



A.C.N 091 415 968

QUARTERLY REPORT 30 JUNE 2007

SYLVANIA RESOURCES LIMITED (ASX/AIM :SLV)

HIGHLIGHTS

- **Chromite Tailings Re-treatment Project (“CTRP”) produced 1877 PGM ounces (Sylvania attributable 469 PGM ounces)**
 - **Placement of 22.9 million shares to raise approx GBP18.3 million (A\$44 million)**
 - **Cash balance at end of quarter GBP24.5million (A\$57.8 million)**
 - **Millsell PGM plant commenced production on 10 June 2007**
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SOUTH AFRICAN OPERATIONS

PROGRESS UPDATE

Sylvania has accepted mechanical and electrical completion of the company’s Millsell PGM flotation plant from Matomo Projects Pty Ltd. Wet commissioning of the plant was completed and first operations on feed containing PGM’s commenced on Sunday 10 June 2007.

By the end of the quarter the plant was in daily operation and operator training was in progress. Minor equipment issues were being resolved and some instrumentation & control problems were receiving attention but commissioning was progressing well and a good start to operations has been made.

Recent testwork on flotation feed material at Mintek demonstrated that there is excellent potential for PGM recovery from the Millsell dump and current arisings feed. Further updates on production achievements will be forthcoming as milestones are achieved.

Good progress continues to be made at Steelpoort where Sylvania’s integrated plant to recover both chrome and PGM’s is nearing completion. Commissioning of both the chrome and PGM plants commenced subsequent to the end of the quarter.



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Sylvania has provided a full overview of its operations, the production and potential revenue scenarios and the assumptions and qualifications contained therein, in the corporate presentation which was last updated to the website, www.sylvaniaresources.com, on 15 May 2007.

Everest North Project

Further drilling results were received during the June quarter from Sylvania's diamond drilling of the UG2 horizon at Everest North. The drilling is to upgrade the deposit to the measured category.

To date, 19 holes have been drilled and logged, each with two deflections; all holes have intersected well developed UG2 reef. Hole 11 (reported as abandoned in the December 2006 quarterly) was repositioned and is being re-drilled; hole 21 has been delayed by a series of machine breakdowns but should be completed soon. Six surface trenches on the outcrop have also been dug, mapped, sampled and assayed.

Prior to the current drilling campaign, Sylvania estimated an inferred 'in-situ' resource of 4.2 million tonnes grading 5.87g/t for approximately 790 000 ounces of 4E PGM (Pt, Pd, Rh, and Au) based on earlier work by Impala Platinum.

The current drilling results have now allowed Sylvania's consulting geologists to geostatistically model the UG2 horizon at Everest North. After allowance for geological losses due to dykes and potholes, the result is an indicated 'in-situ' resource of 5 265 925 tonnes grading 4.92 g/t for approximately 832 760 ounces of 4E PGM. The assayed metal split is Pt 54%, Pd 34%, Rh 11%, and Au 1%.

The overall resource estimate comprises 3 842 365 tonnes on the 'main seam' grading 6.04 g/t 4E PGM, and 1 423 560 tonnes on the 'leader seam' grading 1.90 g/t 4E PGM. The results to date are very encouraging and in line with expectations. Sylvania will report final drilling results in the September 2007 quarter.

Chromite Tailings Retreatment Project (CTRP) (Sylvania Resources interest 25%)

CTRP produced 1877 4E PGM ounces during the June 2007 quarter (Sylvania attributable 469 4E PGM ounces).

The PGM basket price for the quarter increased 3% to \$1856 per PGM ounce. Cash costs decreased to \$336 per 4E PGM ounce whilst the cash margin remained steady at 77%.



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CORPORATE

Placement

On the 22 June 2007 the company announced that cleared funds had been received from the placement of 22.9 million fully paid ordinary shares at a price of £0.80 (A\$1.92) per share.

Sylvania will use the proceeds from the placing to pursue PGM acquisition and expansion opportunities that it has already identified in South Africa and for working capital to assess others.

Board Change

On the 21 June 2007 Mr Grant Button resigned as a director of the Company. Mr Button previously held the title of Executive Director of the Company and was based in Australia.

The change reflects the Company's transition from a development focus to a production focus as the Company concentrates on developing its chrome washing and PGM recovery plants in South Africa. As part of this transition, the role held by Mr Button is now largely handled by the South African office.

