SYLVANIA RESOURCES LIMITED

A.C.N. 091 415 968

ANNUAL REPORT
30 JUNE 2005

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I N D E X

SYLVANIA RESOURCES LIMITED
(ACN 091 415 968)
AND CONTROLLED ENTITIES

COMPANY PARTICULARS

Directors	Edward FG Nealon – *Executive Chairman* *(Appointed 7 December 2004)* Terrence Michael McConnachie – *Chief Operations Officer* *(Appointed 22 June 2005)* Grant Michael Button – *Executive Director* Kevin Scott Huntly – *Non-executive Director* Melissa Sturgess – *Non-Executive Director* *(Appointed 7 December 2004))* Dr Evan Kirby - *Non Executive Director*
Secretary	Michael James Langoulant
Registered Office and Principal Place of Business	Level 4, HPPL House 28 – 42 Ventnor Avenue WEST PERTH WA 6005 Telephone: (08) 9481 8711 Facsimile: (08) 9324 2977 Website: www.sylvaniaresources.com
Share Register	Computershare Investor Services Pty Limited Reserve Bank Building Level 2 45 St George's Terrace Perth WA 6000
Auditor	HLB Mann Judd Chartered Accountants 15 Rheola Street West Perth WA 6005
Solicitors	Clayton Utz QV1 250 St Georges Terrace Perth WA 6000
Stock Exchange Listings	Sylvania Resources Limited shares are listed on the Australian Stock Exchange Ltd (ASX) under the SLV code.

OPERATIONS AND FINANCIAL REVIEW

SOUTH AFRICAN OPERATIONS

Chromite Tailings Retreatment Consortium (formerly RK1)

Sylvania owns a 25% interest in a Consortium led by Aquarius Platinum Limited. During the year, the Consortium changed its name from the RK1 Project to the Chrome Tailings Retreatment Project (CTRP). The Consortium treats chromite tailings through a purpose built plant on Aquarius Platinum Limited's Kroondal Mine property, in order to extract platinum group metals (platinum, palladium, rhodium and gold)(PGM's). Current tailings from the Xstrata owned Kroondal Chrome Mine are pumped to the plant whilst old chrome tailings from the Bayer and Xstrata operations are trucked to the plant.

The construction of the Plant commenced in May 2004 and was substantially complete by December 2004. The first concentrate production from the CTRP was shipped on 21 January 2005.

During the first six months of ramp-up of operations, 55,000 tonnes of material were fed to the CTRP plant at an average grade of about 3 grams per tonne. The average basket price received for the six months was over US$800 per ounce and total revenue was ZAR 8.5 million. As ramp up technical issues are resolved, tonnes processed through the plant are expected to increase, along with an increased head grade due to higher grade tailings being processed.

With the Plant performing well, the Consortium has turned its focus to increasing the tonnes available to be processed through the Plant. The Consortium is confident of achieving the first level of ramp up, being 20,000 tonnes per month, over the next few months. The Consortium is further considering a technical proposal to increase tonnages to 40,000 tonnes per month by the implementation of Capital Expenditure proposals.

The Directors of Sylvania see participation in this consortium as a rare opportunity to gain access to PGM cashflow, with relatively low risk.

Everest North PGM Project

On 26th May 2005, the Company announced that it had entered into an Agreement between Sylvania South Africa (Pty) Ltd (a 100% controlled entity of Sylvania), and Aquarius Platinum (SA) Ltd (Aquarius), whereby Sylvania will take control of the exploration/mining of the Everest North Project in South Africa.

The Everest North project lies on the Farm Vygenkoek in the eastern Bushveld of South Africa, and is prospective for PGMs. Previous work has outlined an inferred resource of 7.4 million tonnes grading 3.38 g/t PGM, for an inferred resource of 796,000 ounces of PGMs. Sylvania will test the ground to assess the viability of delivering dense medium separation sinks to Aquarius at their Everest South Mine, which is currently under construction.

