



3 July 2009

The Companies Officer
ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sir

Sylvania Resources Limited - Off-market takeover bid for SA Metals Limited

In accordance with item 5 of section 633(1) of the Corporations Act 2001 (Cth), please find enclosed a bidder's statement and offer document in respect of an offer by Sylvania Resources Limited ACN 091 415 968 for all of the ordinary shares in SA Metals Limited ACN 093 178 388.

A copy of the bidder's statement and offer has been lodged with ASIC and sent to SA Metals Limited.

Yours faithfully

Sylvania Resources Limited

A handwritten signature in black ink that reads 'G. Button'.

Grant Button
Director/Joint Company Secretary

Enclosure



ACN 091 415 968

Bidder's Statement
to acquire all of your fully paid ordinary shares in

SA METALS LIMITED

ACN 093 178 388

If you accept the Offer, you will receive 1 Sylvania Share for every 10 of your SA Metals Shares

The Offer is available for acceptance from [●] July 2009 and will expire at 5.00 pm (WST) on [●] August 2009 unless withdrawn or extended.

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document, you should consult your legal, financial or other professional adviser immediately.

CLAYTON UTZ

Legal Adviser to Sylvania



Financial Adviser to Sylvania



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IMPORTANT INFORMATION

Bidder's Statement

This document (**Bidder's Statement**), dated and lodged with ASIC on 3 July 2009, is given by Sylvania Resources Limited ACN 091 415 968 (**Sylvania**) under Part 6.5 of the Corporations Act. This Bidder's Statement includes an offer dated [●] 2009 to acquire your SA Metals Shares (**Offer**) and also sets out certain disclosures required by the Corporations Act.

Investment risks

There are a number of risks that may have a material impact on the implementation of the Offer, the future performance of the Merged Group and the value of Sylvania Shares. These are described in Section 11 and include the risk to revenue from prevailing metal prices, the risk that appropriate development consents and approvals will not be obtained, the risk that exploration and development activities may not be successful, risks associated with mining in South Africa, cost risks associated with integrating operations and the risk that the cash position of the Merged Group is at any time insufficient.

Notice to foreign shareholders

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of and observe these restrictions.

This Bidder's Statement has been prepared having regard to Australian disclosure requirements and Australian accounting standards. These disclosure requirements and accounting standards may differ from those in other countries.

No action has been taken to register or qualify Sylvania or to otherwise permit a public offering of Sylvania Shares outside Australia and its external territories, New Zealand, Hong Kong, Singapore or South Africa. This Bidder's Statement does not constitute an offer to sell to SA Metals Shareholders, or a solicitation of an offer to purchase from SA Metals shareholders, any securities in Sylvania or SA Metals in any jurisdiction in which such an offer or solicitation would be illegal. In particular, SA Metals Shareholders who are Ineligible Overseas Shareholders are not offered, and will not be issued with, Sylvania Shares.

Notice to Hong Kong shareholders

The contents of this Bidder's Statement have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this Bidder's Statement, you should obtain independent professional advice.

Forward-looking statements

Statements contained in this Bidder's Statement may contain forward-looking statements including statements with respect to Sylvania's current intentions (which include those in Section 7), statements of opinion and predictions of possible future events. Statements in this Bidder's Statement that are not historical facts are "forward-looking statements".

Forward-looking statements relate to future matters and are subject to inherent risks and uncertainties. These risks and uncertainties include risks that are specific to the mineral resources industry and the PGM industry as well as matters such as general economic conditions, many of which are outside the control of Sylvania and its Directors. These factors may cause the actual results, performance or achievements of Sylvania, SA Metals or the Merged Group to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward-looking statements. The past performance of Sylvania is not a guarantee of future performance.

The forward-looking statements do not constitute a representation that future profits or production (or any other matter) will be achieved in the amounts or by the dates indicated and are presented as a guide to assist SA Metals Shareholders in assessing the Offer. The financial information and other forward-looking statements are based on information available to Sylvania or SA Metals at 3 July 2009 and should be read in conjunction with the assumptions underlying their preparation.

Actual outcomes may differ materially from the events, intentions or results expressed or implied by any forward-looking statement in this Bidder's Statement.

None of Sylvania, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any intentions or outcomes expressed or implied in any forward-looking statement. You are cautioned not to place undue reliance on any forward looking-statement having regard to the fact that the outcome may not be achieved. The forward-looking statements in this Bidder's Statement reflect views held only as at 3 July 2009.

Subject to any continuing obligations under the law or the Listing Rules, Sylvania and its Directors disclaim any obligation or undertaking to disseminate after 3 July 2009 any updates or revisions to any forward-looking statement to reflect any change in expectations in relation to those statements or any



change in events, conditions or circumstances on which any such statement is based.

Disclaimer as to SA Metals and Merged Group information

The information in this Bidder's Statement concerning SA Metals, the SA Metals Securities, the SA Metals Group and the assets and liabilities, financial position and performance, profits and losses and prospects of SA Metals and the SA Metals Group has been prepared by Sylvania using publicly available information and has not been independently verified by Sylvania or its Directors. Accordingly, subject to the Corporations Act, Sylvania makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information in this Bidder's Statement concerning Great Australian, the GAU Securities, the Great Australian Group and the assets and liabilities, financial position and performance, profits and losses and prospects of Great Australian and the Great Australian Group has been prepared by Sylvania using publicly available information and has not been independently verified by Sylvania or its Directors. Accordingly, subject to the Corporations Act, Sylvania makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information in this Bidder's Statement concerning Ruukki and the assets and liabilities, financial position and performance, profits and losses and prospects of Ruukki has been prepared by Sylvania using publicly available information and has not been independently verified by Sylvania or its Directors. Accordingly, subject to the Corporations Act, Sylvania makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Merged Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on SA Metals and the SA Metals Group or Great Australian and the Great Australian Group, has also been prepared using publicly available information. Accordingly information in relation to the Merged Group is subject to the foregoing disclaimer to that extent.

Further information relating to SA Metals' business may be included in SA Metals' target's statement which SA Metals must provide to SA Metals Shareholders in response to this Bidder's Statement, and reference should be made to that information. Further information relating to Great Australian's business may be included in Great Australian's target's statement, which GAU must provide to GAU Shareholders in response to Sylvania's bidder's statement, and GAU's target's statement will be available to SA Metals Shareholders on the ASX website: www.asx.com.au.

Estimates and assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by Sylvania management. Management estimates and assumptions are based on views at 3 July 2009, and actual facts or outcomes may be materially different from those estimates and assumptions.

Investment decisions

The information provided in this Bidder's Statement is not investment advice and has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs. You should seek independent financial and taxation advice from your financial or other professional adviser before deciding whether to accept the Offer.

Implied value

As you are being offered Sylvania Shares as consideration for SA Metals Shares, the implied value to you of the Offer may vary with the market value of Sylvania Shares. In addition, all references to the implied value of the Offer are subject to the effects of rounding.

Internet sites

Each of Sylvania and SA Metals maintains an internet site. The Sylvania internet site is at the URL www.sylvania.com.au and the SA Metals internet site is at the URL www.sametals.com.au. Information contained in or otherwise accessible through these internet sites is not a part of this Bidder's Statement. All references in this Bidder's Statement to these internet sites are for your information only.

Privacy

Sylvania and its share registry, Computershare Investor Services Pty Ltd, may collect your information in the process of making and implementing the Offer, including information from the register of SA Metals Shareholders for the purposes of making the Offer and, if accepted, administering your holding of SA Metals Shares. Your information may be disclosed on a confidential basis to Sylvania or its related bodies corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC.

Defined terms

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, defined terms have the meaning given in Section 14.



Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement, are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Bidder's Statement.

Currencies

In this Bidder's Statement, references to "Australian dollars", "dollars", "AUD", "\$", "A\$" or "cents" are to the lawful currency of Australia, references to "£", "Sterling", "GBP" or "pence" are to the lawful currency of the United Kingdom, references to "R", "Rand" or "ZAR" are to the lawful currency of South Africa and references to "US dollars", "US\$" or "US¢" are to the lawful currency of the United States.

In addition, solely for convenience, this Bidder's Statement contains translations of relevant currencies to other currencies, including Australian dollars. These translations should not be construed as representations that the relevant currency could be converted into Australian dollars (or other relevant currency) at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of Sylvania or SA Metals in respect of which different exchange rates may have been, or may be, used.

Shareholder enquiries

If you are in any doubt as to how to deal with this Bidder's Statement, you should contact your broker or your legal, financial or other professional adviser.

If you have any queries regarding the Offer, please contact the Sylvania Offer Information Line on 1300 523 257 (from within Australia) or +61 3 9946 4412 (from outside Australia).



SUMMARY OF KEY INFORMATION

Offer

Sylvania is offering 1 Sylvania Share for every 10 of your SA Metals Shares (the **Offer**).

Important Dates

Bidder's Statement lodged with ASIC	3 July 2009
Date of Offer	[●] July 2009
Offer closes, unless extended or withdrawn	5.00 pm (WST) on [●] 2009

Note: The Closing Date for the Offer may change as permitted by the Corporations Act.

How to ACCEPT

For CHESSE Holdings

Instruct your Controlling Participant (normally your Broker) to accept the Offer on your behalf, or alternatively, complete the enclosed Acceptance Form and return it to one of the addresses set out in the Acceptance Form in the enclosed reply paid envelope.

For Issuer Sponsored Holdings

Complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form and return it to one of the addresses set out in the Acceptance Form in the enclosed reply paid envelope.

Regardless of the method you choose to use to accept the Offer, your acceptance must be received in sufficient time for it to be processed by 5.00 pm (WST) on [●] 2009, unless the Offer is extended.

Refer to the Letter from the Chairman and the section "**Why you should accept the Offer**" which details benefits of **ACCEPTING** the Offer.

Share registrar for the Offer

Computershare Investor Services Pty Ltd
GPO Box 52
Melbourne, Victoria, 3001

Shareholder enquiries

If you have any queries regarding the Offer, please contact the Sylvania Offer Information Line on 1300 523 257 (from within Australia) and +61 3 9946 4412 (from outside Australia).



LETTER FROM THE CHAIRMAN



Dear SA Metals Shareholder

I am delighted to enclose an offer by Sylvania Resources Limited (**Sylvania**) for all of your shares in SA Metals Limited (**SA Metals**).

This is an opportunity for you to participate in the merger of SA Metals' exploration assets with Sylvania's strong portfolio of cash generating platinum group metal (**PGM**) assets.

Your board of directors has unanimously recommended that SA Metals Shareholders accept the Offer, in the absence of a superior proposal.

By accepting the Offer you will, subject to the terms and Conditions of the Offer, receive 1 Sylvania Share for every 10 SA Metals Shares you hold. Based on the closing price of Sylvania Shares (A\$0.99) and SA Metals Shares (A\$0.045) on ASX immediately prior to the announcement of the Offer (**Pre-Announcement Price**)¹, the Offer represents an implied value of approximately A\$0.099 per SA Metals Share and a premium of:

- 120% to the Pre-Announcement Price of SA Metals Shares;
- 136% to the VWAP of SA Metals Shares on ASX for the 1 month prior to the Announcement Date; and
- 153% to the VWAP of SA Metals Shares on ASX for the 3 months prior to the Announcement Date.

Based on the closing price of Sylvania Shares (A\$1.635) and SA Metals Shares (A\$0.125) on ASX on 2 July 2009 (the day before the date of this Bidder's Statement), the Offer represented a premium of 31% to the price of an SA Metals Share.

Sylvania is also making an offer for all of the shares in Great Australian Resources Limited (ASX: **GAU**) (**Great Australian** or **GAU**) (the **GAU Offer**).

Sylvania currently owns 12.55% of all SA Metals Shares. The Sylvania Board believes that the merger of the companies will unlock significant value for all shareholders through a consolidation of their respective PGM assets in the Bushveld Igneous Complex in South Africa. As a shareholder in the Merged Group, you will benefit from Sylvania's financial position and expected future cash flows from its growing portfolio of PGM producing operations, as well as share in the upside from development of SA Metals' (and possibly Great Australian's) near surface PGM exploration assets. The Merged Group will have greater scale and diversity of operations, and a portfolio of long term growth projects.

As a Sylvania Shareholder, you will share in Sylvania's portfolio of PGM assets, including:

- a 74% interest in Sylvania Metals (Pty) Limited, which treats chrome tailings from Samancor Chrome (Pty) Limited's mines on the Western and Eastern Limbs of the Bushveld Igneous Complex;
- a 25% interest in the Chrome Tailings Retreatment Plant at Kroondal on the Western Limb, managed by Aquarius Platinum South Africa (Pty) Limited;

¹ The Offer was announced to the ASX after the close of trading on the ASX on 11 May 2009.



- a right to apply for a mining right in respect of an advanced exploration development project (Everest North, UG2 Project) in the Eastern Limb of the Bushveld Igneous Complex, in which Sylvania would hold a 74% interest; and
- existing strategic investments by Sylvania in SA Metals and Great Australian which have interests in complementary, near surface PGM exploration assets in the Bushveld Igneous Complex.

Sylvania's achievements to date include:

- successfully building and operating its South African chrome tailings PGM recovery operations, thereby joining the limited group of PGM producers in South Africa;
- developing low cost operations which have remained profitable despite the severe downturn in PGM commodity prices;
- growing Sylvania's PGM production forecast and expanding its low risk chrome tailings retreatment business, with two plants fully constructed and commissioned, one plant in commissioning and three in the planning and construction phase; and
- successfully acquiring and exploring near surface PGM exploration assets with the aim of expanding Sylvania's resource base and developing a portfolio of long-life mining operations.

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. The Proposed Ruukki Merger is subject to several conditions, including approvals of the shareholders of each of Sylvania and Ruukki and court approval. After the Offer and the GAU Offer have closed and after all Sylvania Shares have been issued under the Offer and the GAU Offer, and subject to satisfaction of other conditions precedent, Sylvania Shareholders will be provided with detailed information in relation to the Proposed Ruukki Merger. Accordingly, if the Proposed Ruukki Merger proceeds, all SA Metals Shareholders and GAU Shareholders who have become Sylvania Shareholders by accepting the Offer or the GAU Offer will have the same opportunity to consider and vote on the Proposed Ruukki Merger as the existing Sylvania Shareholders.

Although the Independent Directors of Sylvania are supporting the Proposed Ruukki Merger in the absence of a superior proposal (and subject to the Independent Expert determining the Proposed Ruukki Merger is in the best interests of Sylvania Shareholders), there is no guarantee that the Proposed Ruukki Merger will be implemented.

To accept the Offer you should follow the instructions set out in this Bidder's Statement and on the Acceptance Form. The Offer will close at 5.00 pm (WST) on [●] 2009, unless extended. If you have any questions about the Offer please contact the Sylvania Offer Information Line on 1300 523 257 (from within Australia) or +61 3 9946 4412 (from outside Australia).

I encourage you to consider this Offer carefully and the benefits that it will provide and look forward to welcoming you as a Sylvania Shareholder.

Yours sincerely,



Richard Rossiter
Chairman



WHY YOU SHOULD ACCEPT THE OFFER

Sylvania believes you should ACCEPT the Offer for the following key reasons:

- 1. The Offer represents a significant premium of 120% to the Pre-Announcement Price of SA Metals Shares²**
- 2. The Offer gives you the opportunity to become a shareholder in one of the world's lowest cost PGM producers, with positive cash flow**
- 3. Sylvania has the financial strength to fund future opportunities**
- 4. Sylvania has a clear “value creation” business strategy focused on delivering value for shareholders**
- 5. Sylvania has a proven management team with the technical and commercial expertise to progress the development of SA Metals' projects**
- 6. You will retain an interest in SA Metals' exploration projects, and share in Sylvania's cash producing PGM assets and near term growth opportunities**
- 7. The Offer is unanimously recommended by the directors of SA Metals in the absence of a superior proposal**

² Based on the Pre-Announcement Price of Sylvania Shares of A\$0.99



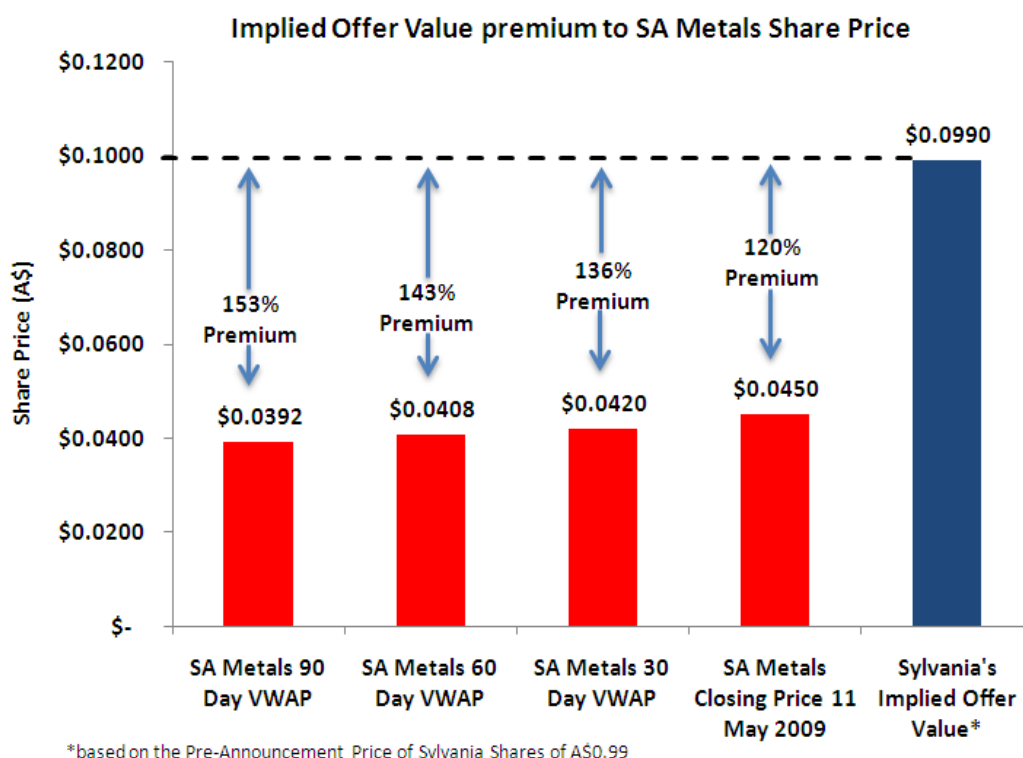
1. The Offer represents a significant premium of 120% to the Pre-Announcement Price of SA Metals Shares

The Offer comprises 1 Sylvania Share for every 10 SA Metals Shares. Based on the Pre-Announcement Price of Sylvania Shares, the implied value of the Offer Consideration is A\$0.099 per SA Metals Share (**Implied Offer Value**). The Implied Offer Value to be received by SA Metals Shareholders under the Offer represents a premium of:

- 120% to the Pre-Announcement Price of SA Metals Shares;
- 136% to the VWAP of SA Metals Shares on ASX for the 1 month prior to the Announcement Date; and
- 153% to the VWAP of SA Metals Shares on ASX for the 3 months prior to the Announcement Date.

Based on the closing price of Sylvania Shares (A\$1.635) and SA Metals Shares (A\$0.125) on ASX on 2 July 2009 (the day before the date of this Bidder's Statement), the Offer represented a premium of 31% to the price of an SA Metals Share.

The chart below demonstrates the attractive premiums the Implied Offer Value represents to recent trading prices of SA Metals Shares.



SA Metals Shares did not trade above the Implied Offer Value at any time in the 8 months preceding the Announcement Date.



2. The Offer gives you the opportunity to become a shareholder in one of the world's lowest cost PGM producers, with positive cash flow

By accepting the Offer, you will become a shareholder in a growing and profitable PGM focused company, with a portfolio of assets in South Africa's highly prospective Bushveld Igneous Complex that are either producing, under development or undergoing exploration.

Sylvania continues to expand its existing low risk chrome tailings retreatment business, with two plants now successfully commissioned, one plant in commissioning and another three facilities in a planning and construction phase.

For the three months ending 31 March 2009, Sylvania generated revenues of A\$6.9 million from a total of 6,218 oz of 3PGE+Au with an average cash cost of US\$276 (A\$344) per oz and a margin of US\$418 (A\$521).

As a Sylvania Shareholder you will benefit from a solid business which has remained profitable despite a downturn in world PGM prices.

3. Sylvania has the financial strength to fund future opportunities

With its low operating costs and positive cash flows, Sylvania is in a strong position to fund future growth opportunities.

Sylvania's strong balance sheet and positive cash flow will enable it to continue the exploration and development of SA Metals' near surface PGM projects in the Northern Limb of the Bushveld Igneous Complex. Sylvania is well positioned to unlock the potential upside value of SA Metals' exploration assets with the aim of defining future mining projects.

The Directors believe that, subject to further exploration success and positive feasibility studies, Sylvania has the capacity to successfully develop SA Metals' PGM assets.

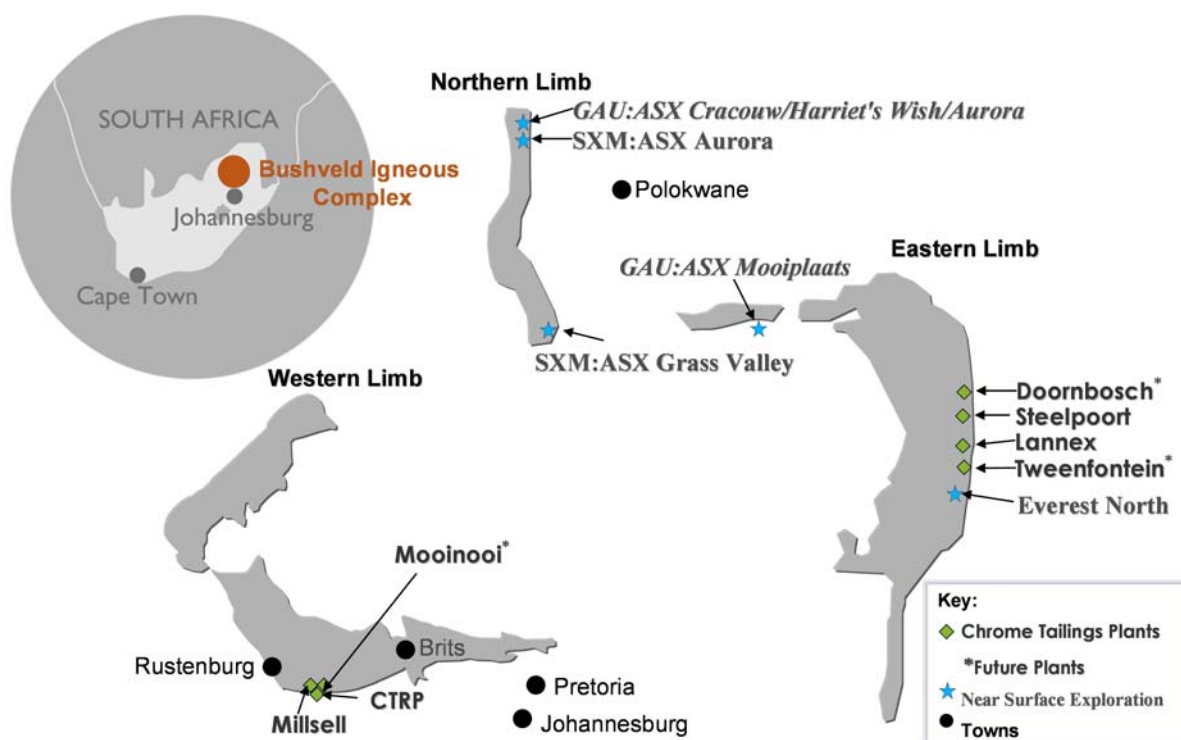


4. Sylvania has a clear “value creation” business strategy focused on delivering value for shareholders

In addition to expanding its PGM production business, part of Sylvania's "value creation" strategy is to create an enlarged PGM resource company with a significant South African presence in the Bushveld Igneous Complex.

A key component of this strategy is to accelerate Sylvania's move into shallow, low cost PGM mining by expanding the resource base. Logically, this involves consolidation of near surface exploration interests held by SA Metals in the Northern Limb of the Bushveld Igneous Complex. The strategy may also involve the possible acquisition of Great Australian which similarly holds near surface exploration assets in the Northern Limb which are adjacent and complementary to those held by SA Metals through its Aurora Project interest.

Sylvania has already acquired strategic interests in the Northern Limb of the Bushveld Igneous Complex through its 12.55% holding in SA Metals and its 19.90% holding in Great Australian, both of which have shallow PGM exploration projects.



The combination of SA Metals' near surface exploration assets in the Northern Limb with Sylvania's present portfolio of PGM producing assets will provide an opportunity to create long term benefits and value for the shareholders of the Merged Group through the realisation of exploration and production synergies.

Sylvania's ability to realise value, benefits and synergies from the Merged Group is subject to the risks discussed in Section 11, and SA Metals Shareholders are encouraged to read that Section carefully.

Further, while not essential to this growth strategy, the proposed takeover of Great Australian would further strengthen the Merged Group's interest in PGM projects in the Bushveld Igneous Complex.

Should the Proposed Ruukki Merger be successful, Ruukki's overall strategy to create an integrated mine to metals PGM and ferrochrome company is a natural extension of Sylvania's existing strategy.

5. Sylvania has a proven management team with the technical and commercial expertise to progress the development of SA Metals' projects

Sylvania has a management team with a demonstrated capacity for PGM exploration, project development and operations management as evidenced by Sylvania's two successfully operating processing facilities, and its third plant which is currently in the commissioning phase. The management team has expertise in geology, mining, processing, engineering, metallurgy, finance, accounting and law, as well as the local expertise and knowledge needed to successfully operate in South Africa.

Sylvania believes its management can add significant value to the further development of SA Metals' projects.

By accepting the Offer, you will benefit from Sylvania's successful track record and experienced management team and increase the likelihood of bringing SA Metals' projects into early production.

Should the Proposed Ruukki Merger be successful, it is possible that Sylvania's management team may change. However, it is anticipated that key management personnel of Sylvania will enter into employment agreements with Ruukki.



6. You will retain an interest in SA Metals' exploration projects, and share in Sylvania's cash producing PGM assets and near term growth opportunities

As a Sylvania Shareholder you will retain exploration upside through Sylvania's resources and interests in near surface PGM exploration assets in the Bushveld Igneous Complex.

