

Target's Statement

by

SA METALS LIMITED

ABN 44 093 178 388

in response to the offer by

SYLVANIA RESOURCES LIMITED

ABN 80 091 415 968

to acquire all of your ordinary shares in

SA METALS LIMITED

ABN 44 093 178 388

The Directors of SA Metals unanimously recommend that you **ACCEPT** the Offer in the absence of a superior proposal.

This is an important document and requires your immediate attention

If you are in any doubt as to how to deal with it, please consult your stockbroker, legal or financial adviser

Legal advisor to SA Metals Limited:



PRICE SIERAKOWSKI
CORPORATE

Key Information

Announcement Date	11 May 2009
Date of the Bidder's Statement	3 July 2009
Date Offer made (beginning of the Offer Period)	[] 2009
Date of this Target's Statement	3 July 2009
Close of Offer (unless extended or withdrawn)	5.00pm (WST) on [] 2009

Offer consideration

1 Sylvania Resources Share for each 10 SA Metals Share
--

Important notices

This document is a Target's Statement dated 3 July 2009 issued by SA Metals under Part 6.5 Division 3 of the Corporations Act in response to the Bidder's Statement dated 3 July 2009 given to SA Metals by Sylvania.

You should read this Target's Statement in its entirety.

A number of defined terms are used in this Target's Statement. These terms are explained in the Glossary in section 10, along with certain rules of interpretation in section 9 which apply to this Target's Statement.

A copy of this Target's Statement, which has been approved by a resolution of the Directors of SA Metals, has been lodged with ASIC and sent to ASX. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the content of this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account the individual objectives, financial situation or particular needs of Shareholders. It does not contain personal financial or taxation advice. The Directors encourage you to seek your own independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Forward looking statements

This Target's Statement contains forward looking statements. All statements other than statements of historical fact are forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties, many of which are beyond the control of SA Metals. Those risks and uncertainties include factors and risks specific to the SA Metals' industry as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expected or implied in any forward looking statement and such deviations are both normal and to be expected. None of SA Metals Directors or Officers, any person named in this Target's Statement with their consent, or any person involved in the preparation of this Target's Statement, makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on those statements.

Any forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Further information

Further information relating to the Offer can also be obtained from SA Metals' website: www.sametals.com.au.

Bidder's Statement

The information on Sylvania, Sylvania Securities and the Sylvania Group contained in this Target's Statement has been prepared by SA Metals using publicly available information.

The information in this Target's Statement concerning Sylvania and the assets and liabilities, financial position and performance, profits and losses and prospects of the Sylvania Group the Merged Group, has not been independently verified by SA Metals. Accordingly, SA Metals does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Currencies

In this Target's Statement, references to "Australian dollars", "dollars", "AUD" "\$" or "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\$", "US¢" are to the lawful currency of the United States.

In addition, solely for convenience, this Target's Statement contains translations of relevant currencies to Australian dollars. These translations should not be construed as representations that the relevant currency could be converted into Australian dollars at the rate used or at any other rate, and translations into Australian dollar amounts that have been calculated at the date of this Target's Statement, may not correspond to the Australian dollar 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.

Contents

	Page
Director's Letter	2
1 Summary of Offer and key considerations	4
2 Directors' Recommendation	10
3 Your choices as a SA Metals Shareholder	12
4 Important information for Shareholders to consider	15
5 Key terms of the Offer	26
6 Information relating to the Directors	34
7 Other Material information	36
8 Authorisations	39
9 Interpretation	40
10 Glossary	41

Letter from the Board of SA Metals

3 July 2009

Dear Shareholder,

On 11 May 2009 (**Announcement Date**), Sylvania Resources Limited (ABN 80 091 415 968) (**Sylvania**), announced a proposal to acquire SA Metals Limited (ABN 44 093 178 388) (**SA Metals**) by a conditional offer under an off market takeover bid for all SA Metals Shares (**Offer**). The consideration offered by Sylvania under the Offer is 1 new Sylvania Share for every 10 of your SA Metals Shares.

On 3 July 2009 Sylvania delivered its Bidder's Statement to SA Metals. The Bidder's Statement is dispatched to SA Metals Shareholders with this Target's Statement.

Sylvania's Offer valued a SA Metals Share at \$0.099 (**Implied Offer Value**) based on the closing price for Sylvania Shares on ASX on the Announcement Date, representing a premium of approximately 120% to the closing price for SA Metals Shares on ASX on 11 May 2009 (**Pre-Announcement Price**).

During the Offer Period the price for Sylvania's Shares may change and Shareholders can obtain Sylvania's Share price (ASX and AIM code: SLV) on ASX website (www.asx.com.au) and on the AIM website (www.londonstockexchange.com).

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

On 30 June 2009, Sylvania and Ruukki Group Oyj (**Ruukki**) entered into a Merger Implementation Agreement (**MIA**). All SA Metals Shareholders and GAU Shareholders who accept the Offer will have the same opportunity to consider and vote on the Proposed Ruukki Merger as the Sylvania Shareholders.

This Target's Statement sets out your Directors' recommendation in response to the Offer. We encourage you to read carefully all of the information contained in this booklet and seek independent financial and taxation advice.

The SA Metals Board unanimously recommend that you accept the Offer, in the absence of a superior proposal. The recommendation is based on a number of factors, including the following:

- (a) The Offer represents a significant premium of 120% to the Pre-Announcement Price of SA Metals Shares (being \$0.099);
- (b) You will benefit from improved liquidity and a greater equity market presence of the Sylvania Shares;
- (c) The Offer gives you the opportunity to share in Sylvania's broader range of cash producing PGM assets;
- (d) You will share in the significant value upside in Sylvania's near term development opportunities;

- (e) Sylvania has the financial strength to be able to fund future opportunities, including the strategic development of SA Metals' projects;
- (f) Sylvania has a proven management team with the technical and commercial expertise to progress the development of SA Metals' projects;
- (g) You will benefit from Sylvania's strategy to create an enlarged PGM resource company;
- (h) The price of SA Metals Shares may fall if the Sylvania's bid does not succeed; and
- (i) SA Metals Directors are unaware of a superior offer.

Please also see **sections 1 and 2** of this Target's Statement for further information regarding the SA Metals Board's recommendations.

When assessing whether to accept the Offer you should be aware that the Offer is subject to a number of conditions, which are set out in **section 5.3** of this Target's Statement.

Sylvania must by [] 2009 (or a later date as determined by the Corporations Act if the Offer Period is extended) give a notice on the status of these conditions.

You should also consider the tax implications of the Offer which are in **section 7.1** of this Target's Statement.

To accept the Offer you should carefully follow the instructions in the Bidder's Statement. The Offer is due to close at 5pm (WST) on [] 2009.

The SA Metals Board will keep you informed of any material developments in relation to the Offer.

If you have any queries in relation to our response to the Offer, please call the Company Secretary, Paul Jurman on (08) 9240 2836 during business hours (9.00am to 5.00pm (WST)).

Yours sincerely

William Hayden
Managing Director

1 Summary of Offer and key considerations

1.1 Summary of Offer

The consideration being offered by Sylvania under the Offer is 1 new Sylvania Share for every 10 of your SA Metals Shares.

