US$/oz	2,346	881	-62%
Nett PGM basket price	US$/oz	1,903	659	-65%
Revenue	A$m	32.0	19.3	-40%
Profit from Operations	A$m	28.7	8.8	-69%
EBIT	A$m	14.3	-3.2	-122%
Ave R/US$	Rate	7.31225	9.04843	
Ave R/A$	Rate	0.15460	0.15101	
Production				
Plant feed tons		575,699	612,462	6%
PGE (3E+Au)	oz	16,690	23,813	43%

Sylvania Dump Operations

The Sylvania Dump Operations ("SDO") processed 550kt (vs. 507kt in FY'08) of primary feed material and 217kt (158kt in FY'08) of PGM feed tons. The 37% increase in volume treated in the PGM plants was largely responsible for the 55% increase in PGE production to 22,107 oz (vs. 14,224 oz in FY'08). While unit costs per PGM ton rose to A$44.86/ton treated (vs. A$36.67/ton in FY'08), the cost per ounce remained exceptionally low by industry standards at AUS$440/oz (US$321/oz) compared to A$408/oz (US$349/oz) in FY'08. This increase in costs is due largely to costs of employing and training staff for the new plants. These costs will reduce when the plant crew training is completed.

The Sylvania operations have achieved steady growth in terms of plant availability and recoveries. The main technical issue affecting all plants is the unknown treatment characteristics of future feed materials. On top of this, individual plants all have site-specific processing issues. Proper management of these process development requirements has the potential to deliver significant PGM recovery benefits.

The Company has a structured team of people at each plant, headed by a suitably qualified Plant Manager and technical support staff. Sylvania senior staff provide full support by way of administration, accounting and technical services together with continuing metallurgical technical support from an outside contractor. In March of this year, the Company gave notice to its plant operating contractors and employed its own staff to operate the plants. The decision was in part to dispense with the use of contract labour and to allow the Company to have a direct relationship with all staff. The smooth employment of all previously out sourced employees ensured continued positive attitudes and motivation amongst the workforce.

Millsell

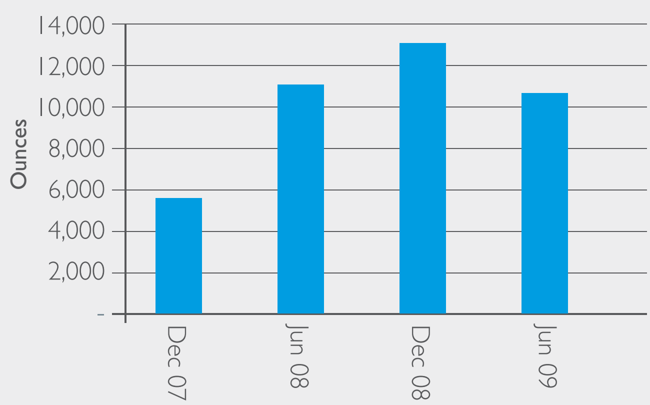
The Millsell operation has shown steady growth in terms of plant availability and PGM recoveries. Improvements to the pumping infrastructure, the installation of a scrubber to treat high PGM bearing clay, and reagent optimisation all contributed to the improvement in PGM production.

Sylvania Dump Operations Summary of Performance (100%)

Production – SDO		2008	2009	% Change
Feed Tons Treated	t	507,262	550,808	9%
Feed Grade	g/t	2.22	2.62	18%
PGM Tons Treated	t	158,258	216,971	37%
PGM Grade	g/t	5.20	5.73	10%
Recovery	%	53.7%	55.3%	3%
Ounces	oz	14,224	22,107	55%
Cost AUD/oz (Delivered)	A$/oz	408	440	8%
Cost AUD/t (Feed Tons)	A$/t	11.44	17.67	54%
Cost AUD/PGM t (Treated Tons)	A$/t	36.67	44.86	22%

Review By the Chairman and Managing Director

Sylvania Resources Half Yearly Production of PGM (3E+Au) (ounces)



Steelpoort

The Steelpoort operation had an excellent year up until February, when the Phase 1 slimes dam was depleted. Thereafter performance was affected by the introduction of the Phase 2 slimes dam material which had lower grades and recoveries. The efficiency of the PGM flotation plant improved to 76% in the third quarter before being affected by the introduction of new source material with lower recovery characteristics. Improved fine chromite recovery remains a development opportunity and a number of approaches are being implemented.

Lannex

Commissioning of the 70,000 ton per month plant commenced in March, however, the plant has not achieved satisfactory throughput, recovery or concentrate grade. This in part has been exacerbated by the changed feed material caused by the temporary closure of the associated chrome mine. It is envisaged that the plant will be brought into full production more slowly whilst teething problems are resolved and Samancor's operations are reopened.

Lannex has approximately 1.2 million tons of chrome tailings dam material to feed to the plant. In addition, it will have current arisings from the Samancor Lannex plant when it resumes normal operations. It will also have a separate feed source derived from run of mine fines when Samancor resumes surface mining.

The new tailings dam where the Sylvania final tails will be pumped, has been delayed due to environmental approval processes. In the meantime, the final tails are being pumped to a temporary tailings void. This temporary void has limited capacity and as a result Sylvania can only run the Lannex plant at 50% of design capacity until the new tailings dam is commissioned in approximately six months time.

On the 16th April 2009, Sylvania announced that Boynton Investments (Pty) Limited ("Boynton") had withdrawn its application lodged with the North Gauteng division of the High Court of South Africa for an order declaring Boynton as a co-owner of the Lannex tailings dump. Further, the said court ordered Boynton to pay costs.

Mooinooi

The Mooinooi project has been downscaled for strategic reasons from a 70,000 ton per month feed plant to a 37,000 ton per month feed plant, due mainly to its lower grade and the unavailability of power. The PGM plant is in construction with completion scheduled for the end of calendar 2009.

Mooinooi has approximately 1.95 million tons of dump material at a grade of 1.2 g/t 3PGE + Au. In addition to this, feed will be sourced from the existing Samancor Mooinooi plant (current arisings) and the nearby Buffelsfontein Mine when it is reopened (ROM material). There are on-going negotiations with Lonmin to secure extra dump material from the Mooinooi dump.

Doornbosch

Construction at Doornbosch is progressing with most of the civil works already completed. Construction completion is expected to be in the Q3 of FY2010, depending on the status of long lead items.

Samancor is commissioning a new chrome plant at Doornbosch (about a kilometre from the Sylvania Doornbosch plant). When the Samancor plant is fully operational, it will produce current arisings, which will be supplied directly to the Sylvania Doornbosch plant, which has a feed capacity of 37,000 tons per month.

Review By the Chairman and Managing Director

Tweefontein

The Tweefontein plant is designed as a 37,000 ton per month feed plant, which is planned to treat 10,000 ton per month current arisings from the Tweefontein mine and 27,000 tons per month of slimes from the Tweefontein void.

This project is in the design phase and the current proposal indicates that a plant, if commenced in Q4 FY2010, could be, commissioned in July 2011.

The following table sets out the capital expenditure in Rand spent on all plants from inception to 30 June 2009 as well as estimate costs to be incurred during the new financial year ending 30 June 2010:

Plant	Construction June 2009	Improvement June 2009	Committed Cost Total June 2009	Total
Millsell	53,451,165	8,961,869	536,682	62,949,716
Steelpoort	49,970,469	13,387,421	2,888,686	66,246,576
Lannex	127,879,128	-	20,529,200	148,408,328
Mooinooi	55,924,476	-	9,565,468	65,489,944
Doornbosch	40,707,475	-	20,326,350	61,033,825
Elandsdrift	9,920,642	-	-	9,920,642
Tweefontein	3,391,000	-	46,000	3,437,000
Total	**341,244,355**	**22,349,290**	**53,892,386**	**417,486,031**

Tailings Estimates

Current estimates of available tailings for processing are reflected in the following schedule. It should be noted that the estimates have been calculated at a specific gravity of 2.0, with additional tonnes that have been previously processed by Sylvania, being added, as they will be reworked in the future.

30 June 2009	Tailings Dump Estimates					
	Tonnages (Tonnes)					
	Dump estimate ore – 30 June 2008	SG Adjustment	Processed	Current Risings	New Tailings	Balance – 30 June 2009
Eastern Bushveld						
Tweefontein	909,120			356,377		1,265,497
Lannex	1,222,590		(22,842)	63,898		1,263,646
Steelpoort Main	226,049		(89,443)			136,606
Steelpoort New Tailings					448,057	448,057
Doornbosch	83,256		(10,489)			72,767
Montrose	165,150		(41,520)			123,630
Groothoek	157,990					157,990
Onverwacht	12,215					12,215
Mooihoek	7,776					7,776
Western Bushveld						
Waterkloof	248,065	31,664				279,729
Buffelsfontein	165,721	18,414				184,135
Elandsdrift Total	316,265	35,141				351,406
Millsell Main	662,784	73,643	(257,297)			479,129
Millsell New Tailings					820,841	820,841
Mooinooi	1,593,000	153,432				1,746,432
Total	**5,769,981**	**312,293**	**(421,591)**	**420,275**	**1,268,898**	**7,349,856**

Chrome Tailings Retreatment Plant (CTRP)

CTRP's attributable production declined by 31% to 1,706oz (vs. 2,466oz in FY'08) mainly due to a 44% decline in the grade to 2.3g/t as a result of grade variances in the dump source material. Costs remained steady while recoveries improved to 38%. Aquarius Platinum manages the operation.

Production – CTRP (25%)		2008	2009	% Change
Feed Tons Treated	t	68,437	61,654	-10%
Feed Grade	g/t	4.20	2.34	-44%
Recovery	%	26.0%	37.8%	45%
Ounces	oz	2,466	1,706	-31%
Cost AUD/oz (Delivered)	A$/oz	353	394	12%
Cost AUD/t (Feed Tons)	A$/t	12.7	12.5	-1%

Review By the Chairman and Managing Director

Growth

Sylvania's strategy is to build cash generative businesses that can fund future growth in the PGM sector. Core strategic drivers are:

- Operational excellence – "more from what we have";
- Tailings growth – "more of what we have";
- Near surface exploration and mining;
- Vertical integration – to provide Sylvania with downstream processing access; and
- Mergers and acquisitions.

During the year Sylvania continued to improve and expand its existing low risk chrome tailings retreatment business with two plants now successfully commissioned, one plant in commissioning and another three facilities under planning and construction.

In relation to exploration and project development, Sylvania continues with the Everest North Project, and is progressing with an application for a mining right to extract platinum and associated minerals on the farm Vygenhoek in the Mpumalanga Province of SA. This was submitted to Aquarius Platinum SA (Pty) Limited ("AQPSA") for comments prior to the submission thereof to the SA Department of Minerals and Energy ("DME"). At present there is a dispute between Sylvania and AQPSA regarding the submission of the mining application to the DME and the matter has been referred to arbitration in terms of the provisions of the agreement. If the mining right is granted, Sylvania SA would hold a 74% interest in that mining right. Sylvania's BEE partner for the purposes of the project is African Dune Investments 114 (Proprietary) Limited, which, if the mining right is granted, will hold a 26% interest in that mining right.

In addition, the collapse in equity values following the global financial crisis, and Sylvania's relatively robust financial position provided an opportunity for the company to accelerate its strategy to access additional shallow mining resources and gain access to downstream processing capacity. In the last quarter of the financial year, the company announced takeovers of SA Metals (SXM:ASX) and Great Australian Resources (GAU:ASX), both holders of significant shallow PGM resources.

The combination of these near surface exploration assets in the Northern Bushveld Igneous Complex with Sylvania's present portfolio of PGM producing assets will provide an opportunity to create long term benefits and value though the realisation of exploration and production synergies. SXM's two principal projects, the Aurora Project and Grass Valley Project, are located in the Northern Limb of the Bushveld Igneous Complex. Great Australian's projects include the Hacra Platinum Project (adjacent to one of SXM's properties) and the Mooiplaats Platinum Project.

Sylvania is also in negotiations regarding a proposed merger with Ruukki Group Oyi (**Ruukki**) over the opportunity to vertically integrate mines into PGM and ferrochrome smelting.

On 30 June 2009, Sylvania and Ruukki Group Oyj entered into a Merger Implementation Agreement (**MIA**) in relation to a potential merger between Sylvania and Ruukki (**Proposed Ruukki Merger**), with the aim of creating an integrated mine to metals PGM and ferrochrome company. Under the Proposed Ruukki Merger, Sylvania shareholders' will receive 1 Ruukki share for every 1.81 Sylvania shares held on the Proposed Ruukki Merger record date.

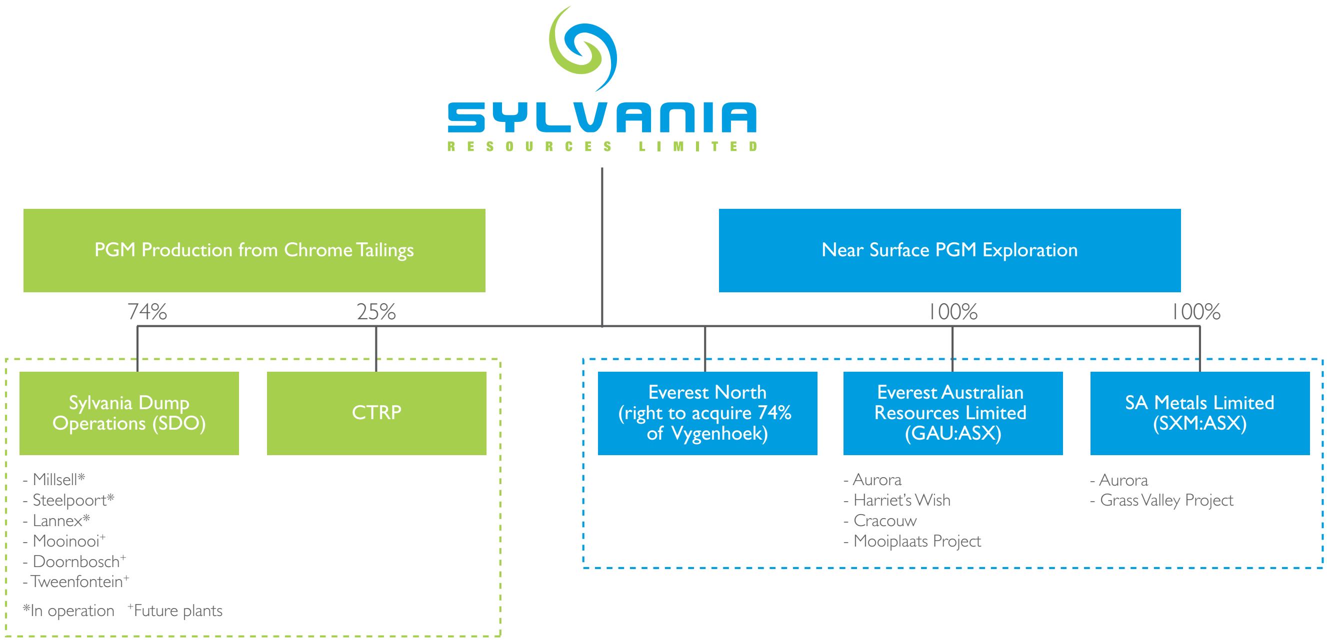
Should the Proposed Ruukki Merger be successful, Ruukki's overall strategy to create an integrated mines to metals PGM and ferrochrome Company is consistent with and complements Sylvania's existing strategy. For further information on the proposed merger please refer to recent announcements and updates on the proposal.

Corporate Matters

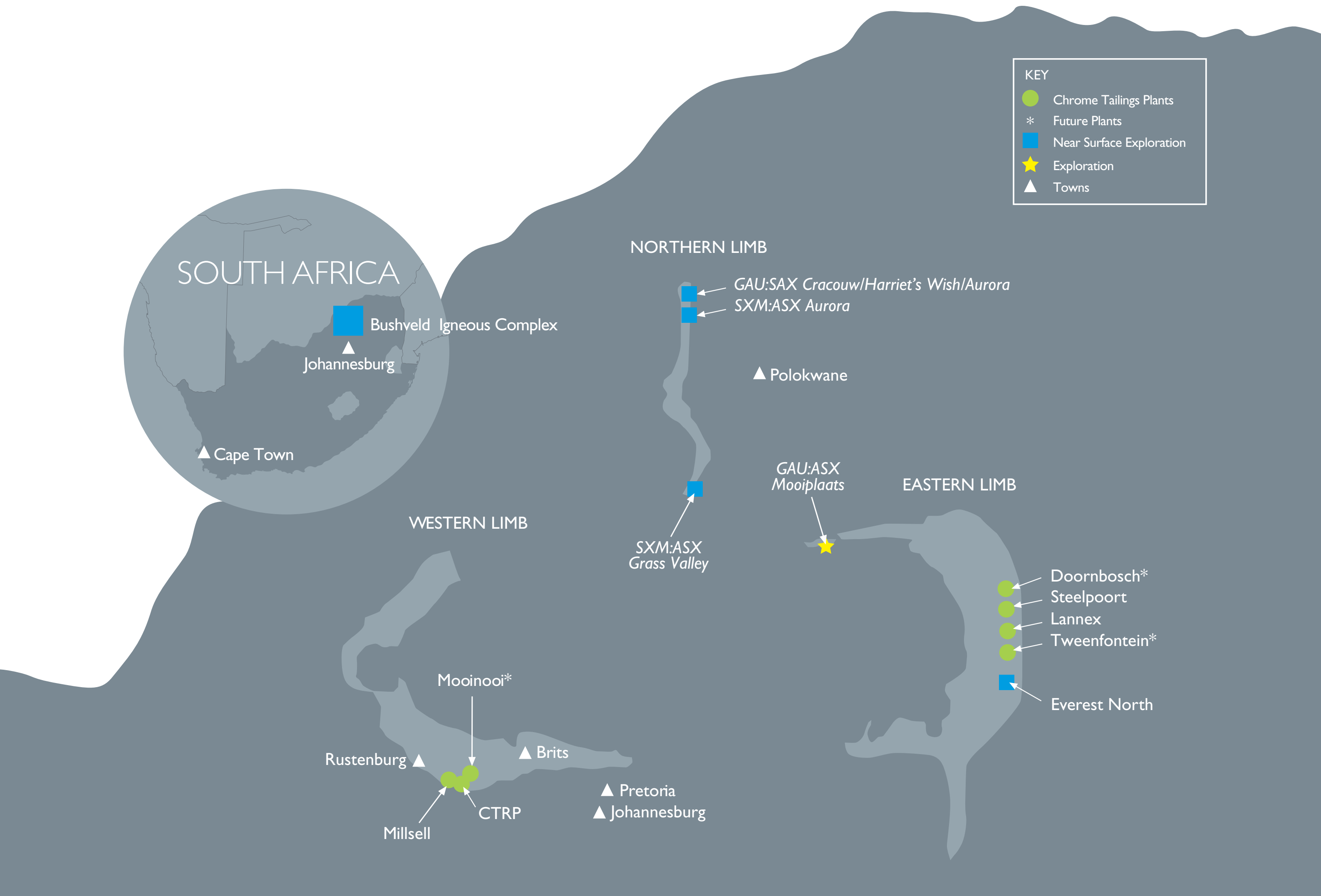
On the 10th June 2009 the company issued 6,000,000 options to selected employees in accordance with its employee incentive program. The options are exercisable at A$1.05 each on or before 30 June 2012.

Black Economic Empowerment

Sylvania is committed to the spirit and intent of South Africa's Mining Charter and has incorporated black economic empowerment (BEE) partners in its major operations and assets.