Sylvania has initially paid to Aquarius R2 million, and will become a contractor to Aquarius. Sylvania will then, at its cost, prospect the Everest North Project area. Upon proof of the project viability, Sylvania will assist Aquarius to obtain a mining right which may subsequently be transferred to Sylvania. Sylvania will pay a further R6 million to Aquarius upon grant of the mining right to Sylvania.

Aquarius and Sylvania shall, for a period of three months from the date of the grant of a mining right for the project, negotiate on an exclusive basis, to conclude a written agreement to regulate the terms upon which Sylvania shall supply to Aquarius all PGM bearing ore produced from the property, or in circumstances where Sylvania has constructed a concentrator plant to process PGM bearing ore from the property to produce PGM concentrate, any such PGM concentrate.

A desktop feasibility study has shown that this is a robust project, and drilling will commence shortly.

OPERATIONS AND FINANCIAL REVIEW

AUSTRALIAN OPERATIONS

Exploration by Sylvania within Australia has been focused on the Archean Sylvania Inlier, situated in Western Australia. Within this area the Company still retains mineral exploration projects known as Copper Knob and Jimblebar. The projects lie east and south of Newman and are located within the Peak Hill Mineral Field. Exploration on these tenements has targeted gold, copper-zinc, nickel and platinum group element mineralisation.

During the year, Sylvania entered into an Option agreement with Warwick John Flint (Flint) over all of its Australian tenements at Jimblebar and Copper Knob. Under the terms of the Option Agreement, Flint had the right to exercise the Option at any time up until 16 August 2005, to acquire Sylvania's interests in its Australian tenements for the consideration of A$55,000, and the issuance to Sylvania of fully paid ordinary shares in a listed entity to the value of A$200,000. Flint has the obligation to maintain the tenements in good standing during the life of the Option Agreement.

Subsequent to year end Flint has exercised his right to extend the Option Agreement for a further 12 months until 16 August 2006 through the payment of A$10,000. Under the terms of the Option extension, the share consideration component of the exercise price of the Option has increased to A$300,000.

Entering into this Option Agreement is consistent with the Board's intention of focusing its attention on the activities of the CTRP Consortium, and other opportunities in Southern Africa.

Jimblebar Copper/Gold

The Jimblebar tenements lie immediately south east of the currently operating Jimblebar iron ore mine. Sylvania's interests now relate to two prospecting licences, with one associated with a mining lease application, covering an area of approximately 200 hectares.

The main area of interest for copper in the Jimblebar tenements is a prospective sequence of metamorphosed felsic and intermediate volcanics containing magnetite outcrops as well as several occurrences of outcropping secondary copper mineralisation.

Copper Knob

The Mining Lease 52/211 at Copper Knob, covers a very large body of disseminated low grade sulphide copper mineralisation with some gold values that have been drilled by previous explorers. This mineralization lies within a sequence of felsic and intermediate volcanic rocks that extend for over 9 km forming the Jimblebar copper area. The Copper Knob mining lease has untested potential for an oxide copper resource and for discrete massive copper bearing sulphide bodies.

OPERATING RESULTS

During the year under review the Company significantly increased its cash assets via both a placement to London based institutions and from the exercise of June 2005 options. At year end the consolidated entity's cash balances were in excess of $AUD10 million.

The consolidated loss of the consolidated entity for the year after income tax expense was $954,744 (2004 - $469,793).

DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2005.

Directors
The names and particulars of the Directors of the Company who held office during or since the end of the financial year are:

