

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme SYLVANIA RESOURCES LIMITED

ACN/ARSN 091 415 968

1. Details of substantial holder (1)

Name AFRICA ASIA CAPITAL LIMITED

ACN/ARSN (if applicable) N/A

The holder became a substantial holder on 02/12/2010

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary fully paid shares	58,882,551	58,882,551	19.5% of 301,961,805

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Africa Asia Capital Limited	Shares issued to Africa Asia Capital Limited by Sylvania Resources Limited pursuant to the terms of an Agreement dated 28 September 2010 (see Annexure A to this form)	58,882,551 ordinary fully paid shares
Africa Asia International Investments Limited (an associate of Africa Asia Capital Limited)		

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Africa Asia Capital Limited	Africa Asia Capital Limited	N/A	58,882,551 ordinary fully paid shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Africa Asia Capital Limited	29 September 2010			7,711,888
	2 December 2010		The consideration paid for both tranches of shares was the transfer by Africa Asia Capital Limited to Sylvania Resources Limited of 26 Common Shares in the capital of Sylvania Metals (Pty) Ltd. (a private Company incorporated in the Republic of South Africa).	51,170,663

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

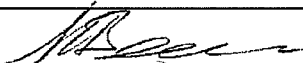
Name and ACN/ARSN (if applicable)	Nature of association
Africa Asia International Investments Limited	Africa Asia Capital Limited is a wholly owned subsidiary of Africa Asia International Investments Limited

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
The persons listed in Item 3	18 Athol Street, Douglas, Isle of Man IM1 1JA

Signature

print name STEPHEN BROWN capacity DIRECTOR
 sign here  date 5/12/2010

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

32
THIS IS ANNEXURE A OF ~~N~~ PAGES (INCLUDING THIS PAGE) REFERRED TO IN FORM 603
SIGNED BY ME ON 5th DECEMBER 2010

SIGNATURE: 

NAME: STEPHEN BROWN

.....

.....

Execution Version

DATED

28 September

2010

SYLVANIA RESOURCES LIMITED (1)

AFRICA ASIA CAPITAL LIMITED (2)

SHARE EXCHANGE AGREEMENT



88 Wood Street London EC2V 7AJ

tel: (+44) (0) 20 3207 1100 - fax: (+44) (0) 20 3207 1881

2

CONTENTS

CLAUSE	PAGE
1. Interpretation	1
2. Sale and purchase / waiver	5
3. Purchase price.....	6
4. Escrow completion.....	16
5. Escrow arrangements and Completion.....	18
6. Warranties.....	19
7. Confidentiality and announcements.....	21
8. Costs.....	22
9. Notice.....	22
10. Agreement survives completion.....	24
11. Miscellaneous.....	24
12. Governing law and jurisdiction.....	26
ANNEXURE A Claim Assignment.....	29

2

THIS AGREEMENT is dated 28 September 2010

Between

(1) **SYLVANIA RESOURCES LIMITED**, a company incorporated under Australian law with company number ACN 091 415 968 whose registered office is at Unit 2, Level 1, Churchill Court, 331-335 Hay Street, Subiaco WA 6008, Australia ("**Buyer**").

(2) **AFRICA ASIA CAPITAL LIMITED**, a private company incorporated and registered in the Isle of Man with company number 122415C whose registered office is at 18 Athol Street, Douglas, Isle of Man IM1 1JA ("**Seller**")

Whereas

The Seller has acquired or will be acquiring the Sale Shares and subject thereto, the Seller has agreed to sell and the Buyer has agreed to purchase the Sale Shares subject to and on the terms and conditions of this Agreement.

It is now agreed as follows:

1. INTERPRETATION

1.1 The definitions and rules of interpretation in this Clause apply in this Agreement.

Admission	means admission of the Execution Shares (or an equivalent number of Depository Interests) and (as applicable) any Consideration Cash Equivalent Shares (or an equivalent number of Depository Interests) to AIM becoming effective in accordance with the AIM Rules;
AIM	the Alternative Investment Market operated by the London Stock Exchange;
AIM Rules	the AIM Rules for Companies which set out the rules and responsibilities in relation to companies with a class of securities admitted to AIM;
ASX	ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;
ASX Listing Rules	the official listing rules of ASX as they apply to the Buyer from time to time and as amended, re-enacted, replaced or superseded;
Australian Corporations Act	Corporations Act 2001 (Cth);
Business Day	a day (other than a Saturday, Sunday or public holiday) when banks in the City of London are open for business;
Buyer's Company Shares	shall have the meaning set out at clause 3.22(f);
Buyer's Group	the Buyer and any other undertaking being a parent undertaking of the Buyer and all other undertakings being subsidiaries or subsidiary undertakings of any such parent undertaking from time

to time;

Buyer's Shares	means fully paid ordinary shares of no nominal amount each in the capital of the Buyer ranking pari passu with the existing fully paid ordinary shares of no nominal amount each in the capital of the Buyer as listed on the ASX and or AIM (either directly or through Depository Interests);
Buyer's Solicitors	Allen & Overy of Level 27, 2 The Esplanade, Perth WA 6000
Claim Assignment	means a written assignment of various claims (and related rights) in relation to the Sale Shares to be provided by the Seller to the Buyer at Completion materially in the form attached hereto as Annexure A;
Company	Sylvania Metals (Pty) Ltd, a private company incorporated and registered in the Republic of South Africa with company number 2006/010895/07 whose registered office is at Constantia View Office Park, Block 3, 2 Hogsback Road, Quellerina, South Africa with an issued share capital of 100 common shares;
Completion Date	the date upon which the requirements of clause 5.2 have been fulfilled (being no later than the End Date);
Company Share Offer	shall have the meaning set out at clause 3.22(f)(ii);
Completion	completion of the sale and purchase of the Sale Shares in accordance with this Agreement;
Consideration Cash	means a cash element of the Purchase Price which may be paid to the Seller pursuant to the terms of clauses 3.1 and 3.2;
Consideration Cash Equivalent Shares	means Buyer's Shares which may be allotted and issued to the Seller as part of the Purchase Price pursuant to clause 3.2;
Consideration Shares	means 51,170,663 Buyer's Shares;
CREST	means the electronic settlement system for securities operated by Euroclear UK and Ireland Limited;
Depository Interests	means depository interests representing Buyer's Shares which confer beneficial title to the underlying ordinary shares and which will be capable of trading on AIM and issued through the Company's UK Registrar or a related issuer pursuant to a deed poll in the usual or common form;
Ehlobo	Ehlobo Metals (Proprietary) Limited, a company with Registration Number 2006/021099/07, incorporated as a limited liability company in accordance with the company laws of the Republic of South Africa;



Encumbrance	means any interest of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement or any agreement to create any of the above,
End Date	Means the 31 December 2010;
Escrow Completion	means completion in escrow of the sale and purchase of the Sale Shares by the performance of the obligations set out in Clauses 4.3 and 4.4;
Execution Shares:	means 7,711,888 million Buyer's Shares to be issued to the Seller upon execution of this Agreement in accordance with the terms of clause 3.1(a);
Final Settlement Date	means the date falling 13 calendar months after the date of this Agreement;
FIRB Approval	the Treasurer of the Commonwealth of Australia has either: <ul style="list-style-type: none"> (a) provided written notice which is unconditional or subject only to conditions reasonably acceptable to the Seller that there is no objection under the Foreign Acquisitions and Takeovers Act 1975 (Cth) or Australian foreign investment policy to the proposed issue of the Execution Shares and the Cash Consideration Shares to the Seller; or (b) become precluded from exercising any power to make an order under the Foreign Acquisitions and Takeovers Act 1975 (Cth) in relation to the proposed issue of the Execution Share and the Cash Consideration Shares to the Seller;
IMR BV	International Mineral Resources BV, a company incorporated in the Netherlands with registered number 34247735 and whose registered office is at Jan Luijkenstraat 68, 1071CS Amsterdam, Netherlands and who, at the date hereof, owns (indirectly through certain subsidiary undertakings) a majority of the issued share capital of Samancor Chrome Limited, registration number 1926/008883/06, (Samancor) a company duly incorporated under the laws of South Africa;
Independent Expert	shall have the meaning set out at clause 3.24
Initial Consideration Shares	means either: (i) 36,461,888 Buyer's Shares or (ii) (if not the same) such number of Buyer's Shares as shall equal 15% of the issued share capital of the Buyer less 1 share immediately before the issue of the Initial Consideration Shares;
Issue Equivalent Value	shall have the meaning set out at clause 3.2(c);