SYLVANIA
RESOURCES LIMITED
PGM Production from Chrome Tailings
Near Surface PGM Exploration
74%
25%
100%
100%
Sylvania Dump Operations (SDO)
CTRP
Everest North (right to acquire 74% of Vygenhoek)
Everest Australian Resources Limited (GAU:ASX)
SA Metals Limited (SXM:ASX)
- Millsell*
- Steelpoort*
- Lannex*
- Mooinooi+
- Doornbosch+
- Tweenfontein+
*In operation +Future plants
- Aurora
- Harriet's Wish
- Cracouw
- Mooiplaats Project
- Aurora
- Grass Valley Project



KEY
Chrome Tailings Plants
Future Plants
Near Surface Exploration
Exploration
Towns
SOUTH AFRICA
Bushveld Igneous Complex
Johannesburg
Cape Town
NORTHERN LIMB
GAU:SAX Cracouw/Harriet's Wish/Aurora
SXM:ASX Aurora
Polokwane
GAU:ASX Mooiplaats
EASTERN LIMB
SXM:ASX Grass Valley
WESTERN LIMB
Doornbosch*
Steelpoort
Lannex
Tweenfontein*
Everest North
Mooinooi*
Brits
Rustenburg
Pretoria
Johannesburg
CTRP
Millsell

Review By the Chairman and Managing Director

Board changes

On the 5th May 2009 Sylvania announced the appointment of Mr. Grant Button to the Company's board of Directors and Chairman of the Board's Audit Committee and that Mr. John Cooke had resigned from the Company's board as a Non-Executive Director and Chairman of the Board's Audit committee.

Acknowledgements

We are grateful to fellow board members past and present, to executive management and to employees who have contributed towards Sylvania's exciting yet very demanding development and growth achievements during the year. Whilst operational excellence, plant construction, commissioning and fine-tuning have been a major focus, much energy and expertise has been given to identifying and pursuing growth opportunities and implementing strategies aimed at transforming the company into a significant PGM producer in the future.

Outlook

The Board and Executive management remain focused on delivering our core strategies to deliver organic and acquisitive growth. We remain focused on enhancing performance at our existing operations and successfully constructing and commissioning the new chrome tailings retreatment plants. The addition of significant near surface PGM exploration and development properties, following the completion of the SXM and GAU acquisitions will also give Sylvania access to new resources which can be efficiently mined from surface.

The proposed merger with Ruukki, if successful, provides downstream PGM smelting capacity thereby enabling Sylvania to expand its low cost tailings retreatment and near surface PGM mining business model.

Operationally, we are encouraged by the recent resumption of mining and processing at Samancor and we therefore expect more normal feed of current arisings and run of mine ore (ROM) to compliment our traditional dump feed in the future. This is likely to stabilize performance at the operations and improve recoveries as PGM's are more readily recovered from fresher ore sources.

T M McCONNACHIE
Managing Director

R D ROSSITER
Non-Executive Chairman

Key Management Personnel

Zoran Marinkovic - Director of Sylvania Metals (Pty) Ltd

BSc (Chem Eng), University of Belgrade

Zoran Marinkovic, who is from Serbia (formerly Yugoslavia), has worked in a number of industries, including the petrochemical, shipping and mining sectors in Europe. Among the senior positions he has held are those of site director and special adviser for Mostec Limited, where he was based at a shipyard in the Ukraine; production director at the High Density PolyEthylene Plant (HDPE) at the Petrochemical Complex of Pancevo in Yugoslavia; and, most recently, co-owner and director of ABM International Limited, a Belgrade-based company trading in chrome and other metals on the European and Russian markets as well as undertaking research and consulting in the area of chromium waste and tailings.

Since January 2006, Zoran has been responsible for developing and controlling chromium and platinum group metals (PGM) projects in terms of Sylvania's contract with Samancor Chrome. He is currently working on extending the existing contract with new projects that will expand Sylvania's supply of PGM base material.

Phil Carter - General Manager: Mining Projects

BSc (Mining Eng), University of the Witwatersrand

Phil Carter, who holds a Mine Manager's Certificate of Competency, has been in the mining industry for 30 years. At different stages of his career he has worked for De Beers, AngloGold and SA Chrome and he has experience at a senior management level in diamond, deep-level gold and chrome mines. His particular field of expertise is in mine and project management. At SA Chrome, he started the Horizon Chrome mine as a greenfields project and was responsible for the design, construction and management of the chrome concentrator plant, as well as the opencast and underground mines. The project was completed to full production in 18 months.

At Sylvania, Phil is heading up the development of the Everest North mine project and the Capital Construction expansion programme.

Gerbrand Haasbroek - General Manager: Metallurgy

BEng (Metallurgy) Hons, University of Pretoria

Gerbrand Haasbroek has broad experience across the mining industry in the fields of coal, iron ore, vanadium, magnesite and aluminium. He has also been involved in the manufacturing of products in the clay, ceramic, enamel and plastics sectors as well as parts for the steel industry. During his career he has held the positions of production manager, production director and operating director. At one stage he managed up to three factories at the same time. Most recently he was managing director of his own consulting company, Metsult (Pty) Ltd.

Gerband's achievements include turning around an aluminium casthouse from 100,000 to 200,000 tonnes a year while reducing costs to reach world benchmark figures; turning around a ceramics/plastics company which consistently delivered a return on investment of 40%; and developing world-class, high-purity vanadium chemicals.

Johan Meyer - General Manager: Operations

BEng (Mech) (Hons), University of Stellenbosch;
GDE (Indus Eng), University of Witwatersrand

Johan Meyer started his career in the mining industry as a project engineer, working first for Rio Tinto and afterwards for Anglo American and Gold Fields.

He then moved into the manufacturing industry where he held several senior management positions. He has extensive knowledge of business start-up as he was a key member of the team that led an aluminium company through an expansion in which the business quadrupled in size. During this period, he acquired a sound understanding of base metals and metals trading as it relates to the London Metal Exchange.

After joining Sylvania, Johan designed and constructed the first two plants which are now operating at design capacity. Currently, he is heading growth projects for the group, focusing on the re-treatment of chrome and platinum. He is also responsible for all commercial aspects of the business.

Key Management Personnel

Christo de Vos - Internal Legal Adviser

BComm, University of the Free State; LLB, Unisa

Christo De Vos is admitted as an attorney, notary and conveyancer in South Africa. He was a senior partner at Wessels & Smith, a law firm in Welkom, South Africa for 28 years, specialising in commercial and mining law, trust law, estate planning and tax law, before being appointed by Sylvania Resources Limited as legal and commercial executive adviser.

Christo has vast experience in black empowerment transactions, and acts as a trustee for several black empowerment trusts and employee incentive schemes.

Dr Peter Cox - Strategic Planner

BSc (Mining Eng) University of the Witwatersrand;
MSc, PhD (Mining Eng) Harrington;
Dip (Civil Eng), University of Natal

Dr Peter Cox started his career in the mining industry 30 years ago as a learner surveyor. After studying mining engineering as a JCI bursar, he worked for that company in various positions at gold and platinum mines, ending as a senior section manager. Peter joined a privately owned mining and exploration company, Severin Southern Sphere Mining, as consulting engineer and general manager. Since mid-1991 he has been the managing director of Goldline Global Consulting (Pty) Ltd, an engineering consulting company which serves the mining industry worldwide.

Peter holds a Mine Surveyor's and a Mine Manager's Certificate of Competency. He has a number of achievements to his name, including being the youngest certificated surveyor in South African mining history and designing the country's narrow reef opencast mining method.

Lewanne Carminati - Financial Manager

BComm (Hons), CA (SA)

Lewanne Carminati started her career in finance in 2001, and has gained experience in both the contracting and mining industry. Lewanne joined Sylvania in July 2009.

Ben Kruger - Management Accountant

NHD (Cost and Management Accounting)

Ben Kruger has spent 18 years in the field of cost and financial accounting, working in the mining, manufacturing, printing and services industries. His responsibilities have included general accounting, finance, project accounting and costing. While employed by De Beers and Gold Fields, he was exposed to opencast, shallow underground and deep-level mining. This experience included his involvement in a feasibility study for Gold Fields South Deep mine. He joined Sylvania in October 2007.

Financial Statements 2009

Contents

Directors' Report

Your directors present their report on the consolidated entity ("the Group") consisting of Sylvania Resources Limited ("the Company") and the entities it controlled at the end of or during the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

T M McConnachie	*(Managing Director)*
R D Rossiter	*(Chairman)*
Dr A P Ruiters	*(Non-executive Director)*
L M Carroll	*(Finance Director)*
E Kirby	*(Resigned 18 August 2008)*
J Cooke	*(Appointed 18 August 2008; Resigned 30 April 2009)*
G M Button	*(Appointed 4 May 2009)*

Information on Directors

T M McConnachie – Managing Director

Experience and expertise
Mr McConnachie has over 25 years of experience in mining, benefication of ferroalloys and precious metals. He was the founder of Merafe Resources Limited (formerly South African Chrome & Alloys Limited), a successful chrome mining company, black empowered and listed on the Johannesburg Stock Exchange with assets worth in excess of a billion rand ($350m). He is well known for identifying mining opportunities and has started many new green-field operations in gold, manganese, aluminium, graphite and tantalite. He has been CEO of a number of mining, mining services and smelting companies in South Africa.

Other current directorships
Director of Dwyka Resources Limited (since 2007)

Ruukki Group Oyj

Former directorships in the last three years
None.

Special responsibilities
Managing Director

R Rossiter BSc (Hons) MSc – Non-Executive Chairman

Experience and expertise
Mr Rossiter was appointed in August 2007 and acts as non-executive Chairman. He leads the Board in implementing its strategy of becoming a significant platinum group metal producer. He began his career as a geologist with General Mining Union Corporation in South Africa. He subsequently qualified in mine management and held various production management and business development roles. He later joined the financial sector as a mining analyst and then moved to Australia where he later was responsible for corporate advisory, mergers and acquisitions and divestments.

Other current directorships
Morning Star Holdings (Australia) Limited

Former directorships in the last three years
None.

Special responsibilities
Chairman of the Board.

Directors' Report

L M Carroll
B Com, MAP, H. Dip. Corporate Law, H. Dip. Property Management, Dip Business Management – Finance Director

Experience and expertise
Mr Carroll was appointed in August 2007 and acts as Finance Director having worked for the Company previously in its South African operations, principally in developing and structuring financial reporting and systems. He has over 40 years experience in the resources industry and has served as executive and non-executive director on a number of private and publicly listed companies. He also served as COO in an oil and gas listed company.

Other current directorships
None

Special responsibilities
Financial Director and Joint Company Secretary

Dr A P Ruiters BA (Hons), PhD (D.Phil) – Non-Executive Director

Experience and expertise
Dr Ruiters was appointed in August 2007 and joined the Board as non-executive director and provides guidance on project procurement, development and funding. Dr Ruiters is one of the founders of Ehlobo Holdings Limited, the Company's Black Economic Empowerment Partner in its tailings retreatment projects in South Africa. Dr Ruiters joined the Public Service in May 1994, after completing a PHD at Oxford University. He has held numerous positions in both the private and public sector, including that of Special Advisor to Trevor Manuel, South Africa's first Competition Commissioner and Director General of the DTI.

Other current directorships
None.

Former directorships in the last three years
None

Special responsibilities
Non-Executive Director with special portfolio: Transformation.

Mr G M Button – Executive Director

Experience and expertise
Mr Button was a director and company secretary of Sylvania for four years until June 2007. He rejoined Sylvania as company secretary in January 2009 and was appointed to the Board in May 2009. Mr Button is a qualified accountant with 19 years experience at a senior management level in the resources industry. He has acted as an executive director, managing director, finance director, chief financial officer and company secretary for a range of publicly listed companies.

Other current directorships
Magnum Mining and Exploration Limited

Alamar Resources Limited

Morning Star Holdings (Australia) Limited

Former directorships in the past three years
Washington Resources Limited (1 March 2005 to 1 December 2008)

Special responsibilities
Joint Company Secretary

Interest in Shares and Options

The following relevant interests in the shares and options of the Company or related body corporate were held by the directors as at the date of this report:

2009	Common Shares	Options Exercisable at $0.75	Options Exercisable at $2.89	Options Exercisable at $1.63	Options Exercisable at $1.05
T M McConnachie	500,000	-	-	1,750,000	-
R D Rossiter	1,032,000	-	-	-	-
L M Carroll	-	200,000	-	300,000	-
Dr A Ruiters	-	-	200,000	-	200,000
G M Button	300,000	-	-	-	-

2008	Common Shares	Options Exercisable at $0.50	Options Exercisable at $0.75	Options Exercisable at $2.89
T M McConnachie	-	500,000	-	-
R D Rossiter	500,000	-	-	-
L M Carroll	-	-	200,000	-
Dr A Ruiters	-	-	-	200,000

The following share options of Sylvania Resources Limited were granted to directors and to the five most highly remunerated officers of the Company during or since the end of the financial year as part of their remuneration:

Directors and Officers	Number of Options Granted
T M McConnachie	1,750,000
R D Rossiter	-
L M Carroll	300,000
Dr A Ruiters	200,000
G M Button	-
J Meyer	800,000
Z Marinkovic	600,000
C De Vos	800,000
P R Carter	600,000
P J Cox	500,000

Company Secretary

The Company Secretary role is jointly held by Mr L M Carroll and Mr G M Button, both Directors of Sylvania Resources Limited. Mr Carroll and Mr Button were appointed to the position of Joint Company Secretary in January 2009. Please refer to the above Information on Directors section for further details.

Principal Activities

The principal activity of the Group during the financial year was investment in mineral exploration and mineral treatment projects. As new mineral treatment plants become operational, focus will be concentrated on operations.

Directors' Report

Dividends

No dividend has been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Review of Operations

Operating results for the year

The consolidated loss of the Group for the year after income tax expense and minority interest was A$3,524,073 (2008: consolidated profit A$9,862,186).

Highlights during the year included:

- Lannex plant commissioned and in production;
- Production from Millsell and Steelpoort plants was 22,107 PGM ounces;
- CTRP contribution was 1,706 PGM ounces;
- Offers for SA Metals Limited and Great Australian Limited to boost opencast ore resource;
- Merger proposal with Ruukki Group Plc to take current and future production from "mine to metal production" – completion targeted for first half 2010.

Financial results:

- The average 3E+Au basket price was US$881/oz;
- Revenue from ordinary activities for the year fell from A$32.8million in 2008 to A$19.3million;
- The cash balance at 30 June 2009 was A$32.2million;
- Consolidated loss per share for the year ended 30 June 2009-1.97 cents

Everest North

Sylvania SA (Pty) Limited ("Sylvania SA"), a fully owned subsidiary of Sylvania, entered into an agreement with Aquarius Platinum SA (Pty) Limited ("AQPSA") on 24 May 2005 in terms whereof it was appointed as agent for AQPSA to apply for a mining right for PGMs over Mineral Area 2 (a portion of Mineral Area 1) of the farm Vygenhoek 10 JT, situated in the magisterial district of Lydenburg.

The agreement between Sylvania SA and AQPSA furthermore provided for the simultaneous transfer of the mining right to Sylvania SA.

AQPSA now disputes Sylvania SA's rights to apply for a mining right in the name of AQPSA and the simultaneous transfer thereof to Sylvania SA and the matter has been referred to arbitration in terms of the provisions of the agreement.

Harriet's Wish, Aurora and Cracouw

On 14 December 2007 Sylvania entered into an agreement with Rustenburg Platinum Mines (Pty) Limited ("RPM") in terms whereof Sylvania Mining (Pty) Limited ("Sylvania Mining"), a fully owned subsidiary of Sylvania, acquired from RPM the prospecting rights to prospect for Platinum Group Metals (PGMs) in and under:

a) An undivided half share of the farm Harriet's Wish 393;

b) The farm Aurora 397; and

c) An undivided half share of the farm Cracouw 391.

On 18 June 2008 Sylvania Mining entered into an agreement with Sika-Bopha Trading (Pty) Limited ("Sika Bopha") the then holder of the right to prospect for PGMs on the remaining undivided portions of the farms Harriet's Wish and Cracouw. It was agreed to pool the prospecting rights in a new company which was formed under the name Hacra Mining & Exploration Company (Pty) Limited ("Hacra Mining").

In return Sylvania Mining obtained 14.2% of the issued share capital of Hacra Mining which it then sold to Great Australia Resources Limited ("GAU"). GAU also acquired a further 56.8% shares in Hacra Mining resulting in a total holding of 71% for GAU.

GAU was recently taken over by Sylvania.

Matters Subsequent to the End of the Financial Year

On 11 May 2009 Sylvania announced its intention to make two off-market takeover offers for all the ordinary shares in SA Metals Limited (**SA Metals, ASX: SXM**) and Great Australian Limited (**Great Australian, ASX: GAU**) respectively (**Offers**). The Offers closed at 5.00pm (WST) on 11 August 2009.

The offer for SA Metals, which was recommended by the directors of SA Metals, was based on 1 Sylvania share for every 10 SA Metals shares held by SA Metals shareholders. As at 5.00pm (WST) on 11 August 2009, Sylvania had a relevant interest in 95% of SA Metals shares on issue. Sylvania is proceeding with a compulsory acquisition to acquire the remaining SA Metals shares. Following the completion of the compulsory acquisition, SA Metals will be a wholly owned subsidiary of Sylvania Resources Limited.

The offer for Great Australian, which was recommended by the directors of Great Australian, was based on 1 Sylvania share for every 12 Great Australian shares held by Great Australian shareholders. As at 5.00pm (WST) on 11 August 2009, Sylvania had a relevant interest of 89.82% of Great Australian shares on issue. On 13 August 2009, Great Australian sought a trading halt and this company made an urgent application to the Federal Court seeking an order, to allow compulsory acquisition despite the fact that the 90% threshold was not satisfied. The court exercised its power (under Section 661A(3) of the Corporations Act) to allow compulsory acquisition. Great Australian will also be a wholly owned subsidiary of Sylvania Resources Limited.

The combination of the PGM assets of Sylvania, SA Metals and Great Australian will provide an opportunity to create long term benefits and value for the shareholders of both companies through improved scale and penetration of the market for the supply of PGM resources.

As at 28 September 2009 27,042,762 Sylvania shares had been issued for the takeover bid of SA Metals and 7,750,229 shares for the Great Australian takeover bid.

Overview of SA Metals

SA Metals is an explorer seeking to become a significant producer of platinum group metals (**PGMs**) in the Bushveld Igneous Complex of South Africa. SA Metals was incorporated on 2 June 2000, and listed on ASX on 28 November 2000, under the name Rox Limited. Rox Limited changed its name to Pan Palladium Limited in February 2001, and changed its name to SA Metals in May 2009. SA Metals' two principal projects, the Aurora Project and Grass Valley Project, are located in the Bushveld Igneous Complex.

Overview of Great Australian

Great Australian is a minerals exploration company focused on the exploration and subsequent development of PGM deposits. Great Australian was incorporated in October 2003 and listed on ASX on 11 March 2004. Great Australian is focused on PGM exploration activities in South Africa. In 2007 Great Australian divested its assets in Australia and South-East Asia to focus on its South African projects. Great Australian's current projects, the Hacra Platinum Project and the Mooiplaats Platinum Project, are located in the Bushveld Igneous Complex.

The Proposed Merger with Ruukki Group Oyj

On 30 June 2009, Sylvania and Ruukki Group Oyj (**Ruukki**) entered into a Merger Implementation Agreement (**MIA**) in relation to a potential merger between Sylvania and Ruukki (**Proposed Ruukki Merger**), with the aim of creating an integrated mine to metals PGM and ferrochrome company. Under the Proposed Ruukki Merger, each Sylvania shareholder will receive 1 Ruukki share for every 1.81 Sylvania shares held on the Proposed Ruukki Merger record date.

The Proposed Ruukki Merger has been unanimously recommended by the Ruukki independent directors and by each of the independent directors of Sylvania (being each of the directors of Sylvania other than Terry McConnachie who is also a director of Ruukki) in the absence of a superior proposal and subject to confirmation from the independent expert that the Proposed Ruukki Merger is in the best interests of Sylvania shareholders.