Name	Qualifications	Particulars
Edward FG Nealon *Executive Chairman*	BSc Geol (Hons), MSc Geol, MAusIMM	Appointed December 2004. Aged 54, Mr Nealon is a qualified geologist with over 25 years experience in the mining and exploration industry. He has worked around the world with major companies such as Anglo-America Corporation, Rio Tinto and Aquarius Platinum. He founded his own consulting company in 1983. He is a non-executive director of Dwyka Diamonds Limited (since 2001) and Tanzanite One Limited (since 2004). From 1997 to 2002 he acted as both executive and non-executive director of Aquarius Platinum Limited.
Terrence McConnachie *Chief Operations Officer*		Appointed June 2005. Aged 49, Mr McConnachie has over 25 years of experience in mining, beneficiation of ferroalloys and precious metals. He was the founder of Merefe Resources Limited (formerly South African Chrome & Alloys Ltd), a successful chrome mining company; black empowered and listed on the Johannesburg Stock Exchange with assets worth in excess of a billion rand ($350 million). He is well known for identifying mining opportunities and has started many new green-field operations in gold, manganese, aluminium, graphite and tantalite. He has been CEO of a number of mining, mining services and smelting companies in South Africa. From 1998 to 2004 he was managing director of Merefe Resources Ltd. He has held no other listed public company directorships in the past 3 years.
Grant M Button *Executive director*	B.Bus.(Acc), CPA	Appointed December 2002. Aged 43, Mr Button has 15 years experience at a senior management level in the resources industry. He has acted as an Executive Director, Finance Director, CFO and Company Secretary of a range of publicly listed companies. He has held no other public company directorships in the past 3 years.
Melissa M Sturgess *Non-executive director*	BSc, MBA	Appointed in December 2004. Aged 39, Ms Sturgess has over 10 years experience in corporate development and promotion with an emphasis on attracting institutional shareholders for a range of public companies, including Aquarius Platinum Limited and Dwyka Diamonds Limited. She is Executive Chairman of Dwyka Diamonds Limited (since 2001) and a non-executive director of Churchhill Mining plc (since 2005). She has held no other listed public company directorships in the past 3 years.
Kevin S Huntly *Non-executive director*	GDE MSc (Eng)	Appointed December 2002. Aged 43, Mr Huntley has 25 years experience in the South African mining industry. He operates his own consultancy business advising a number of international mining companies. He has held no other listed public company directorships in the past 3 years.

DIRECTORS' REPORT

Directors (con't)

Name	Qualifications	Particulars
Evan Kirby *Non-executive director*	BSc(Hons) Metallurgy, PhD Metallurgy, MAusIMM, MSthAfrIMM	Appointed in November 2003. Aged 54 Dr Kirby has worked for major companies such as Impala Platinum, Rand Mines, Rustenburg Platinum Mines, Minproc Engineers and Bechtel before starting his own consulting business in 2002. He has broad experience with the development of a wide range of mining and minerals processing projects particularly in Africa and Australia. He is also Chief Operations Officer of Dwyka Diamonds Limited (since 2002) and a non-executive director of Wedgetail Exploration NL (since 2004). He has held no other public company directorships in the past 3 years.
Adrian S Paul *Non-executive director*	B.Bus (Acc)	Non-executive director – resigned 22 June 2005. He has held no other public company directorships in the past 3 years.

Company secretary
The company secretary is Michael Langoulant, B.Com, CA. Mr Langoulant was appointed to the position of company secretary in February 2005. Mr Langoulant operates a corporate consulting business that specialises in public company corporate secretarial/administration and fundraising. After 10 years with large international accounting firms he has acted as CFO, Company Secretary and non-executive director with a number of publicly listed companies.

Principal activities
The principal activity of the consolidated entity during the financial year was investment in mineral exploration and mineral treatment projects.

Dividends
No dividend has been paid or declared during the financial year. The Directors do not recommend the payment of a dividend.

Subsequent Events
There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in subsequent financial years.

Likely developments and expected results of operations
Additional comments on expected results of certain operations of the consolidated entity are included in the Operations and Financial Review; any other comments are likely to result in unreasonable prejudice to the entity or any entity in the consolidated entity.

Environmental regulation
The consolidated entity is subject to significant environmental legal regulations in respect to its exploration and evaluation activities in Australia and South Africa. There have been no known breaches of these regulations and principles.

DIRECTORS' REPORT

Directors' shareholdings
The following table sets out the number of shares owned by each Director, directly or indirectly, at the date of this Report.