Mr Button will continue to provide consulting services to the Company as required. The Sylvania board now comprises of the following:

Mr Ed Nealon	Non Executive Chairman
Mr Terry McConnachie	Chief Executive Officer
Dr Evan Kirby	Chief Operations Officer
Ms Melissa Sturgess	Non Executive Director
Mr Scott Huntly	Non Executive Director

Notification of Substantial Shareholders

During the quarter the company received notification from various institutions advising of their substantial shareholding in Sylvania. Details are as follows:

Date Notification was	Company Notification was received from	No. of voting rights now	% of total voting rights
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received		held	now held
30 April 2007	AEGON UK Group of Companies	6,177,959	4.04%
25 May 2007	FMR Corp. & FIL	15,777,927	10.32%
5 June 2007	FMR Corp. & FIL	17,404,525	11.38%
15 June 2007	JO Hambro Investment Management Limited	6,294,853	4.12%
15 June 2007	Audley Capital Management Limited	5,275,000	3.4%
15 June 2007	Audley Capital Management Limited	6,375,000	4.1%
19 June 2007	JPMorgan Chase & Co. and its affiliates	13,988,300	7.95%
29 June 2007	AEGON UK Group of Companies	8,866,243	5.04%

A handwritten signature in black ink, appearing to read "E. Nealon".

ED NEALON
Non Executive Chairman

The technical exploration and mining information contained in this report was compiled by Mr Ed Nealon, a Sylvania Resources Ltd director. Mr Nealon provides consulting services via his company Athlone International Pty Ltd. Mr Nealon is a member of the Australasian Institute of Mining and Metallurgy and is considered to be a Competent Person in his respective area of expertise pursuant to the Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Nealon consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Further information please contact:

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

SYLVANIA RESOURCES LIMITED

ACN or ARBN

091 415 968

Quarter ended ("current quarter")

30 June 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	323	1,870
1.2 Payments for		
(a) exploration and evaluation	(320)	(991)
(b) development	(9,776)	(15,554)
(c) production	(666)	(1,851)
(d) administration	(1,448)	(5,924)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	341	1,080
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Forex	(612)	(592)
Other – Reimburse tenement expenses	-	11
Other – GST/VAT Refund	1,286	2,216
Other	26	181
Net Operating Cash Flows	(10,846)	(19,554)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments	(575)	(575)
(c) other fixed assets	(1)	(155)
1.9 Proceeds from sale of:		
(a)prospects		50
(b)equity investments	591	591
(c)other fixed assets		
1.10 Loans to other entities	(145)	(383)
1.11 Loans repaid by other entities	115	340
1.12 Other (provide details if material)		
Net investing cash flows	(15)	(132)
1.13 Total operating and investing cash flows (carried forward)	(10,861)	(19,686)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(10,861)	(19,686)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	45,966	75,454
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	(25)	-
1.17	Repayment of borrowings	(16)	(21)
1.18	Dividends paid		
1.19	Other – capital raising costs	(1,604)	(3,926)
	Net financing cash flows	44,321	71,507
	Net increase (decrease) in cash held	33,460	51,821
1.20	Cash at beginning of quarter/year to date	24,502	5,804
1.21	Exchange rate adjustments to item 1.20	(84)	253
1.22	Cash at end of quarter	57,878	57,878

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	242
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	860
4.2 Development	3,700
Total	4,560

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	49,231	11,659
5.2 Deposits at call	8,647	12,843
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	57,878	24,502

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed			
6.2 Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference securities (description)	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	176,029,273	176,029,273	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	22,900,000 200,000	22,900,000 200,000	\$1.92 \$0.75	\$1.92 \$0.75 – exercise of options
7.5 +Convertible debt securities (description)	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	750,000 800,000	Nil Nil	Exercise price \$0.50 \$0.75	Expiry date 30 June 2009 30 June 2010
7.8 Issued during quarter				
7.9 Exercised during quarter	200,000	Nil	\$0.75	
7.10 Expired during quarter				
7.11 Debentures (totals only)	-	-		
7.12 Unsecured notes (totals only)	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 30 July 2007

Print name:

Company Secretary
Mike Langoulant

Notes

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- 1 This quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
 - 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
 - 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
 - 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
 - 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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