SA Metals shareholders and Great Australian shareholders who have accepted the respective Sylvania takeover offers will receive Sylvania shares and will then have the opportunity to consider and vote on the Proposed Ruukki Merger as Sylvania shareholders.

Directors' Report

Overview of Ruukki

Ruukki is a company incorporated in Finland which specialises in industrial refining of specialised natural resources within two areas: wood processing and minerals. The minerals business has mining and mineral processing operations in South Africa, Turkey and Germany. The wood processing business has a strong presence in the northern part of Finland.

The creation of the minerals business, the Mogale acquisition and the Proposed Ruukki Merger demonstrates Ruukki's shift in focus to minerals processing and extraction.

Ruukki aims to become an integrated mine to metals PGM and ferrochrome company. Accordingly, on 7 May 2009, Ruukki announced that its board of directors had resolved to initiate the process to divide its wood processing and minerals businesses, ultimately resulting in two separately listed companies during 2010. The separation of the wood processing and minerals businesses will commence after completion of the Proposed Ruukki Merger.

On 25 May 2009, Ruukki announced the acquisition of 84.9% of Mogale. The acquisition of Mogale was a cornerstone transaction in Ruukki's expansion into South Africa and a major step towards its objective of expanding its existing mineral processing operations. Mogale's production facilities are located in South Africa, in the vicinity of Johannesburg. It has a total of 96 MVA smelting capacity with four furnaces. Mogale produces silico manganese, ferrochrome and stainless steel alloy and has a combined annual capacity of approximately 100,000 tonnes of ferrometals.

Ruukki's shares are listed on NASDAQ OMX Helsinki Ltd (trading symbol RUG1V). At 1 July 2009, Ruukki had a market capitalisation of approximately €545 million (A$957 million).

Black Economic Empowerment

Sylvania Metals (Pty) Limited ("Sylvania Metals") and Sylvania Minerals (Pty) Limited ("Sylvania Minerals"), two subsidiary companies of Sylvania have as shareholders Sylvania (74%) and Ehlobo Metals (Pty) Limited ("Ehlobo Metals") (26%).

In terms of a Shareholders Agreement entered into between Sylvania and Ehlobo Metals, Ehlobo Metals undertook to contribute an amount of R64million towards the initial capital requirements of Sylvania Metals and Sylvania Minerals.

Sylvania, however, made the aforementioned contributions on behalf of Ehlobo Metals.

Sylvania and Ehlobo Metals have engaged in negotiations with the Industrial Development Corporation ("IDC") whereby financial assistance would be rendered by the IDC and the Black Economic Empowerment structure of Sylvania Metals and Sylvania Minerals would be re-arranged.

At the date of this report the Company has not yet concluded a new agreement although it is considered probable that this will occur in the near term. The directors are of the view, however, that due to the non-payment of Ehlobo's capital contribution it is inappropriate to attribute to them a full 26% of the equity and results of Sylvania Metals and Sylvania Minerals.

Accordingly, the directors have calculated a best estimate of the amount that is considered attributable to the minority. This estimate is on the basis of the full share of the equity less a profit reduction equivalent to an amount calculated using the South African Prime Lending rate on the commitment outstanding since the due date.

Significant Changes in the State of Affair

Other than the above corporate transactions, there have been no significant changes in the state of affairs of the consolidated entity to the date of this report.

Likely Developments and Expected Results

Additional comments on expected results of certain operations of the Group are included in the review of operations and activities.

Environmental Legislation

The Group is subject to significant environmental legal regulations in respect of its exploration and evaluation activities in South Africa. There have been no known breaches of these regulations and principles by the Group.

Meetings of Directors

During the financial year there were 6 directors' meetings. All other matters that required formal Board resolutions were dealt with via written circular resolutions. In addition, the directors met on an informal basis at regular intervals during the year to discuss the Group's affairs.

The numbers of meetings of the Company's Board of Directors attended by each director were:

	Board Meetings		Audit Committee Meetings	
	Number of Meetings Eligible to Attend	Number of Meetings Attended	Number of Meetings Eligible to Attend	Number of Meetings Attended
T M McConnachie	6	6	-	-
R D Rossiter	6	6	2	2
L M Carroll	6	6	2	2
Dr A P Ruiters	-	-	-	-
J Cooke (appointed 18 August 2008; resigned 30 April 2009)	2	2	2	2
Dr E Kirby (resigned 18 August 2008)	1	-	-	-
G M Button (appointed 4 May 2009)	3	3	-	-

Remuneration Report (Audited)

The key management personnel of the Group are the directors of the Company and those executives that report directly to the Chief Executive Officer.

The directors are:

- T M McConnachie - Managing Director;
- R D Rossiter - Chairman;
- L M Carroll - Finance Director;
- G M Button - Joint Company Secretary;
- A P Ruiters - Non-Executive Director with special portfolio: Transformation;

The executives are:

- J Meyer - General Manager: Business Development;
- Z Marinkovic - Director, Sylvania Metals (Pty) Limited;
- P R Carter - General Manager: Capital Projects;
- Dr P J Cox - Strategic Planner;
- C De Vos - Internal Legal Advisor.

Details of directors' and executives' remuneration are set out under the following main headings:

A Principles used to determine the nature and amount of remuneration;

B Details of remuneration;

C Consultancy agreements;

D Share-based compensation.

Directors' Report

A Principles Used to Determine the Nature and Amount of Remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aims to align executive reward with the creation of value for shareholders. The key criteria for good reward governance practices adopted by the Board are:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance incentives;
- Transparency;
- Capital management.

The framework provides a mix of fixed fee, consultancy agreement based remuneration and share based incentives.

The broad remuneration policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is governed by a Board Remuneration Committee.

The Remuneration committee acts in accordance with a written Remuneration Committee Charter. The Remuneration Committee's aim is to ensure the remuneration packages properly reflect directors and executives' duties and responsibilities. The Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention and motivation of a high quality Board and executive team.

The new remuneration policy adopted is that in certain circumstances elements of any director/executive package be directly related to the Company's financial performance. The overall remuneration policy framework however is structured in an endeavour to advance/create shareholder wealth.

This policy has not changed over the past six financial years.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board and are intended to be in line with the market. Directors are not present at any discussions relating to determination of their own remuneration.

Directors' fees

Some of the directors perform at least some executive or consultancy services. However, each of the directors receives a separate fixed fee for their services as directors, as the Board considers it important to distinguish between the executive and non-executive roles held by those individuals.

The maximum aggregate remuneration for the directors was last determined at the Annual General Meeting held on 30 November 2005, when shareholders approved an aggregate remuneration of $300,000 per year. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Retirement allowances for directors

Apart from superannuation payments paid on base director fees, there are no retirement allowances for directors.

Executive pay

The executive pay and reward framework has the following components:

- Base pay and benefits such as superannuation;
- Short-term performance incentives;
- Long-term incentives through participation in the Employee Share and Option Plan.

Base pay

All executives are either full time employees or consultants that currently receive a fixed monthly retainer as agreed with the Company. The provision of Consultancy Services has been formalised in individual Consultancy Agreements.

Benefits

Apart from superannuation paid on directors' fees and executive salaries there are no additional benefits to executives, other than discretionary bonuses as detailed below.

Short term performance incentives

There are no current short term incentive remuneration arrangements, however the remuneration committee is currently reviewing this as an incentive for employees and have proposals to be submitted to the Board of Directors. Cash bonuses are paid to directors and key personnel from time to time at the discretion of the Board.

Employee share and option plan

To ensure that the Company has appropriate mechanisms in place to attract and retain the services of suitable directors and employees, the Company has established the Sylvania Share Plan and Option Plan, which were approved by shareholders on 26 October 2007 at the Company's Annual general Meeting.

The number of ordinary shares or options that may be offered to a participant is at the discretion of the Board of Directors of Sylvania.

B Principles Used to Determine the Nature and Amount of Remuneration

The key management personnel of the Group are the directors of the Company and those executives that report directly to the Chief Executive Officer. Details of directors and key personnel contracts are as follows:

Name & Designation	Duration of Contract (in years)	Period of Notice to Terminate in months)	Termination Payments Under Contract
Directors			
T M McConnachie – Managing Director	1	6	1
R D Rossiter – Chairman	2	3	2
L M Carroll – Finance Director	5	3	None
G M Button – Joint Secretary	2	3	1
Key management personnel			
J Meyer – General Manager Business Development	5	3	2
Z Marinkovic – Director Sylvania Metals (Pty) Ltd	Indefinite	1	None
C De Vos – Internal Legal Adviser	5	3	2
P R Carter – General Manager Capital Projects	5	3	2
Dr P J Cox – Strategic Planner	5	3	2

1. Termination without cause by either the Company or consultant upon giving the other party notice in writing for a period of 6 months or the Company paying 6 months consultancy fee in lieu of notice.
2. Upon termination, consultants are entitled to a termination fee equivalent to, if paid in a lumpsum, 18 times the monthly consultancy fee or, if the election of the consultant, 24 equal monthly instalments.

Table 1: Key Management Personnel 2009

2009	Short Term Benefits			Post-employment Benefits	Share-based Payment	TOTAL	Options as % of Total Remuneration	Performance Related %
	Cash Salary/ Consulting Fees	Bonus*	Directors' Fees	Super-Annuation	Equity Shares/ Options			
Name	$	$	$	$	$	$		
Directors								
T McConnachie	492,913	-	60,000	-	99,378	**652,291**	15.2%	15.2%
R D Rossiter	243,375	-	60,000	5,400	371,674	**680,449**	54.6%	54.6%
L M Carroll	244,997	19,188	60,000	-	21,954	**346,139**	6.3%	11.9%
Dr A Ruiters	-	-	60,000	-	142,971	**202,971**	70.4%	70.4%
Dr E Kirby	40,626	-	8,054	724	-	**49,404**	-	-
G M Button	107,083	-	9,613	865	-	**117,561**	-	-
J Cooke	-	-	42,246	3,802	17,056	**63,104**	27.0%	27.0%
Key management personnel								
J Meyer	173,410	18,876	-	-	98,836	**291,122**	33.9%	40.4%
Z Marinkovic	229,762	14,568	-	-	95,784	**340,114**	28.2%	32.4%
C De Vos	238,596	18,876	-	-	104,437	**361,909**	28.9%	34.1%
P R Carter	248,260	21,292	-	-	100,703	**370,255**	27.2%	32.9%
Dr P J Cox	201,719	16,611	-	-	211,434	**429,764**	49.2%	53.1%
TOTAL	2,220,741	109,411	299,913	10,791	1,264,227	3,905,083	32.4%	35.2%

Table 2: Key Management Personnel 2008

2008	Short Term Benefits			Post-employment Benefits	Share-based Payment	TOTAL	Options as % of Total Remuneration	Performance Related %
	Cash Salary/ Consulting Fees	Bonus*	Directors' Fees	Super-Annuation	Equity Shares/ Options			
Name	$	$	$	$	$	$		
Directors								
T McConnachie	229,028	38,341	35,000	-	56,872	**359,241**	15.8%	26.5%
R D Rossiter	224,003	-	30,733	2,766	117,114	**374,616**	31.3%	31.3%
L M Carroll	154,602	28,756	30,733	-	26,364	**240,455**	11.0%	22.9%
Dr A Ruiters	-	-	30,733	-	46,846	**77,579**	60.4%	60.4%
Dr E Kirby	172,920	-	35,000	3,150	16,359	**227,429**	7.2%	7.2%
E F G Nealon	24,484	-	4,411	397	16,359	**45,651**	35.8%	35.8%
M J Sturgess	11,203	-	4,411	397	16,359	**32,370**	50.5%	50.5%
K S Huntly	69,077	-	4,411	-	28,436	**101,924**	27.9%	27.9%
Key management personnel								
M J Langoulant	54,000	-	-	-	5,453	**59,453**	9.2%	9.2%
J Meyer	173,565	28,756	-	-	26,364	**228,685**	11.5%	24.1%
Z Marinkovic	183,422	22,695	-	-	-	**206,117**	-	11.0%
C De Vos	154,600	28,987	-	-	26,364	**209,951**	12.6%	26.4%
P R Carter	182,428	28,755	-	-	26,364	**237,547**	11.1%	23.2%
G Haasbroek	149,962	24,736	-	-	49,002	**223,700**	21.9%	33.0%
Dr P J Cox	180,083	28,756	-	-	46,845	**255,684**	18.3%	29.6%
TOTAL	**1,963,377**	**229,782**	**175,432**	**6,710**	**505,101**	**2,880,402**	**17.5%**	**25.5%**

**Cash bonuses were awarded to Directors and key personnel based on individual performance.*

L M Carroll was appointed as a director of Sylvania South Africa (Pty) Limited on 10 October 2007. Before this appointment he was a Financial Officer of Sylvania South Africa (Pty) Limited, a wholly owned subsidiary of the Company. Amounts shown above include Mr Carroll's remuneration during the reporting period in this capacity.

Option Holding of Key Management Personnel (Consolidated)

2009	Balance at Start of Year	Granted During Year	Exercised During Year	Other Changes During Year	Balance at End of the Year	Vested and Exercisable at the End of the Year	% Granted and Vested During the Year (i)
Names							
Directors							
T McConnachie	500,000	1,750,000	(500,000)	-	1,750,000	-	-
Dr A P Ruiters	200,000	200,000	-	-	400,000	100,000	-
L M Carroll	200,000	300,000	-	-	500,000	200,000	-
Key management personnel							
J Meyer	100,000	800,000	-	-	900,000	100,000	-
Z Marinkovic	-	600,000	-	-	600,000	-	-
C De Vos	100,000	800,000	-	-	900,000	100,000	-
P R Carter	200,000	600,000	-	-	800,000	200,000	-
Dr P J Cox	200,000	500,000	-	-	700,000	100,000	-

(i) None of the options granted during the year had vested at 30 June 2009

2008	Balance at Start of Year	Granted During Year	Exercised During Year	Other Changes During Year	Balance at End of the Year	Vested and Exercisable at the End of the Year	% Granted and Vested During the Year (i)
Names							
Directors							
T McConnachie	500,000	-	-	-	500,000	500,000	-
Dr A P Ruiters	-	200,000	-	-	200,000	-	-
L M Carroll	200,000	-	-	-	200,000	100,000	-
K S Huntley	250,000	-	(250,000)	-	-	-	-
Key management personnel							
J Meyer	200,000	-	(100,000)	-	100,000	100,000	-
C De Vos	200,000	-	(100,000)	-	100,000	-	-
P R Carter	200,000	-	-	-	200,000	100,000	-
G Haasbroek	-	200,000	-	-	200,000	-	-

(i) None of the options granted during the year had vested at 30 June 2008

Shareholding of Key Management Personnel (Consolidated)

The number of shares in the Company held during the year by each director of the Company and key management personnel of the Group, including their personally related parties, are set out below:

2009	Balance at the Start of the Year	Issued Under Share and Option Plan	Other Changes During the Year	Balance at End of the Year
Names				
Directors				
T McConnachie	-	-	500,000	500,000
R D Rossiter	532,000	500,000	-	1,032,000
Dr E Kirby	389,300	-	(389,300)	-
G M Button	-	-	300,000	300,000

2008	Balance at the Start of the Year	Issued Under Share and Option Plan	Other Changes During the Year	Balance at End of the Year
Names				
Directors				
R D Rossiter	32,000	500,000	-	532,000
Dr E Kirby	764,300	-	(375,000)	389,300
E F G Nealon	750,000	-	(750,000)	-
G M Button	750,000	-	(750,000)	-
M J Sturgess	752,600	-	(752,600)	-
Key management personnel				
M J Langoulant	350,000	-	(100,000)	250,000

C Consultancy Agreements

Formal Consultancy Agreements are made with the Company and all of its directors.

The details of the Managing Director's Consultancy Agreement are summarised below:

Engagement

The Company engages the Consultant to provide the Company with the consultancy services during the term, on and subject to the terms of the Agreement, and the Consultant accepts the engagement.

Term

The initial term of the engagement commences on 14 June 2006 and continues for two years, unless that period is extended or terminated in accordance with the following summarised terms:

- Extension of Term
  Following the completion of the term indicated above, if the parties agree, the engagement will be extended for rolling periods of one year thereafter;
- Termination by Company
  The Company may immediately terminate the Agreement by giving written notice to the Consultant;
- Entitlements on Termination
  Upon termination of the Agreement the Consultant (pursuant to additional clauses) is entitled to the consultancy fee up to and including the date of termination.
- Termination by notice by Company or Consultant
  The Agreement may be terminated without cause by either the Company or the Consultant upon giving the other party notice in writing for a period of 6 months or the Company paying 6 months consultancy fee in lieu of notice.

Remuneration

In consideration for the consultancy services, the Company will pay the consultancy fee to the Consultant in monthly instalments in arrears at the end of each month. In addition, the Company may, if the Board (following a recommendation by the Remuneration Committee) so resolves, offer to the Consultant or the nominated executive, securities in accordance with the Company's share or option incentive plan.

D Share-based compensation

Employee Option Plan

Participants of the plan are determined by the Board and can be employees and directors of, or consultants to, the Company or a controlled entity. The Board considers length of service, seniority, responsibilities, potential contribution and any other relevant matters in determining eligibility of potential participants. The Board has sole responsibility to determine the number of options and terms and conditions of options granted to any participant.

Options are granted under the plan for no consideration. Options are granted for a three year period and 50% of each tranche vests and are exercisable on each anniversary of the grant date.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant Date	Expiry Date	Exercise Price	Fair Value Per Option at Grant Date	Vesting Dates
20 April 2006	30 June 2009	$0.50	$0.56	50% after 20 April 2007 50% after 20 April 2008
17 October 2006	30 June 2010	$0.75	$0.33	50% after 17 October 2007 50% after 17 October 2008
17 March 2008	30 June 2011	$2.89	$1.08	50% after 17 March 2009 50% after 17 March 2010
17 March 2008	30 June 2011	$2.67	$1.14	50% after 17 March 2009 50% after 17 March 2010
18 August 2008	30 June 2011	$1.63	$0.43	50% after 18 August 2009 50% after 18 August 2010
18 December 2008	30 June 2011	$1.63	$0.15	50% after 18 December 2009 50% after 18 December 2010
10 June 2009	10 June 2012	$1.05	$0.91	50% after 10 June 2010 50% after 10 June 2011

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share. The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the five trading days immediately before the options are granted.

Details of options over ordinary shares in the Company provided as remuneration to each director of the Company and each of the key management personnel of the Group are set out below. Further information on the options is set out in note 20 to the financial statements.

	Number of Options Granted During the Year		Number of Options Vested During the Year	
	2009	2008	**2009**	2008
T M McConnachie	1,750,000	-	-	250,000
L M Carroll	300,000	-	100,000	100,000
J Meyer	800,000	-	100,000	100,000
Z Marinkovic	600,000	-	-	-
P R Carter	600,000	-	100,000	100,000
Dr A P Ruiters	200,000	200,000	100,000	-
Dr P J Cox	500,000	-	100,000	-
C De Vos	800,000	200,000	100,000	100,000

Options granted, exercised and lapsed during the year to directors and executives:

Directors and Officers	Value of Options Granted at the Grant Date $	Value of Options Exercised at the Exercise Date $	Value of Options Lapsed at the Date of Lapse $
T M McConnachie	255,894	250,000	-
L M Carroll	43,868	-	-
A P Ruiters	29,245	-	-
J Meyer	584,546	-	-
Z Marinkovic	402,832	-	-
C De Vos	584,546	-	-
P R Carter	402,832	-	-
P J Cox	355,697	-	-

The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black and Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

	Options Granted at $1.63 Per Share	Options Granted at $1.63 Per Share	Options Granted at $1.05 Per Share
(i) Options are granted for no consideration, have a three year life, and 50% of each tranche vests and is exercisable on each anniversary of the date of grant			
(ii) Share price at grant date	$1.33	$1.63	$1.55
(iii) Share price volatility of the Company's shares	65.36%	89.16%	105.84%
(iv) Expected dividend yield	Nil	Nil	Nil
(v) Risk-free interest rate	5.68%	3.32%	4.47%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Employee Share Plan

An Employee Incentive Share Plan was approved at the 2007 Annual General Meeting.