Milestone Date	means the 30 th December 2010;
Nominee	means any member of the Seller's Group or any entity which has agreed to hold or holds assets on behalf of a member of the Seller's Group;
Notice of Acceptance	shall have the meaning set out at clause 3.22(f);
Notice of Sale	shall have the meaning set out at clause 3.22(f);
Payment Notice	means a notice to be served by the Buyer pursuant to clause 3.5;
Purchase Price:	the purchase price for the Sale Shares to be paid or satisfied in accordance with Clause 3;
Sale Shares:	the 26 common shares in the Company, comprising 26% of the allotted and issued share capital of the Company;
Seller Account	means such account as may be advised in writing by the Seller to the Buyer from time to time;
Seller's Group	the Seller and any other undertaking being a parent undertaking of the Seller (which shall include, without limitation, IMR BV) and all other undertakings being subsidiaries or subsidiary undertakings of any such parent undertaking from time to time;
Seller's Solicitors	Bryan Cave of 88 Wood Street, London EC2V 7AJ;
Sylvania Minerals	means Sylvania Minerals (Pty) Limited, a company with registration number 2006/010814/07, incorporated as a limited liability company in accordance with the Company Laws of the Republic of South Africa;
Third Party Buyer	shall have the meaning set out at clause 3.22(f) (ii);
VWAP	means the Volume-Weighted Average Price of the Buyer's Shares (or relevant Depository Interests) traded on AIM, calculated over a 180 day period as calculated or shown by Bloomberg. If Bloomberg does not provide a relevant VWAP or a Party disputes a relevant VWAP, such VWAP shall be calculated and fixed by the Independent Expert;
Warrantics	the statements set out in Clauses 6.1, 6.2 and 6.3.

- 1.2 Clause and schedule headings do not affect the interpretation of this Agreement.
- 1.3 A reference to a Clause or a schedule is a reference to a Clause of, or schedule to, this Agreement. A reference to a paragraph is to a paragraph of the relevant schedule, and a reference to an appendix is to the relevant appendix to this Agreement.
- 1.4 A person includes a corporate or unincorporated body.
- 1.5 Words in the singular include the plural and in the plural include the singular.

- 1.6 A reference to one gender includes a reference to the other genders.
- 1.7 A reference to a statute, statutory provision or any subordinate legislation made under a statute is to such statute, provision or subordinate legislation as amended or re-enacted from time to time whether before or after the date of this Agreement and, in the case of a statute, includes any subordinate legislation made under that statute whether before or after the date of this Agreement.
- 1.8 **Writing or written** includes faxes but not e-mail.
- 1.9 Documents in **agreed form** are documents in the form agreed by the parties or on their behalf and initialled by them or on their behalf for identification.
- 1.10 Where the words **include(s)**, **including** or **in particular** are used in this Agreement, they are deemed to have the words "without limitation" following them.
- 1.11 References to this Agreement include this Agreement as amended or varied in accordance with its terms.
- 1.12 **Holding company** and **subsidiary** mean a "holding company" and "subsidiary" as defined in section 1159 of the English Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its Nominee), whether by way of security or in connection with the taking of security, or (b) its Nominee.
- 1.13 In the case of a limited liability partnership which is a subsidiary of a company or another limited liability partnership, section 1159 of the English Companies Act 2006 shall be amended so that: (a) references in sub sections 1159(1)(a) and (c) to voting rights are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and (b) the reference in section 1159(1)(b) to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights.
- 1.14 **subsidiary undertaking** and **parent undertaking** mean a "subsidiary undertaking" and "parent undertaking" as defined in section 1162 of the English Companies Act 2006.
- 1.15 **Undertaking** shall have the meaning as defined in section 1161 of the English Companies Act 2006.
- 1.16 A reference to a company shall include any company, corporation, body corporate,, undertaking or partnership wherever and however incorporated or established
- 2. SALE AND PURCHASE / WAIVER**
- 2.1 On the terms of this Agreement, the Seller shall sell with full title guarantee and free from all Encumbrances, and the Buyer shall purchase:
- (a) the Sale Shares, together with all rights that attach (or may in the future attach) to them including, in particular, the right to receive all dividends and distributions declared, made or paid on or after the Escrow Completion Date; and

- (b) all claims, rights and entitlements of whatsoever nature and how so ever arising (if any) which the Seller may have against the Company and/or Sylvania Minerals:
 - (i) at the Signature Date, how so ever arising; or
 - (ii) arising at any time after Completion.
- (c) The claims shall be ceded to the Buyer by means of the Claim Assignment.

2.2 The Buyer hereby confirms, warrants and agrees that as at the date hereof neither it nor any member of its Group has any claim or right (whether present or future, and whether contingent or otherwise) of whatsoever nature other than expressly arising under this Agreement against (a) Ehlobo (being the former holder of the Sale Shares) in connection with its previous holding of the Sale Shares (including, without limitation, pursuant to the terms of a shareholders agreement entered into between Ehlobo, the Company and the Buyer dated 10 January 2007) or (b) the Seller and or any member of the Seller's Group other than expressly arising under this Agreement. To the extent that any claim exists or may exist against Ehlobo, the Seller and or any member of the Seller's Group, the Buyer hereby waives such claim and releases Ehlobo, the Seller and or any member of the Seller's Group from any liability whatsoever in respect of any such claim other than expressly arising under this Agreement (and the Buyer shall execute any documentation as may be reasonably requested by the Seller to confirm such waiver and release). The Buyer hereby agrees and to the extent necessary shall procure that as from the date hereof none of Ehlobo, the Seller and or any member of the Seller's Group shall have any liability or obligation to the Buyer and or any member of the Buyer's Group other than expressly arising under this Agreement.

3. PURCHASE PRICE

3.1 The Purchase Price for the Sale Shares is to be satisfied as follows:

- (a) The allotment and issue of the Execution Shares (and an equivalent number of Depository Interests) with full title guarantee within three Business Days of the date of execution hereof evidenced by delivery to the Seller of:
 - (i) documentation evidencing the receipt of an irrevocable instruction by the Buyer's share registrars from the Buyer to unconditionally and irrevocably allot and issue the Execution Shares and an equivalent number of Depository Interests to the Seller and or its Nominee; and
 - (ii) any such confirmations as may be required to confirm that the appropriate number of Depository Interests have been created within CREST in the name of the Seller and or its Nominee; (subject only to Admission),
 - (iii) and the Buyer will procure that the Execution Shares (or Depository Interests) be admitted to trading on AIM as soon as reasonably practicable following the issue thereof; it being provided that the allotment of the Execution Shares shall not be deemed to be complete unless and until the Execution Shares (or



relevant Depository Interests) have been admitted to trading on AIM;

(iv) and

(b) subject to clause 3.2, the payment of the Consideration Cash.

(i) "Consideration Cash" shall mean a sum in USD\$ being the higher of

(1) such sum as shall equal the number of all the Consideration Shares multiplied by VWAP, provided that

a. where the Consideration Cash is paid in full in one lump sum, the Consideration Cash shall be calculated by reference to the VWAP on the Business Day which is two Business Days prior to the Business Day on which such payment is made; and

b. in the event of the Buyer not paying the Consideration Cash in full in one lump sum, but in more than one installment, the sum of each installment payment shall be divided by the VWAP on the Business Day which is two Business Days prior to the Business Day on which such installment payment is made, which shall equate to the number of the Consideration Shares, which are covered and discharged by the relevant installment payment ("Covered Shares") and there shall remain payable as the balance of the Consideration Cash such sum as shall equal (a) the number of all the Consideration Shares less all Covered Shares; multiplied by (b) VWAP (and sub-clauses (a) and (b) shall apply to the calculation of such balance of the Consideration Cash).

and

(2) the sum of USD\$ 40 (forty) million

always provided that the Consideration Cash together with the Issue Equivalent Value of all Consideration Cash Equivalent Shares which have been allotted hereunder (if any) shall not exceed the sum of USD\$ 50 (fifty) million.

