

For immediate release

1 July 2010

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

SYLVANIA RESOURCES LIMITED

ASX:SLV

AIM:SLV

Registration No: 091 415 968

ISIN

SATISFACTION OF ROYALTY AGREEMENT

As announced in the 31 December 2009 Quarterly Report, Sylvania successfully negotiated and concluded an agreement with Minex Projects (Pty) Limited ("**Minex**") for the cancellation of a claim against SA Metals Limited ("**SA Metals**") (previously Pan Palladium Limited) for future royalties of 3% on sales of minerals extracted from certain defined properties where SA Metals holds the Mineral Rights.

Sylvania is pleased to announce that the condition contained in the agreement, namely that Sylvania conducts metallurgical test work on the properties to its reasonable satisfaction by 30 June 2010, has been fulfilled. Sylvania will now comply with the remainder of its obligations in terms of the agreement by paying the final R 4 million of a R 5 million payment to Minex and issuing 500,000 Sylvania shares to Minex.

Sylvania will issue 500,000 shares to Minex upon receipt of South African Reserve Bank approval. Further tranches of 500,000 shares each to a total of 3,000,000 shares will be issued to Minex on the lapse of each 6 month period following successively after the date of issue of the first tranche of 500,000 shares.

The detailed results of the metallurgical test work on GrassValley will be announced shortly.

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