In contrast to SA Metals, which only has exploration assets, as a Sylvania Shareholder you will have exposure to PGM producing and "in-development" assets providing you with a diversified mix of assets.

You will also share in Sylvania's near term development opportunities, including the following:

- Sylvania is commissioning and ramping up its third chrome tailings PGM recovery plant, Lannex.
- A further three chrome tailings PGM recovery plants are also expected to be commissioned and come into production within the next 12 to 18 months, with the Doornbosch and Mooinooi plants due for commissioning in the third quarter of 2009 and the Tweefontein plant in the third quarter of 2010.
- Sylvania has a right to apply for a mining right in respect of the development of a PGM mine at the Everest North Project (which has a JORC compliant Mineral Resource of 5.1Mt at 4.7g/t 3PGE+Au), in which Sylvania would hold a 74% interest.

7. The Offer is unanimously recommended by the directors of SA Metals in the absence of a superior proposal

The directors of SA Metals have unanimously recommended that SA Metals Shareholders accept the Offer, in the absence of a superior offer.



1. Summary of the Offer

1.1 Overview of the Offer

On 11 May 2009 Sylvania announced that it proposed to make an offer for all the issued shares in SA Metals.

The following is a summary of the Offer and how to accept the Offer, and is qualified by detailed information contained in the rest of this Bidder's Statement. You should read this Bidder's Statement in its entirety before deciding how to deal with your SA Metals Shares. The detailed terms of the Offer are set out in Appendix 1.

1.2 The Offer

Sylvania is offering to acquire all SA Metals Shares held by you. The Offer is:

1 Sylvania Share for every 10 SA Metals Shares

1.3 The Offer Period

The Offer is scheduled to close at 5.00 pm (WST) on [●] 2009. The Offer Period may be extended or withdrawn in accordance with the Corporations Act.

1.4 Payment date

If you accept the Offer and the Offer becomes or is declared unconditional, Sylvania will pay you the Offer Consideration within one month after the later of receipt of your acceptance and the date on which the Offer becomes unconditional, and in any event before 21 days after the end of the Offer Period.

Ineligible Overseas Shareholders will receive their Offer Consideration after the close of the Offer in accordance with the procedures set out in paragraph 1.9 of Appendix 1.

Full details of when payment will be made are set out in paragraph 1.8 of Appendix 1.

1.5 Conditions

The Offer is subject to the conditions set out in Appendix 2. These are summarised as follows:

- 50.1% minimum acceptance;
- no materially adverse regulatory actions;
- no material transactions by SA Metals;
- no material adverse change occurring in the business, assets, liabilities, financial or trading position, profitability or prospects of SA Metals or its Subsidiaries;
- the non-existence of certain rights to acquire any material asset of SA Metals or its Subsidiaries or to terminate any material agreement;
- no "prescribed occurrences";
- no dividend or distributions are made by SA Metals;
- no related party transactions;
- the S&P/ASX300 index does not fall more than 15% from the closing level of that index on the day before the Announcement Date; and



- no ASIC or ASX filings by SA Metals are, or become, materially misleading.

1.6 How to accept the Offer

Please refer to Appendix 1 and your personalised Acceptance Form (which accompanies this Bidder's Statement) for more details on how to accept the Offer.

Subject to paragraphs 1.5(b) and 1.6(h) of Appendix 1, the Offer may only be accepted for all of your SA Metals Shares. How you accept the Offer depends on whether your SA Metals Shares are held in an Issuer Sponsored Holding or a CHESS Holding. This information is contained on your personalised Acceptance Form.

If you hold your SA Metals Shares in an Issuer Sponsored Holding, complete and sign the Acceptance Form and lodge it by returning it to one of the addresses set out on the Acceptance Form.

If you hold your SA Metals Shares in a CHESS Holding:

- instruct your Controlling Participant (normally your Broker) to initiate acceptance of the Offer in accordance with Rule 14.14 of the ASTC Settlement Rules; or
- complete, sign and send the Acceptance Form directly to your Controlling Participant; or
- complete and sign the Acceptance Form and lodge it by either:
 - returning it to one of the addresses set out in the Acceptance Form; or
 - completing, signing and sending the Acceptance Form directly to Sylvania's share registry (being Computershare Investor Services Pty Ltd), which will authorise Sylvania to instruct your Broker to initiate acceptance of the Offer on your behalf.

If you are a Participant (typically, a stockbroker who is a participating organisation of ASTC), the above does not apply. To accept the Offer, you must initiate acceptance in accordance with the ASTC Settlement Rules before the expiry of the Offer Period.

Your acceptance must be received in sufficient time for it to be processed by no later than 5.00 pm (WST) on [●] 2009, unless the Offer is extended. Send your completed and signed Acceptance Form (and other documents, if any, required by the instructions on the Acceptance Form) by mail to:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Alternatively you can deliver in person to:

Computershare Investor Services Pty Limited
Level 2
45 St Georges Terrace
PERTH WA 6000

A reply-paid envelope is enclosed for you to return your Acceptance Form (and other documents, if any, required by the instructions on the Acceptance Form).

If you have any questions or require additional assistance on how to accept the Offer, please contact the Sylvania Offer Information Line on 1300 523 257 (from within Australia) or +61 3 9946 4412 (from outside Australia) .



1.7 Taxation considerations for SA Metals Shareholders

A general guide to potential Australian tax consequences of the Offer is set out in Section 12. This guide is expressed in general terms and is not intended to provide taxation advice in respect of the particular circumstances of any SA Metals shareholder. SA Metals shareholders should seek their own taxation advice.

1.8 Stamp duty and brokerage charges

You will not pay any stamp duty in connection with the Offer, either on the transfer of your SA Metals Shares to Sylvania or on the issue of Sylvania Shares to you.

If your SA Metals Shares are in a CHESS Holding or you hold your SA Metals Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your Broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Offer.

If your SA Metals Shares are registered in an Issuer Sponsored Holding you may incur brokerage costs and GST on those costs if you choose to sell your SA Metals Shares on the market or you instruct your Controlling Participant to accept the Offer on your behalf.

If you are an Ineligible Overseas Shareholder, the proceeds you will receive from the sale of Sylvania Shares will be net of sale costs including brokerage charges.

1.9 Treatment of Ineligible Overseas Shareholders

Sylvania Shares will not be issued as consideration to Ineligible Overseas Shareholders, being SA Metals shareholders whose address on the SA Metals share register on the Register Date is in a jurisdiction other than Australia, New Zealand, Hong Kong, Singapore or South Africa. The issue of Sylvania Shares to SA Metals shareholders outside Australia, New Zealand, Hong Kong, Singapore or South Africa may be prohibited by the laws of the jurisdictions in which they reside, or may require compliance with conditions or legal requirements which Sylvania regards as onerous. Please see paragraph 1.9 of Appendix 1 for further details.

1.10 Investment risks

There are a number of risks that may have a material impact upon the implementation of the Offer, the future performance of the Merged Group and the value of Sylvania Shares. These are described in this Bidder's Statement and include those risks set out in Section 11.



2. Frequently asked questions

The information in this Section 2 is a summary only of the Offer and is qualified by the information set out elsewhere in this Bidder's Statement.

You should read the entire Bidder's Statement and the target's statement that SA Metals will send to you, before deciding whether to accept the Offer.

What is Sylvania offering to buy?	Sylvania is offering to buy all of your SA Metals Shares, including SA Metals Shares which are issued during the Offer Period as a result of the conversion or exercise of rights in respect of other SA Metals Securities, on the terms set out in this Bidder's Statement.
Who is Sylvania?	<p>Sylvania is a growing PGM producer with tailings retreatment operations and shallow mining exploration interests located in South Africa's PGM rich Bushveld Igneous Complex.</p> <p>Sylvania's primary listing is on the ASX. Sylvania is also listed on the AIM Market of the London Stock Exchange.</p> <p>Please refer to Section 3 for further information about Sylvania.</p>
What is the Offer?	<p>If you accept the Offer, subject to the satisfaction of the Conditions set out in Appendix 2, you will receive 1 Sylvania Share for every 10 SA Metals Shares you hold.</p> <p>If you accept the Offer and you are an Ineligible Overseas Shareholder, you will not be entitled to receive Sylvania Shares as consideration for your SA Metals Shares. Instead, the Sylvania Shares which would otherwise have been issued to you will be issued to a nominee approved by ASIC, who will sell those Sylvania Shares and pay the net proceeds of such sale to you by cheque.</p>
What is the value of the Offer?	The Implied Offer Value is A\$0.099 per SA Metals Share, and represents a premium of 120% to the Pre-Announcement Price of SA Metals Shares. The value of the Offer will change as a consequence of changes in the market price of Sylvania Shares from time to time.
What is this Bidder's Statement?	<p>This Bidder's Statement was prepared by Sylvania for distribution to SA Metals Shareholders. It sets out the terms and conditions of the Offer and contains important information that may be relevant to your decision whether or not to accept the Offer.</p> <p>If you are in any doubt as to how to deal with this Bidder's Statement, you should consult your legal, financial or other professional adviser as soon as possible.</p>
What do the directors of SA Metals recommend that I should do with respect to the Offer?	The Offer has been unanimously recommended by the directors of SA Metals in the absence of a superior proposal.



When does the Offer close?	The Offer is scheduled to close at 5.00 pm (WST) on [●] 2009. You should note that the Offer Period can be extended as permitted by the Corporations Act.
What are the Conditions of the Offer?	The Offer is subject to the Conditions as set out in Appendix 2 to the Bidder's Statement including a 50.1% minimum acceptance condition. Full terms of the Conditions are set out in Appendix 2.
What if the Conditions of the Offer are not satisfied or waived?	If the Offer closes with the Conditions remaining unsatisfied and unwaived, the Offer will lapse and your acceptance will be void. In other words, you will continue to hold all of your SA Metals Shares (unless you otherwise sell them). Sylvania will inform you of whether the Conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act. Sylvania may extend the Offer Period in accordance with the Corporations Act in order to give time for Conditions to be satisfied.
How do I accept the Offer?	See paragraph 1.6 of Appendix 1, as well as the instructions on the enclosed Acceptance Form.
Can I accept the Offer for part of my holding of SA Metals Shares?	Subject to paragraphs 1.5(b) and 1.6(h) of Appendix 1, the Offer may only be accepted for all of your SA Metals Shares.
If I accept the Offer, when will I receive the Offer Consideration?	If you accept the Offer in accordance with the instructions contained in the Offer and the Acceptance Form and the Offer becomes or is declared unconditional, you will be issued with Sylvania Shares on or before the earlier of: <ul style="list-style-type: none"> • one month after you have validly accepted the Offer or one month after all the Conditions have been satisfied or waived (whichever is later); and • 21 days after the end of the Offer Period. <p>If you accept the Offer and you are an Ineligible Overseas Shareholder, you will not be entitled to receive Sylvania Shares as consideration for your SA Metals Shares. Instead, the Sylvania Shares which would otherwise have been issued to you will be issued to a nominee approved by ASIC, who will sell those Sylvania Shares and pay the net proceeds of such sale to you.</p>
What happens if I accept?	If you accept the Offer and the Offer becomes or is declared unconditional, you will cease to be an SA Metals Shareholder and Sylvania will acquire your SA Metals Shares. In return, you will receive 1 Sylvania Share for every 10 of your SA Metals Shares . Once you accept the Offer (even while it remains subject to any defeating Conditions) you will not be able to sell your SA Metals Shares, subject to statutory rights of withdrawal which arise in limited circumstances.
Can I withdraw my acceptance?	Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if the Offer is varied in such a way as to delay the time by which you will receive payment by more than one month. A notice will be sent to you at the time explaining your rights in this regard.



What happens if I do not accept?	<p>If you do not accept the Offer, you will remain an SA Metals Shareholder and will not receive the consideration offered by Sylvania.</p> <p>If Sylvania acquires more than 50% of all SA Metals Shares, then assuming all other Conditions are satisfied or waived, Sylvania would acquire a majority shareholding in SA Metals. In that case, if you did not accept the Offer you would become a minority shareholder in SA Metals.</p> <p>If Sylvania becomes entitled to compulsorily acquire your SA Metals Shares, it presently intends to do so. If your SA Metals Shares are compulsorily acquired by Sylvania, it will be on the same terms (including the same consideration for each SA Metals Share acquired) as the Offer. However, you will receive the consideration later than the SA Metals Shareholders who choose to accept the Offer.</p>
What will happen if Sylvania improves the Offer Consideration?	<p>If Sylvania improves the Offer Consideration, all SA Metals Shareholders who accept the Offer (whether or not they have accepted the Offer before or after such improvement) will be entitled to the benefit of the improved Offer Consideration, should the Offer become or be declared unconditional.</p>
What will happen to the SA Metals Options?	<p>Sylvania is not making a separate takeover offer to holders of SA Metals Options. However, the holders of all SA Metals Options (other than the SA Metals \$0.05 Options) have agreed with Sylvania to exchange their SA Metals Options for Sylvania Options as described in Section 6.2. The holders of the SA Metals \$0.05 Options who convert their SA Metals \$0.05 Options into SA Metals Shares during the Offer Period will be able to accept the Offer in respect of the resulting SA Metals Shares.</p>
What will the tax consequences be?	<p>Section 12 describes the major tax implications for SA Metals Shareholders who accept the Offer and are resident in Australia. Sylvania recommends that you seek independent professional tax advice in relation to your own particular circumstances.</p>
Do I pay brokerage or stamp duty if I accept?	<p>You will not pay brokerage or stamp duty on the disposal of your SA Metals Shares if you accept the Offer. However, if your SA Metals Shares are registered in an Issuer Sponsored Holding, you may incur brokerage costs and GST on those costs if you choose to sell your SA Metals Shares on the market or, if your holding is in CHESS, and you instruct your Controlling Participant to accept the Offer on your behalf.</p>
Are there any risks in accepting the Offer?	<p>Yes, see Section 11 for further discussion. There are also risks if you do not accept the Offer.</p>
What if I require further information?	<p>If you have any questions in relation to the Offer or how to accept it, or if you have lost your Acceptance Form and require a replacement, please contact the Sylvania Offer Information Line on 1300 523 257 (from within Australia) or +61 3 9946 4412 (from outside Australia).</p>



3. Information on the Sylvania Group

3.1 Introduction

(a) Overview

Sylvania is a growing PGM producer with tailings retreatment operations and shallow mining exploration interests located in South Africa's PGM-rich Bushveld Igneous Complex.

(b) Strategy

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.

Should the Proposed Ruukki Merger be successful, Ruukki's overall strategy to create an integrated mine to metals PGM and ferrochrome company is consistent with and complements Sylvania's existing strategy. Sylvania continues to 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 to progress the Everest North Project, and has recently lodged an application for a mining right over the project area. In addition, Sylvania is focused on accelerating its move into shallow mining projects through the Offer and the GAU Offer.

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.

3.2 History, corporate structure and ownership of the Sylvania Group

(a) History

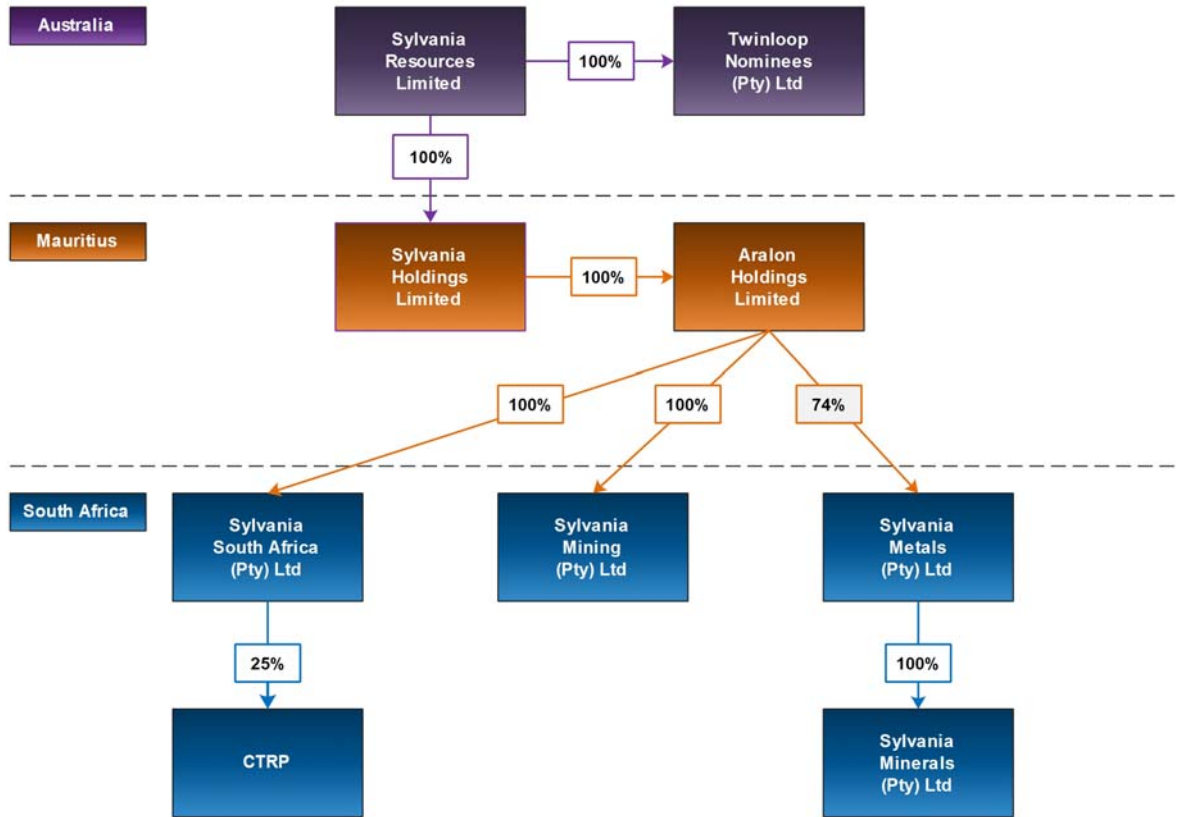
Sylvania was incorporated in Western Australia on 1 February 2000 and subsequently listed on the ASX on 9 February 2001. It listed on AIM on 21 July 2006.

(b) Corporate structure

The corporate ownership structure of Sylvania and the companies it controls is as follows:



**SYLVANIA RESOURCES LTD
Group Structure**



(c) **Ownership**

With its dual listing, Sylvania has a geographically diverse shareholder base. To the best of its knowledge, Sylvania is not directly or indirectly controlled by another corporation or any person or foreign government.

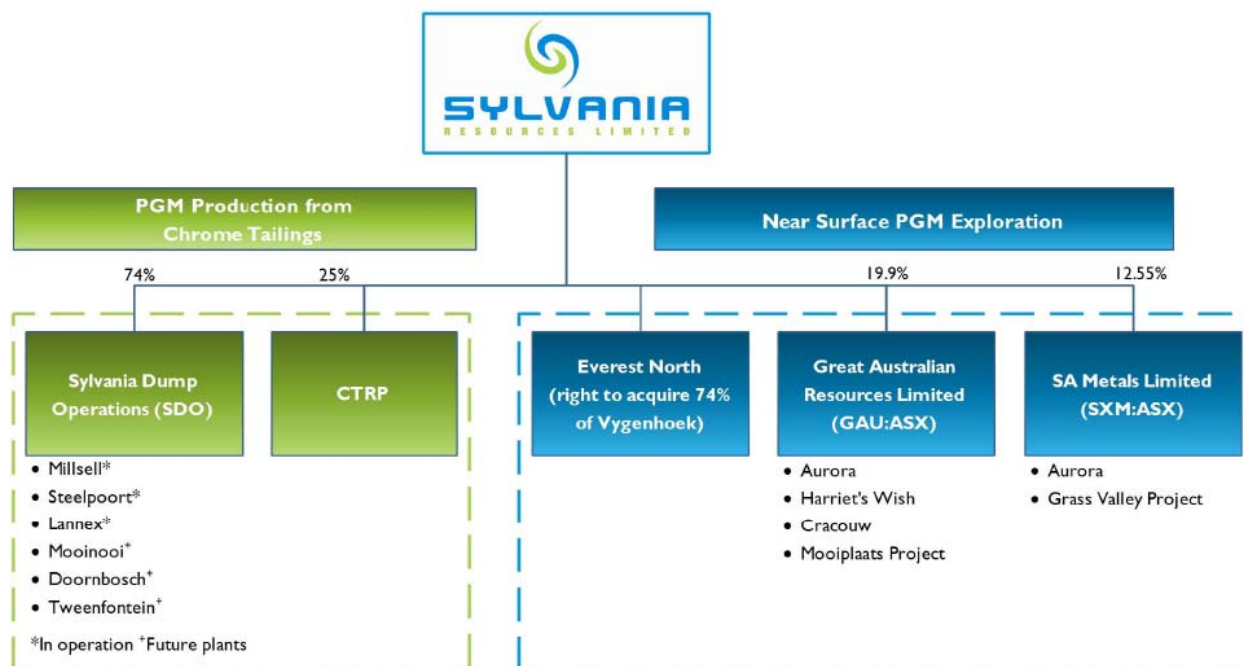
On 30 June 2009, Sylvania signed the Merger Implementation Agreement with Ruukki. The Proposed Ruukki Merger is subject to a number of conditions. Please refer to Section 9 for further information in relation to Ruukki and the Proposed Ruukki Merger.

3.3 Principal activities of the Sylvania Group

Sylvania's operations are split into 2 core business units, being:

- PGM production from tailings retreatment operations (**PGM Production Business Unit**); and
- near surface PGM exploration (**Near Surface Exploration Business Unit**).





The PGM Production Business Unit focuses on strategic relationships and agreements with other mining companies, and has resulted in Sylvania constructing and successfully operating two processing facilities that re-treat chrome tailings from existing mining operations, with another facility in commissioning. This retreatment process is a low cost, high margin business designed specifically to extract PGMs. This proven and successful business model has seen Sylvania commit to the construction of three more chrome retreatment facilities.

The Near Surface Exploration Business Unit is focused on the discovery and development of PGMs that are capable of a lower cost mining operation. The exploration business complements the retreatment business operated by Sylvania, and is why Sylvania currently holds strategic interests in Great Australian and SA Metals.

3.3.1 PGM Production Business Unit

Sylvania's PGM production currently comes from the retreatment of chrome tailings at the operation owned by Samancor Chrome Limited (**Samancor Chrome**) and at the Chrome Tailings Retreatment Plant (**CTRP**) managed by Aquarius Platinum South Africa (Pty) Limited (**AQPSA**). These operations are detailed below:

(a) Sylvania Dump Operations

Sylvania has a 74% interest in Sylvania Metals (Pty) Limited (**Sylvania Metals**), which operates the Sylvania Dump Operations (**SDO**). The remaining 26% of Sylvania Metals is held by Sylvania's BEE partner, Ehlobo Metals (Proprietary) Limited. Sylvania Metals and Samancor Chrome have entered into a service and supply agreement to treat chrome tailings from Samancor Chrome's mines on the Western and Eastern Limbs of the Bushveld Igneous Complex to recover PGMs (**Samancor Chrome Agreement**).

In fulfilling the requirements under the Samancor Chrome Agreement, Sylvania Metals has two fully operational plants, Millsell and Steelpoort. Millsell and Steelpoort were commissioned during the 2007/08 financial year and produced



14,224oz 3PGE+Au from throughput of 507,262 tonnes, which equated to 85% of Sylvania's total production for the 2007/2008 financial year.

A third plant, the Lannex PGM Plant (**Lannex**) has been completed, with commissioning currently underway.

Sylvania Metals has also committed to the construction of three additional plants, being Mooinooi, Doornbosch and Tweefontein. Construction is close to completion on Mooinooi and Doornbosch and commissioning and ramp-up of production at both plants is scheduled to begin in September 2009. Construction of the Tweefontein plant is expected to be completed by the end of the second quarter of 2010 with commissioning in the third quarter of 2010.

Sylvania Metals has secured a right to treat run of mine (**ROM**) material from Samancor Chrome's Broken Hill, Spitzkop and Buffelsfontein East chrome mines to produce PGMs. ROM material from Broken Hill and Spitzkop will be treated at the Lannex plant.

Sylvania Metals has an off-take agreement with Impala Refining Services Limited whereby concentrate from the Steelpoort, Lannex and Tweefontein plants will be delivered to their smelter. Sylvania Metals has a similar off-take agreement with Rustenburg Platinum Mines Limited in respect of the Millsell plant.

Fully operational SDO plants

Millsell Plant (Operational from June 2007, capacity of chrome recovery plant: 37,500 t/m)

The Millsell plant was successfully commissioned during June 2007, with the plant's first PGM concentrate being sold the following month. Since June 2007, the Millsell operation has demonstrated ongoing performance improvement with steady growth in plant availability and recoveries.

The chrome waste dumps are mined mechanically and by way of small scale hydro mining. Current risings from the Millsell mine are fed directly into Sylvania's chrome plant.

Capital expenditure on Millsell to date has totalled R63 million (A\$10.1 million).

Steelpoort (Operational from September 2007, capacity of chrome recovery plant: 37,500 t/m)

The Steelpoort plant was commissioned in September 2007 at a total capital cost of R 66 million (A\$10.5 million) to re-treat tailings from the Steelpoort mine. As with Millsell, the waste dumps are mined using a combination of both mechanical and hydro methods, with current risings being fed directly into Sylvania's chrome plant.

SDO plants in commissioning

Lannex Plant (capacity of chrome recovery plant: 70,000 t/m)

Construction of the Lannex plant has been completed, with commissioning underway. The plant's ramp-up phase commenced in June 2009 with first production from the plant expected to occur during August 2009. Feed will consist of current risings and ROM material.

The total plant construction cost to date is R155.5 million (A\$24.7 million).



SDO plants under design or construction

Doornbosch Plant

The construction of the new Doornbosch 37,500 tonne chrome recovery plant and a PGM floatation plant is well advanced, with first production expected towards the end of 2009. Plant feed for Doornbosch is sourced from current risings and waste dumps from the Doornbosch mine. Mining will mainly utilise mechanical methods.