The Offer is subject to a number of conditions which are summarised in **section 5.3** of this Target's Statement.

Based on the closing price of Sylvania on ASX on 2 July 2009 (being the last Trading Day prior to this Target's Statement) of \$1.635, the value of the script consideration is \$0.1635 per SA Metals Share.

1.2 The key consideration in favour of accepting the Offer are:

(a) Premium to SA Metals Shareholders

The price being offered by Sylvania values a SA Metals Share at \$0.099 on the Announcement Date (11 May 2009), representing an attractive premium of:

- (i) 120% to Pre-Announcement Price of SA Metals Shares;
- (ii) 136% to the VWAP of SA Metals Shares for the 1 month prior to the Announcement Date; and
- (iii) 153% to the VWAP of SA Metals Shares for the 3 months prior to the Announcement Date.

(b) Increased liquidity of Sylvania Resources Shares

Sylvania trades on both ASX and AIM and has significant broker research coverage.

The historical average daily trading value and the historical average and monthly trading volume of Sylvania Shares on ASX since 1 May 2008 are significantly greater than the trading value of SA Metals Shares.

By accepting the Offer, SA Metals Shareholders will receive Sylvania Shares. Past performance of Sylvania Shares indicates that holders of Sylvania Shares are better positioned to sell their investments than holders of SA Metals Shares of the same value.

(c) Gaining share in Sylvania's broader range of cash producing PGM assets

These matters are set out in more detail in paragraph 6 of the section entitled "Why you should accept the Offer" (**Bidder's Summary of Reasons**) of the Bidder's Statement.

As a Sylvania Shareholder you will retain significant 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 also have exposure to producing and "in-development" assets providing you with a diversified mix of cash generating assets. This enables you to significantly reduce the risk of your investment while retaining the upside potential.

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.

(d) **Sharing in the significant value upside in Sylvania's near term development opportunities**

By accepting the Offer, you will also share in the significant value upside in Sylvania's near term development opportunities, including the following:

- (i) Sylvania is commissioning and ramping up its third chrome tailings PGM recovery plant, Lannex.
- (ii) 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.
- (iii) Sylvania has a right to apply for a mining right in respect of the development of the PGM mine at the Everest North Project in which Sylvania would hold a 74% interest.

(e) **Increased Financial strength to fund development of SA Metals' projects**

With its low operating cost and strong cash flows, Sylvania is currently in a better position to fund future growth opportunities. This growth can occur through the development of future chrome tailing PGM recovery plants, as well as through further strategic acquisitions and continued near surface PGM exploration.

SA Metals through its 100% held subsidiary Pan Palladium SA (Pty) Ltd (PPDSA) on their Aurora Project are currently conducting a review of the geology and geological interpretation of the PGE "Platreef" style mineralisation, with the aim of conducting a drilling programme to verify continuity of mineralisation and up-date the 2005 Mineral Resource estimation, such that a pre-feasibility study (PFS) can be

commenced. Should these stages be successful a bankable feasibility study (BFS) would be initiated.

A re-appraisal of the geology and Mineral Resource estimation of the Grass Valley Project is to be commenced in the near future. This forms part of the review and up-dating of the 2004 PFS completed by The Mineral Corporation. A BFS will be commenced once the up-dated PFS is available.

On the Aurora Project, PPDSA are in the process of completing a Phase 1 exploration programme to assess the vanadium, iron and titanium potential of magnetite layers within the Upper Zone of the Bushveld Complex underlying the project area. The planned Phase 2 programme would expand the current probe drilling and include a more detailed gridded drilling programme, aimed at identifying an Inferred Mineral Resource, followed by a PFS.

SA Metals will bear a significant amount of additional risk if it undertakes these advanced stages of exploration itself.

The continued assessment and development of SA Metals' projects will require additional funding from debt or equity or both. Depending on market conditions at the time, SA Metals may not be able to raise the necessary capital on acceptable terms and any required capital raisings could result in a substantial dilution of Shareholder interests.

(f) **Proven management team of Sylvania 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. 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.

By accepting the Offer, you will benefit from Sylvania's successful track record and well respected 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 the Sylvania's management team may change. However, it is anticipated that key management personnel of Sylvania will enter into employment agreements with Ruukki.

(g) **Benefiting from Sylvania's strategy to create an enlarged PGM resource company.**

Sylvania's strategy is to create an enlarged PGM resource company with a significant South African presence in the Bushveld Igneous Complex.

The combination of SA Metals' near surface exploration assets 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.

Further, the proposed takeover of GAU, would further strengthen the Merged Group's interest in PGM projects in the Bushveld Igneous Complex.

(h) **The price of SA Metals Shares may fall if the Sylvania's bid does not succeed**

If the Offer lapses (for example, because the 50.1% condition is not achieved), it is possible that the market price and trading volumes of SA Metals Shares could fall, at least in the short term, to levels at which they were trading before the announcement of the Offer.

(i) **SA Metals Directors unaware of a superior offer**

The SA Metals Directors are not aware of any superior offer that may be made to Shareholders.

1.3 The key consideration in favour of not accepting the Offer are:

(a) **Reduced exposure to exploration potential of SA Metals' assets**

SA Metals has exploration potential and upside, in which the participation of Shareholders may be diluted if they accept the Offer. However, this has to be considered in light of the dilution which is likely to occur if SA Metals remains an independent company and has to raise working capital to fund its projects through further equity raisings.

(b) **Inability to accept a superior offer if one were to emerge**

Except in the limited circumstances provided for in the Corporations Act, accepting the Offer will preclude Shareholders from accepting a superior bid from a third party, should one emerge during the Offer Period. At the date of this Target's Statement, SA Metals Directors are not aware of a proposal by anyone to make a superior bid.

Accepting the Offer would also preclude a Shareholder from selling their SA Metals Shares on market.

Accepting the Offer will not, however, deny a Shareholder the benefit of any superior price offered by Sylvania which, under the Corporations Act is required to be extended to all Shareholders, including those who have already accepted

Offer. At the date of this Target's Statement, Sylvania has given no indication that it intends to increase its Offer price.

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

Pursuant to the Offer, Sylvania may issue new Sylvania Shares. Some SA Metals Shareholders who accept the Offer may not wish to continue to hold Sylvania Shares which they receive and may sell them on ASX or AIM. Further, a Nominee will be issued any Sylvania Shares attributable under the Offer to Ineligible Foreign Shareholders and will sell them in accordance with the terms of the Offer. If a significant number of existing SA Metals Shareholders sell the Sylvania Shares they acquire under the Offer or if there is a significant number of Ineligible Foreign 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.

An investment in Sylvania has risks which are associated with investing in listed securities. Some of the key risks have been set out in **Section 11** of the Bidder's Statement and it is important that Shareholders read the Bidder's Statement in its entirety, consider their personal circumstances and seek independent professional advice before deciding whether to accept the Offer.

(d) **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.

If Shareholders accept the Offer they are subject to any fall in Sylvania Share price, even if the Sylvania Share price falls by a greater percentage than the SA Metals Share price.

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

As set out in **section 3.3.2(b)** of the Bidder's Statement, Sylvania intends, to the extent possible, to seek to integrate SA Metals' operations within Sylvania so as to maximize 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.