3.2 The Buyer may, at its discretion, in compliance with ASX Listing Rules, and subject to: (i) if required, FIRB Approval and (ii) the issue of any Consideration Cash Equivalent Shares not increasing the holding of the Seller or anyone else to in excess of 19.999% of the Buyer's Shares, discharge the Consideration Cash and or any balance of the Consideration Cash due by issuing Consideration Cash Equivalent Shares to the Seller, whereby:

- (a) The maximum number of Consideration Cash Equivalent Shares to be issued shall be the number of the Consideration Shares;
- (b) Where no Consideration Cash has been paid and all the Consideration Cash Equivalent Shares are allotted in full on one occasion, the Consideration Cash Equivalent Shares shall be the number of the Consideration Shares, always provided that if such number of Consideration Cash Equivalent Shares multiplied by VWAP on the Business Day which is two Business Days prior to the Business Day on which such allotment is made would exceed the sum of USD\$ 50 (fifty) million; the number of Consideration Cash Equivalent Shares to be allotted shall be such number as is calculated by dividing the sum of USD\$ 50 (fifty) million by VWAP on the Business Day which is two Business Days prior to the Business Day on which such allotment is made.
- (c) Where all the Consideration Cash Equivalent Shares are not allotted in full on one occasion, but in installments, or any Consideration Cash has been paid, the sum total of the Consideration Cash Equivalent Shares to be issued shall be the number of the Consideration Shares, always provided that each number of Consideration Cash Equivalent Shares allotted at any one time shall be calculated by multiplying the VWAP on the Business Day which is two Business Days prior to the Business Day on which such allotment is made (the "Issue Equivalent Value") and (a) the sum total of the Issue Equivalent Value of all Consideration Cash Equivalent Shares which have been or are to be issued together with (b) the sum total of all Consideration Cash paid (if any) shall not exceed the sum of USD\$ 50 (fifty) million and the number of Consideration Cash Equivalent Shares to be allotted shall be limited and or reduced accordingly.

3.3 The Consideration Cash shall be paid to the Seller and/or the Consideration Cash Equivalent Shares shall be allotted to the Seller and or its Nominee in full on or before the Final Settlement Date.

3.4 Any payment of the Consideration Cash shall be made to the Seller in immediately freely available funds by urgent telegraphic (SWIFT) transfer into the Seller Account or such other account as the Seller shall from time to time notify to the Buyer in writing and payment shall be deemed to have been effected when the funds are irrevocably received in the Seller Account.

3.5 Where the Buyer proposes to make a payment of Consideration Cash or allot Consideration Cash Equivalent Shares it shall on the Business Day immediately before making such payment or allotting such shares serve a written notice on the Seller (the "Payment Notice") setting out:

- (a) in case of a payment of Consideration Cash the USD\$ amount of Consideration Cash it is paying and, where applicable, the number of Covered Shares and the applicable VWAP;

- (b) in case of an allotment of Consideration Cash Equivalent Shares, the number of Consideration Cash Equivalent Shares it is allotting and, where applicable, the Issue Equivalent Value and the applicable VWAP.



- 3.6 In the event that the Buyer exercises its discretion under clause 3.2 to allot and issue Consideration Cash Equivalent Shares to the Seller, in respect of each allotment it:
- (a) shall deliver to the Seller
 - (i) documentation evidencing the receipt of an irrevocable instruction by the Buyer's share registrars from the Buyer to unconditionally and irrevocably allot and issue the relevant Consideration Cash Equivalent Shares and an equivalent number of Depository Interests to the Seller and or its Nominee;
 - (ii) any such confirmations as may be required to confirm that the appropriate number of Depository Interests have been created within CREST in the name of the Seller and or its Nominee (subject only to Admission); and
 - (b) procure that the relevant Consideration Cash Equivalent Shares (or relevant Depository Interests) be admitted to trading on AIM as soon as reasonably practicable following the issue thereof; it being provided that the allotment of any Consideration Cash Equivalent Shares shall not be deemed to be complete unless and until such Consideration Cash Equivalent Shares (or relevant Depository Interests) have been admitted to trading on AIM.
- 3.7 The Execution Shares and any Consideration Cash Equivalent Shares shall be issued to the Buyer by the Seller with full title guarantee and free from any Encumbrance.
- 3.8 The Execution Shares and any Consideration Cash Equivalent Shares shall rank pari passu with the Buyer's Shares, including the right to receive all dividends declared made or paid after their issue (save that they shall not rank for any dividend or other distribution of the Buyer declared made or paid by reference to a record date before their issue).
- 3.9 Subject to Clause 3.10, the Seller undertakes that it shall not, during a period of 12 months after the relevant date of their issue, without the prior written consent of the Buyer, which shall not be unreasonably withheld or delayed, dispose of any relevant Consideration Cash Equivalent Shares (or agree or offer to do so).
- 3.10 Clause 3.9 shall not prevent the Seller from disposing of any Consideration Cash Equivalent Shares in any of the following circumstances:
- (a) where such disposal concerns not more than 10% of the aggregate of the Consideration Cash Equivalent Shares held at any time provided that the Seller does not dispose of more than 10% of the Consideration Cash Equivalent Shares in any 3 month period after Escrow Completion; and
 - (b) where such disposal is made in the acceptance of any offer made by any third party for the whole of the ordinary share capital of the Buyer (other than any ordinary share capital owned by the offeror or any concert party of the offeror);
 - (c) where such disposal is made in the execution of an irrevocable commitment to accept any offer made for the whole of the ordinary share

capital of the Buyer (other than any ordinary share capital owned by the offeror or any concert party of the offeror);

- (d) where such disposal is made pursuant to an offer by the Buyer to purchase its own shares which is made on identical terms to all holders of ordinary shares in the Buyer; or
- (e) to any other member of the Seller's Group, affiliates and or ultimate shareholders, subject to such member, affiliate or shareholder agreeing in writing, in a form reasonably acceptable to the Buyer, to be bound by like restrictions;

in which case the Seller shall be entitled to dispose of all or some of the relevant Consideration Cash Equivalent Shares in such circumstances.

- 3.11 For the purposes of Clauses 3.9 and 3.10(a) the terms Consideration Cash Equivalent Shares shall include any fully paid ordinary shares of the Buyer held by the Seller arising out of the consolidation, conversion or subdivision of the Consideration Cash Equivalent Shares and any fully paid ordinary shares of the Buyer acquired by reference solely to the Consideration Cash Equivalent Shares, whether by way of bonus or rights issue, pre-emption right or otherwise or in exchange or substitution for any such Consideration Cash Equivalent Shares.
- 3.12 The Buyer shall bear the cost of all registration, stamp, transfer and similar taxes or their equivalents payable in any jurisdiction on the execution or completion of this Agreement or any other document required to be executed hereunder or on the sale or transfer of the Sale Shares on Completion or otherwise as a result of the transaction the subject of this Agreement. The Buyer shall be responsible for arranging the payment of all such taxes including fulfilling any administrative or reporting obligation imposed by the jurisdiction in question in connection with the payment of such taxes. The Buyer agrees to indemnify the Seller against any losses, liabilities, costs (including, without limitation, legal costs), charges, expenses, actions, proceedings, claims and demands suffered by the Seller as a result of the Buyer failing to comply with its obligations under this clause 3.12.
- 3.13 The Buyer shall procure that all shares allotted and issued by it to the Seller pursuant to this Agreement, shall, without prejudice, to clauses 3.9 and 3.10 hereof be freely disposable.
- 3.14 In the event that the authorisations referred to in clause 3.15 are not obtained, the Buyer shall, as soon as is reasonably possible, take all steps (if any) necessary to ensure and/or procure that at the Milestone Date all authorizations and/or permissions necessary for issuing and allotting and being able to issue and allot to the Seller such number of Consideration Cash Equivalent Shares as shall represent 15% of the Buyer's Shares immediately before such issue and allotment, always provided that such issue and allotment shall not increase the holding of the Seller in the Buyer's Shares to in excess of 19.999% of the Buyer's Shares immediately after such issue and allotment and further provided that the Seller shall not be required to obtain any FIRB Approval or, if such FIRB Approval would be necessary, the Seller has obtained the relevant FIRB approval. For the avoidance of doubt, nothing in this clause 3.14 shall require the Buyer to issue any Consideration Cash Equivalent Shares. In the event that the Buyer does not comply with its obligations under this clause 3.14 then the Seller shall have a right of termination pursuant to the provisions of clause 3.23.