Mooinooi Plant

The Mooinooi project involves the construction of a 37,000 tonne chrome recovery plant and a PGM floatation plant. Construction is in progress and once completed, the plant will treat current risings from the Mooinooi, Elandsdrift and Buffelsfontein Mines.

Tweefontein Plant

The Tweefontein plant will be a 37,000 tonne chrome recovery plant and a PGM floatation plant which is planned to treat 10,000 tonnes of current risings from the Tweefontein mine and 27,000 tonnes of slimes from the Tweefontein void. Construction of the Tweefontein plant is expected to be completed by the end of the second quarter of 2010 with commissioning in the third quarter of 2010.

(b) **Chromite Tailings Retreatment Plant (CTRP)**

Sylvania South Africa (Pty) Ltd (**Sylvania SA**), a wholly owned Subsidiary of Sylvania, has a 25% unincorporated joint venture interest in the CTRP at Kroondal on the Western Limb of the Bushveld Igneous Complex. CTRP is managed by AQPSA and treats chrome tailings from Xstrata plc's operations to recover PGMs.

3.3.2 Near Surface PGM Exploration Business Unit

Sylvania's near-surface mining exploration and development interests comprise the Everest North UG2 development project (**Everest North**) and strategic investments in companies with other exploration projects of interest.

(a) **Everest North**

Sylvania SA's Everest North development project is located on the farm Vygenhoek in the Mpumalanga Province, which is on the Eastern Limb of the Bushveld Igneous Complex. Everest North has a JORC Compliant Measured Resource of 5.1Mt at 4.7g/t 3PGE+Au.

Sylvania SA has entered into an agreement with AQPSA, pursuant to which Sylvania SA will act as independent contractor to manage and carry out prospecting work at Everest North. The agreement provides that if mining at Everest North is determined to be economically viable, Sylvania SA shall have the right to apply for a mining right in respect of the project (on behalf of AQPSA). Sylvania SA has duly notified AQPSA that mining will be economically viable and has made an application for a mining right with the DME.

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.

(b) **Strategic investments**

Sylvania has strategic investments in SA Metals (12.55%) and Great Australian (19.9%) which have PGM exploration interests located in the Bushveld Igneous Complex.



Great Australian has a 71% interest in HACRA Mining & Exploration Company (Pty) Ltd (**HACRA**), which has entered into an agreement to acquire the prospecting rights over three farms that are prospective for shallow surface PGM and other minerals.

SA Metals has a 75% interest in the Aurora Project, which lies adjacent to the Aurora prospect held by Great Australian. SA Metals also has a 75% interest in the Grass Valley Project.

Through the Offer and the GAU Offer, Sylvania is seeking to unlock the potential strategic benefits of combining its assets with the exploration interests of Great Australian and SA Metals, some of which are adjacent to each other and will provide potential operational and cost savings synergies to be derived by the Merged Group.

3.4 Tailings dump estimates

The table below indicates Sylvania's tailings dump estimates for the period ending 31 May 2009.

May 2009	Tailings Dams Estimates			
	Tonnages (Tonnes)			4E Grade (g/t)
	Original	Mined	Balance - 31 May 2009	
Eastern Bushveld				
Tweefontein	909,120		909,120	4.6
Lannex	1,222,590		1,222,590	3.0
Steelpoort Main	341,789	214,523	127,266	2.6
Steelpoort New Tailings*			461,721	
Doornbosch	83,256		83,256	9.1
Montrose	165,150		165,150	4.8
Groothoek	157,990		157,990	5.1
Onverwacht	12,215		12,215	9.4
Mooihoek	7,776		7,776	5.0
Western Bushveld				
Waterkloof	248,065		248,065	1.1
Buffelsfontein	165,721		165,721	1.1
Elandsdrift Total	316,265		316,265	2.0
Millsell Main	973,100	684,407	288,693	2.0
Millsell New Tailings*			710,492	
Mooinooi	1,593,000		1,593,000	1.2
Total	6,196,038	767,451	6,583,061	

*Note: The Steelpoort New Tailings and Millsell New Tailings figures are representative of the retreatment process. The current process that Sylvania adopts is to treat the tailings and to deposit the resultant tailings onto a new tailings dump next to the current tailings dump. Once the first dump is finished, Sylvania re-treats the resultant tailings dump using exactly the same plant. The new tailings dump still has PGMs but less chrome. Recovery from the second retreatment is less than the first.



3.5 GAU Offer

Sylvania announced a takeover bid for all of the shares in Great Australian on 11 May 2009. Great Australian is a company which also has interests in PGM exploration projects in the Bushveld Igneous Complex of South Africa. Sylvania believes, if the GAU Offer is successful, that the Great Australian business will complement Sylvania's strategy to become a PGM resource company and would strengthen the Merged Group's interest in PGM projects in South Africa. The takeover bid for Great Australian is currently the subject of a bidder's statement being lodged by Sylvania with ASIC on or about the date of this Bidder's Statement and in circumstances where Sylvania's bid has the support of Great Australian's board.

3.6 Directors of Sylvania

Details of the Directors of Sylvania are set out below.

Mr Richard Rossiter - Non-Executive Chairman

BSc (Hons) MSc

Mr Rossiter was appointed to the Sylvania Board in August 2007 and acts as non-executive Chairman. He leads the Board in implementing its strategy of becoming a significant PGM 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 became involved in corporate advisory, mergers and acquisitions and divestments. Mr Rossiter is also a director of Morning Star Holdings (Australia) Limited.

Mr Terry McConnachie - Managing Director

Mr McConnachie has over 25 years experience in mining, beneficiation 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 R1 billion (A\$159 million). Mr McConnachie has been CEO of a number of mining, mining services and smelting companies in South Africa. He is also a director of Ruukki and Dwyka Resources Limited.

Mr Louis Carroll - Finance Director / Joint Company Secretary

B Com, MAP, H. Dip. Corporate Law, H. Dip. Property Management, Dip Business Management

Mr Carroll was appointed to the Sylvania Board 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 for a number of private and publicly listed companies. He has also served as chief operating officer in a listed oil and gas company. Mr Carroll is a director of Vanamin Limited and various private property companies.



Dr Alistair Ruiters - Non-Executive Director

BA (Hons), PhD (D.Phil)

Dr Ruiters was appointed to the Sylvania Board in August 2007 and joined the Board as non-executive director, providing guidance on project procurement, development and funding. Dr Ruiters is one of the founders of Ehlobo Holdings Limited, the Company's back economic empowerment partner in its tailings retreatment projects in South Africa. Dr Ruiters joined the South African public service in May 1994, after completing a PhD at Oxford University. He has held numerous positions in both the private and public sector in South Africa, including that of Special Adviser to Trevor Manuel, South Africa's first Competition Commissioner and Director General of the Department of Trade and Industry.

Mr Grant Button - Executive Director / Joint Company Secretary

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 18 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. Mr Button is currently an executive director of Magnum Mining & Exploration Limited, chairman of Morning Star Holdings (Australia) Limited and chairman of Alamar Resources Limited.

3.7 Senior management of Sylvania

Details of the senior managers of Sylvania are set out below.

Mr Zoran Marinkovic – Director of Sylvania Metals (Pty) Ltd

BSc (Chem Eng), University of Belgrade

Mr Marinkovic 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, Mr Marinkovic has been responsible for developing and controlling Sylvania's chromium and PGM projects pursuant to the Samancor Chrome Agreement. He is currently working on progressing new projects that will expand Sylvania's supply of PGM base material.

Mr Phil Carter – General Manager: Capital Projects

BSc (Mining Eng), University of the Witwatersrand

Mr 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 the De Beers Group, AngloGold Ashanti Limited and Samancor Chrome and he has experience at a senior management level in diamond, deep-level gold and chrome mines. Mr Carter's particular field of expertise is in mine and project management. At Samancor Chrome, he commenced 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. At Sylvania, Mr Carter is managing the development of the Everest North mine project and the capital construction expansion programme.

Mr Christo de Vos – Internal Legal Adviser

BComm, University of the Free State; LLB, Unisa

Mr 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 as legal and commercial executive adviser. Mr de Vos has vast



experience in black economic 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 Cox started his career in the mining industry 30 years ago as a learner surveyor. After studying mining engineering as a JCI bursar, he has experience in various positions at gold and platinum mines and as a senior section manager. Dr Cox 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. Dr Cox holds a Mine Surveyor's and a Mine Manager's Certificate of Competency.

Mr Ben Kruger – Management Accountant

NHD (Cost and Management Accounting), Technikon RSA

Mr Kruger has spent 17 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 the De Beers Group and Gold Fields Limited, 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. Mr Kruger joined Sylvania in October 2007.

3.8 Financial information on the Sylvania Group

(a) **Basis of presentation of historical financial information**

The historical financial information below relates to the Sylvania Group on a stand alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full consolidated financial accounts for Sylvania for the financial periods described below, which include the notes to the accounts, can be found in Sylvania 's half year financial statements and annual reports for those periods. These documents are available from the Sylvania website and in Sylvania's past announcements to ASX.

(b) **Historical financial information on Sylvania**

Set out below are the summary historical consolidated balance sheets of Sylvania as at 31 December 2008 and 30 June 2008, derived from the auditor reviewed consolidated financial statements of Sylvania released to ASX on 13 March 2009:

	Consolidated 31 December 2008 \$	Consolidated 30 June 2008 \$
CURRENT ASSETS		
Cash and cash equivalents	40,630,003	43,623,564
Trade and Other receivables	10,324,797	15,886,145
Inventories	319,720	227,440
	51,274,520	59,737,149
Assets classified as held for sale	352,067	-
TOTAL CURRENT ASSETS	51,626,587	59,737,149
NON-CURRENT ASSETS		



Available-for-sale financial assets	541,201	2,252,098
Investments accounted for using the equity method	4,348,213	4,404,466
Deferred exploration expenditure	1,701,781	1,728,310
Property, plant and equipment	53,694,256	29,578,317
TOTAL NON-CURRENT ASSETS	60,285,451	37,963,191
TOTAL ASSETS	111,912,038	97,700,340
CURRENT LIABILITIES		
Trade and other Payables	6,110,184	2,654,108
Borrowings	138,086	78,074
Current tax	1,863,262	1,024,695
TOTAL CURRENT LIABILITIES	8,111,532	3,756,877
NON CURRENT LIABILITIES		
Borrowings	304,108	251,298
Provisions	412,026	355,158
Deferred tax	3,834,346	3,543,998
	4,550,480	4,150,454
TOTAL LIABILITIES	12,662,012	7,907,331
NET ASSETS	99,250,026	89,793,009
EQUITY		
Issued capital	117,224,842	117,274,097
Reserves	(1,998,779)	(12,458,835)
Accumulated losses	(18,425,886)	(16,847,066)
Capital and reserves attributable to equity holders of Sylvania Resources Limited	96,800,177	87,968,196
Minority interest	2,449,849	1,824,813
TOTAL EQUITY	99,250,026	89,793,009

Set out below are the summary historical consolidated income statements of Sylvania for the 6 months ended 31 December 2008 and 31 December 2007 respectively, derived from the auditor reviewed consolidated financial statements of Sylvania released to ASX on 13 March 2009:



	Consolidated 31 December 2008	Consolidated 31 December 2007
	\$	\$
Revenue	10,131,197	7,059,531
Other income	1,843,391	1,478,298
Share of net profits of jointly controlled entity accounted for using the equity method	6,267	2,171,832
	<u>11,980,855</u>	<u>10,709,661</u>
Raw materials and consumables used	(5,071,964)	(2,633,961)
Consulting fees	(898,713)	(535,740)
Depreciation	(852,418)	(1,381,926)
Finance Costs	-	(3,915)
Foreign exchange gain / (loss)	406,347	(1,260,863)
Devaluation of impaired investment	(1,710,898)	-
Share based payment expense	(1,222,536)	(245,199)
Other expenses	(2,710,543)	(2,425,631)
(Loss) / profit before income tax benefit	(79,870)	2,222,426
Income tax expense	(873,914)	(786,489)
(Loss) / profit after income tax expense	(953,784)	1,435,937
Profit attributable to minority interest	(625,036)	-
Net profit / (loss) attributable to members of the parent	<u>(1,578,820)</u>	<u>1,435,937</u>
	Cents	Cents
Basic earnings / (loss) per share (cents per share)	(0.88)	0.83
Diluted earnings / (loss) per share (cents per share)	(0.88)	0.81

Set out below are the summary historical consolidated cash flow statements of Sylvania for the 6 months ended 31 December 2008 and 31 December 2007 respectively, derived from the auditor reviewed consolidated financial statements of Sylvania released to ASX on 13 March 2009:

	Consolidated 31 December 2008	Consolidated 31 December 2007
	\$	\$
Cash flows from operating activities		
Receipts from customers	17,817,022	550,336
Joint venture partnership distribution received	1,002,499	138,868



Payments to suppliers and employees	(8,415,266)	(6,146,717)
Interest received	1,679,935	961,737
Other revenue	79,958	42,654
Net cash outflow from operating activities	12,164,148	(4,453,122)
Cash flows from investing activities		
Payments for plant and equipment	(20,887,828)	(4,796,561)
Payments for exploration and evaluation	(48,799)	(356,340)
Payments for prospects	-	(377,578)
Payments for available-for-sale financial assets	-	(4,715,560)
Payments of loans to other parties	(3,287)	(1,103,830)
Repayment of loans by other parties	(391,677)	4,000
Net cash outflow from investing activities	(21,331,591)	(11,345,869)
Cash flows from financing activities		
Proceeds from the issue of shares	-	862,500
Capital raising costs	(44,752)	(225,077)
Net cash inflow from financing activities	(44,752)	637,423
Net increase/(decrease) in cash held	(9,212,195)	(15,161,568)
Cash at the beginning of reporting period	43,623,564	56,225,793
Effect of foreign exchange on cash	6,218,635	(1,283,162)
Cash at the end of the reporting period	40,630,004	39,781,063



4. Information about Sylvania Securities

4.1 Issued securities

As at the date of the Bidder's Statement, Sylvania has the following securities on issue:

- (a) 182,162,273 Sylvania Shares; and
- (b) 13,233,000 unlisted options to subscribe for a Sylvania Share with the following exercise prices and expiry dates:
 - (i) 600,000 options exercisable at A\$0.75 per option, expiring 30 June 2010;
 - (ii) 400,000 options exercisable at A\$2.89 per option, expiring 30 June 2011;
 - (iii) 600,000 options exercisable at A\$2.67 per option, expiring 30 June 2011;
 - (iv) 5,633,000 options exercisable at A\$1.63 per option, expiring 30 June 2011; and
 - (v) 6,000,000 options exercisable at A\$1.05 per option, expiring 30 June 2012.

4.2 Sylvania's major shareholders

Sylvania's top twenty shareholders as at 30 June 2009 is produced in the table below. The information in the table has been extracted from Sylvania's share register.

Rank	Shareholder	Shares	% of issued capital
1	K.B. (C.I.) Nominees Limited	35,960,332	19.74
2	Lynchwood Nominees Limited	12,119,870	6.65
3	Chase Nominees Limited	12,076,561	6.63
4	Apollo Nominees Limited	8,280,000	4.55
5	Credit Suisse International	8,000,000	4.39
6	HSBC Custody Nominees	7,715,267	4.24
7	Vidacos Nominees Limited	6,417,275	3.52
8	Vidacos Nominees Limited	5,956,200	3.27
9	Chase Nominees Limited	5,950,000	3.27
10	The Bank of New York (Nominees) Limited	5,311,592	2.92
11	HSBC Global Custody Nominee (UK) Limited	5,099,377	2.80
12	BBHISL Nominees Limited	3,823,000	2.10
13	National Nominees Limited	3,382,466	1.86
14	Harewood Nominees Limited	3,055,539	1.68
15	BBHISL Nominees Limited	2,952,648	1.62
16	Vidacos Nominees Limited	2,598,200	1.43
17	The Bank of New York (Nominees) Limited	2,448,374	1.34
18	Chetwynd Nominees Limited	2,300,000	1.26
19	Citicorp Nominees Pty Limited	2,240,402	1.23
20	Blackmort Nominees Pty Ltd	2,075,000	1.14
	Total	137,762,303	75.63



Based on information lodged with ASX, Sylvania has the following substantial shareholders as at the day before the date of this Bidder's Statement:

Shareholder	Number of Sylvania Shares	Percentage holding
UBS Nominees Pty Ltd	14,482,137	7.95%
JP Morgan Chase & Co	13,988,300	7.68%

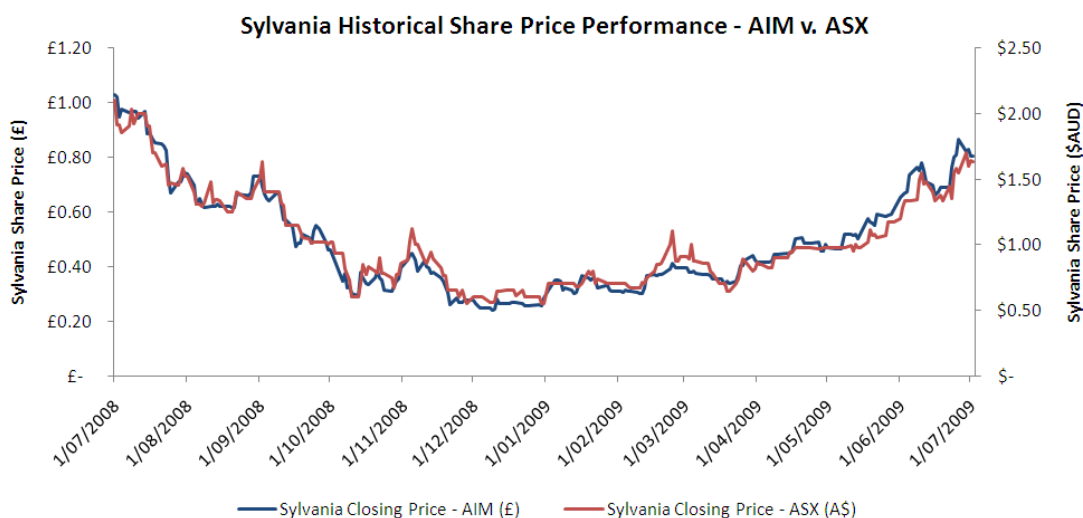
4.3 Recent performance of Sylvania Shares

The closing price of Sylvania Shares on the ASX and AIM on 2 July 2009 (being the last Trading Day before the date of this Bidder's Statement) was A\$1.635 and £0.805 respectively per Sylvania Share.

The highest recorded closing price of Sylvania Shares on the ASX and AIM in the four months before the last Trading Day before the date of this Bidder's Statement was A\$1.70 and £0.865 per Sylvania Share on 29 June 2009 and 26 June 2009 respectively.

The lowest recorded closing price of Sylvania Shares on the ASX and AIM in the four months before the last Trading Day before the date of this Bidder's Statement, was A\$0.64 and £0.335 on 20 March 2009 and on 18 March 2009 respectively per Sylvania Share.

The following graph sets out the closing prices of Sylvania Shares on ASX and AIM over the 12 months to 2 July 2009.



4.4 Dividends

Sylvania is not currently paying a dividend on Sylvania Shares. The Sylvania dividend policy will be reviewed annually by the Board of directors.

4.5 Summary of rights and liabilities attaching to Sylvania Shares

(a) Introduction

Sylvania's Shares are listed on ASX and on AIM.

The rights attaching to ownership of Sylvania Shares arise from a combination of Sylvania's Constitution, statute and general law. A summary of the more significant



rights attaching to Sylvania Shares is set out below. The constitution of Sylvania may be inspected during normal business hours at the registered office of Sylvania.

This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of holders of Sylvania Shares. For a definitive assessment of the rights and liabilities which attach to Sylvania Shares in any specific circumstances a suitably qualified adviser should be consulted.

(b) **Meetings of shareholders and voting rights**

Subject to the Corporations Act, the Directors may call a meeting of members at a time and place as the Directors resolve, and a Director may call a meeting of members at a time and place as that Director determines.

The Directors must call and arrange to hold a general meeting on the request of members made in accordance with the Corporations Act. The members may call and arrange to hold a general meeting of Sylvania as provided by the Corporations Act.

Sylvania must hold an Annual General Meeting. Sylvania must give 28 days or longer notice of a meeting of members. For a general meeting to proceed there must be a quorum comprising 2 eligible members entitled to vote at that meeting.

(c) **Voting**

At a general meeting of Sylvania, each Sylvania shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll has one vote for each fully paid share held. The number of votes to which a holder of partly paid shares is entitled on a poll is equivalent to the proportion that the amount paid on the share is to the issue price of the Sylvania share (ignoring amounts paid in advance).

(d) **Dividends**

The Directors of Sylvania may from time to time determine to distribute Sylvania's profits by way of dividend to Sylvania shareholders entitled to receive dividends, subject to any rights or restrictions attached to a class of shares.

(e) **Issue of further shares**

Subject to the Constitution, the Listing Rules and the Corporations Act, the Directors may at any time allot or otherwise issue or grant options over shares in the capital of Sylvania on such terms and subject to such conditions as they think fit, and shares may be issued with such preferred, deferred or other special rights or subject to such restrictions, whether with regard to dividends, return of capital or otherwise as the Directors may determine in their absolute discretion.

(f) **Winding up**

Subject to any rights or restrictions attached to a class of shares, if Sylvania is wound up the liquidator may, with the sanction of a special resolution of the members, divide the assets of Sylvania among the members or different classes of members. A member need not accept any property, including shares or other securities carrying a liability.

(g) **Transfer of shares**

The Company must not, subject to the applicable law, refuse or fail to register any transfer of shares. However Sylvania may refuse to register a transfer of shares where the applicable law permits or requires Sylvania to do so. The Company must give notice in writing of any refusal to register a transfer of shares, and the reasons for the refusal, to the person transferring those shares and the person who lodged



the transfer (if not the same person) within 5 Business Days after the date on which the transfer was lodged with Sylvania.

(h) **Alteration of capital**

Subject to the Corporations Act and the terms of issue of shares in a particular class, Sylvania may by special resolution of Sylvania:

- (i) vary or cancel rights attached to shares in that class; or
- (ii) convert shares from one class to another,

provided that:

- (iii) a special resolution is passed at a meeting of the members holding shares in that class; or
- (iv) the written consent is obtained of members who are entitled to at least 75% of the votes that may be cast in respect of shares in that class.

4.6 Employee incentive plans

On 26 October 2007, Sylvania Shareholders approved and adopted an employee incentive share plan (**Share Plan**) and an employee incentive option plan (**Option Plan**) (collectively the **2007 Plan**) to replace the plans approved by shareholders on 30 November 2005. The terms of the Share Plan and Option Plan are summarised below:

- (a) **Participants and eligibility:** participants of the Share Plan and 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.
- (b) **Exercise price for options:** options are granted for no consideration. When exercisable, each option is convertible into one Sylvania Share. The exercise price for options issued under the Option Plan is not less than the weighted average share price for the last five trading days immediately preceding the offer to the participant.
- (c) **Expiry of options:** Options will lapse if not exercised prior to the expiry date, which is determined by the Board but which is not more than 10 years after the date of their grant.
- (d) **Issue price for shares:** The issue price for the shares issued under the Share Plan is not less than the weighted average share price for the last five trading days immediately preceding the offer to the participant.
- (e) **Loans under the Share Plan:** A participant who is invited to subscribe for shares under the Share 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 Share 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 Share 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.



5. Information about the SA Metals Group

5.1 Disclaimer

The information in this Section 5 concerning the SA Metals Group has been prepared based on a review of publicly available information which has not been independently verified. Sylvania does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Information regarding the SA Metals Group in this Bidder's Statement should not be considered comprehensive.

5.2 Overview of SA Metals

SA Metals is an explorer seeking to become a significant producer of 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, which 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.

5.3 Structure and ownership

(a) Structure

SA Metals has two wholly owned subsidiaries, Pan Palladium South Africa (Pty) Limited (**PPDSA**) and Pan Palladium Australia Proprietary Limited (**PPD Aust**).

(b) Ownership

To the best of Sylvania's knowledge, SA Metals is not directly or indirectly controlled by another corporation or any person or foreign government, and there are no arrangements which may, at a subsequent date, result in a change of control of SA Metals.

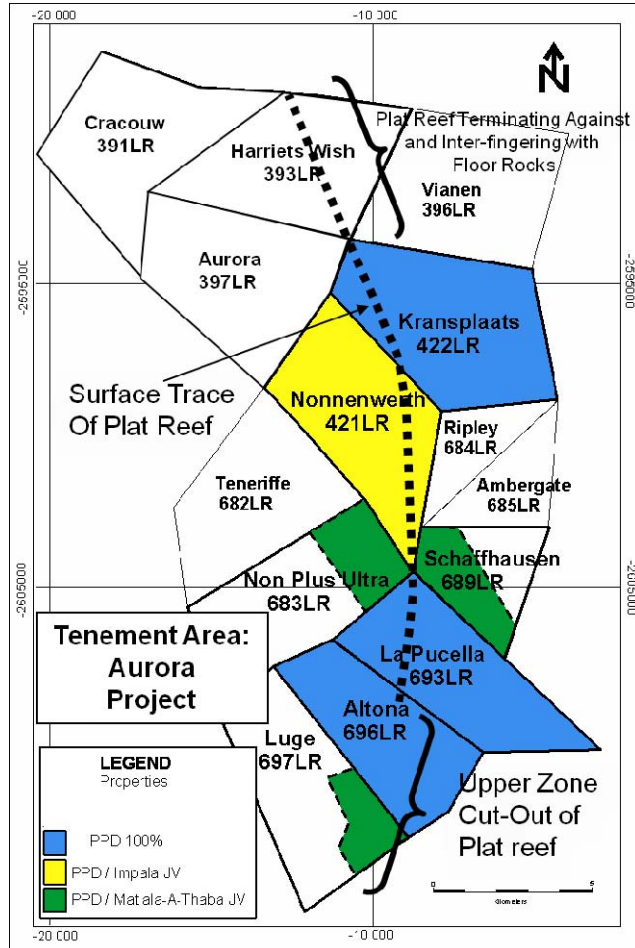
5.4 Principal activities of the SA Metals Group

Aurora Project

SA Metals' Aurora Project on the Northern Limb of the Bushveld Igneous Complex is located 45km north of Mokopane and is underlain by the Platreef.