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

(f) **Taxation consequences**

See **section 7.1** for an overview of the taxation consequences for accepting the Offer, particularly if Sylvania does not become entitled to at least 80% of all SA Metals Shares.

If the Offer becomes unconditional and the Bidder acquires less than 80% of the SA Metals Shares, the potential CGT rollover relief discussed in **section 7.1** will not be available.

2 Directors' Recommendation

2.1 Directors of SA Metals

As at the date of this Target's Statement, the Directors and the Company Secretary of SA Metals are:

Name
Roy Pitchford (Non Executive Chairman)
William Hayden (Managing Director)
David James Hutchins (Non Executive Director)
Paul Jurman (Company Secretary)

2.2 Recommendation

Your Directors unanimously recommend that you **accept** the Offer in the absence of a superior proposal.

In making this recommendation, your Directors have considered the merits of the Offer and weighed up the factors for and against acceptance.

In considering whether to accept the Offer, the Directors encourage you to:

- read both this Target's Statement and the Bidder's Statement in their entirety;
- consider the future prospects of SA Metals, Sylvania and the Merged Group compared to the future prospects of SA Metals (as a separate entity);
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the alternatives in **section 3**; and
- obtain financial advice from your own broker or financial adviser regarding the Offer and obtain taxation advice on the effect of accepting the Offer.

2.3 Directors' intentions in relation to the Offer

Each Director who has a Relevant Interest in SA Metals Shares intends to **accept** the Offer in relation to the SA Metals Shares held by them, unless there is a material change in circumstances or a superior proposal is announced.

SA Metals will promptly advise you if there are any material developments in relation to the Offer or if alternative proposals are announced during the Offer Period. Shareholders will be notified of any

material development or alternative proposals through a supplementary Target's Statement.

Details of the Relevant Interests of each Director in SA Metals Shares are set out in **section 6.1**.

2.4 Further Developments

Should there be any developments during the Offer Period (for example, the emergence of a superior offer from Sylvania or another bidder) which would alter the Directors' recommendations in relation the Offer, Shareholders will be notified through a supplementary Target's Statement.

3 Your choices as a SA Metals Shareholder

3.1 Your Directors recommend that you ACCEPT the Offer (in the absence of a superior proposal).

In considering whether to accept the Offer, the Directors encourage you to seek professional advice if you are unsure as to whether acceptance of the Offer is in your best interests, taking into account your individual circumstances.

The Bidder's Statement contains important information which Shareholders are urged to read carefully. Shareholders should note that SA Metals has not undertaken investigations to verify the accuracy or completeness of the information contained in the Bidder's Statement and neither SA Metals nor its Directors or advisers makes any representation as to the accuracy or completeness of information contained in the Bidder's Statement. To the fullest extent permitted by law, each of those parties disclaims liability to any person who acts in reliance on that information.

Shareholders who would like further information on SA Metals or its projects before making a decision about the Offer are encouraged to exercise their right under the Corporations Act to obtain from ASIC copies of all documents lodged by SA Metals with ASIC or ASX (including SA Metals' 2008 Annual Report and the April 2009 Quarterly Report). Alternatively, they can visit SA Metals' website at www.sametals.com.au.

During the Offer Period you have the following choices:

3.2 ACCEPT the Offer

If you wish to accept the Offer, you should follow the instructions in the Bidder's Statement and Acceptance Form. Subject to the conditions of the Offer being satisfied or waived (including the 50.1% minimum acceptance condition), you will receive 1 Sylvania Share for every 10 of your SA Metals Shares. Note that particular arrangements apply to SA Metals Shareholders whose address is in a place outside Australia or its external territories or New Zealand, Hong Kong, Singapore or South Africa, as explained in **section 4.14** of this Target's Statement and **paragraph 1.9 of Appendix 1** of the Bidder's Statement.

You should be aware that once you accept the Offer your acceptance cannot be withdrawn except in the limited circumstances listed in the Corporations Act. You should consider the timing of any acceptance of the Offer in light of the fact that a superior bid by another party may emerge which you would be precluded from accepting if you had already accepted the Offer. At the date of this Target's Statement, SA Metals Directors are not aware of a proposal by anyone to make a superior bid.

You should be aware that the market price of Sylvania Shares may fall after you have accepted the Offer.

SA Metals Shareholders should be aware that if they accept the Offer and Sylvania Resources declares the Offer unconditional, CGT rollover relief may not be available if Sylvania acquires less than 80% of the SA Metals' Shares under the Offer (see **section 7.1** of this Target's Statement).

OR

3.3 REJECT the Offer

If you wish to retain your SA Metals Shares, you do not need to take any action in relation to the Offer. SA Metals Shareholders should note that if Sylvania acquires 90% of the SA Metals Shares under the Offer it will be entitled to compulsorily acquire the SA Metals Shares that it does not already own, as it intends to do, you will be paid later than Shareholders who chose to accept the Offer. See **section 5.15** for details on compulsory acquisition.

Further, if the Offer is successful (in that the Offer is declared or becomes unconditional, in particular the 50.1% minimum acceptance condition) but Sylvania does not become entitled to compulsorily acquire your SA Metals Shares, you will remain a Shareholder.

OR

3.4 SELL your SA Metals Shares on ASX

You can sell your SA Metals Shares on ASX. The price you will receive will depend on the prevailing market price of SA Metals Shares at the time of sale. You should be aware that the market price of SA Metals Shares may rise or fall during the Offer Period. You should also note that if you sell your SA Metals Shares on ASX:

- (a) you are likely to pay brokerage on the sale (and GST on that brokerage);
- (b) you would not be eligible for CGT rollover relief (see **section 7.1** of this Target's Statement);
- (c) you will not benefit from any price increase which may be offered by Sylvania and equally you will not be exposed to any price decrease of Sylvania Resources Shares which may result;
- (d) you will receive payment earlier than if you accept the Offer (typically, 3 business days after the sale), as opposed to receiving Sylvania Shares in accordance with the Offer which will be at a later time; and
- (e) a sale on ASX provides certainty, whereas a sale to Sylvania by accepting the Offer will be subject to the conditions of the Offer being fulfilled.

In relation to (c) above, you should note that Sylvania has given no indication that it intends to increase its Offer Consideration.

4 Important information for Shareholders to consider

4.1 Background information on SA Metals' projects

SA Metals' two principal projects – Aurora Project and Grass Valley Project – are located in the Bushveld Igneous Complex.