- 3.15 The Buyer shall, as soon as is reasonably possible, take all steps necessary to ensure and/or procure that the resolutions and/or authorisations and/or permissions which are required to be obtained from its shareholders to issue the Consideration Shares in full are proposed for the consideration of and or resolution by such shareholders (with unanimous and unconditional board approval (excluding any directors subject to a conflict of interest) and recommendation that such resolutions be passed) at or before the Buyer's annual general meeting which is to be held on the 30th November 2010 (and that all necessary administrative and legal requirements in relation thereto are properly carried out). Where such authorisations are obtained at or before the AGM to be held on the 30th November 2010 then the Buyer shall as soon as reasonably practicable and in any event within 5 Business Days after such AGM, allot and issue all of the Consideration Shares to the Seller, provided that (a) if necessary, FIRB Approval has been obtained by the Seller and (b) that such issue and allotment shall not increase the holding of the Seller in the Buyer Shares to in excess of 19.999% of the Buyer's Shares immediately after such issue and allotment. In the event that the Buyer does not comply with its obligations under this clause 3.15 then the Seller shall have a right of termination pursuant to the provisions of clause 3.23.
- 3.16 The Buyer shall, as soon as is reasonably possible, take all steps necessary to ensure and/or procure that at the Milestone Date sufficient Consideration Cash has been paid as would be equivalent to (or more than) the aggregate value of all of the Initial Consideration Shares multiplied by VWAP and will make such payment or in the alternative that all of the Initial Consideration Shares have been allotted and issued. In the event that the Buyer does not comply with its obligations under this clause 3.16, then the Seller shall have a right of termination pursuant to the provisions of clause 3.23. For the avoidance of doubt, nothing in this clause 3.16 shall require the Buyer to issue any of the Initial Consideration Shares.
- 3.17 Notwithstanding any other provision of this Agreement, where the Buyer wishes to issue Consideration Cash Equivalent Shares to the Seller in such quantity as would require FIRB Approval, but FIRB Approval has not been obtained within 2 calendar months of the Buyer notifying the Seller in writing of his wish to so issue Consideration Cash Equivalent Shares, the Buyer may only issue Consideration Cash Equivalent Shares to such extent as is permitted to be issued without FIRB Approval and shall pay the balance of the Purchase Price in Consideration Cash.
- 3.18 Any dispute and or disagreement concerning the calculation of the Purchase Price, the Consideration Cash, Consideration Cash Equivalent Shares, Consideration Shares, Covered Shares, VWAP, the Issue Equivalent Value and or interest shall be referred to and finally determined by the Independent Expert who shall be appointed pursuant to the terms of clause 3.24, who shall act as an expert and not as an arbitrator
- 3.19 Interest:
- (a) The Buyer shall pay to the Seller interest at a rate of 10% per annum, accrued daily and compounded on the first day of every month beginning as at the Milestone Date and based on a principal sum calculated from time to time as follows:
 - (i) USD \$40,000,000; less
 - (1) the USD\$ amount of all Consideration Cash paid; and

(2) the sum total of the Issue Equivalent Value of all Consideration Cash Equivalent Shares which have been issued and allotted to the Seller.

(b) All interest accrued pursuant to this clause 3.19 shall be treated as additional Purchase Price payable pursuant to the terms hereof.

3.20 Depository Interests:

- (a) unless otherwise stipulated in writing by the Seller the Buyer shall procure the issue of Depository Interests in respect of all Execution Shares and all Consideration Cash Equivalent Shares to be issued and allotted pursuant to the terms hereof;
- (b) each Depository Interest issued pursuant to the terms of this Agreement shall be treated as one Buyer's Share for the purposes of determining eligibility for dividends and voting entitlements. The provisions of clauses 3.9 to 3.11 above shall apply to any Depository Interests issued to the Seller or its Nominee as if the references to "Consideration Cash Equivalent Shares" contained therein was a reference to "Depository Interests".

3.21

- (a) at any time
 - (i) whilst the Seller or its Nominee holds the Sale Shares or
 - (ii) if the Seller has transferred the Sale Shares to the Buyer, in any event until the Final Settlement date and continuing thereafter until such time as and unless the Seller's holding of shares in the Buyer falls below 5% of the entire issued share capital of the Buyer,
 - (iii) the Seller shall have the right to nominate for appointment 2 directors (and /or two observers) to the board of the Company (or remove any such persons so appointed) by notice in writing to the Buyer and the Buyer shall promptly procure such appointments and/or removals; and
- (b) Subject always to the requirements of the ASX Listing Rules and any provisions contained in the Buyer's constitutional documentation, at any time following the date hereof and until the Final Settlement date and thereafter until such time as and unless the Seller's holding of shares in the Buyer falls below 5% of the entire issued share capital of the Buyer, the Seller shall have the right to nominate for appointment 2 directors (and /or two observers) to fill a casual vacancy on the board of the Buyer (or remove any such persons so appointed) by notice in writing to the Buyer and the Buyer and its board shall procure, support and or permit such appointments and/or removals (and if there is no casual vacancy on the board of the Buyer shall use all reasonable endeavours to obtain the approval of its shareholders in a timely manner to the appointment of the director(s) proposed by the Seller) (provided that any second director

(and/or observer) which the Seller proposes to nominate may only be appointed to the board of the Buyer after the Milestone Date).

3.22 Until such time as the Buyer has paid the Purchase Price in full:

- (a) other than for: (i) the purposes of satisfying its obligations pursuant to the terms hereof; (ii) the issue of options in respect of Buyer Shares to employees of the Buyer in the ordinary course of business the Buyer and (iii) the issue of shares in accordance with the agreement between the Buyer, SA Metals Ltd, Minex Projects (Pty) Ltd and Mr Michael James Scott dated 6 January 2010, the Buyer shall not allot or issue or agree to allot or issue any shares, options, warrants or equivalent securities of or in relation to the Buyer, without the prior written agreement of the Seller,
- (b) the Buyer shall not allot or issue or agree to allot or issue any shares, options, warrants or equivalent securities of or in relation to the Company, without the prior written agreement of the Seller, or change the articles or constitution of the Company without the prior written agreement of the Seller;
- (c) neither the Company, nor any other member of the Buyer's Group shall enter into any individual or linked capital expenditure which is in excess of USD\$500,000 (without the prior written approval of the Seller), subject to this not precluding the Buyer from borrowing more than USD\$500,000 from any institution or bank in the ordinary course of business or for implementing the provisions of this agreement;
- (d) the Buyer shall promptly, fully and transparently respond to any request by the Seller for information and or documentation in respect of business and or affairs of the Company and or any member of the Buyer's Group as the Seller shall from time to time require;
- (e) except as expressly agreed by the Seller in writing, the Buyer shall procure that all transactions entered into or to be entered into by the Company, the Buyer and or any other member of the Buyer's Group are transactions entered into on a wholly arms length basis; and
- (f) Pre-emption provisions relating to Buyer's shares in the Company.
 - (i) The Seller shall have a right of first refusal over the Buyer's shares in the Company in the event that the Buyer wishes to sell them (the "**Buyer's Company Shares**"). The Buyer may not sell or transfer all or part of the Buyer's Company Shares (or any rights in respect thereof) to a third party other than in circumstances whereby it has followed the procedure (and satisfied the requirements) set forth in this clause 3.22(f) and the Seller has declined to exercise the right of first refusal set out herein.
 - (ii) If the Buyer receives any offer from a third party (the "**Third Party Buyer**") to sell all or part of the Buyer's Company Shares (the "**Company Share Offer**") then (in order to comply with the requirements of this clause 3.22(f)) the Company Share Offer must (inter alia):