The properties forming SA Metals' Aurora Project on the Northern Limb of the Bushveld Complex are illustrated below:



The project consists of a group of seven farms covering approximately 20km of potential Platreef strike and approximately 10km of the Main Magnetite layer. SA Metals holds a 75% economic interest through its South African subsidiary, **PPDSA** in Nonnenwerth pursuant to a joint venture agreement with Impala Platinum Limited (**Impala Platinum**). PPDSA is also farming into 49% of the rights on Schaffhausen 689LR, Non Plus Ultra 683LR and Luge 697LR through its participation in the Matlala-A-Thaba Joint Venture. The Matlala-A-Thaba Joint Venture has applied to the DME to extend its prospecting rights and expand its prospecting rights to include all minerals. This application is under review. The terms of the Matlala-A-Thaba Joint Venture are currently being renegotiated.



SA Metals' exploration to date has delivered encouraging results showing the potential of the area to host a large volume resource. The following table outlines the resource estimates for the Aurora project for the financial year ending 30 June 2008:

	Tonnes	2PGE+ Au	2PGE+A u	Pt	Pd	Au	Ni	Cu	Ni	Cu	
	(Mt)	(g/t)	('000oz)	('000 oz)	('000 oz)	('000 oz)	(%)	(%)	(tonnes)	(tonne s)	
Oxide	0.00	1.11	0	0	0	0	0.09	0.18	0	0	
Fresh	14.60	1.17	5.48	201	276	72	0.08	0.14	11,400	20,130	
Kransplaats	Total	14.60	1.17	5.48	201	276	72	0.08	0.14	11,400	20,130
Oxide	1.73	1.28	71	23	39	10	0.06	0.10	1,000	1,700	
Fresh	46.12	1.36	2,016	646	1,080	289	0.07	0.11	30,600	50,500	
Nonnenweth	Total	47.85	1.36	3,138	669	1,119	299	0.07	0.11	31,600	52,200
Oxide	6.78	1.41	309	100	164	45	0.04	0.06	2,400	4,100	
Fresh	64.20	1.37	2,829	907	1,518	408	0.04	0.05	22,800	34,500	
La Pucella & Altona	Total	70.98	1.37	3,138	1,007	1,682	450	0.04	0.05	25,200	38,600
Oxide	8.51	1.38	380	123	203	55	0.04	0.07	3,400	5,800	
Fresh	124.92	1.34	5,393	1,754	2,874	766	0.06	0.08	64,800	105,310	
Aurora Composite	Total	133.43	1.34	5,773	1,877	3,077	821	0.05	0.08	68,200	110,930

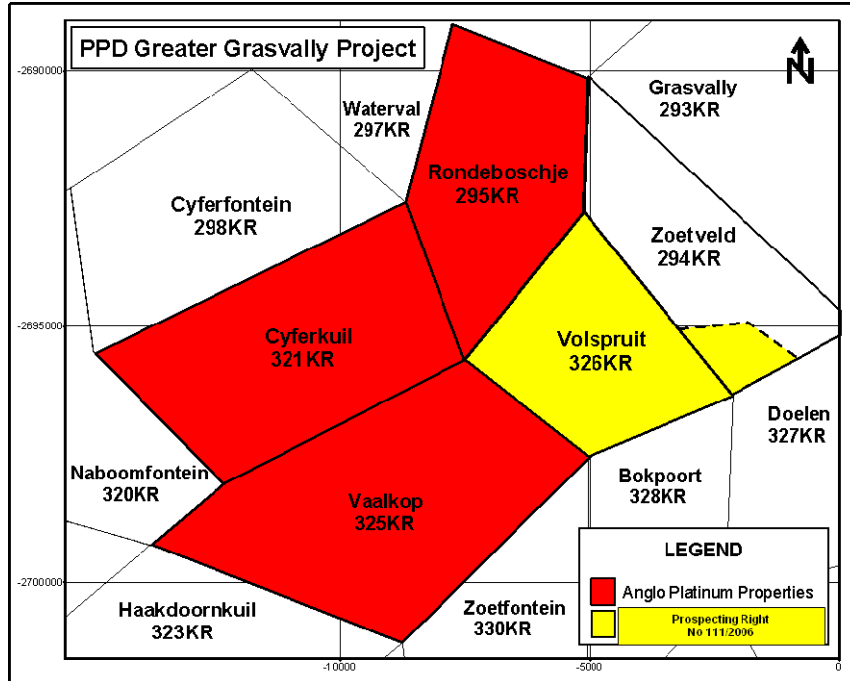
Please refer to Section 13.7 for a competent person statement in relation to these resource estimates.

Other potential resources underlying the Aurora Project area are vanadium, titanium and iron ore, contained in the magnetite layers within the upper zone of the mafic phase of the Bushveld Igneous Complex, traversing the Aurora properties. SA Metals commenced a drilling program aimed at exploring the iron, vanadium and titanium potential in May 2009.

Grass Valley Project:

The Grass Valley Project is located 15km south of the town of Mokopane and consists of the farms Volspruit 326 KR and a small portion of Zoetveld 294 KR covering a total area of 1279 hectares. SA Metals successfully converted the properties to new order prospecting rights under the Minerals and Petroleum Resources Development Act for a period of five years, ending 27 February 2011. The map below illustrates the Grass Valley Project tenement:





Total Indicated and Inferred Resource estimates for the Grass Valley Project are outlined below:

	Tonne s (Mt)	Pt g/t	Pd g/t	Rh g/t	Au g/t	3PGE+A u g/t	Ni %	Co %
Indicated								
Oxide	9,725	0.50	0.57	0.08	0.03	1.18	0.08	0.03
Sulphide	61,497	0.53	0.60	0.08	0.03	1.24	0.11	0.03
Total	71,222	0.52	0.60	0.08	0.03	1.23	0.11	0.03
Inferred								
Sulphide	22,285	0.47	0.54	0.07	0.03	1.10	0.11	0.03

Please refer to Section 13.7 for a competent person statement in relation to these mineralisation estimates.

SA Metals holds 100% of the new order Prospecting Rights for Grass Valley pursuant to a new joint venture agreement with Impala Platinum concluded in May 2008, and holds a 75% economic interest.

Pursuant to a contractor agreement with MSA Projects (Pty) Ltd (**MSA**), SA Metals is required to pay to MSA a royalty equal to 3% of gross sales or other distributions of minerals from any "Project Area", which is defined in the contractor agreement to include the Aurora Project area and the Grass Valley Project area.



5.5 Directors and senior managers

As at the date of this Bidder's Statement, the directors of SA Metals are as follows:

- (a) Roy Pitchford - Independent Non-Executive Chairman;
- (b) William Hayden - Managing Director;
- (c) David James Hutchins - Independent Non-Executive Director; and
- (d) Paul Jurman is the Company Secretary for SA Metals.

5.6 Financial information about SA Metals

(a) Basis of presentation of historical financial information

The historical financial information below relates to SA Metals on a stand alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts for SA Metals for the financial periods described below, which include the notes to the accounts, can be found in SA Metals' half year financial statements and annual reports for those periods.

(b) Historical financial information on the SA Metals Group

Set out below are the summary historical consolidated balance sheets of SA Metals as at 31 December 2008 and 30 June 2008, derived from the auditor reviewed consolidated financial statements of SA Metals released to ASX on 12 March 2009:

	Consolidated 31 December 2008 \$	Consolidated 30 June 2008 \$
CURRENT ASSETS		
Cash and cash equivalents	276,805	693,179
Other receivables	75,717	33,968
TOTAL CURRENT ASSETS	352,522	727,147
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	4,839,299	4,056,226
Plant and equipment	5,143	8,058
TOTAL NON-CURRENT ASSETS	4,844,442	4,064,284
TOTAL ASSETS	5,196,964	4,791,431
CURRENT LIABILITIES		
Payables	109,606	98,291
TOTAL CURRENT LIABILITIES	109,606	98,291
TOTAL LIABILITIES	109,606	98,291
NET ASSETS	5,087,358	4,693,140
EQUITY		
Issued capital	36,315,034	36,315,034



Reserves	261,350	469,780
Foreign currency translation reserve	(2,004,258)	(2,703,727)
Accumulated losses	(29,484,768)	(29,387,947)
TOTAL EQUITY	5,087,358	4,693,140

Set out below are the summary historical consolidated income statements of SA Metals for the 6 months ended 31 December 2008 and 31 December 2007 respectively, derived from the auditor reviewed consolidated financial statements of SA Metals released to ASX on 12 March 2009:

	Consolidated 31 December 2008 \$	Consolidated 31 December 2007 \$
Financial Income	16,663	45,882
Other revenue	24,688	-
Total revenue	41,351	45,882
Employee and consultant expenses	(206,150)	(500,327)
Exploration expenditure written off	(44,692)	(60,306)
Administration expenses	(74,667)	(59,943)
Other expenses from ordinary activities	(23,463)	(21,257)
Loss before tax	(307,621)	(595,951)
Income tax benefit	-	-
Net loss for the period	(307,621)	(595,951)
Basic loss per share	(0.23 cents)	(0.45 cents)
Diluted loss per share	(0.23 cents)	(0.45 cents)

Set out below are the summary historical cash flow statements of SA Metals for the 6 months ended 31 December 2008 and 31 December 2007 respectively, derived from the auditor reviewed consolidated financial statements of SA Metals released to ASX on 12 March 2009:

	Consolidated 31 December 2008 \$	Consolidated 31 December 2007 \$
Cash flows from operating activities		
Cash payments in the course of operations	(342,880)	(319,262)
Interest received	17,920	45,561
Net cash used in operating activities	(324,960)	(273,701)
Cash flows from investing activities		
Recovery from JV Partners	-	80,342



Payments for plant and equipment	-	(1,747)
Payments for exploration expenditure	(91,414)	(157,167)
Net cash used in investing activities	(91,414)	(78,572)
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Share issue costs	-	-
Net cash used in financing activities	-	-
Net decrease in cash held	(416,374)	(352,273)
Cash at the beginning of the period	693,179	1,604,890
Cash at the end of the period	276,805	1,252,617

5.7 Publicly available information about SA Metals

SA Metals is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, SA Metals is subject to the Listing Rules which require continuous disclosure of any information SA Metals has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. SA Metals' files are available for inspection at ASX during normal business hours.

In addition, SA Metals is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by SA Metals may be obtained from, or inspected at, an ASIC office.

Further information about SA Metals is available in electronic form on its website:
www.sametals.com.au

5.8 Announcements by SA Metals in relation to the Offer

On 12 May 2009 and 12 June 2009, SA Metals made public announcements to ASX in relation to the Offer. A list of all announcements made by SA Metals since the date on which it lodged its last annual report is contained in Appendix 4.



6. Information about SA Metals Securities

6.1 SA Metals Securities on issue

According to documents provided by SA Metals to the ASX, as at the date of this Bidder's Statement, SA Metals has the following securities on issue:

- (a) 303,292,422 SA Metals Shares; and
- (b) 9,800,000 unlisted options to subscribe for an SA Metals Share with the following exercise prices and expiry dates:
 - (i) 2,000,000 options exercisable at \$0.14 per option, expiring 31 December 2009;
 - (ii) 600,000 options exercisable at \$0.20 per option, expiring 31 December 2009;
 - (iii) 1,000,000 options exercisable at \$0.20 per option, expiring 31 December 2010;
 - (iv) 1,000,000 options exercisable at \$0.10 per option, expiring 31 December 2010; and
 - (v) 5,200,000 options exercisable at \$0.05 per option, expiring 30 April 2012 (**SA Metals \$0.05 Options**).

6.2 SA Metals Options

The Offer extends to SA Metals Shares that are issued pursuant to the exercise of SA Metals Options during the period from the Register Date to the end of the Offer Period.

Notwithstanding this, the holders of the SA Metals Options outlined in the table below have agreed with Sylvania to exchange their SA Metals Options for Sylvania Options with the following exercise prices and expiry dates:

Terms of SA Metals Options to be transferred	Terms of new Sylvania Options
2,000,000 SA Metals Options exercisable at \$0.14 per option, expiring 31 December 2009	363,611 Sylvania Options exercisable at \$1.40 per option, expiring 30 June 2010
600,000 SA Metals Options exercisable at \$0.20 per option, expiring 31 December 2009	93,823 Sylvania Options exercisable at \$1.40 per option, expiring 30 June 2010
1,000,000 SA Metals Options exercisable at \$0.20 per option, expiring 31 December 2010	173,199 Sylvania Options exercisable at \$1.40 per option, expiring 30 June 2011
1,000,000 SA Metals Options exercisable at \$0.10 per option, expiring 31 December 2010	186,711 Sylvania Options exercisable at \$1.40 per option, expiring 30 June 2011

Sylvania has not entered into any arrangements with the holder(s) of SA Metals \$0.05 Options.

6.3 Interests in SA Metals Securities

As at the date of this Bidder's Statement:

- Sylvania's voting power in SA Metals is 12.55%; and
- Sylvania has a Relevant Interest in 38,066,078 SA Metals Shares.



Other than those interests, and other than in relation to the arrangements relating to SA Metals Options described in Section 6.2, neither Sylvania nor any of its Associates has a Relevant Interest in any SA Metals Securities.

6.4 Dealings in SA Metals Securities

Except as set out below, during the period beginning four months before the date on which this Bidder's Statement is lodged with ASIC and ending the day immediately before the date of the Offer, neither Sylvania nor any Associate of Sylvania has provided, or agreed to provide, consideration for any SA Metals Shares or SA Metals Options:

Date of dealing	Holder of Relevant Interest	Description of dealing
20 February 2009	Sylvania Resources Limited	On market purchase of 15,500,000 SA Metals Shares at A\$0.03 per share
2 April 2009	Sylvania Resources Limited	On market purchase of 1,822,867 SA Metals Shares at A\$0.04 per share
14 April 2009	Sylvania Resources Limited	On market purchase of 425,000 SA Metals Shares at A\$0.04 per share
15 April 2009	Sylvania Resources Limited	On market purchase of 50,000 SA Metals Shares at A\$0.04 per share
16 April 2009	Sylvania Resources Limited	On market purchase of 1,184,775 SA Metals Shares at A\$0.04 per share
7 May 2009	Sylvania Resources Limited	Off market purchase of 19,083,436 SA Metals Shares at A\$0.04 per share

6.5 Recent share price performance of SA Metals

The latest recorded closing price of SA Metals Shares on the ASX on 2 July 2009 being the last Trading Day before the date of this Bidder's Statement was A\$0.125 per SA Metals Share.

The highest recorded closing price of SA Metals Shares on the ASX in the four months before 2 July 2009 being the last Trading Day before the date of this Bidder's Statement, was A\$0.14 per SA Metals Share on 30 June 2009.

The lowest recorded closing price of SA Metals Shares on the ASX in the four months before 2 July 2009 being the last Trading Day before the date of this Bidder's Statement, was A\$0.031 per SA Metals Share on 2 March and 6 March 2009.



7. Sylvania's intentions in relation to the Merged Group

7.1 Overview

This Section 7 sets out the intentions of Sylvania on the basis of facts and information concerning SA Metals which are publicly available to Sylvania at the time of preparation of this Bidder's Statement, and the existing circumstances affecting the business of SA Metals so far as they are known to Sylvania.

Sylvania and its advisers have reviewed the information that has been publicly released about SA Metals, its current activities and its plans for the future and have had limited discussions with SA Metals in relation to its business. However, Sylvania does not currently have knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions. Consequently, final decisions on these matters have not been made.

Following the close of the Offer, Sylvania will, to the extent that information is available to it, conduct a review of the operations, assets, structure and employees of SA Metals in light of that information. Final decisions will only be reached after that review and in light of all material facts and circumstances. As such, statements set out in this Bidder's Statement are statements of current intention only which may change as new information becomes available or circumstances change. The statements in this Bidder's Statement should be read in this context.

7.2 Intentions upon acquisition of 90% or more of SA Metals Shares

This Section 7.2 sets out Sylvania's current intentions if Sylvania acquires 90% or more of the SA Metals Shares and is entitled to proceed to compulsory acquisition of the remaining SA Metals Shares under the Corporations Act.

(a) **Corporate matters**

Sylvania will:

- (i) proceed with the compulsory acquisition of any SA Metals Shares not acquired under the Offer and any other SA Metals Securities on issue which it is entitled to compulsorily acquire in accordance with the Corporations Act; and
- (ii) make arrangements for SA Metals to be removed from the official list of ASX.

(b) **General conduct of business**

Shortly after closing of the Offer, Sylvania will undertake a broad based review of the assets of SA Metals from a strategic, operational and financial perspective to evaluate their future prospects and whether any efficiencies, cost savings or improvements can be made to any of these assets.

However, based on publicly available information, Sylvania intends to operate the assets of SA Metals in largely the same manner as they are currently operated. Sylvania presently intends to retain, and continue to evaluate, explore and if viable develop, all of the South African PGM assets of SA Metals.

In particular, Sylvania intends to do the following:

SA Metals' Grass Valley Project

PPDSA completed a pre-feasibility study (**PFS**) on Grass Valley in 2004 and declared an Inferred Resource of 3.4 million oz of Pt+Pd+Au (71 million tonnes) and 100,000t of Ni and 28,000t of Cu.



Sylvania intends to carry out a definitive feasibility study, with the geological investigation aimed at upgrading the mineralisation to a Measured Resource.

The geological investigation will comprise re-appraising the PFS, addressing certain issues raised in the PFS, providing a bulk sample of the “ore” zone for pilot study metallurgical test work, conducting exploratory drilling to close-off the bodies and in-fill where necessary, completing a geotechnical investigation for mine design and conducting sterilisation drilling of dump and infrastructure sites.

SA Metals' Aurora Project

PPDSA conducted an exploration programme to investigate the potential of the Platreef style mineralisation striking through the project area. RSG Global declared an Inferred Resource in 2003 of 5.8 million oz of Pt+Pd+Au (133 million tonnes) and 68,200t Ni and 111,000t Cu. The resource was not categorised further.

Sylvania intends to carry out a more detailed geological study aimed at determining whether to progress the project to a PFS stage. The study will encompass a review of all geological information, re-interpretation of the geological continuity of the mineralisation employing close-spaced selected drilling areas to establish continuity and compilation of a resource estimation report.

SA Metals' Vanadium and Iron Ore Project

The vanadiferous magnetite layers of the Upper Zone of the Bushveld Igneous Complex underlie the PPDSA Aurora Project and the Great Australian adjoining properties.

PPDSA is completing a phase 1 probe drilling exploration programme on the Nonnenwerth property, on the basis of an initial grab sampling exercise of limited exposures that indicated a vanadium (V_2O_5) content in the M -1 layer of approximately 1.5%; iron (Fe_2O_3) of approximately 75% and a titanium (TiO_2) of approximately 16%; with low silica and phosphorous.

Sylvania intends expanding this programme across the other properties on Aurora and the Great Australian properties based on the results of the PPDSA phase 1 programme.

SA Metals' projects, which are at early stages and subject to further exploration and development, are likely to comprise separate mining operations to Sylvania's projects.

(c) Replacement of board members of SA Metals

Sylvania will replace members of the board of SA Metals with Sylvania nominees. Replacement board members have not yet been identified by Sylvania and their identity will depend on the circumstances at the relevant time.

It is, however, Sylvania's intention to retain SA Metals personnel who have extensive knowledge of SA Metals' assets and who have the expertise to effectively bring SA Metals' assets into production.

(d) SA Metals employees

Sylvania intends to combine certain common Sylvania and SA Metals corporate head office functions (such as finance and accounting, human resources and IT) as well as those functions involved in setting overall planning and control of the operations of the Merged Group, with the aim of eliminating duplication of tasks. Sylvania will consider how many employees are required to manage SA Metals assets within the Merged Group and, having made that assessment, whether these roles should be fulfilled by Sylvania or SA Metals employees. Where Sylvania decides that those roles should be fulfilled by existing Sylvania employees, Sylvania



will consider whether there are opportunities elsewhere in the Merged Group for those SA Metals employees who are no longer required in their existing role.

7.3 Intentions upon acquisition of more than 50.1% but less than 90% of SA Metals Shares

If Sylvania is successful in acquiring more than 50.1% but less than 90% of the SA Metals Shares, then Sylvania has the following intentions:

(a) **Corporate matters**

- If Sylvania becomes entitled at some later point to exercise general compulsory acquisition rights under the Corporations Act, it would exercise those rights.
- Sylvania intends to maintain SA Metals listing on ASX while it continues to meet ASX requirements.
- Sylvania intends to seek representation on the SA Metals Board commensurate with the level of its shareholding in SA Metals.

(b) **General intentions**

It is the present intention of Sylvania to attempt to procure, through its representation on the board of directors of SA Metals and as a significant shareholder of SA Metals, that the SA Metals board implements the objectives and goals outlined in Section 7.2 to the extent possible and appropriate, recognising the legal duties to other SA Metals shareholders.

7.4 Intentions upon acquisition of less than 50.1% of SA Metals Shares

The Offer includes a 50.1% minimum acceptance condition (see Appendix 2). While Sylvania has no present intention of waiving that Condition, it reserves its right to declare the Offer free of that Condition.

In those circumstances, Sylvania's actions will depend on the percentage of SA Metals Shares acquired under the Offer. Sylvania has therefore not formed a view on its intentions upon acquisition of less than 50% of the SA Metals Shares. However, Sylvania may seek to implement the intentions set out in Section 7.2 to the extent it is lawfully able to do so.

7.5 Intentions in relation to Great Australian

Sylvania's intentions in relation to Great Australian following completion of the GAU Offer are generally consistent with its intentions for SA Metals as described in this Section 7 (and subject to similar limitations as set out in Section 7.6). If such information is specifically of interest to SA Metals Shareholders, they should refer to the bidder's statement issued by Sylvania on or around the date of this Bidder's Statement in respect of the GAU Offer.

7.6 Limitations on intentions

The intentions and statements of future conduct set out in this Section 7 must be read as being subject to:

- (a) the law (including the Corporations Act) and the Listing Rules, including in particular the requirements of the Corporations Act and the Listing Rules in relation to conflicts of interest and "related party" transactions given that, if Sylvania obtains control of SA Metals but does not acquire all of the SA Metals Shares, it will be treated as a related party of SA Metals for these purposes. Similarly, if Sylvania obtains control of Great Australian but does not acquire all of the GAU Shares, it will be treated as a related party of Great Australian for these purposes;



- (b) the legal obligation of the SA Metals directors and Great Australian directors at the time, including any nominees of Sylvania, to act in good faith in the best interest of SA Metals and Great Australian respectively and for proper purposes and to have regard to the interests of all SA Metals Shareholders and GAU Shareholders respectively; and
- (c) the outcome of the review referred to in Section 7.2(b).

7.7 Other intentions

Other than as set out in this Section 7, it is the present intention of Sylvania:

- (a) generally to continue the business of SA Metals;
- (b) not to make any major changes to the business of SA Metals, nor to redeploy any of the material fixed assets of SA Metals; and
- (c) to continue the employment of the present employees of SA Metals.



8. The Merged Group

8.1 Approach

This Section 8 provides an overview of the profile of the Merged Group and the effect of the Offer and the GAU Offer on Sylvania.

The profile of the Merged Group will vary depending on the outcome of the Offer and the outcome of the GAU Offer.

Unless otherwise indicated, the description of the Merged Group in this Section 8 does not consider the Proposed Ruukki Merger, which will not be put to Sylvania Shareholders (including SA Metals Shareholders who accept the Offer) until the Offer and the GAU Offer have closed.

If Sylvania does not acquire at least 90% of the SA Metals Shares following completion of the Offer and therefore does not become entitled to compulsorily acquire the remaining SA Metals Shares, SA Metals will become a partly-owned Subsidiary of Sylvania. Similarly, if Sylvania does not acquire at least 90% of GAU Shares following completion of the GAU Offer and therefore does not become entitled to compulsorily acquire the remaining SA Metals Shares, GAU will become a partly owned Subsidiary of Sylvania. As a result, the benefits that would otherwise accrue to Sylvania may not be fully realised.

8.2 GAU Offer

(a) Sylvania's offer for Great Australian

On 11 May 2009, Sylvania announced its intention to make an off-market takeover offer for all the ordinary shares in Great Australian. On 10 June 2009, Sylvania announced that it had increased the consideration under the GAU Offer to 1 Sylvania Share for every 12 GAU Shares.

The GAU Offer implies a value of approximately A\$0.0825 per Great Australian Share (based on the Pre-Announcement Price of Sylvania Shares), and represents a premium of 68% to the Pre-Announcement Price of GAU Shares.

The GAU Offer and the Offer are not interconditional. This means that the Offer will not be affected by the success or otherwise of the GAU Offer.

(b) Profile of GAU

Great Australian is a minerals exploration company focused on the exploration and subsequent development of PGM deposits. GAU 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 are:

HACRA Platinum Project: consisting of a 71% interest in HACRA, which has entered into an agreement to acquire the prospecting rights over the Harriet's Wish, Cracouw and Aurora farms located on the Northern Limb of the Bushveld Igneous Complex; and

Mooiplaats Platinum Project: consisting of a right to earn an economic interest of up to 74% in the Mooiplaats near surface Merensky Reef platinum/nickel exploration project, which is located within the Bushveld Igneous Complex.