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 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 100% held South African subsidiary PPDSA in one of the properties Nonnenwerth 421LR pursuant to a joint venture agreement with Impala Platinum Limited (**Impala**). 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, which 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 (**Figure 1**) outlines the resource estimates for the Aurora project for the financial year ending 30 June 2008 (as declared by RSG Global (now Coffey Mining) in March 2005):

	Tonnes	2PGE+Au	2PGE+Au	Pt	Pd	Au	Ni	Cu	Ni	Cu
	(Mt)	(g/t)	('000oz)	('000 oz)	('000 oz)	('000 oz)	(%)	(%)	(tonnes)	(tonnes)
Kransplaats	Oxide	0.00	1.11	0	0	0	0.09	0.18	0	0
	Fresh	14.60	1.17	5.48	201	276	0.08	0.14	11,400	20,130
	Total	14.60	1.17	5.48	201	276	0.08	0.14	11,400	20,130
Nonnenwerth	Oxide	1.73	1.28	71	23	39	0.06	0.10	1,000	1,700
	Fresh	46.12	1.36	2,016	646	1,080	0.07	0.11	30,600	50,500
	Total	47.85	1.36	3,138	669	1,119	0.07	0.11	31,600	52,200
La Pucella & Altona	Oxide	6.78	1.41	309	100	164	0.04	0.06	2,400	4,100
	Fresh	64.2	1.37	2,829	907	1,518	0.04	0.05	22,800	34,500
	Total	70.98	1.37	3,138	1,007	1,682	0.04	0.05	25,200	38,600
Aurora Composite	Oxide	8.51	1.38	380	123	203	0.04	0.07	3,400	5,800
	Fresh	124.92	1.34	5,393	1,754	2,874	0.06	0.08	64,800	105,310
	Total	133.43	1.34	5,773	1,877	3,077	0.05	0.08	68,200	110,930

Please refer to section 7.7 of this Target's Statement for a Competent Person statement in relation to these resource estimates.

Figure 1

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 Development Act for a period of 5 years ending 27 February 2011.

Total Indicated and Inferred Mineral Resource estimates for the Grass Valley Project are outlined in **Figure 2** below (as declared by RSG Global (now Coffey Mining) in April 2004):

	Tonne	Pt	Pd	Rh	Au	3PGE+Au	Ni	Co
	000's	g/t	g/t	g/t	g/t	g/t	%	%
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 7.7** of this Target's Statement for a Competent Person statement in relation to these resource estimates.

Figure 2

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

Royalty:

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.

4.2 The Offer

Sylvania announced its intention to make a takeover bid for SA Metals on 11 May 2009. A summary of the Offer is in **section 1.1** of this Target's Statement and **section 1** of the Bidder's Statement. The Offer is open for acceptance until 5.00pm (WST) on [] 2009, unless the Offer is extended or withdrawn.

4.3 Value of the Offer

Based on the closing price of Sylvania Shares on ASX on the date the Offer was announced (11 May 2009) of A\$0.99, the value of the scrip consideration is A\$0.099 per SA Metals Share.

The Directors have not obtained independent advice on the value of the Offer, and Shareholders are urged to carefully read the Bidder's Statement.

4.4 Recent Performance in SA Metals Shares

The closing price of SA Metals Shares on the ASX on 2 July 2009 (being the last Trading Day before the date of this Target'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, 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, was A\$0.031 per SA Metals Share between 2 March and 6 March 2009.

4.5 Recent performance in 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 Target'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 2 July 2009, was A\$1.70 per Sylvania Share on 29 June 2009 and £0.865 per Sylvania Share on 26 June 2009.

The lowest recorded closing price of Sylvania Shares on the ASX and AIM in the four months before 2 July 2009, was A\$0.64 per Sylvania Share on 20 March 2009 and £0.335 per Sylvania Share on 18 March 2009.

The following graph (**Figure 3**) sets out the closing prices of Sylvania Shares on the ASX and AIM over the 12 months to 2 July 2009.

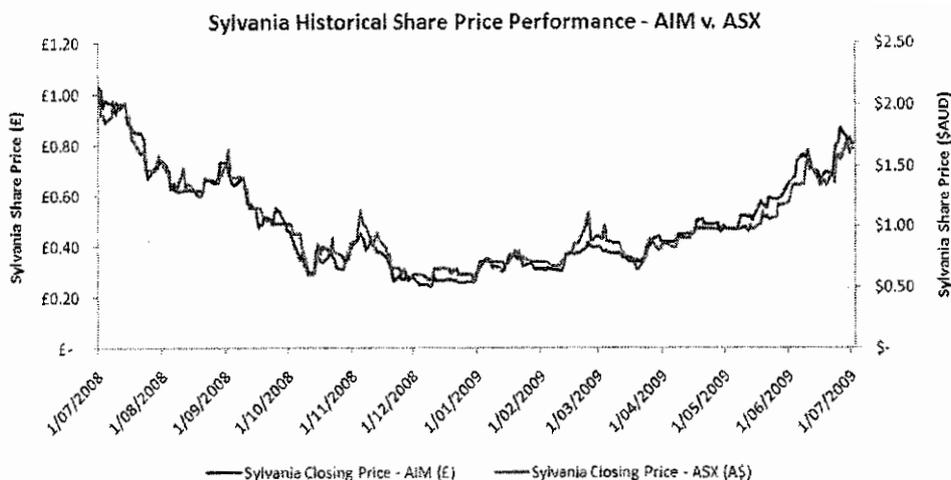


Figure 3

4.6 Sylvania Dividend History

Sylvania is currently not paying a dividend. The Sylvania dividend policy will be reviewed annually by Sylvania's board of directors.

4.7 Minority ownership consequences

The Offer is presently subject to a minimum acceptance condition of 50.1% which, if fulfilled (and all the other conditions are fulfilled or freed), may not entitle it to compulsorily acquire all outstanding SA Metals Shares. If Sylvania satisfies this condition, but does not acquire 90% or more of the SA Metals Shares and thus be entitled to compulsorily acquire the remaining SA Metals Shares, there may be a number of possible implications for SA Metals Shareholders, including:

- (a) Sylvania will be in a position to cast the majority of votes at a general meeting of SA Metals. This will enable it to control the composition of SA Metals Board and senior management, determine SA Metals' dividend policy and control the strategic direction of the business of SA Metals and its subsidiaries;
- (b) the SA Metals Share price may fall immediately following the end of the Offer Period and it is unlikely that SA Metals Share price will contain any takeover premium;
- (c) liquidity of SA Metals Shares may be lower than at present;
- (d) Sylvania may seek to have SA Metals removed from the official list of ASX if the corporate and compliance costs of maintaining those listings outweigh the benefits of being listed. If this occurs, SA Metals Shares will not be able to be bought or sold on ASX; and
- (e) if Sylvania acquires 75% or more of the SA Metals' Shares it will be able to pass a special resolution of SA Metals. This will enable Sylvania to, among other things, change SA Metals' constitution.

If Sylvania does proceed to compulsory acquisition, then SA Metals Shareholders who do not accept the Offer will still be entitled to receive the Offer Consideration. However, as a result of the need to complete the compulsory acquisition procedures in the Corporations Act, there is likely to be a delay of up to six weeks in the provision of that consideration, and therefore in the earliest date on which Sylvania Shares could be traded. See **section 5.15** for further information.

4.8 Sylvania stated intentions with respect to the Offer and SA Metals

Section 7 of the Bidder's Statement details Sylvania's intentions in respect of the business, assets and employees of SA Metals. The following is a summary of those intentions.

- (a) **If Sylvania becomes entitled to 90% or more of SA Metals Shares, it, subject to the satisfaction or waiver of the other Offer conditions, has the following intentions:**

Corporate matters

- (i) Sylvania will 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.
- (ii) Sylvania will make arrangements for SA Metals to be de-listed from ASX.