- (1) have been made in writing;
 - (2) have been made in good faith;
 - (3) be unconditional and irrevocable;
 - (4) provide for consideration in monetary form; and
 - (5) contain all material terms (including, inter alia, price, time frame, conditions of monetary payment and procedure for completion of the transaction).
- (iii) Upon receipt of the Company Share Offer the Buyer shall provide written notice of the contemplated sale ("**Notice of Sale**") to the Seller, describing the contemplated sale and terms thereof, including (inter alia): the name of the Third Party Buyer and its shareholders and beneficial owners; the number of Buyer's Company Shares; and the amount of the consideration to be received upon sale of the Buyer's Company Shares. Once served a Notice of Sale may not be revoked or withdrawn by the Buyer. A copy of the Company Share Offer, signed by the Buyer and satisfying the requirements set out at clause 3.22(f)(i), must be attached to the Notice of Sale. The Notice of Sale shall also constitute, subject to compliance with any requirements of the ASX Listing Rules and the Australian Corporations Act, an irrevocable and unconditional offer by the Buyer to sell the Buyer's Company Shares to the Seller on the same terms and conditions as set out in the Company Share Offer. The Buyer shall also provide to the Seller, in a timely manner, all information required by it to verify the terms of the Company Share Offer. Provided the Buyer has complied with the requirements of this clause 3.22(f)(iii), the Seller shall have 45 calendar days following receipt of a Notice of Sale in which to exercise its pre-emption pursuant to this clause 3.22(f). The Buyer shall make all reasonable efforts to as soon as practically possible obtain all and any authorisations and or permission necessary under the ASX Listing Rules and the Australian Corporations Act and until such authorisations and or permission are obtained shall not proceed with and or close on the Company Share Offer.
- (iv) The Seller may accept the offer to acquire the Shares contained in the Notice of Sale by sending the Buyer a notice of acceptance ("**Notice of Acceptance**") indicating that Seller agrees to buy the number of Buyer's Company Shares as specified and on the terms specified in the Notice of Sale. Following service of a Notice of Acceptance the sale and purchase of Buyer's Company Shares contemplated thereunder shall be completed within 30 calendar days after the satisfaction of any requirements of the ASX Listing Rules or the Australian Corporations Act. The Buyer shall make all reasonable efforts to as soon as practically possible obtain all and any authorisations and or permission necessary under the ASX Listing Rules and the Australian Corporations Act.

- (v) If the Seller does not propose to issue a Notice of Acceptance (and notifies the Buyer of this) or fails to respond in writing to the Notice of Sale within the stipulated time frame mentioned above, the Buyer may sell the number of Buyer's Company Shares to the Third Party Buyer as specified in the Notice of Sale, but only in strict compliance with the terms set forth in the Notice of Sale (and provided that both the Buyer and the Third Party Buyer continue to act at all times in good faith) and subject to the Buyer and the Third Party Buyer signing a written agreement in connection with such transaction confirming, inter alia, the terms set out in the Notice of Sale and that the agreement is binding on each of them (with a copy of such agreement to be provided to the Seller within 5 days of its being executed).
- (vi) The Buyer shall not, without the prior written consent of Seller mortgage, charge, pledge, create any other security interest or otherwise encumber its legal or beneficial interest in any of the Buyer's Company Shares (or any interest in any of them).

3.23 Neither party shall be entitled to terminate and or rescind this Agreement, except that the Seller may terminate and or rescind this Agreement in the event that: (i) it has not obtained and or not been able to obtain good title to the Sale Shares and or is not able to transfer the Sale Shares with good title guarantee and or free from Encumbrances to the Buyer or (ii) if the Buyer has not complied with its obligations pursuant to clauses 3.14, 3.15 or 3.16, whereupon and from the date of such termination and or rescission the provisions of this Agreement other than this clause 3 (Purchase Price), and clauses 1 (Interpretation), 2.2 (Claims), 6.1(a), 6.1(b) and 6.1(c) and 6.2(a), 6.2(b) and 6.2(c) (Warranties) 7 (Confidentiality and Announcements), 8 (Costs), 9 (Notices), 11 (Miscellaneous) and 12 (Governing Law and Jurisdiction) shall from such date have no effect and no party shall have any liability under them (without prejudice to the rights or remedies of any of the parties in respect of antecedent breaches). In the event of a termination of this Agreement pursuant to this clause 3.23, the Seller shall be entitled to retain the Execution Shares and the Buyer shall not be entitled to damages or any other compensation in relation to the same.

3.24 In the event of a dispute arising as referred to in clause 3.18, the parties shall endeavour to appoint an independent expert, who shall be selected from a firm of chartered accountants with at least 100 partners (or members if an LLP or directors if a company) or from an international bank of repute based in London and authorised by the FSA ("Independent Expert"). If the parties are unable to agree on the appointment of an Independent Expert within 14 Business Days of either party serving details of a suggested expert on the other in writing, either party shall be entitled to request the President for the time being of The Institute of Chartered Accountants in England and Wales to appoint an Independent Expert satisfying the criteria set out above. The Independent Expert is required to prepare a written decision and given notice in writing (including a copy) of the decision to the parties within a maximum of 60 days of the matter being referred to the Independent Expert. The parties are entitled to make written submissions to the Independent Expert and shall provide the Independent Expert with such assistance and documents, as the Independent Expert reasonably requests in writing for the purpose of reaching a decision. The Independent Expert shall act as expert and not as arbitrator. The Independent Expert shall be entitled to award costs as he deems

appropriate. The Independent Experts' written decisions on the matters referred to him shall be final and binding in the absence of manifest error or fraud.

- 3.25 Notwithstanding any other provisions contained herein to the contrary in the event that this agreement is terminated and or the Seller and or his Nominee continues to be the holder of the Sale Shares then the following provisions shall continue to apply until such time as the Seller has disposed of all the Sale Shares in full: 3.21(a); 3.22(b), 3.22(c) (so far as it relates to expenditure of the Company); 3.22(d)(so far as it relates the Company) 3.22(e)(so far as it relates the Company) and 3.22(f).

4. ESCROW COMPLETION

- 4.1 Subject to the Execution Shares having been allotted and issued in accordance with clause 3.1(a) (and Admission in relation thereto having become effective), Escrow Completion shall take place on the Escrow Completion Date.

- 4.2 Escrow Completion shall occur on the date upon which:

- (a) sufficient Consideration Cash has been paid as would be equivalent to (or more than) the aggregate value of all of the Initial Consideration Shares multiplied by VWAP on the date which is two Business Days prior to the Business Day upon which payment of the requisite amount of Consideration Cash has been (or is proposed to be) made; or
- (b) all of the Initial Consideration Shares have been issued and allotted to the Seller.

- 4.3 At Escrow Completion the Seller shall deliver or cause to be delivered to the Buyer's Solicitors, to be held in escrow pursuant to the terms of clause 5:

- (a) completed transfers of the Sale Shares executed by the registered holders in favour of the Buyer;
- (b) the share certificates for the Sale Shares in the names of the registered holders or an executed indemnity in the agreed form for any lost certificates relating to any Sale Shares;
- (c) a copy of the minutes of a meeting of the board of directors of the Seller authorising the execution by the Seller of this Agreement and all other documents ancillary to it or the transactions contemplated in this Agreement, and appointing the relevant signatory or signatories to execute this Agreement and any such other documents on its behalf;
- (d) if and to the extent required by law, evidence satisfying the Buyer that FIRB Approval has been obtained; and
- (e) the Claim Assignment in the agreed form.