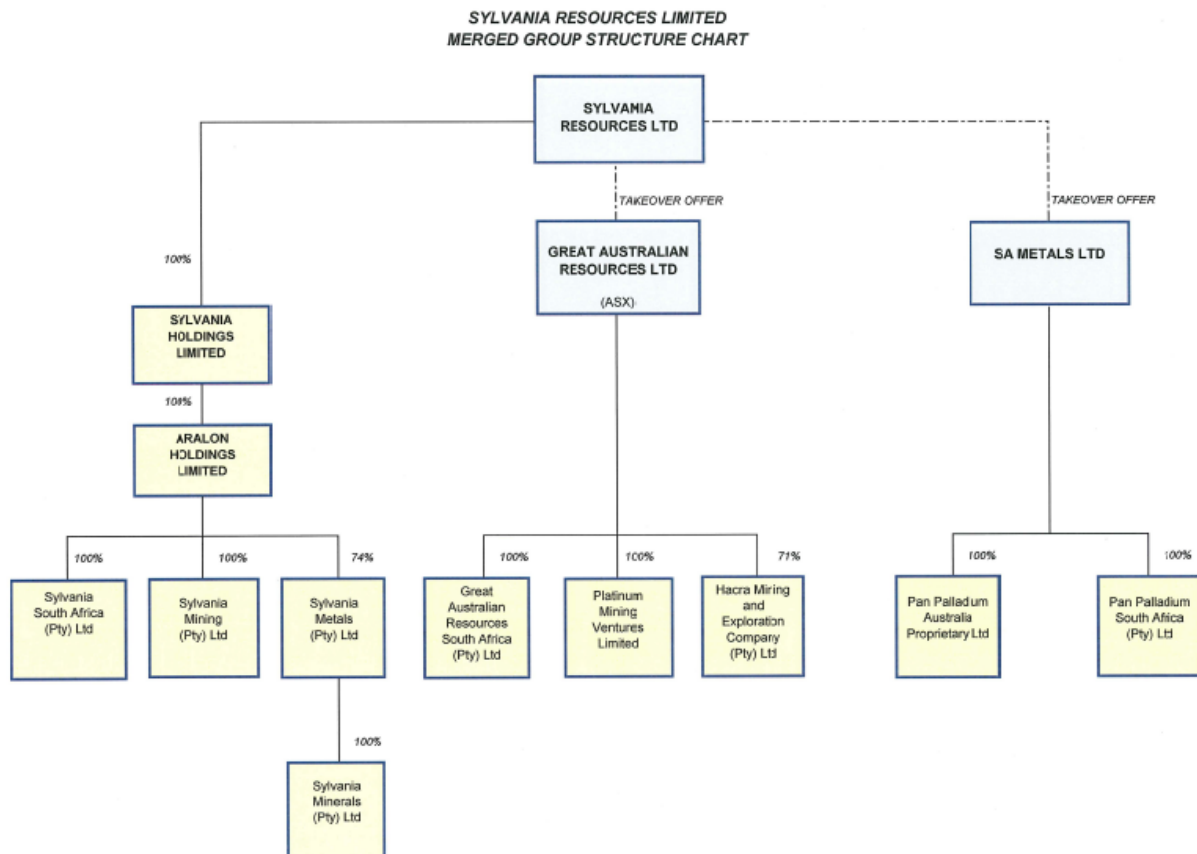
8.3 Profile of Merged Group

If the Offer is successful, SA Metals Shareholders will receive Sylvania Shares in exchange for their SA Metals Shares. Similarly, if the GAU Offer is successful, GAU Shareholders will receive Sylvania Shares in exchange for their GAU Shares. On completion of the Offer and the GAU Offer, all Sylvania Shareholders (including SA Metals Shareholders and GAU Shareholders who have accepted their respective offers) will be shareholders in the Merged Group.

The combination of the assets of Sylvania, SA Metals and Great Australian is expected to provide a unique opportunity to create long term benefits and value for shareholders through improved scale and increased production of PGMs.

8.4 Corporate structure of the Merged Group

The corporate structure of the Merged Group, assuming Sylvania acquires 100% of both SA Metals and Great Australian, is as follows:



8.5 Assets of the Merged Group

The Merged Group may consist of a combination of Sylvania's existing operations, SA Metals' existing operations and Great Australian's existing operations depending on the outcomes of the Offer and the GAU Offer.

Assuming SA Metals and Great Australian both become wholly owned Subsidiaries of Sylvania, the Merged Group's portfolio of assets would include:

- Sylvania's 74% interest in the SDO which, under the terms of a service and supply agreement with Samancor Chrome, treats chrome tailings to recover PGMs from Samancor Chrome's mines on the Western and Eastern limbs of the Bushveld Igneous Complex;



- Sylvania's 25% unincorporated joint venture interest in the CTRP at Kroondal, which treats chrome tailings from the operations of Xstrata Plc to recover PGMs;
- Exploration interests in the following:
 - Sylvania's right to apply for a mining right in respect of Everest North, in which Sylvania would hold a 74% interest (as described in Section 3.3.2(a));
 - GAU's 71% interest in HACRA and a right to earn up to 74% of the Mooiplaats Project;
 - interests of SA Metals in:
 - a 75% economic interest in the Grass Valley PGM Exploration Project, through joint venture agreements with Impala Platinum, consisting of prospecting rights over the farms Volspruit 326 KR and Zoetveld 294 KR;
 - a 75% economic interest in the PGM Aurora Exploration Project on the Northern Limb of the Bushveld Igneous Complex, consisting of three properties: Altona, La Pucella and Kransplatts through a joint venture with Impala Platinum;
 - a 75% economic interest in a vanadium/iron exploration project at the Nonnenwerth property in the Aurora Project tenement area through a joint venture agreement with Impala Platinum; and
 - a right to earn up to 49% in the PGM rights on the Schaffhausen, Non Plus Ultra and Luge properties located in the tenement area of the Aurora Project, pursuant to the Matlala-A-Thaba Joint Venture with Nkgapu Investment (Pty) Ltd. The terms of the Matlala-A-Thaba Joint Venture are currently being renegotiated.

8.6 Effect of Offer and GAU Offer on Sylvania's capital structure

The ownership and capital structure of the Merged Group will vary depending on the level of acceptances under the Offer and the GAU Offer. If both SA Metals and Great Australian become wholly owned Subsidiaries of Sylvania, SA Metals Shareholders will collectively own approximately 12.4% of the Merged Group.

The following table sets out further details of the pro forma ownership of Sylvania Shares following completion of the Offer and completion of the GAU Offer. The following assumptions have been made:

- (a) the consideration for the GAU Offer is based on 1 Sylvania Share for every 12 GAU Shares;
- (b) Sylvania holds 38,066,078 SA Metals Shares and 26,455,382 Great Australian Shares;
- (c) the 5,200,000 SA Metals \$0.05 Options on issue will be exercised before the end of the Offer Period;
- (d) the SA Metals Options (other than the SA Metals \$0.05 Options) are acquired by Sylvania pursuant to the arrangements described in Section 6.2;
- (e) no GAU Options are exercised prior to the end of the Offer Period;
- (f) there are 182,162,273 Sylvania Shares on issue and no Sylvania Shares are issued other than pursuant to the GAU Offer and the Offer;
- (g) fractional numbers have been rounded up to the nearest whole number; and



(h) the potential effect of upwards rounding of the Offer Consideration is ignored.

Acceptance levels	Existing Sylvania Shareholders (% held of Merged Group)	GAU Shareholders (% held of Merged Group)	SA Metals Shareholders (% held of Merged Group)	Total
SA Metals - 100%, GAU - 100%	182,162,273 (83.53%)	8,873,854 (4.07%)	27,042,635 (12.40%)	218,078,762 (100%)
SA Metals - 100%, GAU - 50.1%	182,162,273 (85.70%)	3,345,698 (1.58%)	27,042,635 (12.72%)	212,550,606 (100%)
SA Metals - 100%, GAU - 0%	182,162,273 (87.07%)	Nil (0%)	27,042,635 (12.93%)	209,204,908 (100%)
SA Metals - 50.1%, GAU - 100%	182,162,273 (89.87%)	8,873,854 (4.38%)	11,648,863 (5.75%)	202,684,990 (100%)
SA Metals - 50.1%, GAU - 50.1%	182,162,273 (92.39%)	3,345,698 (1.70%)	11,648,863 (5.91%)	197,156,834 (100%)
SA Metals - 50.1%, GAU - 0%	182,162,273 (93.99%)	Nil (0%)	11,648,863 (6.01%)	193,811,136 (100%)
SA Metals - 0%, GAU - 100%	182,162,273 (95.35%)	8,873,854 (4.65%)	Nil (0%)	191,036,127 (100%)
SA Metals - 0%, GAU - 50.1%	182,162,273 (98.20%)	3,345,698 (1.80%)	Nil (0%)	185,507,971 (100%)
SA Metals - 0%, GAU - 0%	182,162,273 (100%)	Nil (0%)	Nil (0%)	182,162,273 (100%)

8.7 Pro forma historical financial information for the Merged Group

This Section 8 contains pro forma financial information for the Merged Group, reflecting the aggregated businesses of Sylvania, SA Metals and Great Australian. This information is presented on a pro forma basis only, and as a result it is likely that this information will differ from the actual financial information for the Merged Group.

The Merged Group financial information has been prepared under the following scenarios:

- (a) each of SA Metals and Great Australian become wholly-owned subsidiaries of Sylvania following completion of the Offer and completion of the GAU Offer; and
- (b) each of SA Metals and Great Australian become 50.1% subsidiaries of Sylvania following completion of the Offer and completion of the GAU Offer.

The SA Metals Offer and the GAU Offer are not inter-conditional. As a result, the pro forma financial information presents financial information under various combinations of the above scenarios.



8.8 Basis of preparation of pro forma financial information

The pro forma financial information and notes have been prepared with the assistance of HLB Mann Judd and based on the auditor reviewed financial statements of Sylvania, SA Metals and GAU included in the respective companies' half year financial reports for the half year ended 31 December 2008, after adjustment for the actual and assumed transactions set out in Section 8.10.

The auditor reviewed historical financial information as at 31 December 2008 has been prepared by each of Sylvania, SA Metals and GAU in accordance with Australian equivalents to International Financial Reporting Standards.

The pro forma financial information is presented in abbreviated form and does not contain all the disclosures that are usually provided in an annual report in accordance with the Corporations Act and does not take into account any transactions by the respective companies subsequent to 31 December 2008, other than as described in Section 8.10. The pro forma balance sheets have not been audited and may be subject to changes arising from an audit process if an audit was undertaken.



8.9 Pro forma unaudited consolidated balance sheet as at 31 December 2008

Ownership % of GAU	19.9%	50.1%	100.0%	19.9%	50.1%	100.0%	19.9%	50.1%	100.0%
Ownership % of SXM	12.3%	12.3%	12.3%	50.1%	50.1%	50.1%	100.0%	100.0%	100.0%

Sylvania
(unaudited) pro
forma as at 31
December 2008

Merged Group (unaudited) pro forma as at 31 December 2008

ASSETS	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	39,226	41,721	41,721	42,214	44,709	44,709	42,214	44,709	44,709
Trade and other receivables	10,365	10,423	10,423	10,441	10,498	10,498	10,441	10,498	10,498
Financial assets acquired at fair value through P & L	0	100	100	0	100	100	0	100	100
Inventories	320	320	320	320	320	320	320	320	320
Assets classified as held for sale	352	352	352	352	352	352	352	352	352
Total Current Assets	50,263	52,916	52,916	53,327	55,979	55,979	53,327	55,979	55,979
Non-Current Assets									
Available-for-sale financial assets	2,598	1,469	1,469	1,233	103	103	1,233	103	103
Investments accounted for using the equity method	4,348	4,348	4,348	4,348	4,348	4,348	4,348	4,348	4,348
Deferred exploration expenditure	1,702	7,958	9,007	24,487	30,743	31,792	26,880	33,136	34,185
Property, plant and equipment	53,694	53,699	53,699	53,699	53,704	53,704	53,699	53,704	53,704
Total Non-Current Assets	62,342	67,474	68,523	83,767	88,898	89,947	86,160	91,291	92,340
Total Assets	112,605	120,390	121,439	137,094	144,877	145,926	139,487	147,270	148,319



Current Liabilities

Trade and other payables	6,110	6,158	6,158	6,220	6,267	6,267	6,220	6,267	6,267
Borrowings	138	138	138	138	138	138	138	138	138
Current tax	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,886
Total Current Liabilities	8,134	8,182	8,182	8,244	8,291	8,291	8,244	8,291	8,291

Non-current Liabilities

Borrowings	304	304	304	304	304	304	304	304	304
Provisions	412	412	412	412	412	412	412	412	412
Deferred tax	3,834	3,834	3,834	3,834	3,834	3,834	3,834	3,834	3,834
Total Non-Current Liabilities	4,550	4,550	4,550	4,550	4,550	4,550	4,550	4,550	4,550

Total Liabilities

	12,684	12,732	12,732	12,794	12,841	12,841	12,794	12,841	12,841
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Net assets

	99,921	107,658	108,707	124,300	132,036	133,085	126,693	134,429	135,478
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Equity

Issued capital	117,475	120,787	126,260	129,007	132,319	137,792	144,247	147,559	153,032
Reserves	-1,634	-1,634	-1,634	-1,634	-1,634	-1,634	-1,634	-1,634	-1,634
Accumulated losses	-18,370	-18,370	-18,370	-18,370	-18,370	-18,370	-18,370	-18,370	-18,370

Attributable to equity holders of Sylvania Resources Limited

	97,471	100,783	106,256	109,003	112,315	117,788	124,243	127,555	133,028
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Minority interest

	2,450	6,875	2,451	15,297	19,721	15,297	2,450	6,874	2,450
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Total Equity

	99,921	107,658	108,707	124,300	132,036	133,085	126,693	134,429	135,478
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	Number	Number	Number	Number	Number	Number	Number	Number	Number
Number of Sylvania Shares on issue	182,162,273	185,507,971	191,036,127	193,811,136	197,156,833	202,684,989	209,204,907	212,550,605	218,078,761



8.10 Pro forma assumptions and adjustments

The following adjustments have been made and assumptions used in the preparation of the pro forma balance sheets in Section 8.9 above.

Adjustments:

- (a) the issue by SA Metals in February 2009 of a total of 163,146,211 SA Metals Shares, for cash proceeds of A\$2,251,462;
- (b) the issue by GAU on 11 February 2009 of 17,340,212 GAU Shares, for cash proceeds of A\$433,505;
- (c) the purchase and sale by GAU of 19,123,436 SA Metals Shares, with a resulting profit of A\$216,410;
- (d) the purchase by Sylvania of 9,855,382 GAU Shares and 38,066,078 SA Metals Shares, for a total consideration of A\$1,612,120;
- (e) the issue by SA Metals of 13,200,000 SA Metals Shares upon the exercise of 8,000,000 A\$0.025 SA Metals Options in June 2009, and the assumption that the 5,200,000 SA Metals \$0.05 Options will be exercised before the end of the Offer Period, for a total cash consideration of A\$460,000;
- (f) the completion of the sale of the Sika-Bopha assets (now the HACRA assets) from Sylvania to Great Australian, including the payment of Rand 2,000,000 subsequent to 31 December 2008;
- (g) the issue of 500,000 Sylvania Shares upon the exercise of 500,000 \$0.50 Sylvania Options on 30 June 2009;
- (h) the issue of the following Sylvania Shares to acquire an interest in SA Metals and GAU under various scenarios as follows:

% interest ownership by Sylvania in:		Shares issued by Sylvania
SA Metals	GAU	
12.3	50.1	3,345,698
12.3	100	8,873,854
50.1	19.9	11,648,863
50.1	50.1	14,994,560
50.1	100	20,522,716
100	19.9	27,042,634
100	50.1	30,388,332
100	100	35,916,488



Assumptions:

- (a) the 5,200,000 SA Metals \$0.05 Options on issue as at the date of this Bidder's Statement will be exercised;
- (b) the excess of the consideration paid by Sylvania over the book value of the net assets of SA Metals and GAU is attributable in full to deferred exploration expenditure;
- (c) no deferred tax liability is required in respect of the uplift in the carrying value of deferred exploration expenditure in (b) above due to accumulated losses for income tax purposes in both SA Metals and GAU; and
- (d) the value of Sylvania Shares used to calculate the fair value of assets acquired is A\$0.99 each, being the Pre-Announcement Price.



9. The Proposed Ruukki Merger

9.1 Information on the Proposed Ruukki Merger

On 30 June 2009, Sylvania and Ruukki Group Oyj (**Ruukki**) entered into a Merger Implementation Agreement pursuant to which Ruukki will acquire, subject to the satisfaction of certain conditions, all of the issued and to be issued share capital in Sylvania by way of an Australian law governed scheme of arrangement between Sylvania and its shareholders (**Proposed Ruukki Merger**).

Under the Proposed Ruukki Merger, Ruukki would acquire all of the Sylvania Shares on issue on the Scheme Implementation Date (including Sylvania Shares issued under the Offer and the GAU Offer), on the basis that each Sylvania Shareholder will receive 1 Ruukki Share for every 1.81 Sylvania Shares held on the Proposed Ruukki Merger record date. The conditions to the Proposed Ruukki Merger are set out below.

Mr Terry McConnachie is also a director of Ruukki. The Sylvania Directors other than Mr McConnachie have recommended that Sylvania Shareholders vote in favour of the Proposed Ruukki Merger, subject to confirmation from an independent expert determining that the Proposed Ruukki Merger is in the best interests of Sylvania Shareholders, and in the absence of a superior proposal.

9.2 Rationale for the Proposed Ruukki Merger

The combination of Ruukki and Sylvania would create an integrated, mine to metals PGMs and ferrochrome company. The strategic rationale for the Proposed Ruukki Merger includes:

- (a) creating an integrated producer and processor of PGMs and ferrochrome;
- (b) expanding existing profitable production by accessing:
 - (i) previously uneconomic high chrome, low grade material in tailings dumps and current risings; and
 - (ii) conventional ore deposits;
- (c) applying the direct current (**DC**) furnace technology which was co-developed with Mintek, South Africa's national mineral research organisation, and is currently available at Mogale Alloys;
- (d) allowing the development of an alternative smelting and refining route to that currently available via the platinum majors; and
- (e) combining operational, technical and marketing expertise from across the PGM and ferrochrome industries.

The Proposed Ruukki Merger is conditional upon certain conditions being either satisfied or waived, including the following:

- (a) (**ASIC and ASX**) ASIC and ASX have issued and provided all necessary consents, waivers, modifications and approvals that are reasonably necessary to implement the Proposed Ruukki Merger;
- (b) (**FIRB approval**) Ruukki has received notice under the Foreign Acquisitions and Takeovers Act 1975 (Cth) that there are no objections under Australia's foreign investment policy to the Proposed Ruukki Merger;



- (c) **(South African Competition Act)** the South African Competition Authorities have approved the Proposed Ruukki Merger;
- (d) **(regulatory authority)** all other approvals of regulatory authorities which Ruukki and Sylvania agree are necessary have been obtained;
- (e) **(court orders)** no court or regulatory authority has issued any order prohibiting or preventing the Proposed Ruukki Merger in any way;
- (f) **(Independent Expert)** an Independent Expert issues a report which concludes that the Proposed Ruukki Merger is in the best interests of Sylvania Shareholders, and the Independent Expert does not change its conclusion or withdraw its report prior to the Scheme Meeting;
- (g) **(Sylvania shareholder approval)** Sylvania Shareholders approve the Proposed Ruukki Merger, in accordance with the Corporations Act, at the Scheme Meeting;
- (h) **(Offer and GAU Offer)** On or before the first court hearing in relation to the Proposed Ruukki Merger, the offer periods for the Offer and the GAU Offer have closed, and all Sylvania Shares payable as consideration to the SA Metals Shareholders and GAU Shareholders have been issued;
- (i) **(no prescribed events)** no prescribed events (as that term is defined in the MIA) occurs to Sylvania or Ruukki before the second court hearing in relation to the Proposed Ruukki Merger;
- (j) **(no material adverse change)** no material adverse change (as that term is defined in the MIA) occurs to Sylvania or Ruukki before the second court hearing in relation to the Proposed Ruukki Merger;
- (k) **(quotation on the OMX)** the NASDAQ OMX Helsinki Ltd (**OMX**) agrees to admit the Ruukki shares to be issued pursuant to the Proposed Ruukki Merger to trading in accordance with the rules of the OMX subject only to registration of those shares to the Finnish Trade Register and/or the scheme of arrangement becoming effective;
- (l) **(no termination)** the MIA is not terminated;
- (m) **(Ruukki shareholder approval)** Ruukki shareholders approve the Proposed Ruukki Merger; and
- (n) **(Court approval)** the Court approves the Proposed Ruukki Merger.

9.3 Implications for the Offer for SA Metals Shares

The Proposed Ruukki Merger is not conditional on Sylvania acquiring any SA Metals Shares under the Offer or acquiring any GAU Shares under the GAU Offer. However it is conditional on the closing of the Offer and the GAU Offer. Accordingly, the Proposed Ruukki Merger will be put to Sylvania Shareholders after the Offer and the GAU Offer have both closed (regardless of the level of acceptances). Assuming the conditions of the Offer and the GAU Offer are satisfied, SA Metals Shareholders and Great Australian Shareholders who become Sylvania Shareholders by accepting the respective offers will receive Sylvania Shares and will then have the opportunity to consider and vote on the Proposed Ruukki Merger as Sylvania Shareholders.

9.4 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).

9.5 Principal activities of Ruukki

The business segments of Ruukki comprise the minerals business and the wood processing business.

(a) Minerals business

The Minerals business operations are located in Turkey, Malta and Germany. Ruukki acquired the Minerals businesses in October 2008 that are based on the production of end-products with a high degree of specialisation. Initially, the Minerals business segment focuses on chrome ore and ferrochrome operations. In addition, opportunities for expansion to southern Africa and other speciality metals and alloys are being investigated.

(i) Mining and beneficiation

Mining and beneficiation operations are located in Turkey where Ruukki has active mining areas in three locations: Kavak, Tavas and Fethiye. In addition, there are several exploration licences in other locations. The main operations are the exploration and exploitation of chrome mines with a main focus on exporting two chrome types: high grade chrome concentrates and lumpy chrome ore. The chromite concentrate is delivered for further processing to the Group's processing operations in Germany. The annual chrome ore concentrate production capacity is currently around 30,000 tonnes.

(ii) Processing

Processing the chromite concentrate from both Ruukki's Turkish mines and external parties is carried out in Eschweiler-Weisweiler, Germany through a toll manufacturing agreement. The German plant manufactures specialised low carbon and ultralow carbon ferrochrome products which are sold to end-customers mainly by Ruukki's sales



operations in Malta. The production capacity of ferrochrome is some 30,000 metric tonnes per year.

(iii) **Procurement and sales**

Procurement and sales operations take place in Valletta, Malta. Ruukki sells specialised products, including low carbon and ultralow carbon ferrochrome and associated materials, to its customers worldwide, mainly to producers of special grades of stainless steel.

(iv) **Mogale Alloys**

Mogale's production facilities are located in the vicinity of Johannesburg, South Africa. It has a total smelting capacity of 96 MVA with four furnaces.

(b) **Wood Processing Business**

Wood Processing operations are currently located in Finland, especially in northern Finland. In recent years, the relative share of exports has increased. The business area is engaged in refining natural resources available in the northern coniferous zone with the ultimate aim of achieving the highest degree of processing at optimum cost and efficiency. Ruukki proposes to spin out its wood processing operation after completion of the Proposed Ruukki Merger.

9.6 Directors of Ruukki

As at the date of this Bidder's Statement, the directors of Ruukki are as follows:

- (a) Ms Jelena Manojlovic;
- (b) Mr Alwyn Smit;
- (c) Mr Thomas Hoyer;
- (d) Mr Markku Kankaala; and
- (e) Mr Terence McConnachie.

9.7 Ruukki shares on issue

As at 30 June 2009, Ruukki had 261,034,022 fully paid ordinary shares on issue.



10. Industry overview

10.1 PGM demand and prices

Demand for PGMs fluctuated during 2008 in response to the volatile prices and the weakening global economy. As a result, during the 12 months to 30 June 2008, the PGM markets experienced soaring prices followed by a dramatic correction and price reduction during the second half of 2008. The prices of platinum and rhodium rose to all time record levels during the early part of 2008. The platinum price peaked at US\$2,276/oz in early March and the price of rhodium at US\$10,100/oz in June 2008. The price of palladium also touched a multi-year high of US\$588/oz. From the record highs reached earlier in the year, the average monthly prices in December 2008 reduced to US\$840/oz for platinum, US\$176/oz for palladium and US\$1,015/oz for rhodium, respectively 58%, 61% and 89% lower than in June 2008.

Average prices reported on the free market for 2007, 2008 and first quarter of 2009 are:

	2007	2008	Q1 2009
Platinum	US\$1,304/oz	US\$1,576/oz	US\$1,077/oz
Palladium	US\$355/oz	US\$352/oz	US\$212/oz
Rhodium	US\$6,191/oz	US\$6,564/oz	US\$1,251/oz

Platinum

The net demand for platinum decreased by 5% from 2007 to 2008 to 6.35 million ounces as the strength in the industrial and investment sectors was insufficient to offset the weakness in the autocatalyst and jewellery sectors. Gross autocatalyst demand fell due to the steep decline in vehicle sales whilst high prices during the first half of 2008 resulted in a decline in the fabrication of jewellery and a dramatic increase in the recycling of scrap metals.

South Africa contributes approximately 76% of global platinum production and its ability to maintain and increase output is critical to the determination of platinum prices. In 2008, shortages of electricity, skilled personnel shortages and bad weather impacted on production in South Africa, resulting in depressed platinum supplies in 2008. The rapid deterioration in the global economy, the resultant fall in the demand for platinum from the autocatalyst industry and sales by speculative investors led to a dramatic fall in platinum prices during the latter half of 2008.

Since the price collapse in early December 2008, platinum has staged a modest recovery based on rising jewellery demand, increasing investments in exchange traded funds and a rise in net non-commercial open interest on NYMEX and TOCOM.

Palladium

Net global palladium demand increased in 2008, despite the worsening economic climate. The decline in autocatalyst demand was offset by strength in other applications, including jewellery, electronics, industrial and investment. Palladium continued to increase its share of the gasoline and light-duty diesel markets but the growth in these areas could not counteract the steep decline in demand from the North American auto catalyst market. Supplies of palladium declined sharply owing partly to a reduction in South African production and a decline in shipments from the Russian Federation.

In the first five months of 2009, palladium prices have shown a moderate recovery based on investment demand.



Other PGMs

Despite a reduction in rhodium demand, the market for rhodium was in overall deficit for 2008 with total demand of 0.765 million ounces as compared with total supply of 0.722 million ounces. The increased price of rhodium over the past few years has driven extensive research into reducing consumption of the metal. In 2008, auto makers have fit new, thrifted, low-rhodium three-way catalyst formulation on many of their vehicles. Demand therefore declined in the developed markets of North America, Europe and Japan. The decline was further exacerbated by the reduction in strategic inventory held by some manufacturers. An increase in demand from nations such as China and Russia was insufficient to offset the decline and overall demand fell to its lowest levels in seven years.