Participants of the plan are determined by the Board and can be employees and directors of, or consultants to, the Company or a controlled entity. The Board considers length of service, seniority, responsibilities, potential contribution and any other relevant matters in determining eligibility of potential participants.

The issue price for the shares issued under the plan are not less than the weighted average share price for the last five trading days immediately preceding the offer to the participant.

A participant who is invited to subscribe for shares under the plan may also be invited to apply for a loan up to the amount payable in respect of the shares accepted by the participant. These loans are to be made on the following terms:

- Applied directly against the issue price of the shares to be acquired under the plan;
- For a term to be determined by the Board;
- Repayable to the extent of the lesser of the issue price of the relevant shares issued, less any cash dividends applied against the outstanding principal, and the last market sale price of the shares on the date of repayment of the loan;
- The loan must be repaid in full prior to expiry of the loan;
- The Company will have a lien over the shares in respect of which a loan is outstanding;
- Shares issued under the plan are not transferable while a loan amount in respect of those shares remains payable; and
- Shares issued under the share plan will not be quoted on a publicly traded stock market while a loan amount in respect of those shares remains payable.

The market value of the option implicit in the share issued under the plan (funded by way of a loan on the conditions noted above), measured using the Black and Scholes option pricing model, is recognised in the financial statements as equity benefits reserve and as employee benefit costs over the period the shares vest.

Details of employee shares affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Issue price	Fair Value of Option Implicit in Share at Grant Date	Vesting period
21 December 2005	$0.50	$0.17	50% after 21 December 2006 50% after 21 December 2007
20 December 2006	$0.90	$0.23	50% after 20 December 2007 50% after 20 December 2008
17 March 2008	$2.89	$1.08	50% after 17 March 2009 50% after 17 March 2010
17 March 2008	$2.67	$1.14	50% after 17 March 2009 50% after 17 March 2010
18 August 2008	$1.63	$0.43	50% after 18 August 2009 50% after 18 August 2010
23 December 2008	$1.63	$0.15	50% after 23 December 2009 50% after 23 December 2010

Details of ordinary shares in the Company provided as remuneration to each director of the Company and each of the key management personnel of the Group are set out below. Further information on the shares is set out in note 27 to the financial statements. These were issued under the Company employee share plan via a non-recourse interest free loan.

	Number of Shares Granted During the Year		Number of Shares Vested During the Year	
	2009	2008	**2009**	2008
E F G Nealon	-	-	-	750,000
Melissa Sturgess	-	-	-	-
M J Langoulant	-	-	-	250,000
R A Jarvis	-	-	-	100,000
M L Burchnall	-	-	-	50,000
R D Rossiter	500,000	500,000	250,000	-
J Cooke	200,000	-	-	-

Shares under option

At the date of this report, the only unissued shares of the Company under option were those issued under the share option plan. Outstanding share options at the date of this report are as follows:

Grant Date	Date of Expiry	Exercise Price	Number of Options
17 October 2006	30 June 2010	$0.75	600,000
17 March 2008	30 June 2011	$2.89	400,000
17 March 2008	30 June 2011	$2.67	600,000
18 August 2008	30 June 2011	$1.63	3,383,000
18 December 2008	30 June 2011	$1.63	2,250,000
10 June 2009	30 June 2012	$1.05	6,000,000

No option holder has any right under the options to participate in any other share issue of the Company or any controlled entity.

Shares issued on the Exercise of Options

The following ordinary shares of the Company were issued during or since the end of the year ended 30 June 2009 on the exercise of options granted under the share option plan.

Issuing Entity	Number of Shares Issued	Class	Amount Paid for Shares
Sylvania Resources Limited	250,000	Ordinary	$0.50
Sylvania Resources Limited	20,000	Ordinary	$0.90
Sylvania Resources Limited	500,000	Ordinary	$0.50

Indemnification and Insurance of Directors and Officers

During the year the Company paid premiums in respect of a contract insuring all directors and officers of the Company against liabilities incurred as directors or officers to the extent permitted by the Corporations Act 2001. Due to confidentiality clauses in the contract the amount of the premium has not been disclosed. The Company has no insurance policy in place that indemnifies the Company's auditors.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 36 and forms part of this directors' report for the year ended 30 June 2009.

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise with the Company and/or the consolidated entity is important.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices or other auditors:

	Consolidated 2009 $
The auditors of the parent entity are HLB Mann Judd.	
Amounts received or due and receivable by HLB Mann Judd for:	
• An audit or review of the financial report of the entity	91,000
Amounts received or due and receivable by non-HLB Mann Judd audit firms:	
• An audit or review of the financial report of any other entity in the Group	154,537
• Taxation and advisory services	473
• Other non-audit services	3,048
Total auditors' remuneration	**249,058**

During the year ended 30 June 2009, the auditor did not provide any non-audit services.

Signed in accordance with a resolution of the directors.

T M McConnachie
Managing Director

Johannesburg, South Africa
30 September 2009

Auditor's Independence Declaration

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Sylvania Resources Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sylvania Resources Limited.

Perth, Western Australia
30 September 2009

W M CLARK
Partner, HLB Mann Judd

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Corporate Governance Statement

Statement

Sylvania Resources Limited ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX P & R[1]	If not, why not[2]
Recommendation 1.1		
Recommendation 1.2	✓	
Recommendation 1.3[3]	n/a	n/a
Recommendation 2.1		✓
Recommendation 2.2	✓	
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 2.6[3]	n/a	n/a
Recommendation 3.1	✓	
Recommendation 3.2	✓	
Recommendation 3.3[3]	n/a	n/a
Recommendation 4.1	✓	
Recommendation 4.2		✓

	ASX P & R[1]	If not, why not[2]
Recommendation 4.3	✓	
Recommendation 4.4[3]	n/a	n/a
Recommendation 5.1	✓	
Recommendation 5.2[3]	n/a	n/a
Recommendation 6.1	✓	
Recommendation 6.2[3]	n/a	n/a
Recommendation 7.1	✓	
Recommendation 7.2	✓	
Recommendation 7.3	✓	
Recommendation 7.4[3]	n/a	n/a
Recommendation 8.1		✓
Recommendation 8.2	✓	
Recommendation 8.3[3]	n/a	n/a

[1] *Indicates where the Company has followed the Principles & Recommendations.*

[2] *Indicates where the Company has provided "if not, why not" disclosure.*

[3] *Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.*

Corporate Governance Statement

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.sylvaniaresources.com, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below:

Charters	Recommendation(s)
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3
Policies and Procedures	
Policy and Procedure for Selection and (Re) Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Trading in Company Securities (summary)	3.2, 3.3
Code of Conduct (summary)	3.1, 3.3
Policy on Continuous Disclosure (summary)	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Strategy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

Disclosure - Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2008/2009 financial year ("**Reporting Period**").

Principle 1 - Lay Solid Foundations for Management and Oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Managing Director is responsible for evaluating the senior executives. The Managing Director undertakes the evaluation of senior executives through both formal and informal interview processes and discussions.

Recommendation 1.3:

Companies should provide the information indicated in the Guide to reporting on Principle 1.

Disclosure:

During the Reporting Period, an evaluation of the senior executives did occur in accordance with the process disclosed at Recommendation 1.2 above.

Principle 2 - Structure the Board to Add Value

Recommendation 2.1:

A majority of the Board should be independent directors.

Notification of Departure:

The Board does not have a majority of independent directors.

The independent directors of the Board during the Reporting Period were Richard Rossiter and John Cooke (with Mr Cooke resigning on 5 May 2009). The non independent directors of the Board during the Reporting Period were Terry McConnachie, Louis Carroll, Alistair Ruiters and Grant Button (who was appointed to the Board as an executive director on 5 May 2009).

Accordingly, the Board did not have a majority of independent directors at any time during the Reporting Period. Richard Rossiter is currently the only independent director on the Board.

Explanation for Departure:

During the Reporting Period, there were changes to the Board, in particular one of the Company's non executive directors who was independent (John Cooke), resigned on 5 May 2009. An executive director was appointed (Grant Button) to fill the vacancy left by Mr Cooke. The Company believes that this is the best structure to assist the Company with its current transactions.

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

The independent Chair of the Board is Richard Rossiter.

Recommendation 2.3:

The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

Disclosure:

The Chief Executive Officer (Managing Director) is Terry McConnachie who is not Chair of the Board.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Notification of Departure:

The Company has not established a separate Nomination Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a Nomination Committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chair is responsible for evaluation of the Board and, when deemed appropriate, of Board committees and individual directors. The Nomination Committee (or its equivalent) is responsible for evaluating the Managing Director.

The Board reviews the performance of the directors and the chairman through formal performance evaluation questionnaires completed by individual directors. The Chairman is responsible for collating the information from the questionnaire and taking action if there are any issues raised in the questionnaire.

The Chairman provides informal performance feedback to the directors through regular discussions.

Recommendation 2.6:

Companies should provide the information indicated in the Guide to reporting on Principle 2.

Disclosure:

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The independent directors of the Company during the Reporting Period are (or were) Richard Rossiter and John Cooke (who resigned on 5 May 2009). These directors are (and in the case of Mr Cooke, prior to his departure following his resignation on 5 May 2009) independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Company's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The full Board, in its capacity as the Nomination Committee, held one meeting during the Reporting Period. All members of the Board attended the meeting.

To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

Performance Evaluation

During the Reporting Period an evaluation of the Board, any applicable committees and individual directors took place in accordance with the process disclosed at Recommendation 2.5 above.

Selection and (Re) Appointment of Directors

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. One third of the Directors must retire at each Annual General Meeting. A Director who retires by rotation is eligible for re-election. Re-appointment of directors is not automatic.

Principle 3 - Promote Ethical and Responsible Decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees.

Recommendation 3.3:

Companies should provide the information indicated in the Guide to reporting on Principle 3.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 4 - Safeguard Integrity in Financial Reporting

Recommendation 4.1:

The Board should establish an Audit Committee.

Disclosure:

The Company has established an Audit Committee.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members.

Notification of Departure:

The composition of the Audit Committee does not currently comply with the composition requirements of Recommendation 4.2.

Corporate Governance Statement

Explanation for Departure:

For the Reporting Period until 5 May 2009 the Audit Committee complied with the compositional requirements of Recommendation 4.2. That is, until 5 May 2009, the Audit Committee comprised three non-executive directors, being John Cooke, Richard Rossiter and Alistair Ruiters. Messrs Cooke and Rossiter were independent with Dr Ruiters being non independent.

However, upon the resignation of Mr Cooke on 5 May 2009 the Company was no longer able to comply with the compositional requirements. On 5 May 2009, Mr Button was appointed to the Audit Committee and is the chair of the Audit Committee. Mr Button is an executive of the Company and is not independent.

Accordingly, Mr Rossiter is now the only independent director on the Audit Committee, with Messrs Ruiters and Button being the non independent directors on the Audit Committee.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the Guide to reporting on Principal 4.

Disclosure:

The Audit Committee held two meetings during the Reporting Period. The following table identifies those directors who are members of the Audit Committee and shows their attendance at Committee meetings:

Name	No. of Meetings Attended
John Cooke[1]	2
Richard Rossiter	2
Alistair Ruiters	1
Louis Carroll	2
Grant Button[2]	Nil

Notes: 1) John Cooke was a member of the Audit Committee for the period from 1 July 2009 to 5 May 2009.
2) Grant Button was a member of the Audit Committee for the period from 5 May 2009 to 30 June 2009.

Details of each of the director's qualifications are set out in the Directors' Report.

All Audit Committee members possess industry knowledge and consider themselves to be financially literate. Mr Cooke is a Chartered Accountant and, during his time on the Audit Committee, he brought financial expertise to the Audit Committee.

Mr Button is a qualified Certified Practising Accountant and provides financial expertise required for the Audit Committee.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

Principle 5 - Make Timely and Balanced Disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the Guide to reporting on Principle 5.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 6 - Respect the Rights of Shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the Guide to reporting on Principle 6.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 7 - Recognise and Manage Risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The identification and effective management of risk is viewed as an essential part of the Company's approach to creating long-term shareholder value.

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile and its material business risks. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control. In doing so, the Board has taken the view that it is crucial for all Board members to be a part of this process and as such has not established a separate risk management committee.

Under the policy, the Board delegates the day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is responsible for the establishment and maintenance of a Risk Management Group to assist in the management of risk and to oversee matters relating to risk.
The Risk Management Group is to comprise of senior employees and is to be chaired by the Finance Director. The Managing Director and the Risk Management Group reported to the Board during the Reporting Period on the progress of, and on all matters associated with, management of material business risks. The report to the Board by the Managing Director and the Risk Management Group is now a standing item at each Board meeting. The Managing Director has provided the assurance to the Board, on behalf of management, that the Company's management of its material business risks are effective and appropriate given the risk profile adopted by the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

The Board undertook a detailed assessment of the risks facing the organisation and the risk profile that the Company was prepared to maintain in relation to each of the risks identified. The Board has subsequently undertaken a review of whether the risks of the Company are being adequately managed.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices

Corporate Governance Statement

In light of the Company's recent transactions and takeover reviews, the Company's was required to review and mitigate its risks as a part of the strategy review. The Managing Director and Finance Director also send regular emails which identify risks; these emails are also discussed at the regular management meetings, a report from the management meeting is then drafted, and the latest report presented at the next Board meeting. Further to this the Company will look to formalise its management of material business risks and hopes to have this finalised by the end of the financial reporting period.

As part of the Company's systems and processes for managing material business risk the Board considered the following risk areas and developed risk management policies for each area. The major areas of risk reviewed by the Board and management were operational risk, strategic risk, commodity prices, exchange rates, financial reporting risks, environmental risk, sustainability, company specific risk, compliance, people and market-related risks.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the Guide to reporting on Principle 7.

Disclosure:

The Board has received the report from management under Recommendation 7.2.

The Board has received the assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

Principle 8 - Remunerate Fairly and Responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Notification of Departure:

The Company has not established a separate Remuneration Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a Remuneration Committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur, when convening in the capacity of Remuneration Committee, by ensuring the director with conflicting interests is not party to the relevant discussions.

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. Given the Company's stage of development, activities and financial restrictions, the Company may consider it appropriate to issue unquoted options to non-executive directors, subject to obtaining the relevant approvals. This policy is subject to annual review.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

Recommendation 8.3:

Companies should provide the information indicated in the Guide to reporting on Principle 8.

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The full Board, in its capacity as the Remuneration Committee, held two meetings during the Reporting Period. All members of the Board attended the meetings.

To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter.

The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed.

There are termination benefits for non-executive directors (in addition to superannuation). The benefit for non-executive directors is 12 months salary should their position be terminated.

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

Directors' Declaration

1. In the opinion of the directors of Sylvania Resources Limited (the 'Company'):

   (a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001 including :

      (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year then ended; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2009.

This declaration is signed in accordance with a resolution of the Board of Directors.

T M McConnachie
Managing Director

Johannesburg, South Africa
30 September 2009

Independent Auditor's Report

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of
Sylvania Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Sylvania Resources Limited ("the company"), which comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year ended on that date, and the directors' declaration for both the company and the consolidated entity as set out on pages 46 and 49 to 97. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au Website: http://www.hlb.com.au

Independent Auditor's Report

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

(a) the financial report of Sylvania Resources Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 25 to 34 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Sylvania Resources Limited for the year ended 30 June 2009 complies with section 300A of the Corporations Act 2001.

HLB MANN JUDD
Chartered Accountants

Perth, Western Australia
30 September 2009

W M CLARK
Partner

Income Statement

For the year ended 30 June 2009

		Consolidated		Parent Entity	
		2009	2008	**2009**	2008
	Notes	$	$	$	$
Revenue	2(a)	**19,318,639**	32,789,608	**-**	-
Raw materials and consumables used	2(c)	**(10,849,719)**	(9,129,126)	**-**	-
Share of net profit of jointly controlled entity accounted for using the equity method	24	**317,002**	5,021,508	**-**	-
Profit from operations		**8,785,922**	28,681,990	**-**	-
Foreign exchange loss	2(c)	**(244,303)**	(4,594,987)	**(244,303)**	(4,594,987)
Impairment of available-for-sale financial assets	2(c)	**(1,710,898)**	(2,567,345)	**(1,710,898)**	(2,567,345)
Impairment of investment	2(c)	**-**	-	**(2)**	-
Impairment of loans to subsidiaries		**-**	-	**-**	2,916,291
Share based payment expense	2(c)	(2,744,523)	(673,815)	**(1,183,181)**	(673,815)
Other income	2(b)	**274,743**	(468,376)	**68,915**	1,927,141
Other expenses	2(c)	**(7,526,382)**	(6,060,171)	**(7,157,434)**	(2,739,698)
(Loss) / profit before interest and income tax expense		(3,165,441)	14,317,294	**(10,226,903)**	(5,732,413)
Finance income	2(b)	**2,531,679**	2,729,211	**1,249,935**	2,347,788
Finance costs	2(c)	**(62,142)**	(12,847)		-
(Loss) / profit before income tax expense		(695,904)	17,033,658	**(8,976,968)**	(3,384,625)
Income tax expense	3	(3,060,868)	(5,346,659)	**-**	-
(Loss) / profit after income tax expense		(3,756,772)	11,686,999	**(8,976,968)**	(3,384,625)
Minority interest		**232,699**	(1,824,813)	**-**	-
Net profit / (loss) attributable to the members of the parent		(3,524,073)	9,862,186	**(8,976,968)**	(3,384,625)
Earnings / (loss) per share for profit / (loss) attributable to the ordinary equity holders of the Company:		Cents	Cents		
Basic earnings / (loss) per share	4	(1.97)	5.64		
Diluted earnings / (loss) per share	4	(1.97)	5.57		

The above income statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2009

		Consolidated		Parent Entity	
		2009	2008	**2009**	2008
	Notes	**$**	$	**$**	$
Assets					
Current assets					
Cash and cash equivalents	6	**32,214,884**	43,623,564	**24,929,083**	32,938,264
Trade and other receivables	7	**7,871,069**	15,886,145	**488,401**	743,690
Inventories	8	**441,512**	227,440	**-**	-
Current tax asset		**2,203,701**	-	**-**	-
Total current assets		**42,731,166**	59,737,149	**25,417,484**	33,681,954
Non-current assets					
Available-for-sale financial assets	9	**8,080,416**	2,252,098	**7,879,587**	2,252,098
Investments accounted for using the equity method	24	**3,967,132**	4,404,466	**-**	-
Other financial assets	11	**-**	-	**53,378,832**	50,329,422
Deferred exploration expenditure	12	**1,826,958**	1,728,310	**-**	-
Property, plant & equipment	13	**65,264,576**	29,578,317	**9,122**	22,009
Total non-current assets		**79,139,082**	37,963,191	**61,267,541**	52,603,529
Total assets		**121,870,248**	97,700,340	**86,685,025**	86,285,483
Liabilities					
Current liabilities					
Trade and other payables	14	**7,263,337**	2,654,108	**717,334**	170,544
Borrowings	15	**149,649**	78,074	**-**	-
Current tax liability		**12,114**	1,024,695	**-**	-
Total current liabilities		**7,425,100**	3,756,877	**717,334**	170,544
Non-current liabilities					
Borrowings	15	**234,570**	251,298	**-**	-
Deferred tax liability	3	**7,376,401**	3,543,998	**-**	-
Provisions	16	**912,644**	355,158	**-**	-
Total non-current liabilities		**8,523,615**	4,150,454	**-**	-
Total liabilities		**15,948,715**	7,907,331	**717,334**	170,544
Net assets		**105,921,533**	89,793,009	**85,967,691**	86,114,939
Equity					
Issued capital	17	**117,945,504**	117,274,097	**117,945,504**	117,274,097
Reserves	18	**7,250,196**	(12,458,835)	**9,147,413**	989,100
Accumulated losses	19	**(20,371,139)**	(16,847,066)	**(41,125,226)**	(32,148,258)
Capital and reserves attributable to equity holders of Sylvania Resources Limited		**104,824,561**	87,968,196	**85,967,691**	86,114,939
Minority interest		**1,096,972**	1,824,813	**-**	-
Total equity		**105,921,533**	89,793,009	**85,967,691**	86,114,939