Director	Fully paid ordinary shares
Edward Nealon	Nil
Terrence McConnachie	Nil
Grant Button	500,000
Melissa Sturgess	65,000
Kevin Huntly	Nil
Evan Kirby	14,300

Significant changes in the state of affairs
Significant changes in the state of affairs of the consolidated entity during the financial year were:

- In May 2005, the Company completed a placement of 7,780,000 ordinary shares at a price of \$0.45 (GBP0.185) per share to raise \$3,395,970 after capital raising costs; and
- During May and June 2005, 32,015,390 ordinary shares were issued following the exercise at \$0.20 each of 32,015,390 June 2005 options. This raised \$6,403,078 in additional working capital.

Share and option schemes
There are no share and/or option schemes in existence at the date of this Report.

Shares under option
There are no share options in existence at the date of this Report.

Meetings of directors
During the financial year there were five formal directors' meetings and five meetings of a sub-committee established to issue new shares following the exercise of options. All other matters that required formal board resolutions were dealt with via circulating written resolutions. In addition the Directors met on an informal basis at regular intervals during the year to discuss the Company's affairs. Given the number of directors and nature of the Company's operations there are no separate committees of the Board of Directors. The number of meetings of the Company's Board of Directors attended by each Director were:

	Directors' meetings held whilst in office	*Directors' meetings attended*
E Nealon	3	3
T McConnachie	Nil	Nil
G Button	5	5
M Sturgess	3	3
Evan Kirby	5	4
S Huntley	5	5
A Paul	5	5

Remuneration report

Details of directors and executives remuneration are set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation.

A Principles used to determine the nature and amount of remuneration

The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aims to align executive reward with the creation of value for shareholders. The key criteria for good reward governance practices adopted by the Board are:

- competitiveness and reasonableness
- acceptability to shareholders
- performance incentives
- transparency
- capital management.

The framework provides a mix of fixed fee, consultancy agreement based remuneration, and share based incentives.

The broad remuneration policy for determining the nature and amount of emoluments of board members and senior executives of the Company is governed by a Board Remuneration Committee. At present the full Board acts as the remuneration committee in accordance with a written Remuneration Committee Charter. The Remuneration Committee's aim is to ensure the remuneration packages properly reflect director's and executive's duties and responsibilities. The Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention and motivation of a high quality Board and executive team.

The current remuneration policy adopted is that no element of any director/executive package be directly related to the company's financial performance. Indeed there are no elements of any director or executive remuneration that is dependent upon the satisfaction of any specific condition. The overall remuneration policy framework however is structured in an endeavour to advance/create shareholder wealth. This policy has not changed over the past 4 financial years.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board and are intended to be in line with the market. Directors are not present at any discussions relating to determination of their own remuneration.

Directors' fees

All of the directors perform at least some executive or consultancy services. However, each of the directors receives a separate fixed fee for their services as directors, as the Board considers it important to distinguish between the executive and non-executive roles held by those individuals.

Retirement allowances for directors

Apart from superannuation payments paid on base director fees there are no retirement allowances for directors.

Executive pay

The executive pay and reward framework has four components:

- base pay and benefits such as superannuation
- short-term performance incentives; and
- long-term incentives through participation in the Employee Share/Option Plan.

Base pay
All directors currently receive a fixed monthly retainer as agreed with the Company. These arrangements are in the process being formalised into written consulting service agreements with the Company.

Benefits
Apart from superannuation paid on directors fees there are no additional benefits paid to directors.

Short-term incentives
There are no current short term incentive remuneration arrangements.

Employee share/option plan
There is no existing employee share/option plan however it is proposed that shareholders vote on adopting such a plan at the forthcoming annual general meeting of shareholders.

B Details of remuneration
Amounts of remuneration
Details of the remuneration of the directors and executives of the Company and the consolidated entity for the year ended 30 June 2005 are set out in the following table. There are no elements of remuneration that are directly related to performance. The remuneration shown for E Nealon and M Sturgess includes fees paid to them as consultants prior to their appointment as directors of the Company.