10.2 Outlook for the PGM market

The global economic slowdown has had a negative effect on net demand in many industries. The impact of the continued economic problems on many platinum demand sectors will be greater in 2009 than in 2008.

The reduction in vehicle sales, reduced PGM content resulting from technological advancement, reduced demand for diesel engines as a result of lower oil prices and the impact of the general recessionary environment affecting jewellery sales, have combined to provide considerable recent demand side weakness. However, there is some increased demand in the economy. Over the longer term, Sylvania anticipates that stricter emissions standards and the use of diesel particulate filters will support platinum demand despite a worsening outlook for global vehicle production. It is also expected that net demand for PGM from the jewellery industry will rebound in 2009. Although there were high levels of recycling of second-hand jewellery in China and Japan in the first half of 2008, the decrease in metal prices since then has driven recycling volumes lower. Consumer purchasing in China strengthened in the final quarter of 2008 and remained strong in the first quarter of 2009 in China as the affordability of platinum jewellery improved. Generally it is expected that global platinum supplies in 2009 will be marginally higher than in 2008.

Significant supply side intervention is anticipated should weak metal prices prevail in the medium term given a significant turn-around in the economic prospects of production expansions at current prices.

10.3 Source

All statements regarding PGM prices, demand and production in this Section 10 are based on, or have been extracted from, the report "Platinum 2009" prepared and published by Johnson Matthey Public Limited Company.



11. Risk factors

11.1 Overview

The key risks that may have a material adverse impact upon the implementation of the Offer, the future performance of the Merged Group and the value of Sylvania Shares are described in this Bidder's Statement and include those risks set out in this Section 11. The risks identified in this Section 11 are not exhaustive. Sylvania does not give any assurances or guarantees of future performance or profitability, or payment of dividends by, the Merged Group. Additionally Sylvania does not give any assurances or guarantees that the risks set out in this Bidder's Statement will not change. There may be other material risks which are not disclosed in this Bidder's Statement because they were not known by Sylvania or were not considered to be material at the date of this Bidder's Statement. Many of the risks below arising from the Offer are also inherent within each of SA Metals, GAU and Sylvania as separate entities.

The value of the Offer to SA Metals Shareholders will depend upon the future performance of the Merged Group and the value of the Sylvania Shares. As a result, SA Metals Shareholders should carefully consider both the risks affecting the Offer and those risks affecting the future performance of the Merged Group and the value of the Sylvania Shares.

SA Metals Shareholders should be aware that an investment in the Merged Group has risks which are associated with investing in listed securities. The future dividends, the value of the Merged Group's assets and the market value or price of the Sylvania Shares quoted on ASX and AIM may be influenced by these and other risk factors.

Many of these factors are common to those affecting the current performance of Sylvania and SA Metals. Some of the risks may be mitigated by the use of safeguards and appropriate systems and controls. However, many risks that may affect the Merged Group are outside the control of Sylvania, SA Metals and the Merged Group.

This Section 11 does not take into account the investment objectives, financial circumstances or particular needs of individual SA Metals shareholders. It is important that SA Metals shareholders carefully read this Bidder's Statement in its entirety (particularly the risks set out in this Section 11), consider their personal circumstances (including financial and taxation issues) and seek independent professional advice before deciding whether to accept the Offer.

Set out below are some of the key risks that have been identified as potentially affecting the performance of the Merged Group, the ability of the Merged Group to pay dividends and the value of the Sylvania Shares. The past performance of Sylvania and SA Metals is not necessarily representative of the future performance of the Merged Group or the value of Sylvania Shares.

Although it is difficult to assess the likelihood of a risk eventuating and no risk should be discounted, the risks identified in Sections 11.2 and 11.3 are generally set out in order of diminishing significance.

11.2 Risks relating to the Offer and the Merged Group

(a) Uncertainty regarding the level of integration that may be achievable

Sylvania intends, to the extent possible, to seek to integrate SA Metals' operations and GAU's operations within Sylvania so as to maximise operational synergies as well as eliminating a range of duplicated effort and costs. The extent to which these synergy benefits and cost savings are realisable depends upon a range of factors including the level of acceptances received under the Offer and under the GAU Offer.



There is a risk that the synergies expected to arise from the combination of Sylvania and SA Metals and the combination of Sylvania and GAU fail to materialise or take longer than expected to materialise. Sylvania may incur greater than anticipated implementation costs during the integration of the businesses of Sylvania, SA Metals and GAU. This may affect the future earnings performance of the Merged Group.

(b) **CGT rollover relief**

If the Offer becomes unconditional and Sylvania acquires less than 80% of the SA Metals Shares, the potential CGT rollover relief discussed in Section 12 will not be available.

(c) **The GAU Offer**

The Offer and the GAU Offer are not inter-conditional. There can be no guarantee that the GAU Offer will be successful. If Sylvania does not acquire at least 90% of the GAU Shares under the GAU Offer, Sylvania will not be entitled to compulsorily acquire the remainder. As a result, Great Australian will become a partly owned Subsidiary of Sylvania. If the GAU Offer is not successful or if the outcome of the GAU Offer results in Great Australian becoming a partly owned Subsidiary of Sylvania, the benefits that would otherwise accrue to the Merged Group (whether or not the Merged Group includes Great Australian) may not be fully realised.

(d) **Minority shareholding in SA Metals**

If you do not accept the Offer and the Offer becomes unconditional you may, depending on the level of acceptance of the Offer, become part of a minority shareholding in SA Metals. In such case, the liquidity of the SA Metals Shares may be materially diminished.

(e) **Issue of Sylvania Shares as consideration**

Pursuant to the Offer and the GAU Offer, Sylvania may issue up to approximately 35,917,000 new Sylvania Shares. Some SA Metals Shareholders who accept the Offer and some GAU Shareholders who accept the GAU Offer may not wish to continue to hold Sylvania Shares which they receive and may sell them on ASX or AIM. Further, a nominee appointed by Sylvania and approved by ASIC will be issued any Sylvania Shares attributable under the Offer to Ineligible Overseas Shareholders and will sell them in accordance with the terms of the Offer. If a significant number of existing SA Metals Shareholders or existing GAU Shareholders sell the Sylvania Shares they acquire under the Offer or the GAU Offer or if there is a significant number of Ineligible Overseas Shareholders (resulting in a significant number of Sylvania Shares being sold by the Nominee), the price at which Sylvania Shares are traded on ASX and/or AIM may be adversely affected.

(f) **The Proposed Ruukki Merger**

There can be no guarantee that Sylvania and Ruukki will complete the Proposed Ruukki Merger. The MIA is subject to certain conditions including the Independent Expert determining that the Proposed Ruukki Merger is in the best interests of Sylvania Shareholders and approval by regulatory authorities. As such, completion of the Proposed Ruukki Merger, and the timing of any such completion, are subject to uncertainty. In addition, in certain circumstances, Sylvania may become liable to pay a break fee to Ruukki of A\$3 million.



(g) **Market fluctuation**

SA Metals Shareholders are being offered consideration under the Offer that consists of a specified number of Sylvania Shares, rather than a number of Sylvania Shares with a specified market price. As a result, the market price of the consideration will fluctuate depending upon the market price of Sylvania Shares. There is an ongoing risk, as exists for all shares, that the price of the Sylvania Shares (and therefore the value of the offer consideration received by accepting SA Metals Shareholders) may fall in the future.

(h) **Financing**

The net funds of the Merged Group may not be sufficient for expenditure that may be required to integrate the operations of Sylvania, SA Metals and GAU or to expand its operations or projects or for other capital expenditure, further exploration or feasibility studies or otherwise in the Merged Group's operations. The Merged Group may need to raise additional debt or equity funds in the future. There is no assurance that the Merged Group will be able to obtain additional debt or equity funding when required in the future, or that the terms associated with such funding will be acceptable to the Merged Group, particularly having regard to the current uncertain economic environment and the effect that metal prices may have on future production and earnings performance. This may have an adverse effect on the Merged Group's financial results.

(i) **Cash position**

Whilst the Merged Group is expected to have greater revenue than SA Metals or GAU as stand alone entities, it will also have higher overall expenditure levels due to its increased scale, operations and development and exploration projects. There is no guarantee that the Merged Group will be able to maintain a sufficient cash balance following the acquisition by Sylvania of all SA Metals Shares and GAU Shares.

(j) **Accounting**

The Merged Group will be required to perform a fair value assessment of SA Metals' assets and liabilities following the acquisition by Sylvania of the SA Metals Shares and fair value assessment of GAU's assets and liabilities following the acquisition by Sylvania of the GAU Shares. This assessment may result in increased depreciation and amortisation charges. These charges may be substantially greater than those that would exist in Sylvania, SA Metals and GAU as separate businesses. This may reduce future earnings of the Merged Group.

(k) **AIM and the liquidity of Sylvania Shares**

Sylvania Shares are traded on AIM rather than quoted on the Official List of the London Stock Exchange plc. An investment in shares traded on AIM may carry a higher risk than an investment in shares quoted on the Official List of the London Stock Exchange plc. AIM has been in existence since June 1995 but its future success and liquidity in the market for Sylvania Shares cannot be guaranteed.

(l) **SA Metals information and GAU information**

Sylvania has relied on publicly available information released by SA Metals and GAU. Any inaccuracy in this information could adversely affect the anticipated results of the Merged Group. In addition, it is possible that additional risks may exist in relation to SA Metals' business or GAU's business which are not known to Sylvania.



11.3 Mining industry risks

(a) Metal prices

The earnings of Sylvania are significantly affected by local and worldwide PGM prices and the state of the ferrochrome industry. Specifically, a prolonged downturn in the ferrochrome price may result in a reduction in the supply of chrome tailings, thereby diminishing Sylvania's retreatment rates. Low PGM or ferrochrome prices or weak demand for ferrochrome products will have a materially adverse effect on the Merged Group. It is not possible to accurately predict future movements in metal prices or supply and demand dynamics for the ferrochrome industry, particularly in the current uncertain economic environment.

(b) Exploration and development activities for new PGM resources may not be successful

Exploration for and development of new PGM resources involves significant risk, which even a combination of careful evaluation, experience and knowledge will not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and constructing mining and processing facilities at a site. Substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically.

Even if an exploration program is successful and economically recoverable PGMs are found, it can take a number of years from the initial phases of drilling and identification of the mineralisation until production is possible, during which time the economic feasibility of extraction may change and PGMs that were economically recoverable at the time of discovery, may cease to be. There can be no assurance that PGMs recoverable in small-scale test will be duplicated in large-scale tests under on-site conditions or in production scale operations, and material changes in geological resources or recovery rates may affect the economic viability of PGM projects.

Exploration and development programs may not result in profitable commercial mining operations. The economics of developing PGM properties are affected by many factors including the cost of operations, fluctuations in the price of PGMs, costs of equipment and government regulations.

(c) Regulatory approval

The Merged Group's exploration and mining activities are dependent upon the timely grant of appropriate licenses, permits and regulatory consents which may be granted for a defined period of time, or may not be granted or may be withdrawn subject to a regulatory process, or may be subject to statutory restrictions. The Merged Group will require numerous further licenses, permits and regulatory consent for the conduct of any new mining operations. There can be no assurance that, such authorisations will be granted or renewed (as the case may be), as to the terms of such grants or renewals, or that such authorisations will not be challenged by any third party.

(d) Actual reserves and resources may be lower than current estimates

Sylvania, SA Metals and Great Australian report mineral resources (and would report ore reserves) in accordance with the JORC code. Mineral resource and ore reserve estimates are subject to independent third party review on at least a one year cycle. The methodology for estimating ore reserves and mineral resources may be updated over time and is reliant on certain assumptions being made.



Declared mineral resources are best estimates that may change as new information becomes available. Consequently, Sylvania's, SA Metals' and Great Australian's mineral resources (and when appropriate, ore reserves) may be revised up or down. Actual mineral resources may not conform to geological, metallurgical or other expectations and the volume and grade of ore recovered may be below the estimated levels. Mineral resource data is not indicative of the future results of operations. If the Merged Group's actual mineral resources are less than current estimates, the Merged Group's business, results or operations and financial condition may be materially and adversely affected.

(e) **Currency risk**

Sylvania reports its financial results and maintains its accounts in Australian dollars. Sylvania's operations in South Africa and Australia make it subject to foreign currency fluctuations and such fluctuations may materially affect the Merged Group's financial position and results. The PGM industry is a US dollar based business which further exposes Sylvania to foreign exchange risk.

(f) **Risks specific to South Africa**

In addition to exposure to the risks that are common to mining operators, Sylvania is also subject to the political and economic uncertainties associated with operating in South Africa. Whilst the mining regulatory environment is developing, it lacks clarity in a number of areas and is subject to interpretation, review and amendment. A current risk pertaining to the mining industry is compliance with black economic empowerment requirements as prescribed by the regulatory framework for mining.

The MPRD Act contains provisions setting out its empowerment objectives, which are aimed at the economic empowerment of historically disadvantaged persons in South Africa (**HDSAs**). One of the requirements which must be met before the DME will issue a prospecting right or mining right is that an applicant must facilitate the participation by HDSAs in the prospecting and mining operations which result from the granting of the prospecting and mining rights. Under the Mining Charter, which was published to give substance and guidance to the empowerment provisions set out in the MPRD Act, applicants must be able to demonstrate that they have an equity participation in a prospecting or mining venture by HDSAs of 15% by 1 May 2009 and 26% by 1 May 2014. The Mining Charter also includes provisions relating to skills development, procurement from HDSA companies, social upliftment and beneficiation.

The Merged Group's operations may also be affected to varying degrees by political and social instability, crime, the AIDs crisis, failure of basic infrastructure, extreme fluctuations in currency exchange rates and inflation, all of which are beyond the control of the Merged Group.

(g) **Environment and other regulatory requirements**

The activities of operators in the PGM industry are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibition on spills, releases or emissions of various substances produced in association with certain mining industry operations which would result in environmental pollution. Exploration and mining activities generally require permits from various governmental authorities and such operations are and will be governed by laws and regulations regarding prospecting, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. There can be no assurance that compliance with these laws and regulations or changes thereto or the cost of rehabilitation of site operations or the failure to obtain necessary permits, approvals or prospecting or mining rights or successful



challenges to the grant of such permits, approvals and rights will not adversely affect the results of operations or the financial condition of the Merged Group.

(h) **Health and safety**

The businesses of Sylvania, SA Metals and GAU are subject to strict health and safety laws and regulations. The Merged Group may become liable for past and current conduct of Sylvania, SA Metals and GAU which violates such laws and regulations. Penalties for breaching health and safety laws can be significant and include criminal penalties. Victims of workplace accidents may also commence civil proceedings against the Merged Group. These events might not be insured by the Merged Group or may be uninsurable.

In addition, any changes in health and safety laws and regulations may increase compliance costs for the Merged Group. Such an event would negatively impact the financial results of the Merged Group.

(i) **Personnel**

Sylvania relies on certain key employees. There is a risk that Sylvania may not be able to retain key technical and managerial personnel from within the Sylvania Group, the SA Metals Group and/or the GAU Group following the Offer and the GAU Offer. This may have an adverse impact on both the integration of the acquisition and the longer term performance of the Merged Group.

(j) **Litigation**

The Merged Group will be subject to litigation and other claims based on the conduct of Sylvania, SA Metals and GAU that occurred prior to the acquisition by Sylvania of the SA Metals Shares and the GAU Shares and the conduct of Sylvania which follows the acquisition. Sylvania is not aware of any current material litigation.

(k) **Insurance**

The Merged Group will have various insurances covering its business. However, certain risks are not covered by insurance due to limitations or exclusions in insurance policies or because the Merged Group will have decided not to insure against certain risks because of high premiums or for other reasons. Mining accidents, cave-ins, business interruption, compensation claims, environmental effects, fires, floods, earthquakes and various other events may not be adequately covered by insurance. Such events, to the extent not covered by insurance, could significantly increase the costs of the Merged Group.

(l) **Competition**

The Merged Group will be subject to competition from other miners. Competitors include current miners and future entrants into the market. Other companies may have competitive advantages such as new technology and new production processes. The Merged Group may be unable to successfully compete and may suffer material adverse consequences such as loss of market share and customers and reduction in revenue.

(m) **Counterparty risk**

There is a risk, which is higher in the current uncertain economic environment, that contracts and other arrangements to which Sylvania, Great Australian or SA Metals are party and obtain a benefit (such as service and supply agreements, off-take agreements, concentrate sales, currency and metal price hedging agreements) will



not be performed by the relevant counterparties, including if those counterparties become insolvent or are otherwise unable to perform their obligations.

11.4 General risk factors

In addition to the specific business risks above, there are a number of general risks associated with holding Sylvania Shares including, but not limited to, the following risks which may impact on the world economy, the operations or financial performance of the Merged Group, the market for its products or the price of Sylvania Shares:

- (a) changes to government, legislation, government or regulatory regulations and policy (including taxation laws and policies, accounting laws, policies and standards and practices, fiscal, monetary and regulatory policies and changes in government and the introduction of carbon tax and trading emission schemes and government "climate-change" policy);
- (b) the condition of the Australian and overseas economies (including the aggregate investment being undertaken and economic output occurring in those economies, inflation and interest rates and the prices of products which are inputs used in the operations of the Merged Group);
- (c) investor sentiment, local and international stock market conditions, adverse industry publicity and recommendations by brokers and analysts; and
- (d) global geo-political events, hostilities and acts of terrorism.



12. Tax considerations

12.1 Overview

The paragraphs below comment on the general Australian taxation position of individual and corporate resident SA Metals Shareholders in relation to the disposal of their SA Metals Shares in exchange for Sylvania Shares.

The following comments are intended as a general guide to the Australian tax implications only. They should not be a substitute for advice from an appropriate professional adviser and all SA Metals Shareholders are strongly advised to obtain their own professional advice on the tax implications based on their own specific circumstances.

The comments are based on the law and understanding of the practice of the tax authorities in Australia as at the date of this Bidder's Statement. These are subject to change periodically as is their interpretation by the courts.

The comments do not apply to shareholders who hold their shares on revenue account. SA Metals Shareholders who trade their SA Metals Shares in the ordinary course of their business or who purchased their SA Metals Shares for speculative purposes with the intention of selling them at a profit rather than holding them longer term to earn future dividends will hold their SA Metals Shares on revenue account.

Further, special tax rules may apply to SA Metals Shareholders who have acquired or acquire their SA Metals Shares under employee share schemes, including rules imposing a charge to Australian income tax. Such individuals are encouraged to seek their own independent tax advice.

Deloitte Touche Tohmatsu Ltd as trustee for the Deloitte Tax Services Trust (**Deloitte**) has provided the tax advice included in this Section 12. Deloitte is not licensed under Chapter 7 of the Corporations Act to provide financial product advice. Taxation issues, such as Deloitte's tax advice, are only one of the matters you need to consider when making a decision on a financial product. You should consider taking advice from someone who holds an Australian Financial Services Licence before making a decision on a financial product.

12.2 Australian resident shareholders

The SA Metals Shareholders must consider the impact of the Australian capital gains tax (CGT) rules on the disposal of their Shares.

The time of recognition of the disposal for CGT purposes is relevant to the calculation of any capital gain or loss and to the income year in which such a gain or loss must be recorded in an income tax return. The time of recognition of the disposal depends upon when an SA Metals Shareholder accepts the Offer and when the Offer becomes unconditional. If an SA Metals Shareholder accepts the Offer before the Offer becomes unconditional, the time of recognition of the disposal will be the date the Offer becomes unconditional. If an SA Metals Shareholder accepts the Offer on or after the Offer becomes unconditional, the time of recognition of the disposal will be the date the SA Metals Shareholder accepts the Offer.

SA Metals Shareholders will derive a capital gain if the value of the Sylvania Shares is greater than the CGT cost base of their SA Metals Shares. Broadly, the amount of any capital gain liable to Australian tax will be the amount by which the market value of the Sylvania Shares at the time of recognition of the disposal exceeds the cost base of the SA Metals Shares.

SA Metals Shareholders will incur a capital loss if the value of the Sylvania Shares is less than the CGT reduced cost base of their SA Metals Shares. Such a capital loss may be used to offset a capital gain made in the same income year or in a future income year. In the case of an SA Metals Shareholder that is a company, a capital loss may only be carried forward to



offset a future capital gain if the required tests relating to continuity of ownership and same business are satisfied. A capital loss may not be used to offset ordinary assessable income.

If an SA Metals Shareholder will otherwise derive a capital gain and their SA Metals Shares were acquired on or after 20 September 1985, they may choose to apply the scrip for scrip CGT rollover rules on the disposal of their SA Metals Shares. These rollover rules will result in any capital gain being disregarded for Australian tax purposes.

In order for an SA Metals Shareholder to be able to choose to apply the rollover rules, this transaction must result in Sylvania holding at least 80% of the ordinary shares in SA Metals. This 80% threshold can include SA Metals Shares held by Sylvania prior to this Offer.

As a consequence of choosing to apply the rollover rules, Sylvania Shares received will have a cost base equal to the cost base of the original SA Metals Shares. The cost base of the Sylvania Shares is relevant in working out any capital gain liable to Australian tax on a subsequent disposal.

The choice to apply the rollover rules must be made before the SA Metals Shareholder lodges the income tax return for the income year in which the Shares are disposed of.

If an SA Metals Shareholder derives a capital gain and does not choose to apply the rollover rules, then:

- (a) if the SA Metals Shareholder is an individual or trust, then the SA Metals Shareholder may offset this gain by any capital losses incurred by the SA Metals Shareholder on or before the end of the income year to determine the net capital gain. If the SA Metals Shareholder has held his or her SA Metals Shares for more than 12 months, then it is possible for the SA Metals Shareholder to obtain a CGT discount which will reduce the net capital gain by 50% (if the SA Metals Shareholder is a complying superannuation entity then the CGT discount is one third); and
- (b) if the SA Metals Shareholder is a company, then the tax implications will be the same as outlined above for an individual, except the company will not be able to obtain the CGT discount in any circumstances.

For CGT purposes, the cost base of the Sylvania Shares will equal their market value at the time of recognition of the disposal in the case of those SA Metals Shareholders who do not choose to apply the rollover rules (or who are unable to make the choice).

For the purposes of determining any entitlement to a discount on an otherwise assessable capital gain arising on a subsequent dealing in Sylvania Shares, SA Metals Shareholders that chose to apply the rollover rules will be taken to have acquired their Sylvania Shares at the time they acquired their original SA Metals Shares.

12.3 Dividends received

Any dividends paid by Sylvania are not likely to be franked. This means that any dividends paid on the Sylvania Shares will be fully taxable to SA Metals Shareholders with no franking tax offset available.



13. Additional information

13.1 Disclosing entity

Because Sylvania is offering Sylvania Shares as consideration under the Offer, the Corporations Act requires that this Bidder's Statement include all information that would be required for a prospectus for an offer of Sylvania Shares under sections 710 to 713 of the Corporations Act. Sylvania does not need to issue a prospectus for the offer of Sylvania Shares as the offer is occurring under a takeover bid.

Sylvania is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, Sylvania is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of Sylvania Shares. Sylvania Shares have been quoted on ASX during the 12 months prior to the date of this Bidder's Statement.

Sylvania, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to Sylvania (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
 - (i) the annual financial report of Sylvania, most recently lodged with ASIC;
 - (ii) any half year financial report lodged with ASIC by Sylvania in the period between the lodgement of the financial report referred to in paragraph (i) above and lodgement of this Bidder's Statement with ASIC; and
 - (iii) any continuous disclosure notices given by Sylvania in the period between lodgement of the financial report referred to in paragraph (i) and lodgement of this Bidder's Statement with ASIC.

Requests for copies of these documents may be made by calling the Sylvania Offer Information Line on 1300 523 257 (from within Australia) and +61 3 9946 4412 (from outside Australia). Copies of all documents lodged with ASIC in relation to Sylvania can be obtained from or inspected at the registered office of Sylvania during normal business hours. Sylvania has a website, www.sylvania.com.au, which includes a wide range of information on Sylvania (including copies of the above documents) and its activities. A list of announcements made by Sylvania on the ASX between 1 October 2008 until the date of this Bidder's Statement appears in Appendix 3.

Other than information contained in this Bidder's Statement, there is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and is information that an SA Metals Shareholder or a professional adviser to an SA Metals Shareholder would reasonably require for the purposes of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of Sylvania; and
- (b) the rights and liabilities attaching to the Sylvania Shares.



None of the information referred to in this Section 13.1 is incorporated by reference into this Bidder's Statement or is included with this Bidder's Statement.

13.2 Date for determining holders of SA Metals Shares

For the purposes of section 633(2) of the Corporations Act, the date for determining the persons to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act is the Register Date, being 3 July 2009.

13.3 Offer extends to new SA Metals Shares

The Offer extends to persons who become registered, or entitled to be registered, as holders of SA Metals Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to, securities convertible into SA Metals Shares which are on issue on the Register Date.

If additional SA Metals Shares are issued after the end of the Offer Period, subject to Sylvania being entitled to compulsorily acquire SA Metals Shares under Chapter 6A of the Corporations Act, Sylvania may compulsorily acquire any SA Metals shares issued after the end of the Offer Period.

13.4 Status of Conditions

The Conditions of the Offer are set out in Appendix 2. Sylvania will use all reasonable endeavours to ensure the Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

13.5 Consents

This Bidder's Statement contains statements made by, or statements based on statements made by, the Directors. Each of those persons has consented to the inclusion of each statement they have made and each statement which is based on a statement they have made in the form and context in which those statements appear, and has not withdrawn that consent at the date of this Bidder's Statement.

Clayton Utz have given and have not, before lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to be named in this Bidder's Statement as Sylvania's Australian legal adviser in the form and context it is so named.

New Holland Capital has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn their written consent to be named in this Bidder's Statement as Sylvania's financial adviser in the form and context they are so named.

Deloitte Touche Tohmatsu Ltd as trustee for the Deloitte Tax Services Trust (**Deloitte**) has given, and before the lodgement of this Bidder's Statement with the ASIC and ASX has not withdrawn, its consent to the inclusion of the Australian taxation statement in Section 12. Deloitte has not otherwise authorised or caused the issue of this Bidder's Statement. Deloitte makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any other part of this Bidder's Statement.

HLB Mann Judd have given and have not, before lodgement of this Bidder's Statement with ASIC, withdrawn their written consent to be named in this Bidder's Statement as Sylvania's auditor in the form and context they are so named.