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2009

Consolidated	Issued Capital	Accumulated Losses	Reserves	Minority Equity Interests	Total Equity
		$	$	$	$
Balance as at 1 July 2007	**105,950,221**	**(26,709,252)**	**(1,719,109)**	**-**	**77,521,860**
Shares issued during the year:					
Shares issued	8,760,000	-	-	-	8,760,000
Options exercised	275,000	-	-	-	275,000
Employee share plan loan repaid proceeds	1,614,500	-	-	-	1,614,500
Share based payment reserve transferred to contributed equity	732,008	-	(732,008)	-	-
Less: Capital raising costs	(57,632)	-	-	-	(57,632)
Profit for the period	-	9,862,186	-	1,824,813	11,686,999
Share based compensation reserve	-	-	673,815	-	673,815
Net gains revaluation reserve	-	-	(394,058)	-	(394,058)
Currency translation differences	-	-	(10,287,475)	-	(10,287,475)
Balance as at 1 July 2008	**117,274,097**	**(16,847,066)**	**(12,458,835)**	**1,824,813**	**89,793,009**
Shares issued during the year:					
Options exercised	250,000	-	-	-	250,000
Employee share plan loan repaid - proceeds	143,000	-	-	-	143,000
Share based payment reserve transferred to contributed equity	327,662	-	(327,662)	-	-
Less: Capital raising costs	(49,255)	-	-	-	(49,255)
Loss for the period	-	(3,524,073)	-	(232,699)	(3,756,772)
Minority shareholders premium reserve	-	-	2,388,887	(2,388,887)	-
Share based compensation reserve	-	-	2,744,524	-	2,744,524
Net gains revaluation reserve	-	-	5,853,835	-	5,853,835
Currency translation differences	-	-	9,049,447	1,893,745	10,943,192
Balance at 30 June 2009	**117,945,504**	**(20,371,139)**	**7,250,196**	**1,096,972**	**105,921,533**

Statement of Changes in Equity (continued)
For the year ended 30 June 2009

Parent entity	Issued Capital	Accumulated Losses	Reserves	Total Equity
	$	$	$	$
Balance at 1 July 2007	**105,950,221**	**(28,763,633)**	**1,441,351**	**78,627,939**
Shares issued during the year:				
Shares issued	8,760,000	-	-	8,760,000
Options exercised	275,000	-	-	275,000
Employee share plan loan repaid - proceeds	1,614,500	-	-	1,614,500
Share based payment reserve transferred to contributed equity	732,008	-	(732,008)	-
Less: Capital raising costs	(57,632)	-	-	(57,632)
Profit for the period	-	(3,384,625)	-	(3,384,625)
Share based compensation reserve	-	-	673,815	673,815
Net gains revaluation reserve	-	-	(394,058)	(394,058)
Balance at 1 July 2008	**117,274,097**	**(32,148,258)**	**989,100**	**86,114,939**
Shares issued during the year:				
Options exercised	250,000	-	-	250,000
Employee share plan loan repaid - proceeds	143,000	-	-	143,000
Share based payment reserve transferred to contributed equity	327,662	-	(327,662)	-
Less: Capital raising costs	(49,255)	-	-	(49,255)
Loss for the period	-	(8,976,968)	-	(8,976,968)
Share based compensation reserve	-	-	2,744,524	2,744,524
Net gains revaluation reserve	-	-	5,741,451	5,741,451
Balance at 30 June 2009	**117,945,504**	**(41,125,226)**	**9,147,413**	**85,967,691**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ended 30 June 2009

		Consolidated		Parent Entity	
		2009	2008	**2009**	2008
	Notes	$	$	$	$
Cash flows from operating activities					
Receipts from customers		**29,572,612**	26,158,124	**-**	-
Payments to suppliers and employees		**(9,686,549)**	(18,014,352)	**(3,141,242)**	(3,443,842)
Interest received		**2,914,891**	2,323,557	**1,633,146**	1,942,134
Other revenue		**300,953**	560,826	**177,670**	101,822
Income tax paid		**(3,248,283)**	(494,377)	**-**	-
Net cash inflow / (outflow) from operating activities	22	**19,853,624**	10,533,778	**(1,330,426)**	(1,399,886)
Cash flows from investing activities					
Payments for property, plant & equipment		**(30,647,410)**	(12,085,962)	**(6,257)**	(12,162)
Payments for available-for-sale financial assets		**(1,616,297)**	(4,715,559)	**(1,616,297)**	(4,715,559)
Payments for exploration and evaluation		**(123,396)**	(375,006)	**-**	-
Payments for mineral rights		**-**	(303,474)	**-**	-
Loans to related parties		**(544,458)**	(1,314,311)	**(3,124)**	-
Loans to subsidiaries		**-**	-	**(4,878,048)**	(10,201,448)
Proceeds from sale of exploration asset		**316,600**	-	**-**	-
Proceeds from sale of available-for-sale financial assets		**25,280**	345,000	**25,280**	345,000
Repayment of loan from related party		**3,612**	-	**-**	-
Net cash (outflow) from investing activities		**(32,586,069)**	(18,449,312)	**(6,478,446)**	(14,584,169)
Cash flows from financing activities					
Proceeds from issue of shares		**93,000**	1,814,500	**93,000**	1,814,500
Capital raising costs		**(49,255)**	(57,632)	**(49,255)**	(57,632)
Net cash inflow from financing activities		**43,745**	1,756,868	**43,745**	1,756,868
Net (decrease) / increase in cash held		**(12,688,700)**	(6,158,666)	**(7,765,127)**	(14,227,187)
Foreign exchange movement		**1,280,020**	(6,443,563)	**(244,054)**	(4,594,987)
Cash at the beginning of the financial year		**43,623,564**	56,225,793	**32,938,264**	51,760,438
Cash at the end of the financial year	6	**32,214,884**	43,623,564	**24,929,083**	32,938,264

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2009

1. Significant Accounting Policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value. The Company is a listed public company incorporated and domiciled in Australia, and operating in South Africa. The financial statements are presented in Australian dollars and were authorised for issue by the directors on 30 September 2009.

(b) Adoption of new and revised standards

Changes in Accounting Policies on Initial Application of Accounting Standards

In the year ended 30 June 2009, the Group has reviewed all the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2009. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised by the Board of directors for issue on 30 September 2009.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Sylvania Resources Limited and its subsidiaries as at 30 June each year (the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Minority interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet.

(e) Significant accounting judgements estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions detailed in Note 20.

(ii) Provision for restoration and rehabilitation and dismantling plant and equipment:

Provision for restoration and rehabilitation and dismantling plant and equipment is estimated taking into account estimates of expenditure based on information available at the balance sheet date. The estimate is based on the expenditure required to undertake the rehabilitation and dismantling, after taking into account the time value of money.

1. Significant Accounting Policies (continued)

(iii) Treatment of minority shareholder entitlements

As referred to in the Directors' report, under the terms of two shareholder agreements signed 10 January 2007, Ehlobo Metals (Pty) Limited ('Ehlobo') acquired a 26% interest in both Sylvania Metals (Pty) Limited ('Sylvania Metals') and Sylvania Minerals (Pty) Limited ('Sylvania Minerals').

Under the terms of the agreements, Ehlobo committed to contribute $10.1 million (R64 million) towards the initial capital requirements of Sylvania Metals and Sylvania Minerals. As at the date of this report, the required contribution by Ehlobo has not been received. Sylvania has the right under the original agreements at its sole discretion to terminate the agreement with Ehlobo should it not fulfil its capital commitment and to put in place a new BEE partner(s).

The directors of the Company are in current negotiations with the shareholders of Ehlobo and intend to conclude a new agreement which will have the effect of reducing Ehlobo's minority shareholder entitlements by an amount which is reflective of the non-payment by Ehlobo of its contractually agreed capital contribution.

At the date of this report the Company has not yet concluded a new agreement although it is considered probable that this will occur in the near term. The directors are of the view, however, that due to the non-payment of Ehlobo's capital contribution it is inappropriate to attribute to them a full 26% of the equity and results of Sylvania Metals and Sylvania Minerals.

Accordingly, the directors have calculated a best estimate of the amount that is considered attributable to the minority. This estimate is on the basis of the full share of the equity less a profit reduction equivalent to an amount calculated using the South African Prime Lending rate on the commitment outstanding since the due date.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Borrowing costs

Borrowing costs are recognised as an expense when incurred except those that relate to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs - refer Note 1(g).

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(i) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the Financial Statements
For the year ended 30 June 2009

1. Significant Accounting Policies (continued)

(j) Trade and other receivable

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials – purchase cost on first-in, first-out basis; and
- Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Foreign currency translation

Both the functional and presentation currency of the Company and its Australian controlled entity is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the parent Company's financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

The functional currency of the foreign operations is South African Rand (ZAR).

As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(m) Interest in jointly controlled entities

The Group's interests in jointly subsidiaries are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in jointly controlled entities are brought to account using the cost method. Where the Group acquires an interest in a jointly controlled entity, the acquisition cost is amortised on a basis consistent with the method of amortisation used by the jointly controlled entity in respect to assets to which the acquisition costs relate.

1. Significant Accounting Policies (continued)

(n) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(o) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

1. Significant Accounting Policies (continued)

(p) Property, plant and equipment

The costs of acquiring mining properties are capitalised in the balance sheet as incurred. Mining properties are, upon commencement of production, amortised over the remaining life of respective assets on a unit of production basis. The net carrying amounts of mining properties are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may not be recoverable.
To the extent to which these values exceed their recoverable amounts, that excess is fully provided for in the financial year in which this is determined.

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment - 10% to 37%

Furniture and fittings - 7.5%

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line.

(ii) Revaluations

Where applicable, fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the re-valued carrying amounts of the assets and depreciation based on the assets' original costs.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the re-valued amounts of the assets.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

(iii) De-recognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

1. Significant Accounting Policies (continued)

(q) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(ii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified in any other category. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(r) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is charged directly to the revaluation reserve to the extent that it reverses a previous revaluation surplus relating to the same assets).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1. Significant Accounting Policies (continued)

(s) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(t) Provisions

Where applicable, provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(u) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(v) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees and consultants (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees and consultants is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black and Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding shares and options issued is reflected as additional share dilution in the computation of earnings per share (see Note 4).

1. Significant Accounting Policies (continued)

(w) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

(y) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(z) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

(aa) Exploration and evaluation expenditure

The Group's policy with respect to exploration and evaluation expenditure is to use the "area of interest" method. Under this method, exploration and evaluation costs are carried forward on the following basis:

(i) Each area of interest is considered separately when deciding whether and to what extent to carry forward or write off exploration and evaluation costs;

(ii) Exploration and evaluation costs related to an area of interest are carried forward provided that rights to tenure of the area of interest are current and provided further that one of the following conditions are met:

- such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively, by its sale;
- exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and evaluation costs accumulated in respect to each particular area of interest include only net direct expenditure.

(iii) The carrying values of exploration and evaluation costs are reviewed by directors where results of exploration and/or evaluation of an area of interest are sufficiently advanced to permit a reasonable estimate of the costs expected to be recouped through successful development and exploitation of the area of interest or by its sale. Expenditure in excess of this estimate is written off to the income statement in the year in which the review occurs.

Notes to the Financial Statements
For the year ended 30 June 2009

2. Revenue and Expenses

		Consolidated		Parent Entity	
		2009 $	2008 $	**2009 $**	2008 $
(a)	**Revenue**				
	Sale of goods	**19,318,639**	32,789,608	-	-
(b)	**Other income**				
	Finance income	**2,531,679**	2,729,211	**1,249,935**	2,347,788
	Sale of mining tenements	**82,545**	-	-	-
	Net gain / (loss) on disposal of non-current asset	**(13,272)**	(5,508)	**(13,272)**	(5,508)
	Net gain / (loss) on sale of available-for-sale financial assets	**5,918**	(503,267)	**5,918**	(503,267)
	Administration recovery	**64,690**	-	**64,690**	2,435,916
	Management fee received	-	40,398	-	-
	Sundry income	-	-	**11,579**	-
	Reduction in decommissioning costs	**134,862**	-	-	-
(c)	**Expenses**				
	Profit / (loss) from ordinary activities before income tax expense includes the following specific expenses:				
	Consulting	**2,335,837**	1,298,940	**1,352,898**	839,437
	Depreciation – plant and equipment	**1,696,065**	1,505,716	**5,872**	8,848
	Depreciation – other assets	**157,667**	-	-	-
	Finance costs	**62,142**	12,847	-	-
	Foreign exchange loss	**244,303**	4,594,987	**244,303**	4,594,987
	Operating lease payments	**273,929**	281,837	**117,524**	134,997
	Impairment of available-for-sale financial asset	**1,710,898**	2,567,345	**1,710,898**	2,567,345
	Impairment of loans to subsidiaries	-	-	-	(2,916,291)
	Impairment on investment in subsidiary	-	-	**2**	-
	Share based payments expense	**2,744,523**	673,815	**1,183,181**	673,815
	Superannuation expense	**20,826**	18,565	**20,826**	18,565

3. Income Tax

	Consolidated		Parent Entity	
	2009 **$**	2008 $	**2009** **$**	2008 $
Major components of tax expense for the years ended 30 June 2009 and 2008				
Income Statements				
Income tax recognised in profit or loss				
Current income tax charge	**(270,019)**	1,332,607	**(281,575)**	141,709
Adjustments in respect of current income tax of previous year	**(20,445)**	(36,729)	**-**	(42,340)
Translation of foreign operations	**(2,809,748)**	-	**-**	-
Deferred tax expense/(income) relating to origination and reversal of temporary differences	**6,205,732**	3,336,967	**361,983**	(1,661,665)
Tax losses not previously recognised now brought to account	**-**	47,102	**-**	-
Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior year period that is used to reduce:				
current tax expense	**-**		**-**	
deferred tax expense	**(82,429)**		**(80,408)**	
Write downs/(reversal of write-downs) of deferred tax assets	**37,777**	666,712	**-**	1,562,296
Total tax expense/ (benefit)	**3,060,868**	5,346,659	**-**	-
The prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax expense in the financial statements as follows:				
Accounting profit/(loss)	**(695,904)**	17,033,658	**(8,976,968)**	(3,384,625)
Tax expense (revenue) at statutory rate of 30%	**(208,771)**	5,110,098	**(2,693,090)**	(1,015,388)
Non-deductible expenses	**3,202,634**	(428,037)	**2,773,498**	(492,081)
Benefit of tax losses and timing differences not brought to account	**67,005**	664,598	**(80,408)**	1,507,469
Income tax expense	**3,060,868**	5,346,659	**-**	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this rate since the previous reporting period.

Income tax recognised directly in equity:				
The following amounts were charged / (credited) directly to equity during the period:				
Current tax				
- translation of foreign operation	**(2,809,748)**	-	**-**	-
Deferred tax				
- translation of foreign operation	**2,047,101**	135,711	**-**	-
	(762,647)	135,711	**-**	-

3. Income Tax (continued)

	Consolidated		Parent Entity	
	2009 $	2008 $	**2009 $**	2008 $
Deferred tax assets comprise:				
Deferred gains and losses on foreign exchange contracts	**15,809**	130,771	**15,809**	130,771
Losses available for offset against future taxable income	**535,110**	2,496,297	**-**	-
Other	**76,081**	23,049	**-**	-
	627,000	2,650,117	**15,809**	130,771
Set-off against deferred tax liabilities	**(627,000)**	(2,650,117)	**(15,809)**	(130,771)
	-	-	**-**	-
Deferred tax liabilities comprise:				
Deferred gains and losses on foreign exchange contracts	**2,945,387**	-	**-**	-
Deferred exploration expenditure	**-**	324,810	**-**	-
Plant, mining and equipment	**5,042,205**	5,738,533	**-**	-
Other	**15,809**	130,772	**15,809**	130,772
	8,003,401	6,194,115	**15,809**	130,772
Set-off deferred tax assets	**(627,000)**	(2,650,117)	**(15,809)**	(130,772)
	7,376,401	3,543,998	**-**	-

The Group has estimated tax losses arising in Australia of $5,138,573 (2008: $3,814,700) that are available indefinitely for offset against future taxable profits of the company in which the losses arose.

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in respect of the following items:				
Deductible temporary differences	**2,178,513**	2,650,113	**2,178,513**	2,650,113
Tax losses	**1,639,778**	1,197,060	**1,541,572**	1,144,410
Capital losses	**754,091**	611,624	**754,091**	611,624
	4,572,382	4,458,797	**4,474,176**	4,406,147

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future tax profits will be available against which the Group can utilise the benefits thereof.

Tax Consolidation

Sylvania Resources Limited and its 100% owned Australian resident controlled entity have formed a tax consolidated group with effect from 1 July 2003. Sylvania Resources Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned controlled entity on a pro rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

3. Income Tax (continued)

Reconciliation of deferred tax assets/(liabilities):

	Consolidated				
2009	**Opening Balance $**	**Charged to Income Statement $**	**Charged to Equity $**	**Exchange Difference $**	**Closing Balance $**
Temporary differences	(301,762)	(4,341,271)	2,161,918	(388,193)	(2,869,307)
Plant, mining and equipment	(5,738,533)	(1,219,133)	1,988,772	(83,310)	(5,042,204)
Tax losses	2,496,297	(319,100)	(1,631,283)	(10,803)	535,110
	(3,543,998)	(5,879,504)	2,529,407	(482,307)	(7,376,401)

	Consolidated				
2008	Opening Balance $	Charged to Income Statement $	Charged to Equity $	Exchange Difference $	Closing Balance $
Temporary differences	-	(319,632)	-	17,870	(301,762)
Plant, mining and equipment	97,926	(6,301,448)	-	464,989	(5,738,533)
Tax losses	372,514	2,470,931	-	(347,148)	2,496,297
	470,440	(4,150,149)	-	135,711	(3,543,998)

	Parent			
2009	**Opening balance $**	**Charged to Income Statement $**	**Exchange Difference $**	**Closing Balance $**
Temporary differences	-	-	-	-
Plant, mining and equipment	-	-	-	-
Tax losses	-	-	-	-
	-	-	-	-

	Parent			
2008	Opening Balance $	Charged to Income Statement $	Exchange Difference $	Closing Balance $
Temporary differences	-	-	-	-
Plant, mining and equipment	-	-	-	-
Tax losses	-	-	-	-
	-	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2009

4. Earnings Per Share

	Consolidated	
	2009 **Cents Per Share**	2008 Cents Per Share
Basic earnings / (loss) per share - cents per share	(1.97)	5.64
Diluted earnings / (loss) per share – cents per share	(1.97)	5.57
	2009 $	2008 $
Reconciliations of earnings /(loss) used in calculating earnings / (loss) per share		
Profit / (loss) attributable to the ordinary equity holders of the company used in calculating basic earnings / (loss) per share	(3,524,073)	9,862,186
Profit / (loss) attributable to the ordinary equity holders of the company used in calculating diluted earnings / (loss) per share	(3,524,073)	9,862,186
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings / (loss) per share	178,854,273	174,879,972
Adjustment for calculation of diluted earnings per share	-	2,260,882
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings / (loss) per share	-	177,140,854

Diluted loss per share

At 30 June 2009 the Group has recorded a loss. Therefore, potential ordinary shares on issue in relation to options are not diluted and no information on diluted loss per share is presented.