General conduct of business

- (iii) 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.
- (iv) 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.
- (v) 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 an Inferred Mineral Resource of 3.4 million oz of Pt+Pd+Au (71million 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 Measured Resource.

The geological investigation will encompass the re-appraisal of 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 Mineral Resource in 2005 of 58 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 GAU 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 GAU 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.

Replacement of members of SA Metals Board

- (vi) Sylvania will replace members of the SA Metals Board with appointments by Sylvania. Replacement board members have not yet been identified by Sylvania and their identity will depend on the circumstances at the relevant time.
- (vii) 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.

Effect on employees

- (viii) Sylvania intends to combine certain common Sylvania and SA Metals corporate head office functions (such as finance and accounting, human resources and information technology) 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 roles.

- (b) **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:**

Corporate matters

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

General intentions

- (iv) It is the present intention of Sylvania to attempt to procure, through its representation on the SA Metals Board and as a significant shareholder of SA Metals, that the SA Metals Board implements the objectives and goals outlined in **section 4.8 (a)** to the extent possible and appropriate,

recognising the legal duties to other SA Metals shareholders.

(c) **If Sylvania fails to acquire at least 50% of the SA Metals Shares:**

The Offer includes a 50.1% minimum acceptance condition (see **Section 5.3(a)**). 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 this **section 4.8** to the extent it is lawfully able to do so.

(d) **Other Intentions**

Other than set out in this **section 4.8**, Sylvania:

- (i) intends to continue the businesses of the SA Metals Group in substantially the same manner as they are presently conducted;
- (ii) does not intend to make any major changes to the businesses of the SA Metals Group (including the redeployment of the material fixed assets of the SA Metals Group); and
- (iii) intends to continue the employment of the SA Metals Group's present employees.

4.9 Dividend issues for SA Metals Shareholders

SA Metals has not paid a dividend to the Shareholders since listing on ASX. As an exploration company, the Directors consider it unlikely that SA Metals will pay dividends in the foreseeable future if SA Metals continues as a stand alone entity with its current business composition.

4.10 Sylvania Risks

Shareholders should review the risks associated with Sylvania as listed in **section 11** of the Bidder's Statement.

4.11 Other alternatives to the Offer

At the date of this Target's Statement, no offers (other than the Offer) have been made to acquire your SA Metals Shares.

4.12 SA Metals Share price absent the Offer

While there are many factors that influence the market price of SA Metals Shares, the Directors anticipate that, following the close of the Offer the market price of SA Metals Shares may fall if the Offer fails, if

Sylvania acquires more than 50% (but less than 90%) of the SA Metals Shares or if the Offer is otherwise unsuccessful.

4.13 Taxation consequences of a change in control in SA Metals

The taxation consequences of accepting the Offer depends on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer are set out in **section 7.1** of this Target's Statement and **section 12** of the Bidder's Statement. SA Metals Shareholders should be aware that if they accept the Offer and Sylvania Resources declares the Offer unconditional, CGT rollover relief may not be available if Sylvania acquires less than 80% of the SA Metals Shares under the Offer.

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement and the Target's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

4.14 Treatment of overseas SA Metals Shareholders

Any SA Metals Shareholder whose address (as recorded in the register of members of SA Metals provided by SA Metals to Sylvania) is in a place outside Australia or its external territories or New Zealand, Hong Kong, Singapore or South Africa will not be issued with Sylvania Shares under the Offer.

Instead, the relevant Sylvania Shares (that would otherwise be transferred to such foreign holders) will be allotted to a Nominee approved by ASIC who will sell the Sylvania Shares and will distribute to each of those foreign holders their proportion of the proceeds of sale net of expenses.

See **paragraph 1.9 of Appendix 1** of the Bidder's Statement for further details.

4.15 Company announcements

SA Metals is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

Copies of announcements lodged with ASX can be obtained from either ASX's website (www.asx.com.au) or SA Metals' website (www.sametals.com.au).

SA Metals' announcements to the ASX since the date of lodgement of SA Metals' last annual report are set out in **Appendix 1** of the Target's Statement.

4.17 Proposed Ruuki Merger

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 shareholder approvals of the shareholders of each of Sylvania and Ruukki and court approval.

The Proposed Ruukki Merger is not conditional on Sylvania acquiring any GAU Shares under the GAU Offer or acquiring any SA Metals Shares under the Offer. However, it is conditional on the closing of the GAU Offer and the Offer.

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 accept 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.

Please refer to **section 9** of the Bidder's Statement for further information in relation to the Ruuki and the Proposed Ruuki Merger.

4.18 GAU Offer

Sylvania announced a takeover bid for all of the shares in Great Australian Resources Limited ACN 106 874 917 (**GAU**) on 11 May 2009. On 10 June 2009, Sylvania announced that it had increased its offer to 1 Sylvania Share for every 12 GAU Shares. GAU is a company which also has interests in PGM exploration projects in the Bushveld Igneous Complex of South Africa. Sylvania believes, if the takeover is successful, that the GAU 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 GAU is currently the subject of a bidder's statement being lodged by Sylvania with ASIC on or about the date of this Target's Statement and in circumstances where Sylvania's bid has the support of GAU's board.

Please refer to **section 8** of the Bidder's Statement for an overview of the profile of the Merged Group and the effect of the Offer and the GAU

Offer on Sylvania. **Section 7** of the Bidder's Statement sets out Sylvania's intentions in relation to the Merged Group.

5 Key terms of the Offer

5.1 The Offer

Under the Offer, the consideration offered by Sylvania is 1 Share for every 10 SA Metals Shares.

5.2 Offer extends to new 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 in items 6 and 12 of section 633(1) is the Register Date, being [] 2009.

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.

5.3 Conditions to the Offer

The Offer is subject to a number of conditions. Those conditions are in **section 1.5** and **Appendix 2** of the Bidder's Statement. The conditions to the Offer are:

(a) 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.

(b) No regulatory actions

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

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
- (ii) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (iii) 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.

(c) **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:

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) 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
- (v) discloses (without having disclosed to ASX prior to the Announcement Date) the existence of any matter described in sub-paragraphs (i) to (iv) above, or announces an intention or proposal to do anything described in sub paragraphs (i) to (iv) above.

(d) **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:

- (i) the business, assets, liabilities, financial or trading position, profitability or prospects of the SA Metals Group, taken as a whole, since 30 June 2008;

- (ii) the status or terms of arrangements entered into by the SA Metals Group; or
- (iii) the status of terms of any approvals, licenses 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.

(e) **Non-existence of certain rights**

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

- (i) 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
- (ii) terminate, or vary the terms of performance of, any material agreement of SA Metals or any of its Subsidiaries.

(f) **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:

- (i) converts all or any of its shares into a larger or smaller number of shares;
- (ii) resolves to reduce its share capital in any way;
- (iii) enters into a buy-back agreement or resolves to approve the terms or a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) 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);
- (v) issues, or agrees to issue, convertible notes;
- (vi) makes any changes in its constitution or passes any special resolution;
- (vii) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (viii) charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (ix) borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of business);

- (x) has threatened or commenced against it any material claims or proceedings in any court or tribunal;
- (xi) resolves to be wound up;
- (xii) causes or is subject to the appointment of a liquidator or provisional liquidator;
- (xiii) is subject to a court order for its winding up;
- (xiv) is subject to an administrator of SA Metals, or a subsidiary of SA Metals, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (xv) executes a deed of company arrangement; or
- (xvi) is subject to a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of its property.