Computershare Investor Services Pty Ltd has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to be named in this Bidder's



Statement. Computershare Investor Services Pty Ltd has had no involvement in the preparation of any part of this Bidder's Statement other than confirming references to its name.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. SA Metals Shareholders are entitled to obtain from Sylvania free of charge a copy of any document which contained such a statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, (free of charge), during the Offer Period, please contact the Sylvania Offer Information Line on 1300 523 257 (from within Australia) or +61 3 9946 4412 (from outside Australia).

In addition, as permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

Each person named in this Section 13 as having given its consent to the inclusion of a statement or being named in this Bidder's Statement:

- (c) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement which has been included in this Bidder's Statement with the consent of that person; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement which has been included in this Bidder's Statement with the consent of that person.

13.6 Social security and superannuation implications of the Offer

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlements. If in any doubt, you should seek specialist advice.

13.7 Competent persons statements

Sylvania's technical exploration and mining information contained in this Bidder's Statement was compiled by Mr Ed Nealon, a former Sylvania director. Mr Nealon provides consulting services via his company Athlone International Pty Ltd. Mr Nealon is a member of the Australian Institute of Mining and Metallurgy and is considered to be a Competent Person in his respective area of expertise pursuant to the JORC Code. Mr Nealon consents to the inclusion in this Bidder's Statement of the matters based on his information in the form and context in which it appears.

SA Metals' technical exploration and mining information contained in this Bidder's Statement is based on information compiled by Mr Eric Roodt, who is a Member of the South African Council for Natural Scientific Professions. Mr Roodt is an independent non-executive director of Pan Palladium South Africa. Mr Roodt has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Roodt consents to the inclusion in this Bidder's Statement of the matters based on his information in the form and context in which it appears.



13.8 No pre-Offer benefits

During the period of 4 months before the date of this Bidder's Statement, neither Sylvania nor any Associate of Sylvania gave, offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person to:

- (a) accept the Offer; or
- (b) dispose of SA Metals Shares,

and which is not offered to all holders of SA Metals Shares under the Offer.

13.9 No escalation agreements

Neither Sylvania nor any Associate of Sylvania has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

13.10 Disclosure of interests of Directors

(a) Interests in Sylvania Securities

As at the date of this Bidder's Statement, the Directors of Sylvania had Relevant Interests in the following Sylvania Securities:

Director	Sylvania Shares	Sylvania Options
T M McConnachie	500,000	1,750,000 exercisable at \$1.63 on or before 30 June 2011
R D Rossiter	1,032,000	Nil
L M Carroll	Nil	200,000 exercisable at \$0.75 on or before 30 June 2010 300,000 exercisable at \$1.63 on or before 30 June 2011
Dr A Ruiters	Nil	200,000 exercisable at \$1.63 on or before 30 June 2011 200,000 exercisable at \$2.89 on or before 30 June 2011
G Button	300,000	Nil

(b) Interests in SA Metals Securities

As at the date of this Bidder's Statement, no Directors of Sylvania had a Relevant Interest in any SA Metals Securities.

13.11 Fees and benefits payable to and interests of Directors and advisers

Other than as set out below or elsewhere in this document, no:

- (a) Director or proposed director of Sylvania;
- (b) person named in this document as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this document; or



(c) promoter of Sylvania,

has, or had within two years before 3 July 2009, any interest in:

(d) the formation or promotion of Sylvania;

(e) any property acquired or proposed to be acquired by Sylvania in connection with its formation or promotion or in connection with the Offer; or

(f) the Offer.

Additionally, other than as set out below or elsewhere in this document, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to:

(g) any Director or a proposed director of Sylvania as an inducement to become, or qualify as, a Director of Sylvania; or

(h) any one of those persons listed in paragraphs 13.11(a) to (c) above for services rendered by those persons in connection with the formation or promotion of Sylvania.

13.12 Indemnity and insurance

The Constitution of Sylvania permits the grant of an indemnity (to the maximum extent permitted by law) in favour of each officer (as defined in the Corporations Act) of Sylvania and its wholly owned Subsidiaries including each director, secretary or past director or secretary of those entities.

Sylvania has entered into deeds of indemnity and access with all of the current Directors. This indemnity is against liability to third parties by such officers unless the liability arises out of conduct involving a lack of good faith. The indemnity also covers costs or expenses incurred by an officer in unsuccessfully defending proceedings relating to that person's position.

Sylvania maintains an insurance policy in respect of certain present and future officers against certain liability incurred in that capacity. Disclosure of the total amount of any premium paid and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.

13.13 Expiry date

No securities will be issued on the basis of this Bidder's Statement, or pursuant to the Offer contained in this Bidder's Statement, after the date which is 13 months after the date of this Bidder's Statement.

13.14 Offer Consideration

Based on the number of SA Metals Shares and SA Metals Options on issue on the day before the date of this Bidder's Statement, the maximum number of Sylvania Shares which would be required to be issued under the Offer if every SA Metals Shareholder (other than Sylvania) accepted the Offer (and, notwithstanding the arrangements described in Section 6.2, every SA Metals Option was exercised and the holders of the resulting SA Metals Shares accepted the Offer) is approximately 27,503,000 Sylvania Shares.

Sylvania has the capacity to issue the maximum number of Sylvania shares which it may be required to issue under the Offer.

13.15 No other material information

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:



- material to the making of a decision by an SA Metals Shareholder whether or not to accept the Offer; and
- known to Sylvania,

which has not previously been disclosed to SA Metals Shareholders.



14. Definitions and interpretation

14.1 Definitions

In this Bidder's Statement (including its annexures and in the Acceptance Form), unless the context otherwise requires:

\$ or A\$	Australian dollars, the lawful currency of the Commonwealth of Australia
Acceptance Form	the form of acceptance enclosed with this Bidder's Statement
AIM or Alternative Investment Market	the AIM Market of the London Stock Exchange plc
AIM Rules	the AIM rules (as amended) published by the London Stock Exchange
Announcement Date	the day the Offer was announced on ASX, being 11 May 2009
Appendix	an appendix to this Bidder's Statement, and which forms part of this Bidder's Statement
ASIC	the Australian Securities and Investments Commission
Associate	has the meaning given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time)
ASTC	the Australian Settlement and Transfer Corporation Pty Ltd
ASTC Settlement Rules	the settlement rules of the ASTC
ASX	ASX Limited (ACN 008 624 691) or the financial products market it operates, as the context requires
Aurora Project	SA Metals' PGM production project, located on the Northern Limb of the Bushveld Igneous Complex
Bidder's Statement	this document, being the statement of Sylvania under Part 6.5 of the Corporations Act relating to the Offer
Board	the board of Directors of Sylvania
Broker	a person who is a sharebroker and a participant in CHESS
Business Day	has the meaning given in the Listing Rules
CGT	capital gains tax
CHESS	Clearing House Electronic Subregister System, which provides for electronic transfer of securities in Australia
CHESS Holding	a holding of SA Metals Shares on the CHESS subregister of SA Metals
CTRP	a project which treats chrome tailings to recover PGMs, located at Kroondal on the Western Limb of the Bushveld Igneous Complex
Condition	each condition set out in Appendix 2
Constitution	the constitution of Sylvania, as amended from time to time



Controlling Participant	a Participant who is designated as the controlling participant for shares in a CHES Holding in accordance with the ASTC Settlement Rules
Corporations Act	the Corporations Act 2001 (Cth)
Directors	the directors of Sylvania from time to time
DME	South African Department of Minerals and Energy
Everest North	Sylvania's exploration project in the Eastern Limb of the Bushveld Igneous Complex
GAU or Great Australian	Great Australian Resources Limited (ACN 106 874 917)
GAU Group or Great Australian Group	GAU and each of its Subsidiaries
GAU Offer	the offer to be made by Sylvania to acquire GAU Shares as announced on 11 May 2009
GAU Options	options to acquire GAU Shares
GAU Securities	GAU Shares and GAU Options
GAU Shareholder	a holder of GAU Shares
GAU Share	a fully paid ordinary share in the capital of GAU
Government Agency	any government or governmental, semi governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, office, instrumentality, tribunal, agency, delegate, organisation or entity, or any minister of the crown
Grass Valley Project	SA Metals' PGM production project, located on the Northern Limb of the Bushveld Igneous Complex
HACRA Project	a project which covers the Aurora, Harriet's Wish and Craucow farms
HDSAs	historically disadvantaged persons in South Africa
Holder Identification Number	has the same meaning as in the ASTC Settlement Rules
Impala Platinum	Impala Platinum Holdings Limited registration number 1957/001979106, a company incorporated in the Republic of South Africa
Implied Offer Value	A\$0.099 per SA Metals Share, being the value of the Offer Consideration implied by the Pre-Announcement Price of Sylvania Shares
Independent Directors	Grant Button, Richard Rossiter, Louis Carrol, Alistair Ruiters and any other director of Sylvania at the relevant time other than Terrance McConnachie
Independent Committee	an independent board committee of Sylvania comprising Grant Button and Richard Rossiter
Independent Expert	the independent expert appointed by Sylvania in accordance with the MIA
Ineligible Overseas	an SA Metals shareholder whose address as shown on the SA Metals share register is a place outside Australia and its external territories, New



Shareholder	Zealand, Hong Kong, Singapore or South Africa
Issuer Sponsored Holding	a holding of SA Metals Shares on SA Metals' issuer sponsored subregister
JORC Code	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (4 th Edition)
Listing Rules	the official listing rules of ASX as amended or replaced from time to time, except to the extent of any express written waiver granted by ASX
Merged Group	the Sylvania Group following its acquisition of all or a majority of the SA Metals shares and including, where the context permits the GAU Group following the acquisition of all or a majority of the GAU Shares pursuant to the GAU Offer
MIA or Merger Implementation Agreement	the merger implementation agreement between Sylvania and Ruukki, dated 30 June 2009
Minerals and Petroleum Resources Development Act or MPRD Act	the Minerals and Petroleum Resources Development Act No. 28 of 2002 of the Republic of South Africa
Mining Charter	the Broad Based Socio Economic Empowerment Charter of South Africa
Mooiplaats Project	a project consisting of a prospecting licence which covers the Davidspoort, Dwarsrand, Mooiplaats and Zwarthoek farms and in which Great Australian has a right to acquire a 74% interest
Nominee	a nominee to be appointed by Sylvania and approved by ASIC
NYMEX	New York Mercantile Exchange
Offer	Sylvania's offer to acquire all the SA Metals Shares as contained in Appendix 1
Offer Consideration	the consideration under the Offer as contained in Appendix 1
Offer Period	the period during which the Offer will remain open for acceptance, commencing on the date of the Offer and ending at 5.00 pm (WST) on [●] 2009, or such later date to which the Offer has been extended
OMX	the NASDAQ OMX Helsinki Stock Exchange
Participant	a participant as defined in the ASTC settlement rules
PPDSA	Pan Palladium South Africa (Pty) Limited, a wholly owned Subsidiary of SA Metals
Pre-Announcement Price	the closing price of Sylvania Shares, SA Metals Shares or GAU Shares, as the case may be, on ASX on 11 May 2009, being prior to the announcement of the Offer on the Announcement Date
Proposed Ruukki Merger	the proposed scheme of arrangement between Sylvania and the Sylvania Shareholders under Part 5.1 of the Corporations Act, under which, if all of the conditions are satisfied, all the Sylvania Shares then on issue will be



	acquired by Ruukki
Register	as the context requires, means the share register or option register of Sylvania
Register Date	the date set by Sylvania under section 633(2) of the Corporations Act, being 3 July 2009
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act
Rights	all accretions, rights or benefits of whatever kind attaching to or arising from SA Metals Shares directly or indirectly at or after the Announcement Date including, without limitation, all dividends, all rights to receive dividends and all rights to receive or subscribe for shares, units, notes, bonds, options or other securities declared, paid or issued by SA Metals or by any Subsidiary of SA Metals
Ruukki	Ruukki Group Oyj, a company incorporated in Finland
Ruukki Share	a fully paid ordinary share in Ruukki, and all Rights attaching to that share
Samancor Chrome	Samancor Chrome Limited (Registration no 1926/008883/06)
SA Metals	SA Metals Limited (ACN 093 178 388)
SA Metals Group	SA Metals and each of its Subsidiaries
SA Metals Option	an option to subscribe for an SA Metals Share with an exercise price and expiry date as set out in Section 6
SA Metals \$0.05 Options	has the meaning given in Section 6.1.
SA Metals Securities	SA Metals Shares and SA Metals Options
SA Metals Share	a fully paid ordinary share in SA Metals
SA Metals Shareholder	a holder of SA Metals Shares
Scheme Implementation Date	the fifth Business Day following the Scheme Record Date or such other date as the Independent Committee and Ruukki agree in writing
Scheme Meeting	the meeting to be convened by the court at which Sylvania Shareholders will vote on the Proposed Ruukki Merger
Scheme Record Date	5.00 pm on the fifth Business Day following the Second Court Date or such other date as the Independent Committee and Ruukki agree in writing
SDO or Sylvania Dump Operations	Sylvania's project which treats chrome tailings from Samancor Chrome's mines in the Western and Eastern Limb of the Bushveld Igneous Complex
Second Court Date	The day on which the court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Proposed Ruukki Merger
Section	a section of this Bidder's Statement
Subsidiary	has the meaning given to the term in section 9 of the Corporations Act
Sylvania	Sylvania Resources Limited (ACN 091 415 968)



Sylvania Group	Sylvania and each of its Subsidiaries
Sylvania Metals	Sylvania Metals (Proprietary) Limited, (Registration No 2006/010895/07)
Sylvania Option	an option to subscribe for a Sylvania Share
Sylvania SA	Sylvania South Africa (Pty) Ltd (Registration No 2003/013995/07), a company incorporated in the Republic of South Africa in which Sylvania holds a 74% interest
Sylvania Securities	Sylvania Shares and Sylvania Options
Sylvania Share	a fully paid ordinary share in the capital of Sylvania
Sylvania Shareholder	a holder of Sylvania Shares
Takeover Transferee Holding	has the same meaning given to it in the ASTC Settlement Rules
Takeovers Panel	the Takeovers Panel established under section 171 of the Australian Securities and Investments Commission Act
Target's Statement	the target's statement prepared pursuant to sections 633 and 638 of the Corporations Act in relation to the Offer
Tax	any tax, levy, excise, duty (including stamp duty), charge, surcharge, contribution, withholding tax, impost or withholding obligation of whatever nature, whether direct or indirect, by whatever method collected or recovered, together with any penalties, fines, interest or statutory charges
TOKOM	Tokyo Commodity Exchange
Trading Day	has the meaning given in the Listing Rules
VWAP	the volume weighted average price
WST	Australian Western Standard Time

14.2 Glossary of technical terms

Au	gold
Bushveld Igneous Complex	a layered mafic intrusive, internationally recognised for its PGM and chromite deposits and located in South Africa. The Bushveld Igneous Complex is divided into an Eastern and Western Limb (or lobe), with a further Northern Limb extension
Competent Person	a person who is a member or fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a Recognised Overseas Professional Organisation (ROPO). A 'Competent Person' must have a minimum of five years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking (as defined in the JORC Code)
concentrate	the final product containing PGM which is sold. Other platinumoids ruthenium and iridium are also contained in the concentrate as payable metals, as are



	the base metals copper and nickel
Critical Zone	the zone within the Bushveld Complex which hosts the Merensky Reef at its top contact and numerous chromitite layers of which the UG2 Reef is one
Cu	copper
ferrochrome	an alloy metal which is produced from smelting chromite ore with carbon (high grade coal and coke) and other fluxes (dolomite and quartzite). During the smelting, a chemical reduction process takes place in which the chromite concentrate is reduced to ferrochrome
g/t	grams per tonne, measurement unit of grade (1 g/t = 1 part per million)
Indicated Mineral Resource	that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Mineral Resource	that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability
Measured Mineral Resource	that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity
Mineral Resource	a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories
Ni	nickel
Ore Reserve	the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Mineral Reserves are sub-divided in order of increasing confidence into probable Mineral Reserves and Proved Mineral Reserves



Oz or ounce	troy ounce (31.1 grams)
Pd	palladium
3PGE+Au	three platinum group elements (being platinum, palladium and rhodium) and gold
4PGE+Au	four platinum group elements (being platinum, palladium, rhodium and ruthenium) and gold
PGM or PGE	platinum group metals or platinum group elements
Probable Ore Reserve	the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
Proved Ore Reserve	the economically mineable part of a Inferred Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
Pt	platinum
refining	the separation and purification of the individual PGM and platinoids
Rh	rhodium
smelting	PFM concentrate is melted with fluxes to produce metallic matte which is fed to the refining process
tailings or current risings	a waste product (containing some chrome and PGEs) which is generated when chrome concentrates are produced from chrome ore
ton	1 metric tonne (1,000 kg)
UG2 or UG2 Reef	a chromitite layer within the Critical Zone of the Bushveld Complex containing economic quantities of PGMs

14.3 Interpretation

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise requires:

- (a) Words and phrases have the same meaning (if any) as given to them by the Corporations Act.
- (b) Words importing one gender include other genders.
- (c) Words (including defined terms) importing the plural include the singular and vice versa.



- (d) A reference to a person includes a reference to a corporation.
- (e) Headings are for ease of reference only and do not affect the interpretation of this Bidder's Statement.
- (f) References to Sections are to sections of this Bidder's Statement.
- (g) Annexures and appendices to this Bidder's Statement form part of this Bidder's Statement.
- (h) All references to time in this Bidder's Statement are to Australian Western Standard Time (WST).



15. Approval of Bidder's Statement

This Bidder's Statement has been approved by a unanimous resolution of all of the Directors of Sylvania.

Dated: 3 July 2009

Signed for and on behalf of Sylvania Resources Limited



Grant Button
Director



Appendix 1 - Formal terms of the Offer

1. Formal terms of the Offer

1.1 The Offer

- (a) Sylvania offers to acquire all of your SA Metals Shares, including any SA Metals Shares which become registered in your name in the register of SA Metals Shareholders during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to, other securities convertible into SA Metals Shares which are on issue on the Register Date, for the Offer Consideration on the terms and subject to the conditions set out in the Offer.
- (b) Sylvania will be entitled to all Rights that accrue after the Announcement Date to SA Metals shares which it acquires under the Offer. If any Rights are received by you and such documents as may be necessary to vest title to those Rights in Sylvania are not passed on to Sylvania, or the benefit of those Rights is not passed on to Sylvania, Sylvania may reduce the consideration payable to you under the Offer by the amount (or value, as reasonably assessed by Sylvania) of those Rights.
- (c) The Offer extends to any person who becomes registered or entitled to be registered as the holder of any of your SA Metals Shares during the period from the Register Date to the end of the Offer Period.
- (d) The Offer is dated [●] July 2009.

1.2 Offer Consideration

- (a) You will receive the Offer Consideration if you accept the Offer and all of the Conditions are satisfied or waived.
- (b) The Offer Consideration is 1 Sylvania Share for every 10 SA Metals Shares held.
- (c) If you become entitled to a fraction of one Sylvania Share in respect of any single CHESS Holding or Issuer Sponsored Holding of SA Metals Shares in your name, that fraction will be disregarded and will be rounded up to the nearest whole Sylvania Share.
- (d) If Sylvania reasonably believes that a CHESS Holding or Issuer Sponsored Holding of SA Metals Shares has been created or manipulated to take advantage of the rounding provisions in paragraph 1.2(c), then Sylvania reserves the right to round down to the nearest Sylvania Share any fractional entitlement arising in relation to the impugned CHESS Holding or Issuer Sponsored Holding of SA Metals Shares.
- (e) Sylvania Shares to be issued under the Offer will rank equally in all respects with existing Sylvania Shares.

1.3 Offer Period

The Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of the Offer, being [●] July 2009, and ending at 5.00 pm (WST) on the later of:

- (a) [●] 2009; or
- (b) any date to which the Offer Period is extended in accordance with the Corporations Act.



1.4 Official quotation of Sylvania Shares

- (a) Sylvania has been admitted to the official list of ASX and to trading on AIM and Sylvania Shares are traded on ASX and AIM. Sylvania Shares of the same class as those to be issued under the Offer have been granted official quotation by ASX and admitted to trading on AIM.
- (b) An application will be made to ASX within seven days after 3 July 2009 for the granting of official quotation of the Sylvania Shares to be issued as Offer Consideration. An application will be made for the Sylvania Shares to be issued as Offer Consideration to be admitted to trading on AIM.

1.5 Persons to whom the Offer is made

(a) Offerees

- (i) An Offer in this form and bearing the same date is being made to:
 - A. each holder of SA Metals Shares registered in the register of SA Metals Shareholders as at the Register Date; and
 - B. any person who becomes registered or entitled to be registered as the holder of SA Metals Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to, other securities convertible into SA Metals Shares which are on issue on the Register Date.
- (ii) If at the time the Offer is made to you, or at any time during the period from the Register Date to the end of the Offer Period and before you accept the Offer, another person is, or is entitled to be, registered as the holder of some or all of your SA Metals Shares to which the Offer relates (**Transferred Shares**), then:
 - A. a corresponding Offer will be deemed to have been made to that other person in respect of the Transferred Shares;
 - B. a corresponding Offer will be deemed to have been made to you in respect of your SA Metals Shares other than the Transferred Shares; and
 - C. the Offer is deemed to have been withdrawn immediately after making such corresponding offers.

(b) Trustees and nominees

- (i) If you are a trustee or nominee for several persons in respect of separate parcels of SA Metals Shares, section 653B of the Corporations Act deems an Offer to have been made to you in respect of each separate and distinct parcel.
- (ii) To validly accept the Offer for any of those separate and distinct parcels, you must:
 - A. if the parcel consists of SA Metals Shares held in an Issuer Sponsored Holding, complete and sign the Acceptance Form; and



- B. if the parcel consists of SA Metals Shares held in a CHESS Holding, initiate acceptance in accordance with Rule 14.14 of the ASTC Settlement Rules,

in each case specifying that the SA Metals Shares in respect of which you are accepting are a separate and distinct parcel and the number of SA Metals Shares in the separate and distinct parcel to which the acceptance relates.

- (iii) If you are trustee or nominee for several persons in respect of separate and distinct parcels of SA Metals Shares, you may make a separate election in relation to each of those parcels of SA Metals Shares.
- (iv) You may at the one time accept the Offer in respect of two or more such separate and distinct parcels as if they were a single parcel.
- (v) If this paragraph 1.5(b) applies to you, please contact the Sylvania Offer Information Line on 1300 523 257 (from within Australia) and +61 3 9946 4412 (from outside Australia) for such additional copies of this Bidder's Statement or the Acceptance Form as are necessary.

1.6 How to accept the Offer

(a) General

- (i) Subject to paragraphs 1.5(b) and 1.6(h), you may only accept the Offer in respect of all of your SA Metals Shares.
- (ii) You may accept the Offer at any time during the Offer Period.

(b) Issuer Sponsored Holdings

If any of your SA Metals Shares are in an Issuer Sponsored Holding, to accept the Offer in respect of those SA Metals Shares you must:

- (i) complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form; and
- (ii) ensure that the Acceptance Form together with all other documents required by the terms of the Offer and the instructions on the form are received before the expiry of the Offer Period at one of the addresses given on the Acceptance Form.

(c) CHESS Holdings

- (i) If your SA Metals Shares are in a CHESS Holding, to accept the Offer you must comply with the ASTC Settlement Rules. To accept the Offer in respect of those SA Metals Shares:
 - A. you should instruct your Controlling Participant (usually your Broker) to initiate acceptance of the Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the expiry of the Offer Period; or
 - B. if you are a Participant, you must initiate acceptance of the Offer in accordance with the ASTC Settlement Rules before the expiry of the Offer Period.



- (ii) Alternatively, you may complete and sign the Acceptance Form in respect of those SA Metals Shares which are in the CHESSE Holding in accordance with the instructions on the form and return the form, together with all other documents required by those instructions, to the address given on the Acceptance Form. This will authorise Sylvania to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf. You must ensure that the Acceptance Form is received in time for Sylvania to give instructions to your Controlling Participant and your Controlling Participant to carry out those instructions before the expiry of the Offer Period. You will be taken to have completed acceptance of the Offer when your Controlling Participant initiates acceptance of the Offer in accordance with Rule 14.14 of the ASTC Settlement Rules.

(d) **SA Metals Shares held in different forms**

If your SA Metals Shares are held in different parcels in different forms, your acceptance of the Offer will require action under paragraphs 1.6(b) and 1.6(c) in relation to the different parcels of your SA Metals Shares.

(e) **Nominee holdings**

If your SA Metals Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that nominee for assistance in accepting the Offer.

(f) **Status of Acceptance Form**

- (i) The Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. The requirements on the Acceptance Form must be observed when accepting the Offer. Acceptance of the Offer for SA Metals Shares held in an Issuer Sponsored Holding will be effective only when (subject to paragraph 1.6(b)) the properly completed Acceptance Form (together with any document required by the instructions on that form) has been received at one of the addresses set out on the Acceptance Form.
- (ii) The method chosen to deliver the Acceptance Form and other documents is at the risk of each accepting SA Metals Shareholder.

(g) **Where to deliver your Acceptance Form**

You may send your completed and signed Acceptance Form (and any other documents, if any, required by the instructions on the Acceptance Form) by post to:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Alternatively you can deliver your completed and signed Acceptance Form in person to:

Computershare Investor Services Pty Limited
Level 2
45 St Georges Terrace
PERTH WA 6000



(h) **Sylvania's discretion**

Notwithstanding paragraphs 1.6(a) and 1.6(f), Sylvania may at its discretion treat any Acceptance Form received before the end of the Offer Period (at an address indicated on the Acceptance Form or such other address or fax number as may be acceptable to Sylvania) as valid or waive any requirement of paragraphs 1.6(a) and 1.6(f) in any case, but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Sylvania.