5. Segment Reporting

Segment Information

The Group's primary segment reporting format is geographical segments.

Geographical Segments

The following table presents revenue, results and certain asset and liability information regarding geographical segments for the years ended 30 June 2009 and 2008.

	Continuing Operations			
	Australia	South Africa	Inter-segment Eliminations	Total Operations
2009	$	$	$	$
Segment revenue				
Sale of goods	-	19,318,639	-	19,318,639
Other revenue	1,318,850	3,825,600	(2,338,028)	2,806,422
Share of net profit from jointly controlled entity accounted for on an equity basis	-	317,002	-	317,002
Consolidated revenue	1,318,850	23,461,241	(2,338,028)	22,442,063
Segment results				
(Loss) / profit before tax	(8,976,968)	20,004,427	(11,723,363)	(695,904)
Income tax expense	-	(5,870,615)	2,809,747	(3,060,868)
Profit for the year	(8,976,968)	14,133,812	(8,913,616)	(3,756,772)
Segment assets and liabilities				
Segment assets	86,495,680	88,533,455	(53,158,887)	121,870,248
Segment liabilities	717,334	67,018,269	(51,786,888)	15,948,715
Other segment information				
Depreciation and amortisation	5,872	1,847,860	-	1,853,732
Finance costs	-	62,142	-	62,142
Foreign exchange losses	244,303	(10,034,813)	10,034,813	244,303
Impairment of available-for-sale financial asset	1,710,898	-	-	1,710,898
Impairment of investment in subsidiaries	2	-	(2)	-
Management fees	3,401,993	(3,529,202)	127,209	-
Share based payment expenses	1,183,179	1,561,344	-	2,744,523
Investment in jointly controlled entity	-	3,967,132	-	3,967,132

Notes to the Financial Statements
For the year ended 30 June 2009

5. Segment Reporting (continued)

	Continuing Operations			
	Australia	South Africa	Inter-segment Eliminations	Total Operations
2008	$	$	$	$
Segment revenue				
Sale of goods	-	32,789,608	-	32,789,608
Other revenue	4,274,929	2,813,342	(4,827,437)	2,260,834
Share of net profit from jointly controlled entity accounted for on an equity basis	-	5,021,508	-	5,021,508
Consolidated revenue	4,274,929	40,624,458	(4,827,437)	40,071,950
Segment results				
Profit before tax	(3,384,625)	13,025,713	7,392,570	17,033,658
Income tax expense	-	(2,817,253)	(2,529,406)	(5,346,659)
Profit for the year	(3,384,625)	10,208,460	4,863,164	11,686,999
Segment assets and liabilities				
Segment assets	86,285,483	61,770,467	(50,355,610)	97,700,340
Segment liabilities	170,544	56,262,771	(48,525,984)	7,907,331
Other segment information				
Depreciation and amortisation	8,848	1,496,868	-	1,505,716
Finance costs	-	12,847	-	12,847
Foreign exchange losses	4,594,987	9,995,707	(9,995,707)	4,594,987
Impairment of available-for-sale financial asset	2,567,345	-	-	2,567,345
Impairment of loans to subsidiaries	(2,916,291)	-	2,916,291	-
Management fees	(2,435,916)	2,749,070	(313,154)	-
Share based payment expenses	673,815	-	-	673,815
Investment in jointly controlled entity	-	4,404,466	-	4,404,466

6. Cash and Cash Equivalents

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	$	$
Cash at bank and on hand	**4,046,199**	11,873,179	**2,413,536**	1,187,879
Short term deposits	**28,168,685**	31,750,385	**22,515,547**	31,750,385
	32,214,884	43,623,564	**24,929,083**	32,938,264

(a) Reconciliation to cash flow statement

The above figures agree to cash at the end of the financial year as shown in the cash flow statement	**32,214,884**	43,623,564	**24,929,083**	32,938,264

(b) Cash at bank and on hand

These are bearing interest rates of between 0.15% and 5% (2008: 4.25% and 6.5%).

(c) Deposits on call

The deposits are bearing floating interest rates between 1% and 7.15% (2008: 5.75% and 6.85%). These deposits have a maturity between 30 and 90 days.

7. Trade and Other Receivables

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Trade receivable	**5,903,252**	14,602,935	**4,245**	-
Other receivables	**414,699**	1,257,520	**43,583**	738,312
Prepayments	**1,553,118**	25,690	**440,573**	5,378
	7,871,069	15,886,145	**488,401**	743,690

No trade receivables are past their contractual terms at 30 June 2009.

8. Inventories

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Finished goods stock	**-**	34,109	**-**	-
Stores and materials	**441,512**	193,331	**-**	-
	441,512	227,440	**-**	-

Finished stock

Concentrate in holding tank awaiting despatch.

Store materials

Strategic spares held in stock for engineering breakdowns. Spares and materials are carried at the lower of cost or net realisable value.

9. Available for Sale Financial Assets

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Available for sale investments carried at fair value				
Listed shares	**8,080,416**	2,252,098	**7,879,587**	1,972,435
Listed options	**-**	-	**-**	279,663
	8,080,416	2,252,098	**7,879,587**	2,252,098

Available for sale financial assets consist of investments in ordinary shares and options, and therefore have no fixed maturity date or coupon rate.

10. Investments Accounted for Using the Equity Method

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Interest in jointly controlled entity (refer to note 24)	**3,967,132**	4,404,466	**-**	-

11. Other Financial Assets

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Investments in subsidiaries				
Investment in subsidiaries (refer to note 28)	-	-	3,061,350	1,500,004
Impairment of investment in subsidiaries	-	-	(1,500,006)	(1,500,004)
	-	-	1,561,344	-
Loans carried at amortised cost				
Loans receivable from subsidiaries (refer to note 28)	-	-	51,817,488	50,329,422
	-	-	51,817,488	50,329,422
Total other financial assets	-	-	53,378,832	50,329,422

12. Deferred Exploration Expenditure

	Mineral Rights	Deferred Exploration Expenditure	Total
2009	$	$	$
Balance at beginning of financial year	568,274	1,160,036	1,728,310
Disposal of mining rights	(303,474)	-	(303,474)
Foreign currency movements	51,800	232,608	284,408
Direct expenditure for the year	-	117,714	117,714
Balance at end of financial year	316,600	1,510,358	1,826,958

	Mineral Rights	Deferred Exploration Expenditure	Total
2008	$	$	$
Balance at beginning of financial year	333,600	988,996	1,322,596
Foreign currency movements	(68,800)	(203,966)	(272,766)
Direct expenditure for the year	303,474	375,006	678,480
Balance at end of financial year	568,274	1,160,036	1,728,310

Ultimate recovery of exploration and evaluation expenditure carried forward is dependent upon the recoupment of costs through successful development and commercial exploitation, or alternatively, by sale of the respective areas.

13. Property, Plant and Equipment

Consolidated	Mining Property	Construction in Progress	Plant and Equipment	Equipment	Leasehold Improve-ments	Computer Equipment and Software	Furniture and Fittings	Office Equipment	Motor Vehicles	TOTAL
2009	$	$	$	$	$	$	$	$	$	$
At 1 July 2008										
Cost or fair value	8,685,342	6,811,505	15,185,495	235,076	36,013	85,351	53,422	66,871	335,958	31,495,033
Accumulated Depreciation	-	-	(1,738,616)	(15,119)	(5,735)	(30,619)	(13,869)	(25,382)	(87,376)	(1,916,716)
Net book value	8,685,342	6,811,505	13,446,879	219,957	30,278	54,732	39,553	41,489	248,582	29,578,317
Year ended 30 June 2009										
Opening net book value	8,685,342	6,811,505	13,446,879	219,957	30,278	54,732	39,553	41,489	248,582	29,578,317
Exchange differences	1,699,021	2,679,492	2,665,406	38,432	5,134	11,453	7,009	5,263	50,150	7,161,360
Additions	-	28,582,024	1,569,897	-	-	58,918	-	37,594	144,693	30,393,126
Disposals	-	-	-	-	-	(4,003)	-	(10,492)	-	(14,495)
Reallocations between asset classes	-	-	-	-	-	-	(1,826)	1,826	-	-
Depreciation charge	-	-	(1,656,713)	(39,352)	(7,532)	(20,682)	(9,878)	(16,817)	(102,758)	(1,853,732)
	10,384,363	38,073,021	16,025,469	219,037	27,880	100,418	34,858	58,863	340,667	65,264,576
At 30 June 2009										
Cost or fair value	10,384,363	38,073,021	19,420,798	273,508	41,147	151,719	58,605	101,062	530,801	69,035,024
Accumulated Depreciation	-	-	(3,395,329)	(54,471)	(13,267)	(51,301)	(23,747)	(42,199)	(190,134)	(3,770,448)
	10,384,363	38,073,021	16,025,469	219,037	27,880	100,418	34,858	58,863	340,667	65,264,576

Notes to the Financial Statements
For the year ended 30 June 2009

13. Property, Plant and Equipment (continued)

Consolidated	Mining Property	Construction in Progress	Plant and Equipment	Equipment	Leasehold Improve-ments	Computer Equipment and Software	Furniture and fFttings	Office Equipment	Motor Vehicles	TOTAL
2008	$	$	$	$	$	$	$	$	$	$
At 1 July 2007										
Cost or fair value	-	12,447,457	3,481,592	-	-	42,114	36,048	43,176	224,811	16,275,198
Accumulated Depreciation	-	-	(337,678)	-	-	(10,881)	(5,628)	(12,254)	(44,559)	(411,000)
Net book value	-	12,447,457	3,143,914	-	-	31,233	30,420	30,922	180,252	15,864,198
Year ended 30 June 2008										
Opening net book value	-	12,447,457	3,143,914	-	-	31,233	30,420	30,922	180,252	15,864,198
Exchange differences	(74,658)	(2,410,776)	(3,001,150)	(41,200)	(5,616)	(12,319)	(9,869)	(5,661)	(64,877)	(5,626,126)
Additions	8,760,000	7,650,203	3,829,674	276,276	41,629	55,556	32,751	29,356	176,024	20,851,469
Disposals	-	-	-	-	-	-	(5,508)	-	-	(5,508)
Reallocations between asset classes	-	(10,875,379)	10,875,379	-	-	-	-	-	-	-
Depreciation charge	-	-	(1,400,938)	(15,119)	(5,735)	(19,738)	(8,241)	(13,128)	(42,817)	(1,505,716)
	8,685,342	6,811,505	13,446,879	219,957	30,278	54,732	39,553	41,489	248,582	29,578,317
At 30 June 2008										
Cost or fair value	8,685,342	6,811,505	15,185,495	235,076	36,013	85,351	53,422	66,871	335,958	31,495,033
Accumulated Depreciation	-	-	(1,738,616)	(15,119)	(5,735)	(30,619)	(13,869)	(25,382)	(87,376)	(1,916,716)
	8,685,342	6,811,505	13,446,879	219,957	30,278	54,732	39,553	41,489	248,582	29,578,317

13. Property, Plant and Equipment (continued)

Parent	Mining Property	Construction in Progress	Plant and Equipment	Equipment	Leasehold Improve-ments	Computer Equipment and Software	Furniture and fFttings	Office Equipment	Motor Vehicles	TOTAL
2009	$	$	$	$	$	$	$	$	$	$
At 1 July 2008										
Cost or fair value	-	-	-	-	-	5,932	-	34,557	-	40,489
Accumulated Depreciation	-	-	-	-	-	(2,596)	-	(15,884)	-	(18,480)
Net book value	-	-	-	-	-	3,336	-	18,673	-	22,009
Year ended 30 June 2009										
Opening net book value	-	-	-	-	-	3,336	-	18,673	-	22,009
Exchange differences	-	-	-	-	-		-		-	-
Additions	-	-	-	-	-	-	-	6,257	-	6,257
Disposals	-	-	-	-	-	(2,780)	-	(10,492)	-	(13,272)
Reallocations between asset classes	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-	-	(556)	-	(5,316)	-	(5,872)
	-	-	-	-	-	-	-	9,122	-	9,122
At 30 June 2009										
Cost or fair value	-	-	-	-	-	-	-	13,993	-	13,993
Accumulated Depreciation	-	-	-	-	-	-	-	(4,871)	-	(4,871)
	-	-	-	-	-	-	-	9,122	-	9,122

Notes to the Financial Statements

For the year ended 30 June 2009

13. Property, Plant and Equipment (continued)

Parent	Mining Property	Construction in Progress	Plant and Equipment	Equipment	Leasehold Improve-ments	Computer Equipment and Software	Furniture and Fittings	Office Equipment	Motor Vehicles	TOTAL
2008	$	$	$	$	$	$	$	$	$	$
At 1 July 2007										
Cost or fair value	-	-	-	-	-	4,151	6,365	24,176	-	34,692
Accumulated Depreciation	-	-	-	-	-	(1,296)	(410)	(8,783)	-	(10,489)
Net book value	-	-	-	-	-	2,855	5,955	15,393	-	24,203
Year ended 30 June 2008										
Opening net book value	-	-	-	-	-	2,855	5,955	15,393	-	24,203
Exchange differences	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	1,781	-	10,381	-	12,162
Disposals	-	-	-	-	-	-	(5,508)	-	-	(5,508)
Reallocations between asset classes	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-	-	(1,300)	(447)	(7,101)	-	(8,848)
	-	-	-	-	-	3,336	-	18,673	-	22,009
At 30 June 2008										
Cost or fair value	-	-	-	-	-	5,932	-	34,557	-	40,489
Accumulated Depreciation	-	-	-	-	-	(2,596)	-	(15,884)	-	(18,480)
	-	-	-	-	-	3,336	-	18,673	-	22,009

(a) Leased Assets

Equipment and motor vehicles include the following amounts where the Group is a lessee under a finance lease:

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Equipment				
Cost	**196,688**	106,251	-	-
Accumulated Depreciation	**(72,027)**	(3,542)	-	-
	124,661	102,709	-	-
Motor vehicles				
Cost	**322,150**	233,384	-	-
Accumulated Depreciation	**(62,258)**	(33,808)	-	-
	259,892	199,576	-	-

13. Property, Plant and Equipment (continued)

	Future Minimum Lease Payments Due	Finance Charges	Present Value of Minimum Lease Payments Due
	$	$	$
At 30 June 2009			
Due within one year	178,727	(29,078)	149,649
Due between one and five years	258,727	(24,157)	234,570
	437,454	(53,235)	384,219
At 30 June 2008			
Due within one year	121,118	(43,044)	78,074
Due between one and five years	307,757	(56,459)	251,298
	428,875	(99,503)	329,372

(b) Non-current assets pledged as security

Leased assets are pledged as security for the related finance lease liability. No other non-current assets are pledged as security for any liabilities.

(c) Change in useful lives

The useful life of plant is recognised as being 10 years.

14. Trade and Other Payables

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	$	$
Trade payables	4,968,534	1,405,985	112,190	127,157
Other payables	2,294,803	1,248,123	605,144	43,387
	7,263,337	2,654,108	717,334	170,544

15. Borrowings

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	$	$
Secured				
Current liabilities				
Payable within one year (Refer to Note 23)	149,649	78,074	-	-
Non-current liabilities				
Payable within 1-5 years (Refer to Note 23)	234,570	251,298	-	-

Notes to the Financial Statements
For the year ended 30 June 2009

16. Provisions

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Provision for rehabilitation	**912,644**	355,158	**-**	-
Movement in provision				
Balance at beginning of financial year	**355,158**	-	**-**	-
Arising during the year	**557,486**	355,158	**-**	-
Balance at end of financial year	**912,644**	355,158	**-**	-

Provision is made for close down, restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the balance sheet date.

Rehabilitation is performed and paid for on an on-going basis as mining properties are depleted. The majority of the rehabilitation will be undertaken progressively over the life of the mine during the depletion of each respective mining property. It is expected that the life of each mine could vary between 5 and 50 years.

17. Issued Capital

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	No of Shares	No of Shares	**$**	$
(a) Share Capital				
Ordinary shares				
Ordinary shares fully paid	**179,354,273**	178,584,273	**117,945,504**	117,274,097
Employee share plan shares	**2,808,000**	1,428,000	**-**	-
	182,162,273	180,012,273	**117,945,504**	117,274,097

Holders of ordinary shares are entitled to receive dividends as declared from time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the parent entity, ordinary shareholders rank after all creditors and are fully entitled to any proceeds on liquidation.

(b) Movements in ordinary share capital

Date	Details	Number of Shares	Issue Price	$
1 July 2008	Opening balance	178,584,273		117,274,097
1 July 2008	Employee share loan repaid – transferred to ordinary shares	250,000	$0.50	125,000
	Transfer from share based payments reserve			41,270
1 July 2008	Employee share loan repaid – transferred to ordinary shares	20,000	$0.90	18,000
	Transfer from share based payments reserve			4,538
30 June 2009	Exercise of options 2006	500,000	$0.50	250,000
	Transfer from share based payments reserve			281,854
	Transaction costs			(49,255)
	On issue at the end of the year	**179,354,273**		**117,945,504**

17. Issued Capital (continued)

(c) Movements in Employee Share Plan Shares issued with Limited Recourse Employee Loans

Date	Details	Number of Shares	Issue Price
1 July 2008	On issue at beginning of the year	1,428,000	
1 July 2008	Employee share plan loan repaid - shares transferred to ordinary share capital	(250,000)	$0.50
1 July 2008	Employee share plan loan repaid - shares transferred to ordinary share capital	(20,000)	$0.90
18 August 2008	Employee share plan issue	950,000	$1.63
23 December 2008	Employee share plan issue	700,000	$1.63
	On issue at the end of the year	**2,808,000**	

Information relating to the employee share plan, including details of shares issued under the plan, is set out in note 20.

Share Options	Number of Options	
	2009	2008
Employee option plan options exercisable (refer note 20)		
-at $0.50 per share on or before 20 June 2008	-	500,000
-at $0.75 per share on or before 30 June 2010	-	600,000
-at $2.89 per share on or before 30 June 2011	-	400,000
-at $2.67 per share on or before 30 June 2011	-	600,000
-at $1.63 per share on or before 30 June 2011	5,633,000	-
-at $1.05 per share on or before 30 June 2012	6,000,000	-
	11,633,000	2,100,000

Information relating to the employee option plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 20.

18. Reserves

Consolidated	Net Unrealised Gains Reserve	Share Based Payments Reserve	Currency Translation Reserve	Minority Shareholders Premium Reserve	Total
	$	$	$	$	$
At 30 June 2007	394,058	1,047,293	(3,160,460)	-	(1,719,109)
Unrealised gain / (loss) on available-for-sale financial assets	(394,058)	-	-	-	(394,058)
Currency translation differences	-	-	(10,287,475)	-	(10,287,475)
Share and option-based payments transferred to share capital	-	(732,008)	-	-	(732,008)
Share and option-based payments	-	673,815	-	-	673,815
At 30 June 2008	-	989,100	(13,447,935)	-	(12,458,835)
Unrealised gain / (loss) on available-for-sale financial assets	5,853,835	-	-	-	5,853,835
Currency translation differences	-	-	9,049,447	-	9,049,447
Minority shareholders premium reserve	-	-	-	2,388,887	2,388,887
Share and option-based payments transferred to share capital	-	(327,662)	-	-	(327,662)
Share and option-based payments expense	-	2,744,524	-	-	2,744,524
At 30 June 2009	**5,853,835**	**3,405,962**	**(4,398,488)**	**2,388,887**	**7,250,196**

Parent	Net Unrealised Gains Reserve	Equity Benefits Reserve	Total
	$	$	$
At 30 June 2007	394,058	1,047,293	1,441,351
Unrealised gain / (loss) on available-for-sale financial assets	(394,058)	-	(394,058)
Share and option-based payments transferred to share capital	-	(732,008)	(732,008)
Share and option-based payments expense	-	673,815	673,815
At 30 June 2008	-	989,100	989,100
Unrealised gain / (loss) on available-for-sale financial assets	5,741,451	-	5,741,451
Share and option-based payments transferred to share capital	-	(327,662)	(327,662)
Share and option-based payments expense	-	2,744,524	2,744,524
At 30 June 2009	**5,741,451**	**3,405,962**	**9,147,413**

Nature and purpose of reserves

- **Net unrealised gains reserve**
  This reserve records fair value changes on available for sale investments.
- **Foreign currency translation reserve**
  The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign controlled entities.
- **Employee equity benefits reserve**
  This reserve is used to record the value of equity benefits provided to employees, consultants and directors as part of their remuneration. Refer note 27.
- **Minority shareholders premium reserve**
  This reserve arises as a result of the adjustment made to the interest of minority shareholders in the equity of Sylvania Metals (Pty) Ltd and Sylvania Minerals (Pty) Ltd as detailed in note 1(e)(iii).