- 4.4 At Escrow Completion the Buyer shall:

- (a) deliver or cause to be delivered to the Seller's Solicitors, to be held in escrow pursuant to the terms of clause 5:
 - (i) either the proposed element of the Consideration Cash or, in connection with any proposed allotment and issue of

Consideration Cash Equivalent Shares the documentation stipulated at clause 3.6(a).

- (ii) where such resolution is required by the ASX rules or by law, a certified copy of the resolution(s) passed by the shareholders of the Buyer to approve the issue of the relevant Consideration Cash Equivalent Shares (and equivalent Depository Interests); and
 - (iii) a certified copy of the minutes of a meeting of the board of directors of the Buyer authorising the issue and allotment of the relevant Consideration Cash Equivalent Shares (and equivalent Depository Interests), confirming any appointments made by the Buyer pursuant to the terms of clause 3.21; authorising the execution by the Buyer of this Agreement and all other documents ancillary to it or the transactions contemplated in this Agreement, and appointing the relevant signatory or signatories to execute this Agreement and any such other documents on its behalf; and
- (b) procure that the directors of the Company hold a board meeting at which the transfer of the Sale Shares (subject to stamping) to the Buyer shall be approved for registration in the Company's statutory register.
- 4.5 The obligations of the parties under Clauses 4.3 and 4.4 are interdependent and shall be performed, as nearly as possible, simultaneously.
- 4.6 If Escrow Completion does not occur on the Escrow Completion Date or such other date as the parties may have agreed in writing because of the failure of any party (the **Defaulting Party**) to satisfy any of its obligations under these clauses 4.3 and 4.4 (or by reason of the Execution Shares having not been allotted and issued to the Seller (and Admission having occurred in relation to the same)) by that date, then the other party (the **Non-Defaulting Party**) may by giving the Defaulting Party notice in writing:
- (a) defer Escrow Completion with respect to all (but not some only) of the Sale Shares to a date not more than 20 Business Days after that date (in which case this clause shall apply to Escrow Completion as so deferred);
 - (b) to proceed to Escrow Completion so far as practicable having regard to the defaults which have occurred and without prejudice to its rights under this Agreement or limiting its rights and remedies under this Agreement;
 - (c) by way of written notice waive all or any of the requirements of clauses 4.3 or 4.4; and
- 4.7 If a notice under clause 4.6(a) has been given, but Escrow Completion has still not occurred 25 Business Days after the Escrow Completion Date because of the failure of the **Defaulting Party**, then the Non-Defaulting Party may terminate this Agreement (by notice in writing to the Defaulting Party) without further liability whereupon and from such date the provisions of this Agreement other than this clause 4.7, and clauses 1 (Interpretation), clause 3 (Purchase Price), 6.1(a), 6.1(b) and 6.1(c) and 6.2(a), 6.2(b) and 6.2(d) (Warranties) 7 (Confidentiality and Announcements), 8 (Costs), 9 (Notices), 11 (Miscellaneous) and 12 (Governing Law and Jurisdiction) shall from such date have no effect and no party shall have any liability under them (without prejudice to the rights or remedies of any of the parties in respect of antecedent breaches). In the event of a

termination of this Agreement pursuant to this clause 4.7 by reason of the Buyer being a Defaulting Party, the Seller shall be entitled to retain the Execution Shares and the Buyer shall not be entitled to damages or any other compensation in relation to the same.

5. ESCROW ARRANGEMENTS AND COMPLETION

5.1 The Buyer's Solicitors and the Seller's Solicitors are hereby irrevocably instructed to hold all items and consideration received by them pursuant to clauses 4.3 or 4.4 in escrow pending satisfaction of the provisions of clause 5.2.

5.2 Subject to Escrow Completion having taken place Completion of the purchase of the Sale Shares on the Completion Date will be conditional upon, and take place: (i) automatically upon either Admission (in respect of the relevant Consideration Cash Equivalent Shares) or (ii) in the event that the obligations stipulated at clause 4.2 are to be satisfied solely by the payment of Consideration Cash then 2 Business Days after confirmation of the receipt of such Consideration Cash in cleared funds by the Seller's Solicitors (along with a confirmation from the Buyer that such funds are irrevocably and unconditionally released to the order of the Seller) and accordingly the items and consideration referred to in:

- (a) clause 4.3 shall automatically be released from escrow (and any deeds included in such documents shall be delivered) to the Buyer; and
- (b) clause 4.4 shall automatically be released from escrow (and any deeds included in such documents shall be delivered) to the Seller; and
- (c) the Buyer's Solicitors and the Seller's Solicitors shall thereupon be authorised to date and hold such items and consideration received by them pursuant to Clauses 4.3 and 4.4 unconditionally to the order of the party entitled to receive the same and Completion shall have become effective.

5.3 The Buyer shall immediately inform the Seller in the event that it becomes aware of any reason why Completion may not occur before the End Date.

5.4 If Completion does not occur before the End Date then either party may seek any right or remedy which may be available at law (including specific performance and/or damages for breach of this Agreement) and the Seller may terminate this Agreement by notice in writing to the Buyer with copy to the Buyer's Solicitors. Upon receipt of a copy of the termination notice referred to in this clause 5.4 then

- (a) the Buyer's Solicitors shall return the documents provided to them pursuant to clause 4.3 to the Seller's Solicitors; and
- (b) the Seller's Solicitors shall return the documents provided to them pursuant to clause 4.4 to the Buyer's Solicitors,
- (c) as soon as reasonably practicable (and in any event within not less than 5 Business Days).

5.5 If this Agreement is terminated in accordance with clause 5.4, then:

- (a) the provisions of this Agreement other than this clause 5.5, and clauses 1 (Interpretation), clause 3 (Purchase Price), and clauses 1 (Interpretation), 6.1(a), 6.1(b) and 6.1(c) and 6.2(a), 6.2(b) and 6.2(d) (Warranties)

(Confidentiality and Announcements), 8 (Costs), 9 (Notices), 11 (Miscellaneous) and 12 (Governing Law and Jurisdiction) shall from such date have no effect and no party shall have any liability under them (without prejudice to the rights or remedies of any of the parties in respect of antecedent breaches); and

- (b) the Seller shall be entitled to retain the Execution Shares and the Buyer shall not be entitled to damages or any other compensation in relation to the same.
- 5.6 As soon as reasonably possible after their being issued to the Seller the Buyer shall make application to and procure in respect of all of the Execution Shares and Consideration Cash Equivalent Shares:
 - (a) their quotation on the ASX; and
 - (b) their Admission.
- 5.7 The Buyer's Solicitors shall in performing their duties under the escrow arrangements set out herein act only in an administrative capacity and, to the fullest extent permitted by law, shall not assume and be discharged from any liability under these escrow arrangements and the Seller shall not have any claim against the Buyer's Solicitors except in the case of fraud.
- 5.8 The Seller's Solicitors shall in performing their duties under the escrow arrangements set out herein act only in an administrative capacity and, to the fullest extent permitted by law, shall not assume and be discharged from any liability under these escrow arrangements and the Buyer shall not have any claim against the Seller's Solicitors except in the case of fraud.
- 5.9 The Buyer undertakes, on each occasion that it issues shares pursuant to this Agreement, to lodge with the ASX a written notice pursuant to section 708A(5) of the Australian Corporations Act, and complying with section 708A(6) of the Australian Corporations Act, notify the Seller that it has done so and at the same time give the Seller a true copy of the notice lodged with ASX.

6. WARRANTIES

- 6.1 The Seller warrants and represents to the Buyer that each of the Warranties set out in this Clause 6.1 is true and accurate and not misleading or deceptive as at the date of this Agreement and on each day up to and including the Completion Date:
 - (a) the Seller is a company properly incorporated and validly existing under the laws of the Isle of Man, has the legal right and full corporate power and capacity to execute, deliver and perform its obligations under this Agreement and has obtained all necessary authorisations and consents and taken all other actions necessary to enable it to do so;
 - (b) this Agreement constitutes (or will when executed constitute) valid legal and binding obligations of the Seller in accordance with its respective terms;
 - (c) the execution, delivery and performance of this Agreement by the Seller does not and will not result in a breach of or constitute a default under

any agreement to which the Seller is a party, any provision of the constituent documents of the Seller or any law or regulation, order or judgment to which the Seller is a party or by which the Seller is bound;

- (d) the Seller will at Escrow Completion be the sole legal and beneficial owner of the Sale Shares and has complete and unrestricted power and authority to sell the Sale Shares to the Buyer free from any Encumbrance;
- (e) the Sale Shares will at Escrow Completion be free from all Encumbrances and there is no agreement or commitment given to create an Encumbrance affecting the Sale Shares.