(g) **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 paragraph 5.2(f)(i) to (xvi) (inclusive) happens.

(h) **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.

(i) **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).

(j) **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.

(k) **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.

5.4 SA Metals Options

Sylvania is not making a separate takeover offer to holders of SA Metals. The only SA Metals Options on issue are those held by certain directors and consultants of SA Metals. Sylvania has entered into agreements with holders of all SA Metals Options as described in **section 6.2** of the Bidder's Statement, except the \$0.05 priced SA Metals Options, to exchange the SA Metals Options for options over Sylvania Shares 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

5.5 Circumstances which may affect conditions

Unless otherwise disclosed in this Target's Statement, SA Metals is not aware of any act, omission, event or fact that would result in any of the conditions to the Offer not being fulfilled by the end of the Offer Period.

5.6 Notice of Status of Conditions

Paragraph 1.15 of **Appendix 1** of the Bidder's Statement states that Sylvania will give a Notice of Status of Conditions to ASX and SA Metals by the later of [] 2009 and the date determined under section 630(2) of the Corporations Act if the Offer Period is extended. The Notice of Status of Conditions is required by section 630(1) of the Corporations Act.

Sylvania is required to set out in its Notice of Status of Conditions:

- (a) whether the Offer is free of any or all of the conditions;
- (b) whether, so far as Sylvania knows, any of the conditions have been fulfilled; and
- (c) Sylvania's voting power in SA Metals.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the

Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Sylvania is required, as soon as practicable after the extension to give a notice to ASX and SA Metals that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the Offer Period but before the date on which the Notice of Status Conditions is required to be given, Sylvania Resources must, as soon practicable, give ASX and SA Metals a notice that the particular condition has been fulfilled.

5.7 Offer Period

Unless the Offer is extended or withdrawn, it is open for acceptance from [] July 2009 until 5.00pm (WST) on [] 2009. The circumstances in which Sylvania may extend or withdraw its Offer are in **sections 5.8 and 5.9** respectively of this Target's Statement.

5.8 Extension of the Offer Period

Sylvania may extend the Offer Period at any time before giving the Notice of Status of Conditions. In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) Sylvania improves the consideration under the Offer; or
- (b) Sylvania's voting power in SA Metals increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

5.9 Withdrawal of Offer

Sylvania may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Sylvania may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

5.10 Effect of acceptance

The effect of acceptance of the Offer is set out in **paragraph 1.7 of Appendix 1** of the Bidder's Statement. SA Metals Shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the rights attaching to their Shares and the representations and warranties which they give by accepting the Offer.

5.11 Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offer. You may only withdraw your acceptance of the Offer if Sylvania varies the Offer in a way that postpones, for more than one month, the time when Sylvania needs to meet its obligations under the Offer. This will

occur if Sylvania extends the Offer Period by more than one month and the Offer is still subject to conditions.

5.12 When you will receive your consideration if you accept the Offer

In the usual case, you will be issued your consideration on or before the earlier of:

- (a) one month after the date of your acceptance, or if this Offer is subject to a defeating condition when you accept this Offer, within one month after this Offer becomes unconditional; or
- (b) 21 days after the end of the Offer Period.

Full details of when you will be issued your consideration are in **paragraph 1.8 of Appendix 1** of the Bidder's Statement.

5.13 Effect of an improvement in consideration on Shareholders who have already accepted the Offer

If Sylvania improves the consideration offered under the Offer, all SA Metals Shareholders, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

5.14 Lapse of Offer

The Offer will lapse if the Offer conditions are not freed or fulfilled by the end of the Offer Period, in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your SA Metals Shares as you see fit.

5.15 Compulsory acquisition

If Sylvania becomes entitled to compulsorily acquire any SA Metals Shares under section 661A of the Corporations Act, Sylvania has indicated in **section 7.2** of the Bidder's Statement that it will give notices to compulsorily acquire any outstanding SA Metals Shares in accordance with section 661B of the Corporations Act, even if the SA Metals Shares to which those notices relate:

- are issued after the Offer closes but before the notices are given; or
- are issued on exercise of the SA Metals Options up to six weeks after the notices are given.

Sylvania will be entitled to compulsorily acquire any SA Metals Shares in respect of which it has not received an acceptance of the Offer if, during or at the end of the Offer Period:

- Sylvania and its associates have a Relevant Interest in at least 90% (by number) of SA Metals Shares, pursuant to Part 6A.1 Division 1 of the Corporations Act; and

- Sylvania and its associates have acquired at least 75% (by number) of SA Metals Shares that Sylvania Resources offered to acquire under the Offer.

If Sylvania proceeds to compulsory acquisition:

- Sylvania must, within one month after the end of the Offer Period, give compulsory acquisition notices to Shareholders that Sylvania intends to compulsorily acquire;
- Sylvania must acquire SA Metals Shares issued before the end of the Offer Period (including SA Metals Shares issued on the exercise of SA Metals Options during this period);
- Sylvania may acquire SA Metals Securities which will or may convert into SA Metals Shares within 6 weeks after the compulsory acquisition notice is issued (including SA Metals Shares issued on the exercise of SA Metals Options during this period); and
- Shareholders will have statutory rights to challenge the compulsory acquisition of their SA Metals Shares, but a successful challenge would require the relevant Shareholder to establish to the satisfaction of a court that the consideration does not represent "fair value" for their SA Metals Shares.

Shareholders should be aware that, if their SA Metals Shares are compulsorily acquired, they are not likely to receive payment until at least 1 month after the compulsory acquisition notices are dispatched to them.

If Sylvania does not become entitled to compulsorily acquire SA Metals Securities in accordance with Part 6A Division 1 of the Corporations Act, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 Division 1 of the Corporations Act.

Sylvania has indicated in **section 7.3** of the Bidder's Statement that it intends to exercise the right to proceed to compulsory acquisition of the outstanding SA Metals Shares and SA Metals Options, if it meets the required thresholds.

Shareholders should be aware that if Sylvania were to acquire 90% by value of all SA Metals Shares and SA Metals Options, Sylvania may elect to acquire all remaining SA Metals Shares and SA Metals Options within 6 months after becoming a 90% holder (provided that holders of less than 10% by value of the remaining SA Metals Shares or SA Metals Options do not object to the acquisition or the court approves the acquisition in accordance with the Corporations Act).

6 Information relating to the Directors

6.1 Directors' interests in SA Metals' and Sylvania's securities

At the date of this Target's Statement, the Directors of SA Metals have Relevant Interests in the following SA Metals' securities:

Name of Director		SA Metals Shares	SA Metals Options
Roy Pitchford		-	-
William Hayden		-	1,000,000 SA Metals Options exercisable at 14 cents and expiring 31 December 2009. 500,000 SA Metals Options exercisable at 20 cents expiring 31 December 2010. 2,000,000 SA Metals Options exercisable at 5 cents expiring 30 April 2012.
David James Hutchins		10,000	1,000,000 SA Metals Options exercisable at 14 cents and expiring 31 December 2009. 500,000 SA Metals Options exercisable at 20 cents expiring 31 December 2010. 1,500,000 SA Metals Options exercisable at 5 cents expiring 30 April 2012.