19. Accumulated Losses

	2009 $	2008 $	2009 $	2008 $
Balance as at 1 July	(16,847,066)	(26,709,252)	(32,148,258)	(28,763,633)
Net profit / (loss) for the year	(3,524,073)	9,862,186	(8,976,968)	(3,384,625)
Balance as at 30 June	(20,371,139)	(16,847,066)	(41,125,226)	(32,148,258)

20. Share Based Payments

(a) Employee Option Plan

An employee incentive option plan was approved at the 2007 annual general meeting.

Participants of the option plan are determined by the Board and can be employees and directors of, or consultants to, the Company or a controlled entity. The Board considers length of service, seniority, responsibilities, potential contribution and any other relevant matters in determining eligibility of potential participants. The Board has sole responsibility to determine the number of options and terms and conditions of options granted to any participant.

The options issued under the option plan will be granted free of charge. The exercise price for the options is to be not less than the weighted average share price for the last five trading days immediately preceding the options being offered to the participant.

The expiry date of the options will be determined by the Board and will also lapse within one month of the participant ceasing to be a director, employee or consultant of the Company or a controlled entity (subject to certain exceptions). The Board at its discretion may apply certain vesting conditions upon any options issued under the plan.

The options can only be exercised after the expiry of the following periods:

- 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 to the balance of those options.

The options are not transferable without prior written approval from the Board. The options will not be quoted on a publicly traded stock market; however application will be made for ASX/AIM quotation of the shares issued upon the exercise of the options.

Set out below are summaries of options granted under the plan:

Consolidated and parent entity - 2009

Grant Date	Expiry Date	Exercise Price	Balance at Start of the Year Number	Granted During the Year Number	Exercised During the Year Number	Balance at the End of the Year Number	Vested and Exercisable at End of Year Number
20 Apr 2006	30 Jun 2009	$0.50	500,000	-	(500,000)	-	-
17 Oct 2006	30 Jun 2010	$0.75	600,000	-	-	600,000	600,000
17 Mar 2008	30 Jun 2011	$2.89	400,000	-	-	400,000	200,000
17 Mar 2008	30 Jun 2011	$2.67	600,000	-	-	600,000	300,000
18 Aug 2008	30 Jun 2011	$1.63	-	3,383,000	-	3,383,000	-
18 Dec 2008	30 Jun 2011	$1.63	-	2,250,000	-	2,250,000	-
10 Jun 2009	30 Jun 2012	$1.05	-	6,000,000	-	6,000,000	-
Total			2,100,000	11,633,000	(500,000)	13,233,000	1,100,000
Weighted average exercise price			$1.65	$1.33	$0.50	$1.41	$1.66

The weighted average remaining contractual life of the share options is 2.32 years (2008: 1.24 years).

20. Share Based Payment (continued)

Grant Date	Expiry Date	Exercise Price	Balance at Start of the Year	Granted During the Year	Exercised During the Year	Balance at the End of the Year	Vested and Exercisable at End of Year
			Number	Number	Number	Number	Number
20 Apr 2006	30 Jun 2009	$0.50	750,000	-	(250,000)	500,000	500,000
17 Oct 2006	30 Jun 2010	$0.75	800,000	-	(200,000)	600,000	300,000
17 Mar 2008	30 Jun 2011	$2.89	-	400,000	-	400,000	-
17 Mar 2008	30 Jun 2011	$2.67	-	600,000	-	600,000	-
Total			1,550,000	1,000,000	(450,000)	2,100,000	800,000
Weighted average exercise price			$0.63	$2.76	$0.61	$1.65	$0.59

No options were forfeited during the periods covered by the above tables.

The weighted average share price at the date of exercise of options during the year ended 30 June 2009 was $1.41 (2008: $2.82).

The assessed fair values at grant date of options granted during the year ended 30 June 2009 was $0.43, $0.15 and $0.91 respectively per option. The fair value at grant date is independently determined using a Black and Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term expected price volatility is based on the Black Scholes model.

The model inputs for options granted during the year ended 30 June 2009 included:

	Options Granted at $1.63 Per Share	Options Granted at $1.63 Per Share	Options Granted at $1.05 Per Share
(i) Options are granted for no consideration, have a three year life, and 50% of each tranche vests and is exercisable on each anniversary of the date of grant			
(ii) Share price at grant date	$1.33	$1.63	$1.55
(iii) Share price volatility of the Company's shares	65.36%	89.16%	105.84%
(iv) Expected dividend yield	Nil	Nil	Nil
(v) Risk-free interest rate	5.68%	3.32%	4.47%
(vi) Option life	35 months	31 months	36 months

(b) Employee share plan

An employee incentive share plan was approved at the 2007 Annual General Meeting.

Participants of the plan are determined by the Board and can be employees, consultants and directors of, or consultants to, the Company or a controlled entity. The Board considers length of service, seniority, responsibilities, potential contribution and any other relevant matters in determining eligibility of potential participants.

The issue price for the shares issued under the plan are not less than the weighted average share price for the last five trading days immediately preceding the offer to the participant.

20. Share Based Payment (continued)

A participant who is invited to subscribe for shares under the plan may also be invited to apply for a loan up to the amount payable in respect of the shares accepted by the participant. These loans are to be made on the following terms:

- Applied directly against the issue price of the shares to be acquired under the plan;
- For a term to be determined by the Board;
- Repayable to the extent of the lesser of the issue price of the relevant shares issued, less any cash dividends applied against the outstanding principal, and the last market sale price of the shares on the date of repayment of the loan;
- The loan must be repaid in full prior to expiry of the loan;
- The Company will have a lien over the shares in respect of which a loan is outstanding;
- Shares issued under the plan are not transferable while a loan amount in respect of those shares remains payable; and
- Shares issued under the share plan will not be quoted on a publicly traded stock market while a loan amount in respect of those shares remains payable.

The shares can only be transferred or otherwise dealt with until after the expiry of the following periods:

- After 12 months have lapsed from the acceptance date, in respect of not more than one half of the total number of shares; and
- After 24 months have lapsed from the acceptance date, in respect to the balance of those shares.

All shares issued under the employee share plan with non-recourse loans are considered to be options and are accounted for in accordance with note 1(v).

Set out below are summaries of shares issued under the plan:

Consolidated and parent entity - 2009

Issue Date	Expiry Date	Exercise Price	Balance at Start of the Year	Issued During the Year	Other Changes During the Year	Balance at the End of the Year	Vested at the End of the Year
			Number	Number	Number	Number	Number
21 Dec 2005	21 Dec 2009	$0.50	625,000	-	(250,000)	375,000	375,000
20 Dec 2006	20 Dec 2010	$0.90	270,000	-	(20,000)	250,000	250,000
17 Mar 2008	30 Jun 2011	$2.89	500,000	-	-	500,000	250,000
17 Mar 2008	30 Jun 2011	$2.67	33,000	-	-	33,000	16,500
18 Aug 2008	30 Jun 2011	$1.63	-	950,000	-	950,000	-
23 Dec 2008	30 Jun 2011	$1.63	-	700,000	-	700,000	-
Total			1,428,000	1,650,000	(270,000)	2,808,000	891,500

Consolidated and parent entity - 2008

Issue Date	Expiry Date	Exercise Price	Balance at Start of the Year	Issued During the Year	Other Changes During the Year	Balance at the End of the Year	Vested at the End of the Year
			Number	Number	Number	Number	Number
21 Dec 2005	21 Dec 2009	$0.50	3,800,000	-	(3,175,000)	625,000	635,000
20 Dec 2006	20 Dec 2010	$0.90	300,000	-	(30,000)	270,000	120,000
17 Mar 2008	30 Jun 2011	$2.89	-	500,000	-	500,000	-
17 Mar 2008	30 Jun 2011	$2.67	-	33,000	-	33,000	-
Total			4,100,000	533,000	(3,205,000)	1,428,000	755,000

Notes to the Financial Statements
For the year ended 30 June 2009

20. Share Based Payment (continued)

The model inputs for shares granted during the year ended 30 June 2009 included:

	Shares Issued at $1.63 Per Share	Shares Issued at $1.63 Per Share
(i) Shares are issued for no consideration, have a three year life, and 50% of each tranche vests and is exercisable on each anniversary of the date of grant		
(ii) Share price at grant date	$1.33	$0.60
(iii) Share price volatility of the Company's shares	65.36%	89.16%
(iv) Expected dividend yield	Nil	Nil
(v) Risk-free interest rate	5.68%	3.32%

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Options issued under employee option plan	**2,361,336**	464,641	**799,994**	464,641
Shares issued under employee share plan	**383,187**	209,174	**383,187**	209,174
	2,744,523	673,815	**1,183,181**	673,815

21. Financial Instruments

(a) Capital risk management

The Company has no debt facilities outside of normal creditor trading terms and thus the board does not deem it necessary for a formal Capital Risk Management Charter.

The Group manages its capital to ensure that companies within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. Due to the inherent risks involved in mining the Directors prefer not to utilise funding from financing institutions.

The Group's overall strategy remains unchanged from 2008.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings.

None of the Group's companies are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

(b) Categories of financial instruments

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Financial assets				
Loans and receivables	**7,871,069**	15,886,145	**488,401**	743,690
Cash and cash equivalents	**32,214,884**	43,623,564	**24,929,083**	32,938,264
Available for sale financial assets	**8,080,416**	2,252,098	**7,879,587**	2,252,098
	48,166,369	61,761,807	**33,297,071**	35,934,052
Financial liabilities				
Financial liabilities	**7,647,556**	2,983,480	**717,334**	170,544
	7,647,556	2,983,480	**717,334**	170,544

(c) Financial risk management objectives

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

21. Financial Instruments (continued)

(d) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates.

There has been no change at the reporting date to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the denomination in which metal prices are determined and year end assets and liabilities are converted.

Year-end cash balances in British Pounds:

A variance of 10% on the exchange rate of the Australian Dollar to the British Pound would result in a gain of $2,072,736 (2008: gain of $2,970,695) or a loss of $2,072,736 (2008: loss of $2,970,695) to the parent entity and on a Group level.

(ii) Price risk

Trade receivables at year-end:

Commodity prices are set in US Dollars. A variance of 10% in commodity prices or the exchange rate of the US Dollars to the South African Rand, in which commercial activity is undertaken, will result in a gain of A$359,437 (2008: A$1,095,402) or a loss of the same amount on a Group level.

(iii) Interest rate risk

All cash balances attract a floating rate of interest. The unsecured loan to another party does not attract interest.

The Group's exposure to interest rate risk arises from cash balances and long term borrowings, relating to finance leases on motor vehicles and equipment.

	30 June 2009		30 June 2008	
	Weighted Average Interest Rate	**Balance**	Weighted Average Interest Rate	Balance
	%	**$**	%	$
Cash balances	2.38	32,214,884	6.71	43,623,564
Borrowings (finance leases)	10.33	384,219	16.65	329,372

(e) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2009	2008	**2009**	2008
	$	$	**$**	$
Great British Pounds (GBP)	-	-	22,813,165	32,677,647
South African Rand (ZAR)	(6,936,130)	(5,933,349)	16,867,938	11,441,046

21. Financial Instruments (continued)

(f) Foreign currency sensitivity analysis

The Group is exposed to Great British Pound (GBP) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian Dollar (AUD) against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	GBP Impact			
	Consolidated		Company	
	2009	2008	**2009**	2008
	$	$	$	$
Profit or loss	2,072,736	2,970,695	2,072,736	2,970,695

This is mainly attributable to the exposure outstanding on GBP cash balances at year end.

(g) Interest rate risk management

The Company and the Group are exposed to interest rate risk as entities in the Group maintain funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate liquid funds.

The Company and Group's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- Net profit / (loss) after tax and equity would increase by approximately $20,231 and decrease by $20,231 (2008: $142,358). This is mainly attributable to the Group's exposure to interest rate fluctuations on cash balances and lease liabilities.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

At reporting date, if the equity prices had been 5% higher or lower:

- Net loss for the year ended 30 June 2009 would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired; and
- Other equity reserves would decrease/increase by $406,826 (2008: decrease/increase by $112,603 for the Group and $396,826 (2008: $112,603) for the company, mainly as a result of the changes in fair value of available-for-sale shares.

21. Financial Instruments (continued)

(h) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions conducted is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk.

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

Consolidated	Weighted Average Effective Interest Rate	Less Than 1 Month	1-3 Months	3 Months-1 Year	1-5 Years	5+ Years
	%	$	$	$	$	$
2009						
Non-interest bearing	-	-	7,263,336	-	-	-
Finance lease liability	10.33	-	-	148,665	235,553	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		-	7,263,336	148,665	235,553	-
2008						
Non-interest bearing	-	-	2,654,108	-	-	-
Finance lease liability	14.65	-	-	121,118	307,757	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		-	2,654,108	121,118	307,757	-

21. Financial Instruments (continued)

Parent	Weighted Average Effective Interest Rate	Less than 1 Month	1-3 Months	3 Months-1 Year	1-5 Years	5+ Years
	%	$	$	$	$	$
2009						
Non-interest bearing	-	-	717,334	-	-	-
Finance lease liability	-	-	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		-	717,334	-	-	-
2008						
Non-interest bearing	-	-	170,544	-	-	-
Finance lease liability	-	-	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		-	170,544	-	-	-

The above tables detail the Company's and the Group's remaining contractual maturity for its financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The following tables detail the Company's and the Group's remaining contractual maturity for its financial assets. These are based on the undiscounted cash flows of financial assets based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Consolidated	Weighted Sverage Effective Interest Rate	Less Than 1 Month	1-3 Months	3 Months-1 Year	1-5 Years	5+ Years
	%	$	$	$	$	$
2009						
Non-interest bearing	-	363,401	-	7,507,668	-	8,080,416
Variable interest rate instruments	3.48	4,046,200	-	-	-	-
Fixed interest rate instruments	2.22	28,168,684	-	-	-	-
		32,578,285	-	7,507,668	-	8,080,416
2008						
Non-interest bearing	-	-	15,886,145	-	-	2,252,098
Variable interest rate instruments	6.71	42,555,925	1,077,482	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		42,555,925	16,963,627	-	-	2,252,098

21. Financial Instruments (continued)

Parent	Weighted Average Effective Interest Rate	Less Than 1 Month	1-3 Months	3 Months-1 Year	1-5 Years	5+ Years
	%	$		$	$	$
2009						
Non-interest bearing	-	363,401	125,000	-	-	7,879,587
Variable interest rate instruments	2.17	2,413,536	-	-	-	-
Fixed interest rate instruments	1.00	22,515,547	-	-	-	-
		25,292,484	125,000	-	-	7,879,587
2008						
Non-interest bearing	-	-	743,690	-	-	2,252,098
Variable interest rate instruments	5.82	31,870,625	1,077,482	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		31,870,625	1,821,172	-	-	2,252,098

(j) Fair value of financial instruments

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organized markets in standardized form, other than listed investments. The Company has no financial assets where carrying amount exceeds net fair value at balance sheet date.

Notes to the Financial Statements

For the year ended 30 June 2009

22. Reconciliation of Profit After Tax to Net Cash Outflow from Operating Activities

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	$	$
(a) Reconciliation of profit / (loss) from ordinary activities after income tax to net cash inflow / (outflow) from operating activities				
Profit / (Loss) from ordinary activities	(3,756,772)	11,686,999	(8,976,968)	(3,384,625)
Administration fee charged to controlled entities	-	-	3,401,993	(2,435,916)
Depreciation	1,853,732	1,505,716	5,872	8,848
Joint venture cash distribution	1,510,100	3,478,500	-	-
Equity accounted net profit from joint venture	(270,985)	(4,282,226)	-	-
Capital (gain) on sale of non-current assets	13,272	5,508	13,272	5,508
Net (gain) / loss on sale of available-for-sale financial assets	(5,918)	503,267	(5,918)	503,267
Write off of investment	-	58,687	-	58,687
Impairment of available for sale assets	1,710,898	2,567,345	1,710,898	2,567,345
Diminution in value of loans	-	-	-	-
Net foreign exchange differences	244,303	4,594,987	244,303	4,594,987
Project generation costs	-	-	-	-
Share-based compensation	2,744,523	673,815	1,183,181	673,815
Impairment of loan to controlled entity	-	-	-	(2,916,291)
(Increase)/decrease in prepayments & other debtors	(40,208)	(327,525)	66,459	(170,848)
(Increase)/decrease in debtors	8,699,682	(14,378,302)	-	-
(Increase)/decrease in accrued interest	383,212	(405,654)	383,212	-
(Increase)/decrease in GST/VAT recoverable	(268,090)	172,372	40,029	-
(Increase)/decrease in inventories	(214,072)	(265,575)	-	-
(Increase)/decrease in other operating assets	-	-	56,452	(49,550)
Net exchange differences on payment to supplies and employees	(471,950)	(1,368,167)	-	-
Increase/(decrease) in trade creditors	3,569,334	(160,374)	-	-
Increase/(decrease) in accruals and other creditors	1,496,573	833,415	587,453	(855,111)
Increase/(decrease) in GST/VAT recoverable	(393,027)	340,514	(40,664)	-
Increase/(decrease) in group tax clearing	(11,851)	(46,185)	-	-
Increase/(decrease) in income tax expense	3,060,868	5,346,659	-	-
Net cash inflow/(outflow) from operating activities	19,853,624	10,533,778	(1,330,426)	(1,399,886)

(b) Non-cash financing and investing activities

During the 2008 financial year 3,000,000 shares in the company were issued at a deemed issue price of $2.89 to Portpatrick Inc as consideration for the facilitation to treat all run of mine fines from Samancor Chrome's Broken Hill, Spitskop and Buffelsfontein East sites, pursuant to the Co-operation Agreement with Portpatrick Inc dated 9 December 2005.

23. Commitments and Contingencies

(a) Operating lease commitments

Office premises

The Group entered into commercial lease arrangements during the period to lease its current office premises, both in Perth and Johannesburg.

Future minimum lease payments (net of GST) as at 30 June are as follows:

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Within 1 year	**113,153**	101,137	129,688	25,348
After 1 year but not more than 5 years	**296,410**	301,752	586,921	-
More than 5 years	**-**	-	-	-
	409,563	402,889	716,609	25,348

Office equipment

Sylvania South Africa (Pty) Limited entered into a number of lease agreements during the period in respect to office equipment.

Future minimum lease payments (net of GST) as at 30 June are as follows:

Within 1 year	**20,517**	10,644	-	-
After 1 year but not more than 5 years	**75,112**	42,505	-	-
More than 5 years	**-**	-	-	-
	95,629	53,149	-	-

Finance lease commitments

Motor vehicles

Sylvania Metals (Pty) Limited entered into three lease agreements during the period in respect of motor vehicles.