6.2 The Buyer warrants and represents to the Seller that each of the Warranties set out in this Clause 6.2 is true and accurate and not misleading or deceptive as at the date of this Agreement and on each day up to and including the Completion Date:

- (a) the Buyer is a company properly incorporated and validly existing under the laws of the Commonwealth of Australia, has the legal right and full corporate power and capacity to execute, deliver and perform its obligations under this Agreement and, has obtained all necessary authorisations and consents and taken all other actions necessary to enable it to do so;
- (b) this Agreement constitutes (or will when executed constitute) valid legal and binding obligations of the Buyer in accordance with its respective terms;
- (c) the Buyer has all authorisations for the allotment and issue of and is able to issue the Execution Shares to the Seller immediately following execution of this agreement;
- (d) the execution, delivery and performance of this Agreement by the Buyer does not and will not result in a breach of or constitute a default under any agreement to which the Buyer is a party, any provision of the constituent documents of the Buyer or any law or regulation, order or judgment to which the Buyer is a party or by which the Buyer is bound; and
- (e) so far as it is aware at the date of execution hereof, prior to their sale to the Seller, the Sale Shares were fully owned by Fhlobo free from any Encumbrance.

6.3 The Buyer further warrants and shall procure that:

- (a) at the time of their issue, the Buyer shall have complete and unrestricted power and authority to issue and allot the Execution Shares, the Consideration Shares and the Cash Consideration Shares free from any Encumbrance and with good title guarantee and there is no agreement or commitment given to create an Encumbrance affecting the Execution Shares, the Consideration Shares or the Cash Consideration Shares;
- (b) its board of directors (excluding any directors subject to a conflict of interest) will unanimously and unconditionally recommend to its shareholders:

- (i) the sale and purchase of the Sale Shares in the terms set out herein; and
 - (ii) the voting for and passing of resolutions ratifying the issue of the Execution Shares and approving the issue of the Consideration Shares to the Seller;
 - (c) each member of its board of directors (excluding any director who is unable to vote by reason of a conflict of interest) will unanimously and unconditionally, at the relevant shareholders meeting called for the approval and/or implementation of the transaction contemplated herein vote in favour of any resolution ratifying the issue of the Execution Shares and approving the issue of the Consideration Shares to the Seller.
- 6.4 Each Warranty is to be treated as a separate warranty and is not limited by reference to any other warranty or any other provision of this Agreement.
- 6.5 Each Warranty will remain in full force and effect after Completion and a warranty claim is not limited to breaches identified prior to Completion.
- 6.6 The parties acknowledge that each of them has entered into this Agreement in reliance on those Warranties which have been given for their benefit.
- 6.7 No Warranty is excluded or limited by any inquiry or investigation made by or on behalf of the Buyer, or any actual or constructive knowledge of the Buyer that any Warranty is or may be incorrect or by any other act, matter or thing.
- 7. CONFIDENTIALITY AND ANNOUNCEMENTS**
- 7.1 The Seller undertakes to the Buyer to keep confidential the terms of this Agreement, all negotiations between the parties in relation to the subject matter of this Agreement and all information which it has acquired about the Buyer or the Buyer's Group (as such Group is constituted immediately before Completion and including any information relating to the Company) as a result of such negotiations and to use the information only for the purposes contemplated by this Agreement.
- 7.2 The Buyer undertakes to the Seller to keep confidential the terms of this Agreement, all negotiations between the parties in relation to the subject matter of this Agreement and all information that it has acquired about the Seller or the Seller's Group (as such Group is constituted immediately after Completion) as a result of such negotiations and to use the information only for the purposes contemplated by this Agreement.
- 7.3 The Buyer does not have to keep confidential or restrict its use of information about the Company after Completion.
- 7.4 A party does not have to keep confidential or to restrict its use of:
- (a) information that is or becomes public knowledge other than as a direct or indirect result of a breach of this Agreement; or
 - (b) information that it receives from a source not connected with the party to whom the duty of confidence is owed that it acquires free from any obligation of confidence to any other person.



7.5 Any party may disclose any information that it is otherwise required to keep confidential under this clause 7:

- (a) to its professional advisers, bankers, financiers, consultants, employees or officers providing the disclosing party procures that the people to whom the information is disclosed keep it confidential as if they were that party; or
- (b) as may be necessary or advisable to comply with and or implement the terms of this Agreement; or
- (c) with the written consent of the other party; or
- (d) to confirm that the sale has taken place and the date of the sale (but without otherwise revealing any other items of sale or making any other announcement).
- (e) to the extent that the disclosure is required:
 - (i) by law; or
 - (ii) by a regulatory body, auditors, or securities exchange; or
 - (iii) to make any filing with, or obtain any authorisation from, a regulatory body, securities exchange or shareholders; or
 - (iv) under any arrangements in place under which negotiations relating to terms and conditions of employment are conducted; or
 - (v) to protect the disclosing party's interest in any legal proceedings,

but shall use reasonable endeavours to consult the other party and to take into account any reasonable requests they may have in relation to the disclosure before making it.

7.6 The Parties acknowledge that any information which is currently known or becomes known to either of them regarding the other or the Company by reason of the existence of a business relationship between Sylvania and Samancor Limited (acting through its division Samancor Chrome) the legal terms of which are set out in the S&SA shall not represent confidential information or knowledge for the purposes of this clause 7.

7.7 Each party shall supply the other party with any information about itself, its group or this Agreement as that other party may reasonably require for the purposes of satisfying the requirements of a law, regulatory body or securities exchange to which that other party is subject.

8. COSTS

8.1 Unless otherwise provided, all costs in connection with the negotiation, preparation, execution and performance of this Agreement, and any documents referred to in it, shall be borne by the party that incurred the costs.

9. NOTICE

9.1 A notice given under this Agreement:

②

- (a) shall be in writing in the English language (or be accompanied by a properly prepared translation into English);
- (b) shall be sent for the attention of the person, and to the address or fax number, specified in this Clause 9 (or such other address, fax number or person as each party may notify to the others in accordance with the provisions of this Clause 9); and
- (c) shall be:
 - (i) delivered personally; or
 - (ii) sent by fax; or
 - (iii) sent by pre-paid first-class post by recorded or registered delivery; or
 - (iv) (if the notice is to be served by post outside the country from which it is sent) sent by airmail.

9.2 The addresses for service of notice are:

- (a) Africa Asia Capital Limited
 - (i) address: 18 Athol Street, Douglas, Isle of Man, IM1 1JA.
 - (ii) for the attention of: The Directors
 - (iii) fax number: +44 (0)1624 677129

with copy to:

1. IMR BV (attn. Tadge J Jarmolkiewicz) contact details:

Address: 5th Floor,
35, Portman Square,
London W1H 6LR
England

Fax number: +44 (0) 207 725 1697

2. Bryan Cave (attn R. Wieder) contact details:

Address: 88 Wood Street,
London EC2V 7AJ,
England

Fax number: +44 (0) 203 207 1881

- (b) Buyer: Sylvania Resources Limited
 - (i) PO Box 524, Wembley WA 6913, Australia:

(ii) for the attention of: Grant Button

(iii) fax number: +61 89 481 5044

9.3 A notice is deemed to have been received:

- (a) if delivered personally, at the time of delivery; or
- (b) in the case of fax, at the time of transmission; or
- (c) in the case of pre-paid first class post or recorded delivery, 2 Business Days from the date of posting; or
- (d) in the case of airmail, 5 Business Days from the date of posting; or
- (e) if deemed receipt under the previous paragraphs of this Clause 9.3 is not within business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of receipt), when business next starts in the place of receipt.