No Director or an associate of a Director has a Relevant Interest in any securities of Sylvania at the date of this Target's Statement.

6.2 Directors' intentions with respect to their own SA Metals Shares

Each Director of SA Metals who has a Relevant Interest in SA Metals Shares intends, in the absence of a superior offer or a material change in circumstances, to accept the Offer for all of the SA Metals Shares held by them or any SA Metal Shares issued to them on the exercise of SA Metals Options.

6.3 Transactions in SA Metals and Sylvania

Except as set out below, there has been no acquisitions or disposals of marketable securities of Sylvania or SA Metals by SA Metals or a Director of SA Metals or any associate of a Director of SA Metals in the period of four months immediately preceding the date on which the Bidder's Statement was served on SA Metals (being 3 July 2009).

Date of dealing	Holder of Relevant Interest	Description of dealing
William Hayden	2,000,000 SA Metals Options exercisable at 5 cents expiring 30 April 2012	Acquisition – incentive options issued after shareholder approval received 30 April 2009.
David Hutchins	1,500,000 SA Metals Option exercisable at 5 cents expiring 30 April 2012	Acquisition – incentive options issued after shareholder approval received 30 April 2009
Roy Pitchford*	1,500,000 SA Metals Options exercisable at 5 cents expiring 30 April 2012	Acquisition – incentive options issued after shareholder approval received 30 April 2009

*These options were allotted to a nominee of Mr Pitchford and are not held by an associate of Mr Pitchford.

6.4 No benefits to Directors

No benefit (other than a benefit permitted under sections 200E or 200F of the Corporations Act) is proposed to be given to a SA Metals Director (or anyone else) in connection with the Director's retirement as a director or executive of SA Metals.

6.5 Other agreements or arrangements with SA Metals Directors

There is no other agreement or arrangement made between a Director of SA Metals and any other person in connection with or conditional upon the outcome of the Offer.

6.6 Interests of SA Metals Directors in contracts with Sylvania Resources

No Director of SA Metals has any interest in any contract entered into by Sylvania.

7 Other Material information

7.1 Taxation implications

The Australian tax implications of the Offer for SA Metals Shareholders will depend on a number of factors, including:

- (a) whether the Shareholder holds their SA Metals Shares on capital or revenue account for taxation purposes;
- (b) the nature of the Shareholder (i.e., whether the Shareholder is an individual, company, trust, or complying superannuation fund); and
- (c) the tax residency status of the Shareholder (i.e. Australian resident or not).

The Australian tax consequences of the Offer for SA Metals Shareholders are summarised in the Bidder's Statement, to which reference should be made for further information. The summary is necessarily general in nature and each Shareholder should seek independent advice relevant to their specific circumstances.

SA Metals Shareholders who are residents of Australia for tax purposes and who hold their Shares on capital account for taxation purposes may be eligible for tax relief from any capital gain that they may make by accepting the Offer, if all the conditions for CGT rollover relief are met. However, these SA Metals Shareholders should be aware that if they accept the Offer and Sylvania declares the Offer unconditional, CGT rollover relief may not be available if Sylvania acquires less than 80% of the SA Metals Shares under the Offer (see section 10 of the Bidder's Statement for full details).

7.2 Effect of takeover on SA Metals' material contracts

To the best of SA Metals' knowledge, none of the material contracts to which SA Metals is a party contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer and which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of SA Metals.

7.3 Material Litigation

SA Metals is not involved in any material litigation.

7.4 Issued capital

At the date of this Target's Statement, SA Metals' issued capital consisted of:

- (a) 303,292,422 ordinary fully paid ordinary shares; and

- (b) 9,800,000 unlisted SA Metals Options to subscribe for SA Metals Shares with the following exercise prices and expiry dates:

Number of Options	Exercise Price	Expiry Date
2,000,000	\$0.14	31 December 2009
600,000	\$0.20	31 December 2009
1,000,000	\$0.20	31 December 2010
1,000,000	\$0.10	31 December 2010
5,200,000	\$0.05	30 April 2012

7.5 Substantial Shareholders

At the date of this Target's Statement, the following shareholders are substantial shareholders of SA Metals:

SA Metals Shareholder	Shares	%
Ivanhoe Nickel & Platinum Ltd, Group	51,281,994	16.91%
Sylvania Resources Limited	38,066,078	12.55%
Cheung Hin Shun	24,000,000	7.91%
Mandalay Investment Limited	18,975,000	6.26%

7.6 Consents

This Target's Statement contains statements made by, or statements said to be based on statements made by, SA Metals Directors. Each of SA Metals Directors has consented to the inclusion of each statement he has made in the form and context in which the statement appears and has not withdrawn that consent at the date of this Target's Statement.

Price Sierakowski has consented to being named in this Target's Statement as legal adviser to SA Metals in the form and context in which it is named and has not withdrawn that consent at the date of this Target's Statement.

Price Sierakowski has not authorised or caused SA Metals to issue this Target's Statement and takes no responsibility for any part of this Target's Statement other than references to its name.

7.7 Competent Person's statement

SA Metals' technical exploration and mining information contained in this Target'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 Target's Statement of the matters based on his information in the form and context in which it appears.

7.8 No other material information

There is no other information that Shareholders or their professional advisers would reasonably require to make an informed assessment on whether to accept the Offer, being information which:

- (a) is reasonable for Shareholders and their professional advisers to expect to find in this Target's Statement; and
- (b) is known to any of SA Metals' Directors

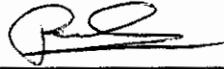
In deciding what information should be included in this Target's Statement, SA Metals Directors have had regard to, amongst other things, the matters which Shareholders (or their professional advisers) may reasonably be expected to know, including information contained in documents previously sent to Shareholders and information available from public resources such as ASX, ASIC or SA Metals' website at www.panpalladium.com.au.

7.9 Early and joint despatch of documents

The Directors have agreed that Sylvania may send the Bidder's Statement to SA Metals Shareholders earlier than the Corporations Act requirements would require. The Directors have also agreed to send this Target's Statement together with the Bidder's Statement.

8 Authorisations

This Target's Statement is signed for and on behalf of SA Metals by Paul Jurman, who is authorised to sign by a resolution passed unanimously by SA Metals Directors on 3 July 2009.



Paul Jurman

Company Secretary

3 July 2009

9 Interpretation

9.1 Definitions

Terms used in this Target's Statement have the meaning given in the Glossary (unless the contrary intention appears).

9.2 Construction

In this Target's Statement, unless expressed to the contrary:

- (a) words importing the singular include the plural and vice versa and any gender include the other gender;
- (b) "includes" means includes without limitation;
- (c) if a word or phrase is defined in the Corporations Act, it bears the same meaning;
- (d) if a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding definitions;
- (e) an obligation of two or more parties binds them jointly and severally;
- (f) a reference to:
 - (i) a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
 - (ii) a person includes the legal personal representatives, successors and assigns of that person;
 - (iii) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (iv) a right includes a benefit, remedy, direction or power;
 - (v) "\$" or "cents" is a reference to the lawful currency of Australia; and
 - (vi) a section or paragraph is to a section or paragraph of this Target's Statement.