Future minimum lease payments (net of GST) as at 30 June are as follows:

Within 1 year	**178,727**	78,074	-	-
After 1 year but not more than 5 years	**258,727**	301,752	-	-
More than 5 years	**-**	-	-	-
	437,454	379,826	-	-

Commitments for plant construction

At 30 June 2009 commitments were signed for continued construction of Lannex, Mooinooi and Doornbosch plants.

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Within 1 year	**4,698,926**	6,884,800	**-**	-
After 1 year but not more than 5 years	**-**	-	**-**	-
More than 5 years	**-**	-	**-**	-
	4,698,925	6,884,800	**-**	-

Additional costs to complete the plants before 30 June 2010 are estimated to be $18,920,925.

(b) Contingencies

(i) Contingent liabilities

The parent entity and Group had no contingent liabilities as at 30 June 2009.

Notes to the Financial Statements
For the year ended 30 June 2009

24. Interest in Joint Venture

	Consolidated	
	2009	2008
	$	$
Retained earnings attributable to interest in jointly controlled entity		
Balance at beginning of financial period	**2,794,604**	1,251,596
Distribution received from jointly controlled entity	**(1,510,100)**	(3,478,500)
Share of jointly controlled entity's profit from ordinary activities after income tax	**317,002**	5,021,508
Balance at end of financial period	**1,601,506**	2,794,604
Reserves attributable to interest in jointly controlled entity	**-**	-
	-	-
Carrying amount of investment in jointly controlled entity		
Balance at beginning of the financial period	**6,915,025**	5,271,740
Other	**-**	839,560
Distribution received from jointly controlled entity	**(1,510,100)**	(3,478,500)
Distribution received in respect of management fees	**(46,017)**	(739,282)
Share of jointly controlled entity's profit from ordinary activities, after income tax	**317,002**	5,021,508
Balance at end of financial period	**5,675,910**	6,915,025
Foreign currency translation movements		
Balance at beginning of financial period	**(2,510,558)**	(579,420)
Movement during the financial period	**801,780**	(1,931,138)
Balance at end of financial period	**(1,708,778)**	(2,510,558)
	3,967,132	4,404,467
Share of joint venture entity's results and financial position		
Current assets	**1,904,596**	2,808,520
Non-current assets	**981,505**	906,185
Total assets	**2,886,101**	3,714,705
Current liabilities	**255,369**	407,829
Non-current liabilities	**-**	6,019
Total liabilities	**255,369**	413,848
Revenue	**1,270,707**	6,164,053
Expenses	**(953,705)**	(1,881,827)
Management fees	**-**	739,282
Profit from ordinary activities before income tax	**317,002**	5,021,508
Income tax expense	**-**	-
Profit from ordinary activities after income tax	**317,002**	5,021,508

Contingencies & commitments

The jointly controlled entity does not have any contingencies or capital commitments.

25. Events After the Balance Sheet Date

On 11 May 2009 Sylvania announced its intention to make two off-market takeover offers for all the ordinary shares in SA Metals Limited (**SA Metals, ASX: SXM**) and Great Australian Limited (**Great Australian, ASX: GAU**) respectively (**Offers**). The Offers closed at 5.00pm (WST) on 11 August 2009.

The offer for SA Metals, which was recommended by the directors of SA Metals, was based on 1 Sylvania share for every 10 SA Metals shares held by SA Metals shareholders. As at 5.00pm (WST) on 11 August 2009, Sylvania had a relevant interest in 95% of SA Metals shares on issue. Sylvania is proceeding with a compulsory acquisition to acquire the remaining SA Metals shares. Following the completion of the compulsory acquisition, SA Metals will be a wholly owned subsidiary of Sylvania Resources Limited.

The offer for Great Australian, which was recommended by the directors of Great Australian, was based on 1 Sylvania share for every 12 Great Australian shares held by Great Australian shareholders. As at 5.00pm (WST) on 11 August 2009, Sylvania had a relevant interest of 89.82% of Great Australian shares on issue. On 13 August 2009, Great Australian sought a trading halt and this company made an urgent application to the Federal Court seeking an order, to allow compulsory acquisition despite the fact that the 90% threshold was not satisfied. The court exercised its power (under Section 661A(3) of the Corporations Act) to allow compulsory acquisition. Great Australian will also be a wholly owned subsidiary of Sylvania Resources Limited.

The combination of the PGM assets of Sylvania, SA Metals and Great Australian will provide an opportunity to create long term benefits and value for the shareholders of both companies through improved scale and penetration of the market for the supply of PGM resources.

As at 25 September 2009, 27,042,762 Sylvania shares had been issued for the takeover bid of SA Metals and 7,750,229 shares for the takeover bid of Great Australian.

Overview of SA Metals

SA Metals is an explorer seeking to become a significant producer of platinum group metals (**PGMs**) in the Bushveld Igneous Complex of South Africa. SA Metals was incorporated on 2 June 2000, and listed on ASX on 28 November 2000, under the name Rox Limited. Rox Limited changed its name to Pan Palladium Limited in February 2001, and changed its name to SA Metals in May 2009. SA Metals' two principal projects, the Aurora Project and Grass Valley Project, are located in the Bushveld Igneous Complex.

Overview of Great Australian

Great Australian is a minerals exploration company focused on the exploration and subsequent development of PGM deposits. Great Australian was incorporated in October 2003 and listed on ASX on 11 March 2004. Great Australian is focused on PGM exploration activities in South Africa. In 2007 Great Australian divested its assets in Australia and South-East Asia to focus on its South African projects. Great Australian's current projects, the HACRA Platinum Project and the Mooiplaats Platinum Project, are located in the Bushveld Igneous Complex.

The proposed merger with Ruukki Group Oyj

On 30 June 2009, Sylvania and Ruukki Group Oyj (**Ruukki**) entered into a Merger Implementation Agreement (**MIA**) in relation to a potential merger between Sylvania and Ruukki (**Proposed Ruukki Merger**), with the aim of creating an integrated mine to metals PGM and ferrochrome company. Under the Proposed Ruukki Merger, each Sylvania shareholder will receive 1 Ruukki share for every 1.81 Sylvania shares held on the Proposed Ruukki Merger record date.

The Proposed Ruukki Merger has been unanimously recommended by the Ruukki independent directors and by each of the independent directors of Sylvania (being each of the directors of Sylvania other than Terry McConnachie who is also a director of Ruukki) in the absence of a superior proposal and subject to confirmation from the independent expert that the Proposed Ruukki Merger is in the best interests of Sylvania shareholders.

SA Metals shareholders and Great Australian shareholders who have accepted the respective Sylvania takeover offers will receive Sylvania shares and will then have the opportunity to consider and vote on the Proposed Ruukki Merger as Sylvania shareholders.

Notes to the Financial Statements
For the year ended 30 June 2009

25. Events After the Balance Sheet Date (continued)

Overview of Ruukki

Ruukki is a company incorporated in Finland which specialises in industrial refining of specialised natural resources within two areas: wood processing and minerals. The minerals business has mining and mineral processing operations in South Africa, Turkey and Germany. The wood processing business has a strong presence in the northern part of Finland.

The creation of the minerals business, the Mogale acquisition and the Proposed Ruukki Merger demonstrates Ruukki's shift in focus to minerals processing and extraction.

Ruukki aims to become an integrated mine to metals PGM and ferrochrome company Accordingly, on 7 May 2009, Ruukki announced that its board of directors had resolved to initiate the process to divide its wood processing and minerals businesses, ultimately resulting in two separately listed companies during 2010. The separation of the wood processing and minerals businesses will commence after completion of the Proposed Ruukki Merger.

On 25 May 2009, Ruukki announced the acquisition of 84.9% of Mogale. The acquisition of Mogale was a cornerstone transaction in Ruukki's expansion into South Africa and a major step towards its objective of expanding its existing mineral processing operations. Mogale's production facilities are located in South Africa, in the vicinity of Johannesburg. It has a total of 96 MVA smelting capacity with four furnaces. Mogale produces silico manganese, ferrochrome and stainless steel alloy and has a combined annual capacity of approximately 100,000 tonnes.

Ruukki's shares are listed on NASDAQ OMX Helsinki Ltd (trading symbol RUG1V). At 1 July 2009, Ruukki had a market capitalisation of approximately €545 million (A$957 million).

26. Auditors' Remuneration

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
The auditors of the parent entity are HLB Mann Judd				
Amounts received or due to be receivable by HLB Mann Judd for:				
An audit or review of the financial report of the entity	91,000	40,000	91,000	40,000
Amounts received or due and receivable by non-HLB Mann Judd audit firms:				
An audit or review of the financial report of any other entity in the Group	154,537	59,501	-	-
Taxation and advisory services	473	739	-	-
Other non-audit services	3,048	3,726	-	-
Total auditors' remuneration	249,058	103,966	91,000	40,000

27. Key Management Personnel Disclosure

(a) Directors

The following persons were directors of Sylvania Resources Limited during the financial year:

Chairman - non-executive

R D Rossiter

Executive directors

T M McConnachie Managing Director
L M Carroll Finance Director
G M Button (appointed 04 May 2009)

Non-executive directors

Dr AP Ruiters
J Cooke (appointed 18 August 2008; resigned 30 April 2009)

The following persons were directors from the beginning of the financial year until their resignation:

Dr E Kirby (resigned 18 August 2008)
T M McConnachie is also a director of the Ruukki Group Oyj

(b) Other key management personnel

J Meyer General Manager: Business Development
Z Marinkovic Director: Sylvania Metals (Pty) Limited
C De Vos Internal Legal Advisor
P R Carter General Manager: Capital Projects
Dr P J Cox Strategic Planner

(c) Key management personnel compensation

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Short-term	**2,630,065**	2,368,591	**510,997**	556,898
Post employment	**10,791**	6,710	**10,791**	3,560
Share-based payments	**1,264,227**	505,100	**388,730**	202,130
Total remuneration	**3,905,083**	2,880,401	**910,518**	762,588

The Group has applied the exemption available under Corporations Amendments Regulation 2006 to transfer key management personnel remuneration disclosures required by Accounting Standard AASB 124 *Related Party Disclosures'* paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' report. These transferred disclosures have been audited.

27. Key Management Personnel Disclosure (continued)

(d) Compensation options: granted under the Employee Option Plan

Options provide as remuneration and shares issued on exercise of such options.

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report.

(e) Compensation shares: issued under the Employee Share Plan

Shares provided as remuneration.

Details of shares provided as remuneration can be found in section D of the remuneration report.

(f) Shares issued on exercise of compensation options

2009	Shares Issued	Paid Per Share (note 20)	Unpaid Per Share (note 20)
Name	Number		$
T McConnachie	500,000	$0.50	(250,000)*
M Langoulant	250,000	$0.50	(125,000)#
M Burchnall	20,000	$0.90	-

** This loan was fully repaid on 10 July 2009*

 # This loan will be fully repaid on 21 December 2009

2008	Shares Issued	Paid Per Share (note 20)	Unpaid Per Share (note 20)
Name	Number		$
K S Huntly	250,000	$0.50	-
J Meyer	100,000	$0.75	-
C De Vos	100,000	$0.75	-

(g) Option holding

2009	Balance at Start of the Year	Granted During the Year	Exercised During the Year	Other Changes During the Year	Balance at End of the Year	Vested and Exercisable at End of the Year
Name						
Director						
T M McConnachie	500,000	1,750,000	(500,000)	-	1,750,000	-
Dr A P Ruiters	200,000	200,000	-	-	400,000	100,000
L M Carroll	200,000	300,000	-	-	500,000	200,000
Key management personnel						
J Meyer	100,000	800,000	-	-	900,000	100,000
C De Vos	100,000	800,000	-	-	900,000	100,000
Z Marinkovic	-	600,000	-	-	600,000	-
P R Carter	200,000	600,000	-	-	800,000	200,000
Dr P J Cox	200,000	500,000	-	-	700,000	100,000

27. Key Management Personnel Disclosure (continued)

2008	Balance at Start of the Year	Granted During the Year	Exercised During the Year	Other Changes During the Year	Balance at End of the Year	Vested and Exercisable at End of the Year
Name						
Director						
T M McConnachie	500,000	-	-	-	500,000	500,000
Dr A P Ruiters	-	200,000	-	-	200,000	-
L M Carroll	200,000	-	-	-	200,000	100,000
K S Huntly	250,000	-	(250,000)	-	-	-
Key management personnel						
J Meyer	200,000	-	(100,000)	-	100,000	-
C De Vos	200,000	-	(100,000)	-	100,000	-
P R Carter	200,000	-	-	-	200,000	100,000
G Haasbroek	-	200,000	-	-	200,000	-

(Refer to note 27(f))

(h) Shareholding of key management personnel (consolidated)

The number of shares in the Company held during the year by each director of the Company and key management personnel of the Group, including their personally related parties, are set out below.

2009	Balance at Start of the Year	Issued Under Share and Option Plan	Other Changes During the Year	Balance at the End of the Year
Name				
Director				
T M McConnachie	-	500,000	-	500,000
R D Rossiter	532,000	500,000	-	1,032,000
G M Button	-	-	300,000	300,000

2008	Balance at the Start of the Year	Issued Under Share and Option Plan	Other Changes During the Year	Balance at the End of the Year
Name				
Director				
R D Rossiter	32,000	500,000	-	532,000
Dr E Kirby	764,300	-	(375,000)	389,300
E F G Nealon	750,000	-	(750,000)	-
G M Button	750,000	-	(750,000)	-
M J Sturgess	752,600	-	(752,600)	-
Key management personnel				
M J Langoulant	350,000	-	(100,000)	250,000

All equity transactions with key management personnel other than those arising under the Group's Incentive Option Plan (Note 27(e)) have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

28. Related Party Disclosure

(a) The consolidated financial statements include the financial statements of Sylvania Resources Limited and the controlled entities listed in the following table:

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding		Balance at the End of the Year	
			2009	2008	**2009**	2008
			%	%	%	%
Twinloop Nominees (Pty) Ltd	Australia	Ordinary	100	100	100	100
Sylvania Holdings Limited	Mauritius	Ordinary	100	100	100	100
Aralon Holdings Limited	Mauritius	Ordinary	100	100	100	100
Sylvania South Africa (Pty) Ltd	South Africa	Ordinary	100	100	100	100
Sylvania Metals (Pty) Ltd	South Africa	Ordinary	74	74	74	74
Sylvania Minerals (Pty) Ltd	South Africa	Ordinary	74	74	74	74
Sylvania Mining (Pty) Ltd	South Africa	Ordinary	100	100	100	100

Sylvania Resources Limited is the ultimate Australian parent entity and the ultimate parent of the Group. Transactions between Sylvania Resources Limited and its controlled entities during the year consisted of loan advances by Sylvania Resources Limited.

(b) Loans to/from related parties

The following table provides detail of advances to/(from) related parties during the year and outstanding balances at balance date:

	Consolidated	Consolidated		Parent Entity	
	2009	**2009**	2008	**2009**	2008
	Maximum Balance Outstanding	**Year End Balance**	Year End Balance	**Year End Balance**	Year End Balance
	$	**$**	$	**$**	$
Loans to related parties					
T M McConnachie	250,000	250,000	-	250,000	-
Alumicor Maritzburg (Pty) Ltd	-	-	150	-	-
Danyland Mining SA (Pty) Ltd	-	-	8,226	-	-
Dwyka Resources Ltd	-	-	2,038	-	-
Ehlobo Metals (Pty) Ltd	577,748	577,748	291,280	-	-
Magnum Tantalite (Pty) Ltd	-	-	11,009	-	-
Tameka Shelf Company Four (Pty) Ltd	-	-	368	-	100
Washington Resources Ltd	-	-	2,607	-	-
	827,748	827,748	315,678	250,000	100

The nature of these transactions represents payments made in South Africa on behalf of the above companies.

No provision for doubtful debts have been raised in relation to any outstanding balances as amounts were either repaid after balance sheet due, or full payment is expected where balances are still outstanding.

28. Related Party Disclosure (continued)

Terms and conditions

All loans were granted on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between related parties. No interest is charged on these loans as outstanding balances are normally settled within 30-60 days.

The loan to Ehlobo is a long term loan, and interest is charged at the South African prime lending rate.

Outstanding balances are unsecured and are repayable in cash.

(c) Joint venture

The Group has a 25% interest in the assets, liabilities and output of an un-incorporated joint venture, CTRP, which operates a chrome tailings retreatment plant at Kroondal in South Africa (2008: 25%).

Terms and conditions with related parties

Payments made on behalf of related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

(d) Transactions with related parties

Administration recoveries were received from and service fees paid to the following related parties during the year ended 30 June 2009 for expenses incurred on their behalf:

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Service fees paid to related parties				
Southridge Properties (Pty) Ltd	137,627	-	-	-
Recoveries from related parties				
Morning Star Holdings (Australia) Ltd	37,358	-	37,358	-
Dwyka Resources Ltd	9,532	-	9,532	-
Washington Resources Ltd	9,532	-	9,532	-
	56,422	-	56,422	-

Additional Information For Listed Public Companies

The shareholder information set out below was applicable as at 31 August 2009.

A. Distribution Of Shareholders

			Number of Shareholders
1	-	1,000	476
1,001	-	5,000	456
5,001	-	10,000	148
10,001	-	100,000	224
100,001	and over		67
Total			**1371**

There were 257 holders of a less than a marketable parcel of ordinary shares.

Total number of fully paid shares on issue	215,413,628
Percentage holding of 20 largest holders	90.16%

B. Substantial Shareholders

	Number of Shares Fully Paid Shares	Percentage Fully Paid Shares
Shareholder		
Computershare Clearing Pty Ltd CCNL DI A/C	156,200,080	72.51
HSBC Custody Nominees (Australia) Limited	7,011,764	3.26
	163,211,844	

C. Twenty Largest Holders Of Fully Paid Shares

Shareholder			
1	Computershare Clearing Pty Ltd CCNL DI A/C	156,200,080	72.51
2	HSBC Custody Nominees (Australia) Limited	7,011,764	3.26
3	Cereus Holding Ltd	5,128,200	2.38
4	ANZ Nominees Limited Cash Income A/C	3,926,687	1.82
5	National Nominees Limited	3,655,764	1.70
6	Citicorp Nominees Pty Limited	2,602,703	1.21
7	East Chamber Enterprises Ltd	2,400,000	1.11
8	Mandalay Investment Ltd	1,897,500	0.88
9	Blackmort Nominees Pty Ltd	1,825,000	0.85
10	Sorrel Enterprises Limited	1,300,000	0.60
11	Mr Richard Rossiter	1,000,000	0.46
12	JP Morgan Nominees Australia Limited	881,716	0.41
13	Imperium Nominees Pty Ltd	867,483	0.40
14	Bluestar Management Pty Ltd	860,506	0.40
15	Nefco Nominees Pty Ltd	842,275	0.39
16	Africa Pacific Capital Pty Ltd	833,961	0.39
17	Merrill Lynch (Australia) Nominees	800,000	0.37
18	UBS Nominees Pty Ltd	800,000	0.37
19	Second Impact Investments Limited	740,000	0.34
20	Kyanite Assets Corporation	666,667	0.31
		194,240,306	90.16

D. Voting Rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

E. Restricted Securities

There are no restricted securities on issue.

Glossary of Terms 2009

The following definitions apply throughout the annual financial statements:

AIM	Alternative Investment Market of the London Stock Exchange
ASX	Australian Securities Exchange
AUD	Australian Dollar
GBP	Great British Pound
JSE	JSE Limited
LSE	London Stock Exchange
PGM	Platinum group metals comprising mainly platinum, palladium, rhodium and gold
Sylvania	Sylvania Resources Limited, a company incorporated in Australia
USD	United States Dollar
ZAR	South African Rand

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