9.4 To prove service, it is sufficient to prove that the notice was transmitted by fax to the fax number of the party or, in the case of post, that the envelope containing the notice was properly addressed, franked and posted.

10. AGREEMENT SURVIVES COMPLETION

10.1 The Warranties shall not be extinguished or affected in any way by Completion and or Escrow Completion and this Agreement (other than obligations which have already been fully performed) will continue in full force and effect after Completion and Escrow Completion.

11. MISCELLANEOUS

11.1 Except as otherwise expressly provided in this Agreement, the Buyer shall have no right to delay or defer Escrow Completion or Completion or to rescind or terminate or fail to perform its Escrow Completion or Completion obligations under this Agreement and the sole remedy of the Buyer in relation to any delay, default, breach or failure on the part of the Seller in respect of the Escrow Completion or Completion of this Agreement shall be in damages provided that nothing in this clause 11.1 shall exclude any right or remedy in respect of fraud.

11.2 The Buyer confirms and undertakes to the Seller that in entering into this Agreement it has not relied on any representation, warranty or undertaking which is not contained in this Agreement;

11.3 In the event that any provision of this Agreement shall be void or unenforceable by reason of any provision of applicable law, such provision will be deemed to be modified to the extent necessary to render it legal, valid and enforceable. If no such modification is possible, it will be deleted and the remaining provisions hereof shall continue in full force and effect and, if necessary, be so amended as shall be necessary to give effect to the spirit of this Agreement so far as possible.

11.4 In relation to the Contracts (Rights of Third Parties) Act 1999:

- (a) where any term of this Agreement is expressed to be made in favour of or is capable of applying for the benefit of a member of the Seller's Group or the Buyer's Group or any officer or employee of any such member, or of a permitted assignee, such person shall, with the prior written consent of the chief executive officer of the Buyer (in case of enforcement by a member of the Buyer's Group) or of the chief executive officer of the Seller (in case of enforcement by a member of the Seller's Group) be entitled to enforce that term in accordance with that Act but may not assign the benefit of their rights under it;
 - (b) save as described in clause (a) above, the parties do not intend that any term of this Agreement shall otherwise be enforceable under that Act by a person who is not a party to this Agreement;
 - (c) the parties to this Agreement may by agreement terminate or vary any term of this Agreement without the consent of any person who is not a party to this Agreement.
- 11.5 Each party to this Agreement confirms it has received independent legal advice relating to all the matters provided for in this Agreement, including the provisions of this clause, and agrees, having considered the terms of this clause and the Agreement as a whole, that the provisions of this clause are fair and reasonable.
- 11.6 This Agreement will be binding on and enure for the benefit of the successors and permitted assigns of the parties.
- 11.7 This Agreement may be executed in any number of counterparts all of which when taken together shall constitute a single instrument.
- 11.8 The obligations and liabilities of a party shall not be prejudiced, released or affected by any time, forbearance, indulgence, release or compromise given or granted by any person to whom such obligations and liabilities are owed or by any other person to such party or any other party so obliged or liable nor by any other matter or circumstance which (but for this clause 11.8) would operate to prejudice, release or affect any such obligations except an express written release by all the parties to whom the relevant obligations and liabilities are owed or due.
- 11.9 Any release, delay or waiver by any party in favour of another of any of (or any part of any of) its rights under this Agreement will only be binding if it is given in writing. Any binding release, delay or waiver will:
- (a) be confined to the specific circumstances in which it is given; and
 - (b) not affect any other enforcement of the same right or the enforcement of any other right by or against either of the parties.
- 11.10 Each party shall (at its own expense) promptly execute and deliver all such documents, and do all such things, or procure the execution of documents and doing of such things as are required to give full effect to this Agreement and the transaction intended to be effected pursuant to it.
- 11.11



- (a) This Agreement is personal to the parties to it and, except as set out at clause 11.11(b) or as otherwise specifically provided herein, neither the Buyer nor the Seller may, without the prior written consent of the others, assign, hold on trust or otherwise transfer the benefit of all or any of the other's obligations under this Agreement, or any benefit arising under or out of this Agreement nor shall the Buyer be entitled to make any claim against the Seller in respect of any loss which it does not suffer in its own capacity as beneficial owner of the Sale Shares:
- (b) The Seller may assign its rights under this Agreement (or any document referred to in this Agreement) to a member of the Seller's Group or any of its affiliates or shareholders.

11.12 This Agreement and the documents referred to in it constitute the whole agreement and understanding of the parties and supersedes any previous arrangements, understanding or agreement between the parties relating to the subject matter of this Agreement.

11.13 Variation and waiver

- (a) Any variation of this Agreement must be in writing and signed by or on behalf of the parties.
- (b) Any waiver of any right under this Agreement is only effective if it is in writing and it applies only to the party to whom the waiver is addressed and to the circumstances for which it is given.
- (c) No failure to exercise or delay in exercising any right or remedy provided under this Agreement or by law constitutes a waiver of such right or remedy nor shall it prevent any future exercise or enforcement thereof.
- (d) No single or partial exercise of any right or remedy under this Agreement shall preclude or restrict the further exercise of any such right or remedy or other rights or remedies.

11.14 Severance

- (a) If any provision of this Agreement (or part of a provision) is found by any court or administrative body of competent jurisdiction to be invalid, unenforceable or illegal, that provision shall be ineffective to the extent of such illegality, invalidity or unenforceability but the other provisions shall remain in force.
- (b) If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted, the provision shall apply with the minimum modification necessary to make it legal, valid and enforceable.

12. GOVERNING LAW AND JURISDICTION

12.1 This Agreement and any dispute, controversy, proceeding or claim of whatever nature arising out of or in any way relating to it or any agreement entered into by any of the Parties referred to herein or which relates to the matters contemplated by this Agreement ("**Related Agreement**") ("**Dispute**") shall be governed by and construed in accordance with English law, without reference to the conflicts of laws principles thereof, and each



of the Parties irrevocably agrees that any such Dispute shall be referred to and finally resolved by the London Court of International Arbitration ("LCIA") in accordance with its Rules, which are deemed to be incorporated by reference in this Agreement. The place of arbitration shall be London, England. The arbitral tribunal shall consist of three arbitrators (one to be selected by the Buyer, one by the Seller, and one by the LCIA). The language to be used in the arbitral proceeding shall be English.

- 12.2 If an arbitral tribunal has been appointed to hear more than one Dispute in relation to this Agreement or any Related Agreement it shall at the request of either Party have the power at any time on such conditions as it may determine to consolidate the arbitral proceedings of the Disputes into one set of arbitral proceedings if it considers it appropriate, having regard to all the circumstances including (but not limited to) whether the Disputes are so closely connected that it is expedient for them to be resolved in the same proceedings.
- 12.3 Nothing herein shall limit the right of any Party to this Agreement (or any Related Agreement) to seek to obtain in any court of competent jurisdiction any interim relief or provisional remedy, including injunctive relief. Seeking or obtaining such interim relief or provisional remedy in a court shall not be considered to be a waiver of the agreement to arbitrate hereunder.

This Agreement has been entered into on the date stated at the beginning of it.

Signature Page

Signed

for and on behalf of **SYLVANIA
RESOURCES LIMITED** in
accordance with Section 127 of the
Australian Corporations Act

Handwritten signature in black ink, appearing to read "J. W. L. ...".

Director

Handwritten signature in black ink, appearing to read "A. ...".

Director/Company Secretary

Signed by

for and on behalf of **AFRICA ASIA
CAPITAL LIMITED**

.....

Director

Signature Page

Signed

for and on behalf of **SYLVANIA
RESOURCES LIMITED** in
accordance with Section 127 of the
Australian Corporations Act

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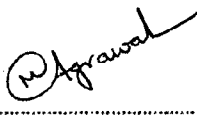
Director

.....

Director/Company Secretary

Signed by

for and on behalf of **AFRICA ASIA
CAPITAL LIMITED**

.....

Director