1.7 Effect of acceptance

By accepting the Offer, or initiating acceptance of the Offer, in accordance with paragraph 1.6, you will, or will be deemed to, have:

- (a) accepted the Offer for all of your SA Metals Shares and irrevocably agreed to the terms and conditions of the Offer to sell all of your SA Metals Shares to Sylvania (regardless of the number of SA Metals Shares specified in the Acceptance Form or other acceptance);
- (b) subject to the Offer being declared free from the Conditions or those Conditions being satisfied or waived, agreed to transfer all of your SA Metals Shares to Sylvania in accordance with the terms set out in the Offer;
- (c) subject to the Offer being declared free from the Conditions or those Conditions being satisfied or waived, authorised Sylvania to issue to you the Sylvania Shares due to you, and to register your name in the register of Sylvania Shareholders in respect of those Sylvania Shares, and agreed that you will be bound by the Constitution;
- (d) authorised Sylvania (by its directors, officers or agents) to complete your Acceptance Form by inserting such details as are omitted in respect of your SA Metals Shares and to rectify any errors in or omissions from the Acceptance Form (including, without limiting the generality of the foregoing, altering the number of SA Metals Shares stated to be held by you if it is otherwise than as set out in the Acceptance Form) as may be necessary to make the Acceptance Form an effective acceptance of the Offer or to enable registration of the transfer of all of your SA Metals Shares to Sylvania;
- (e) represented and warranted to Sylvania that as a fundamental condition going to the root of the contract that, both at the time of acceptance of the Offer and at the time of transfer of your SA Metals Shares to Sylvania, your SA Metals Shares (including any Rights) are fully paid and free from all mortgages, charges, liens, encumbrances, interests of third parties of any kind (whether legal or otherwise) and restrictions on transfer of any kind and that you have full power, capacity and authority to sell and transfer your SA Metals Shares (including the legal and beneficial ownership in those SA Metals Shares and any Rights);
- (f) with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer, becomes unconditional until registration of a transfer of your SA Metals Shares to Sylvania, irrevocably appointed Sylvania and each of its directors, secretaries and officers severally as your true and lawful exclusive attorney, agent and proxy in your name and on your behalf, with power to do all things which you could lawfully do concerning your SA Metals Shares or in exercise of any right derived from the holding of your SA Metals Shares, including (without limiting the generality of the foregoing):
 - (i) attending and voting at any meeting of SA Metals Shareholders;



- (ii) demanding a poll for any vote to be taken at any meeting of SA Metals Shareholders;
 - (iii) proposing or seconding any resolution to be considered at any meeting of SA Metals Shareholders;
 - (iv) requisitioning the convening of any meeting of SA Metals Shareholders and convening a meeting pursuant to any such requisition (or joining with other SA Metals Shareholders to do either of those things);
 - (v) notifying SA Metals that your address in the records of SA Metals for all purposes, including the despatch of notices of meeting, annual reports and distributions, should be altered to an address nominated by Sylvania and directing SA Metals to send all correspondence, payments or notifications in respect of any Rights and any other communications and documents whatsoever in respect of your SA Metals Shares to Sylvania at that address;
 - (vi) executing all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Sylvania as a proxy in respect of all or any of your SA Metals Shares and a transfer form for your SA Metals Shares), proxy forms, consents, agreements and resolutions relating to your SA Metals Shares as may be necessary or desirable to convey your SA Metals Shares and Rights to Sylvania;
 - (vii) requesting SA Metals to register in the name of Sylvania your SA Metals Shares which you hold on any register of SA Metals; and
 - (viii) doing all things incidental or ancillary to any of the foregoing, and to have agreed that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of Sylvania as the intended registered holder and beneficial owner of your SA Metals Shares and to have further agreed to do all such acts, matters and things that Sylvania may require to give effect to the matters the subject of this paragraph 1.7(f) (including the execution of a written proxy form to the same effect as this paragraph which complies in all respects with the requirements of the constitution of SA Metals) if requested by Sylvania;
- (g) agreed that the appointment in paragraph 1.7(f) is being given for valuable consideration to secure the interest acquired in your SA Metals Shares and is irrevocable;
 - (h) agreed, in the absence of a prior waiver of this requirement by Sylvania, not to attend or vote in person at any meeting of SA Metals or to exercise any of the powers conferred on Sylvania or its nominee in paragraph 1.7(f);
 - (i) agreed to indemnify Sylvania in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or in consequence of the transfer of your SA Metals Shares being registered by Sylvania without production of your Holder Identification Number for your SA Metals Shares;
 - (j) represented and warranted to, and agreed with, Sylvania that your SA Metals Shares in respect of which you have accepted the Offer will be purchased by Sylvania with all Rights (being those accruing after the Announcement Date) and you will execute all such instruments as Sylvania may require for the purposes of vesting in it any such Rights;



- (k) irrevocably authorised and directed SA Metals to pay Sylvania or to account to Sylvania for all Rights (being those accruing after the Announcement Date) in respect of your SA Metals Shares subject, however, to any such Rights received by Sylvania being accounted for by Sylvania to you if the Offer is withdrawn or the contract formed by your acceptance of the Offer is rescinded or rendered void;
- (l) except where Rights (being those accruing after the Announcement Date) have been paid or accounted for under paragraph 1.7(k), irrevocably authorised Sylvania and its directors to adjust the consideration payable to you under the Offer by the value of all Rights in respect of your SA Metals Shares as reasonably assessed by Sylvania (or, if there is a dispute, by the Chairman of ASX or his nominee), and agreed that any deduction will be made from the Offer Consideration otherwise due to you on the basis that one Sylvania Share is valued at the Sylvania Share five day VWAP to the Business Day prior to the Business Day on which SA Metals Shares commence trading on an ex Rights basis;
- (m) if you signed the Acceptance Form in respect of any of your SA Metals Shares in a CHES Holding, irrevocably authorised Sylvania to:
 - (i) instruct your Controlling Participant to initiate acceptance of the Offer in respect of all such SA Metals Shares in accordance with the ASTC Settlement Rules; and
 - (ii) give any other instruction in relation to your SA Metals Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant,

even though at the time of such transfer Sylvania has not paid the consideration due to you under the Offer;
- (n) if at the time of acceptance of the Offer your SA Metals Shares are in a CHES Holding, with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer, becomes unconditional, authorised Sylvania to cause a message to be transmitted to ASTC in accordance with Rule 14.17.1 of the ASTC Settlement Rules so as to transfer your SA Metals Shares to Sylvania's or Sylvania's Takeover Transferee Holding, even though at the time of such transfer Sylvania has not paid the consideration due to you under the Offer; and
- (o) represented and warranted to Sylvania that, unless you have notified Sylvania in accordance with paragraph 1.5(b), your SA Metals Shares do not consist of separate parcels of SA Metals Shares.

1.8 When you will receive your Offer Consideration

- (a) Subject to paragraphs 1.6(h), 1.8(b), 1.9 and 1.10 and to the Corporations Act, if you accept the Offer, Sylvania will allot the Offer Consideration that you are entitled to under paragraph 1.2 on or before the earlier of:
 - (i) the day one month after you accept the Offer or, if the Offer is subject to a Condition when accepted, the day one month after the contract resulting from your acceptance becomes unconditional; and
 - (ii) the day 21 days after the end of the Offer Period.
- (b) Where documents are required to be given to Sylvania with your acceptance to enable Sylvania to become the holder of your SA Metals Shares (such as a power of attorney):



- (i) if the documents are given with your acceptance, Sylvania will allot the Offer Consideration to you in accordance with paragraph 1.8(a);
 - (ii) if the documents are given after acceptance and before the end of the Offer Period while the Offer is still subject to a Condition, Sylvania will allot the Offer Consideration to you by the end of whichever of the following periods ends first:
 - A. one month after the contract resulting from your acceptance becomes unconditional; and
 - B. 21 days after the end of the Offer Period;
 - (iii) if the documents are given after acceptance and before the end of the Offer Period while the Offer is no longer subject to a Condition, Sylvania will allot the Offer Consideration to you by the end of whichever of the following periods ends first:
 - A. one month after Sylvania is given the documents; and
 - B. 21 days after the end of the Offer Period;
 - (iv) if the documents are given after the end of the Offer Period while the Offer is no longer subject to a Condition, Sylvania will allot the Offer Consideration to you within 21 days after the documents are given; or
 - (v) if the documents are given after the end of the Offer Period while the Offer is still subject to a Condition, Sylvania will allot the Offer Consideration to you within 21 days after the contract which arises upon your acceptance of the Offer becomes unconditional.
- (c) If you accept the Offer, Sylvania is entitled to all Rights (being those accruing after the Announcement Date) in respect of your SA Metals Shares. Sylvania may require you to provide all documents necessary to vest title to those Rights in Sylvania, or otherwise to give it the benefit or value of those Rights. If you do not do so before Sylvania has caused the Offer Consideration to be allotted to you, Sylvania will be entitled to deduct the amount (or value, as reasonably assessed by Sylvania) of such Rights from the consideration otherwise due to you. Any such deduction will be made from the Offer Consideration that you are otherwise entitled to on the basis that one Sylvania Share is valued at the Sylvania Share five day VWAP to the Business Day prior to the Business Day on which SA Metals Shares commence trading on an ex Rights basis.
- (d) The obligation of Sylvania to allot any Sylvania Shares to which you are entitled under the Offer will be satisfied by Sylvania:
- (i) entering your name on the register of Sylvania Shareholders; and
 - (ii) despatching or procuring the despatch to you of an uncertificated holding statement in your name by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the register of SA Metals Shareholders maintained by Sylvania. If your SA Metals Shares are held in a joint name, an uncertificated holding statement will be issued in the name of the joint holders and forwarded to the address that appears first in the copy of the register of SA Metals Shareholders maintained by Sylvania.
- (e) If, at the time of acceptance of the Offer, you are resident in or a resident of a place to which, or you are a person to whom, the following regulations apply:



- (i) the Banking (Foreign Exchange) Regulations 1959; or
- (ii) the Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002; or
- (iii) the Charter of the United Nations (Sanctions – Afghanistan) Regulations 2001; or
- (iv) the Charter of the United Nations (Sanctions - Iraq) Regulations 2006; or
- (v) any other law of Australia that would make it unlawful for Sylvania to provide consideration for your SA Metals Shares,

acceptance of the Offer will not create for you or transfer to you any right (contractual or contingent) to receive the Offer Consideration unless and until all requisite authorities or clearances have been obtained by Sylvania.

The persons to whom and places to which the Banking (Foreign Exchange) Regulations 1959 currently apply include specified supporters of the former Milosevic government of the Federal Republic of Yugoslavia, specified ministers and senior officials of the government of Zimbabwe, certain specified entities associated with the Democratic People's Republic of Korea (North Korea) and specified individuals associated with the Burmese regime.

The persons to whom and places to which the Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002 currently apply include the Taliban, Osama bin Laden, a member of the Al-Qaida organisation, and any person or entity named in the list maintained by the Committee under Resolution 1390 (2002) of the Security Council of the United Nations.

The persons to whom and places to which the Charter of the United Nations (Sanctions – Afghanistan) Regulations 2001 currently apply include the Taliban territory, a bin Laden entity and a Taliban entity (as those terms are defined in those regulations).

The persons to whom the Charter of the United Nations (Sanctions - Iraq) Regulations 2006 currently apply include members of the previous government of Iraq, its senior officials and their immediate families.

1.9 Ineligible Overseas Shareholders

- (a) If you are an Ineligible Overseas Shareholder, you will not be entitled to receive Sylvania Shares as part of the Offer Consideration for your SA Metals Shares as a result of accepting the Offer.
- (b) In respect of those Sylvania Shares which you would have become entitled to receive under paragraph 1.2 but for paragraph 1.9(a), Sylvania will:
 - (i) arrange for the issue to the Nominee of the number of Sylvania Shares which you and all other Ineligible Overseas Shareholders would have been entitled to under paragraph 1.2 but for paragraph 1.9(a);
 - (ii) cause the Nominee to sell on-market, or cause the Nominee to procure the on-market sale of, all of the Sylvania Shares issued to it under paragraph 1.9(b)(i) as soon as practicable and in any event not more than 15 Business Days after the close of the Offer;
 - (iii) after the sale of the Sylvania Shares pursuant to paragraph 1.9(b)(ii), cause the Nominee to pay, or procure the payment of, the amount which



is received by the Nominee upon the sale of all Sylvania Shares under paragraph 1.9(b)(ii) less brokerage and other sale expenses (**Proceeds of Sale**) to Sylvania; and

- (iv) pay, or procure the payment of the proportion of the Proceeds of Sale which you are entitled to receive, ascertained in accordance with the following formula:

Proceeds of Sale x (A/B)

where:

A is the number of Sylvania Shares which Sylvania would otherwise be required to issue to you as a result of your acceptance of the Offer under paragraph 1.2; and

B is the total number of Sylvania shares issued to the Nominee under paragraph 1.9(b)(i).

- (c) The amount payable to you under paragraph 1.9(b) will be paid by cheque in one lump sum in Australian currency. The cheque will be sent to you at your risk by pre-paid airmail to your address as shown on the copy of the register of SA Metals Shareholders maintained by Sylvania. Under no circumstances will interest be paid on the proceeds of this sale, regardless of any delay in remitting these proceeds to you.
- (d) Notwithstanding anything else contained in this document, Sylvania is not under any obligation to spend any money, or undertake any action, in order to satisfy itself that a person is not an Ineligible Overseas Shareholder and is therefore eligible to receive Sylvania Shares under the Offer.

1.10 Conditions

The Offer and any contract that results from the acceptance of the Offer are subject to fulfilment of the Conditions set out in Appendix 2.

1.11 Nature and effect of Conditions

- (a) Each of the Conditions set out in Appendix 2 is a condition subsequent.
- (b) Each of the Conditions set out in Appendix 2 is a separate and distinct condition, and shall not be taken to limit the meaning or effect of any other condition, nor shall any Condition in Appendix 2 merge on completion of any contract arising from acceptance of the Offer.
- (c) The breach or non-fulfilment of any Condition subsequent does not prevent a contract to sell your SA Metals Shares arising from your acceptance of the Offer, but if:
- (i) Sylvania has not declared the Offer to be free from the conditions in Appendix 2 before the date applicable under subsection 650F(1) of the Corporations Act; and
- (ii) the Conditions in Appendix 2 have not been fulfilled at the end of the Offer Period,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In such case, Sylvania will:



- (iii) return all documents forwarded by you to the address shown in the Acceptance Form; and
- (iv) notify ASTC of the lapse of the Offer in accordance with Rule 14.19 of the ASTC Settlement Rules.

1.12 Benefit of the Conditions

Subject to the provisions of the Corporations Act, Sylvania alone shall be entitled to the benefit of the Conditions in Appendix 2 and any non-fulfilment of such Conditions may be relied upon only by Sylvania.

1.13 Freeing of the Offer from the Conditions

Subject to section 650F of the Corporations Act, Sylvania may at any time in its sole discretion declare the Offer free from any or all of the Conditions generally or in relation to any specific occurrence or any specific entity by giving notice in writing to SA Metals.

1.14 Statutory condition

The Offer and any contract that results from your acceptance of it are subject to the condition that:

- (a) an application is made to ASX within seven days after 3 July 2009 for the granting of admission to official quotation of the Sylvania shares to be issued as Offer Consideration; and
- (b) permission for admission to official quotation by ASX of the Sylvania shares to be issued pursuant to the Offer is granted no later than seven days after the end of the Offer Period.

If this condition is not fulfilled, all contracts resulting from the acceptance of the Offer will be automatically void.

1.15 Notice on the status of the conditions

The date for giving the notice on the status of the conditions required by section 630(3) of the Corporations Act is [●] 2009 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

1.16 Variation of the Offer

Sylvania may vary the Offer as permitted by Part 6.6 Division 2 of the Corporations Act.

1.17 Withdrawal of the Offer

- (a) In accordance with section 652B of the Corporations Act, the Offer may only be withdrawn with the consent in writing of ASIC, which consent may be given subject to such conditions (if any) as are specified in the consent.
- (b) If Sylvania withdraws the Offer, all contracts arising from its acceptance will automatically be void.

1.18 No stamp duty or brokerage charges

Subject to paragraph 1.9, no stamp duty or brokerage charges are payable by you if you accept the Offer.



1.19 Governing law

The Offer and any contract that results from your acceptance of the Offer are governed by the laws in force in Western Australia.



Appendix 2 - Conditions of the Offer

2. Conditions of the Offer

2.1 50.1% minimum acceptance

At the end of the Offer Period, Sylvania has a Relevant Interest in at least 50.1% of the SA Metals Shares.

2.2 No regulatory actions

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
- (a) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (b) no application is made to any Government Agency (other than by Sylvania or any of its Associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of, Chapter 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Offer or the acquisition of SA Metals shares under the Offer or the completion of any transaction contemplated by the Bidder's Statement, or seeks to require the divestiture by Sylvania of any SA Metals Shares, or the divestiture of any material assets of the SA Metals Group or the Sylvania Group.

2.3 No material transactions

Between the Announcement Date and the end of the Offer Period (each inclusive), neither SA Metals nor any Subsidiary of SA Metals:

- (a) acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$250,000 or makes an announcement about such a transaction;
- (b) disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$250,000 or makes an announcement about such a disposal;
- (c) enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership or dual listed company structure, involving a commitment of in aggregate greater than \$250,000, other than in the ordinary course of business, or makes an announcement in relation to such entry, offer or agreement;
- (c) incurs or commits to, or grants to another person a right the exercise of which would involve SA Metals incurring or committing to, any capital expenditure or liability in respect of one or more related items of in aggregate greater than \$250,000 or makes an announcement about such a commitment; or
- (d) discloses (without having disclosed to ASX prior to the Announcement Date) the existence of any matter described in sub-paragraphs (a) to (d) above, or announces



an intention or proposal to do anything described in sub paragraphs (a) to (d) above.

2.4 No material adverse change

Between the Announcement Date and the end of the Offer Period (each inclusive), no event, change or condition occurs, is announced or becomes known to Sylvania (whether or not it becomes public) where that event, change or condition has had, or could reasonably be expected to have, a material adverse effect on:

- (a) the business, assets, liabilities, financial or trading position, profitability or prospects of the SA Metals Group, taken as a whole, since 30 June 2008;
- (b) the status or terms of arrangements entered into by the SA Metals Group; or
- (c) the status or terms of any approvals, licences or permits from Government Agencies applicable to the SA Metals Group,

except for events, changes and conditions publicly announced by SA Metals or otherwise disclosed in public filings by SA Metals or any of its subsidiaries prior to the Announcement Date where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading.

2.5 Non-existence of certain rights

No person (other than a member of the Sylvania Group) has or will have any right (whether subject to conditions or not) as a result of Sylvania acquiring SA Metals Shares under the Offer to:

- (a) acquire, or require the disposal of, or require SA Metals or its Subsidiaries to offer to dispose of, any material asset of SA Metals or any of its Subsidiaries; or
- (b) terminate, or vary the terms of performance of, any material agreement of SA Metals or any of its Subsidiaries.

2.6 No prescribed occurrences

During the period beginning on the date of the Bidder's Statement and ending at the end of the Offer Period (inclusive), none of SA Metals or any Subsidiary of SA Metals:

- (a) converts all or any of its shares into a larger or smaller number of shares;
- (b) resolves to reduce its share capital in any way;
- (c) enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option (other than as a result of the exercise of SA Metals Options);
- (e) issues, or agrees to issue, convertible notes;
- (f) makes any change in its constitution or passes any special resolution;
- (g) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;



- (h) charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (i) borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of business);
- (j) has threatened or commenced against it any material claims or proceedings in any court or tribunal;
- (k) resolves to be wound up;
- (l) causes or is subject to the appointment of a liquidator or provisional liquidator;
- (m) is subject to a court order for its winding up;
- (n) is subject to an administrator of being appointed under section 436A, 436B or 436C of the Corporations Act;
- (o) executes a deed of company arrangement; or
- (p) is subject to a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of its property.

2.7 No prescribed occurrences between the Announcement Date and service

During the period from the Announcement Date to the day before the Bidder's Statement is given to SA Metals, none of the occurrences referred to in paragraphs 2.6(a) to 2.6(p) happen.

2.8 No dividends or distributions

During the Offer Period, neither SA Metals nor any Subsidiary of SA Metals, declares, distributes, or resolves to pay or provide any dividend, bonus or other share of its profits or assets.

2.9 No related party transactions

Between the Announcement Date and the end of the Offer Period, SA Metals does not enter into or otherwise become a party to any transaction with a related party or related entity (as those terms are defined in the Corporations Act).

2.10 Stock Market Index Decline

Between the Announcement Date and the end of the Offer Period, the S&P/ASX300 index does not fall more than 15% from the closing level of that index on the day before the Announcement Date at any time on any ASX trading day.

2.11 No material failings or filings

Between the Announcement Date and the end of the Offer Period, Sylvania does not become aware that any document filed by or on behalf of SA Metals with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.



Appendix 3 - Sylvania announcements to ASX since 1 October 2008

Date	Announcement
02/07/2009	Appendix 3Y Change of Director's Interest Notice
02/07/2009	Appendix 3B Issue of Shares
30/06/2009	Ruukki and Sylvania Proposal to Merge
12/06/2009	SXM: Directors' Statement re Takeover
11/06/2009	Issue of Options
11/06/2009	GAU: Directors' Statement re Takeover
10/06/2009	Sylvania announces Increased Takeover Offer for GAU
02/06/2009	Change in substantial holding
12/05/2009	GAU Receives Takeover Bid from Sylvania Resources Limited
12/05/2009	SA Metals Receives Takeover Bid from Sylvania Resources Ltd
11/05/2009	Investor Relations Presentation
11/05/2009	SLV Announces Takeover Offer for Great Australian Resources
11/05/2009	SLV Announces Takeover Offer for SA Metals Limited
07/05/2009	Change in substantial holding for PPD
06/05/2009	Ceasing to be a substantial holder
06/05/2009	Change in substantial holding
06/05/2009	Change in substantial holding
05/05/2009	Final Director's Interest Notice
05/05/2009	Initial Director's Interest Notice
05/05/2009	Board Changes
29/04/2009	Quarterly Activities and Cashflow Reports
21/04/2009	Change in substantial holding for PPD
16/04/2009	Lannex - Boynton Court Decision
07/04/2009	Change in substantial holding for PPD
23/03/2009	Sylvania Successfully Commissions Third PGM Plant
16/03/2009	Becoming a substantial holder for PPD



Date	Announcement
13/03/2009	Half Yearly Report and Accounts
06/03/2009	SandP Announces March SP/ASX Index Rebalance
18/02/2009	Change in substantial holding for GAU
11/02/2009	GAU: Private Placement
30/01/2009	Quarterly Activities and Cashflow Reports
19/01/2009	Change of Company Secretary and Change of Registered Office
14/01/2009	Holdings in Company
23/12/2008	Appendix 3Y's Change of Director's Interest Notices
23/12/2008	Issue of Shares and Options and Appendix 3B
28/11/2008	Results of Meeting
19/11/2008	Change in substantial holding
29/10/2008	New Chrome and PGM Recovery Plants
28/10/2008	Quarterly Reports 30 September 2008
27/10/2008	Disposal of Projects to Great Australian Resources Limited
27/10/2008	GAU and Sylvania Strategic Alliance Deal
24/10/2008	Notice of Annual General Meeting/Proxy Form
09/10/2008	Trading Update
03/10/2008	Becoming a substantial holder



Appendix 4 - SA Metals announcements to ASX since 31 October 2008

Date	Announcement
30/06/2009	SLV: Ruukki and Sylvania Announce Proposal to Merge
12/06/2009	Directors' Statement re Takeover
09/06/2009	Appendix 3B
15/05/2009	Constitution
12/05/2009	SA Metals Receives Takeover Bid from Sylvania Resources Ltd
11/05/2009	SLV Announces Takeover Offer for SA Metals Limited
08/05/2009	Ceasing to be a substantial holder from GAU
08/05/2009	Commencement of Drilling at Aurora
07/05/2009	Change in substantial holding from SLV
07/05/2009	Change of Name
01/05/2009	Change of Director's Interest Notice
01/05/2009	Appendix 3B
30/04/2009	Results of Meeting
28/04/2009	Quarterly Activities and Cash Flow Report
21/04/2009	Change in substantial holding from GAU
21/04/2009	Change in substantial holding from SLV
08/04/2009	Change in substantial holding from GAU
07/04/2009	Change in substantial holding from SLV
30/03/2009	Notice of General Meeting/Proxy Form
17/03/2009	Change in substantial holding
16/03/2009	Becoming a substantial holder from GAU
16/03/2009	Competent Persons Statement
16/03/2009	Becoming a substantial holder from SLV
12/03/2009	Half Yearly Accounts
20/02/2009	Cleansing Notice and Appendix 3B
19/02/2009	Share Placement
11/02/2009	Non-Renounceable Issue - Completion and Appendix 3B
02/02/2009	Non-Renounceable Issue - Allotment



Date	Announcement
30/06/2009	SLV: Ruukki and Sylvania Announce Proposal to Merge
30/01/2009	Quarterly Activities and Cash Flow Report
28/01/2009	Non-Renounceable Issue - Closure
08/01/2009	Despatch of Offer Document
07/01/2009	Notice Pursuant to Section 708AA(2)(f) Corporations Act 2001
23/12/2008	Letter to Shareholders
22/12/2008	Appendix 3B
22/12/2008	Non- Renounceable Issue - Offer Document
22/12/2008	Non-Renounceable Issue
11/12/2008	Appendix 3B
28/11/2008	Results of Meeting
31/10/2008	Quarterly Activities and Cash Flow Report



CORPORATE DIRECTORY

Directors	T M McConnachie - Managing Director R D Rossiter - Non-executive Chairman L M Carroll - Director / Joint Company Secretary G Button - Director / Joint Company Secretary Dr A P Ruiters - Director
Registered office in Australia	Level 4 28-42 Ventnor Avenue West Perth, Western Australia, 6005 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
Auditors	HLB Mann Judd - Chartered Accountants 15 Rheola Street West Perth, Western Australia, 6005
Australian Legal Advisers	Clayton Utz QV1, 250 St George's Terrace Perth, Western Australia, 6000
Financial Advisers	New Holland Capital Pty Ltd Outram Centre Suite 7 Level 1 1297 Hay Street West Perth, Western Australia, 6008
Nominated adviser and broker	Ambrian Partners Limited 2nd Floor, Angel Court London, EC2R 7HP
Stock exchange listings	Sylvania Resources Limited is listed on ASX (SLV) and on the AIM market of the London Stock Exchange (SLV)
Website address	www.sylvaniamresources.com