9.3 Headings

Headings are for ease of reference only and do not affect the interpretation of this Target's Statement.

10 Glossary

In this Target's Statement, unless the context requires otherwise:

\$ or A\$	Australian dollars, the lawful currency of the Commonwealth of Australia.
Acceptance Form	The transfer and acceptance form accompanying the Bidder's Statement.
AIM	The Alternative Investment Market of the London Stock Exchange PLC.
Announcement Date	The date on which the Offer was announced, being 11 May 2009.
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) or the financial products market it operates, as the context requires.
ASX Listing Rules	The Official Listing Rules of ASX, as amended from time to time.
ASTC Settlement Rules	The settlement rules of the Australian Settlement and Transfer Corporation Pty Ltd.
Au	Gold.
Aurora Project	SA Metals' PGM production project, located on the Northern Limb of the Bushveld Igneous Complex.
Bid Period	Means the period between the date the Bidder's Statement is given to SA Metals and the end of the Offer Period.
Bidder's Statement	The document dated 3 July 2009, being the statement of Sylvania under Part 6.5 of the Corporations Act in respect of the Offer.
Broker	A person who is a sharebroker and a participant.
Bushveld Igneous Complex	A layered mafic intrusive, internationally recognised for its PGM and chromite deposits and located in South Africa.
Business Day	A day which is not a Saturday, Sunday, bank or public holiday in Sydney, Australia.
CGT	Capital gains tax.
CHESS Holding	Has the same meaning as in the ASTC Settlement Rules.

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 platinoids ruthenium and iridium are also contained in the concentrate as payable metals, as are the base metals copper and nickel.
Controlling Participant	A Broker participant who is designated as the controlling participant for shares in a CHES Holding in accordance with the ASTC Settlement Rules.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Cu	Copper.
Directors	The directors of SA Metals, as listed in section 2.1 .
DME	South African Department of Minerals and Energy.
Everest North Project	Sylvania's exploration project in the Eastern Limb of the Bushveld Igneous Complex.
GAU	Means Great Australian Resources Limited (ACN 106 874 917).
GAU Group	Means 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 and 10 June 2009.
GAU Share	A fully paid ordinary share in GAU.
GAU Shareholder	A holder of GAU shares.
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.
G/t	Grams per tonne, measurement unit of grade (1 g/t = 1 part per million).
Implied Offer Value	\$0.099, being the price at which the Offer values a SA Metals Share.
Independent Expert	The independent expert appointed by Sylvania in accordance with the MIA.
Ineligible Foreign Shareholders	A SA Metals shareholder whose address as shown on the register of members of SA Metals is in a jurisdiction other than Australia or its external territories or New Zealand, Hong Kong, Singapore or South Africa.
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.
Issuer Sponsored Holdings	A holding of SA Metals Shares on SA Metals' issuer sponsored sub-register.
JORC	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (4 th Edition).
Measured Mineral Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can

	<p>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.</p>
Merged Group	<p>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.</p>
MIA	<p>The merger implementation agreement between Sylvania and Ruukki dated 30 June 2009.</p>
Mineral Resource	<p>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.</p>
Minerals and Petroleum Resources Development Act	<p>The Minerals and Petroleum Resources Development Act No. 28 of 2002 of the Republic of South Africa.</p>
Ni	<p>Nickel.</p>
Nominee	<p>A nominee to be appointed by Sylvania and approved by the ASX.</p>
Notice of Status of Conditions	<p>Sylvania Resource's notice disclosing the status of the conditions to the Offer which is required to be given by section 630(3) of the Corporations Act.</p>
Offer	<p>The offer by Sylvania for SA Metals Shares, which offer is contained in section 1 of Appendix 1 of the Bidder's Statement.</p>
Offer Consideration	<p>The consideration under the Offer as contained in paragraph 2 of Appendix 1 of the</p>

	Bidder's Statement.
Offer Period	The period during which the Offer will remain open for acceptance in accordance with section 1.3 of Appendix 1 of the Bidder's Statement.
Officer	A director, alternate director, managing director, deputy managing director, executive director, associate director, secretary or assistant secretary.
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).
Participant	A Participant as defined in the ASTC Settlement Rules.
Pd	Palladium.
3PGE_Au	Three platinum group elements (being platinum, palladium, 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.
PPDSA	Pan Palladium South Africa (Pty) Limited.
Pre-Announcement Price	The closing price for SA Metals Shares on ASX on 11 May 2009.
Prescribed Occurrences	An event listed in sections 652C(1)(a) to (h) inclusive and 652C(2)(a) to (e) inclusive of the Corporations Act.
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 an 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.
Proposed Ruukki Merger	The proposed scheme of arrangement between Sylvania and Sylvania Shareholders under Part 5.1 of the Corporations Act, under which, if all conditions are satisfied, all the Sylvania Shares then on issue will be acquired by the Ruukki.
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.
Register Date	[] am on [] 2009.
Related Body Corporate	Has the meaning given to that term in the

	Corporations Act.
Relevant Interest	Has the meaning given in sections 608 and 609 of the <i>Corporations Act 2001</i> .
Rh	Rhodium.
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.
SA Metals Board or SA Metals Directors	The Directors of SA Metals constituting a board and each of the Directors (as the case may be).
SA Metals	SA Metals Limited (ABN 44 093 178 388).
SA Metals Group	SA Metals, its Subsidiaries and each body corporate in which SA Metals has voting power of not less than 20%.
SA Metals Option	An option to acquire unissued SA Metals Shares.
SA Metals Optionholder	A holder of SA Metals Options.
SA Metals Securities	All of the SA Metals Shares and SA Metals Options on issue at the date of the Bidder's Statement.
SA Metals Shares	Ordinary fully paid shares in the capital of SA Metals.
SA Metals Shareholder	A holder of a SA Metals Share.
Shareholder	A person registered in the register of members of SA Metals as a holder of SA Metals Shares.
Subsidiary	Has the meaning given to the term in section 9 of the Corporations Act.
Sylvania	Sylvania Resources Limited (ABN 80 091 415 968).
Sylvania Group	Means Sylvania and each of its Subsidiaries.
Sylvania Share	Means ordinary fully paid shares in the capital of Sylvania.
Sylvania Shareholders	Means a holder of Sylvania Shares.
Tailings	A waste product (containing some chrome and PGEs) which is generated when chrome concentrates are produced from chrome ore.
Takeovers Panel	Means the Panel established under section 171 of the Australian Securities and

	Investments Commission Act.
Target's Statement	This document, being the statement of SA Metals under Part 6.5 Division 3 of the Corporations Act.
Tax or Taxation	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.
Ton	1 metric tonne (1,000 kg).
Trading Day	Has the meaning given in the ASX Listing Rules.
VWAP	Volume weighted average share price.
WST	Australian Western Standard Time.

Appendix 1

SA Metals Announcements to the ASX since date of lodgement of SA Metals' last annual report

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
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