	Primary benefits			*Post employment*	*Equity*	
Directors	*Base salary* *$*	*Consulting fee* *$*	*Director's fees* *$*	*Superannuation* *$*	*Options* *$*	*Total* *$*
E Nealon	-	99,600	11,370	1,023	-	111,993
T McConnachie	-	-	493	-	-	493
G M Button	-	110,000	20,000	1,800	-	131,800
M Sturgess	-	99,600	11,370	1,023	-	111,993
K S Huntly	-	17,020	20,000	-	-	37,020
E Kirby	-	40,000	20,000	1,800	-	61,800
A S Paul	-	-	19,506	1,756	-	21,262
Executives						
M Langoulant (Company secretary)	-	18,160	-	-	-	18,160

No cash bonuses or shares/options were issued to directors or executives during the year.

There are no other executive officers of the consolidated entity

C Service agreements
Formal service agreements will be entered into with all directors during the forthcoming financial year.

D Share-based compensation
It is proposed that shareholders approve an employee share and option plan at the forthcoming annual general meeting. The aim of the employee share and option plan will be to provide long term incentives to directors and executives to create and enhance shareholder wealth and to provide a mechanism to assist the Company in its endeavours to retain key executives.

Indemnifying officers or auditors
During the year the Company has paid premiums in respect of a contract insuring all Directors and officers of the Company against liabilities incurred as Directors or officers to the extent permitted by the Corporations Act 2001. Due to confidentiality clause in the contract the amount of the premium has not been disclosed. The Company has no insurance policy in place that indemnifies the Company's auditors.

Non-audit services and auditors' independence declaration

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor HLB Mann Judd for audit and non-audit services provided during the year are set out below.

Audit fees	$15,453
General taxation advice	$1,280
Secretarial services	$2,331

The full Board of Directors (as the audit committee) has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of the non-audit service provided means that auditor independence was not compromised.

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 39.

Proceedings on behalf of Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the Directors.

Edward Nealon
Executive Chairman
Perth, Western Australia
22 September 2005

SYLVANIA RESOURCES LIMITED
(ACN 091 415 968)
AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Introduction

Since the introduction of the ASX Principles of Good Corporate Governance and Best Practice Recommendations ("**ASX Guidelines**"), Sylvania Resources Ltd ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Further information about the Company's corporate governance practices is set out on the Company's website at www.sylvaniaresources.com. In accordance with the recommendations of the ASX, information published on the Company's website includes charters (for the Board and its sub-committees), codes of conduct and other policies and procedures relating to the Board and its responsibilities.

Explanations for departures from best practice recommendations

During the Company's 2004/2005 financial year ("**Reporting Period**"), the Company has complied with each of the Ten Essential Corporate Governance Principles[1] and the corresponding Best Practice Recommendations[2] as published by the ASX Corporate Governance Council ("**ASX Principles and Recommendations**"), other than in relation to the matters specified in the table below.

[1] A copy of the Ten Essential Corporate Governance Principles is set out on the Company's website under the Section entitled "Corporate Governance".

[2] A copy of the Best Practice Recommendations is set out on the Company's website under the section entitled "Corporate Governance".

CORPORATE GOVERNANCE STATEMENT

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
1	1.1A	Formalisation and disclosure of the functions reserved for the Board and those delegated to management occurred on 23 September 2004.	As from 23 September 2004 the Company achieved compliance. Prior to this time the functions were delegated as now disclosed but without formalisation and disclosure.
2	2.1	Two of the five directors are considered to be independent, for the reasons provided in the section headed "Identification of Independent Directors".	The Board considers that its current composition is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business and for securing appropriate strategic growth. Significant changes were made to the Board during the financial year including the appointment of Mr Terry McConnachie as Chief Operations Officer, Mr Ed Nealon to the role of Executive Chair and Ms Melissa Sturgess a Non-Executive Director. The Board takes the responsibility of best practice of corporate governance seriously, and intends to reconsider its composition as the Company's operations grow however it considers that each of the non-independent directors possess skills and experience suitable for advancing the Company's strategic direction.
2	2.2	The chairman does not satisfy the test of independence as set out in Box 2.1 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations Independence Test ("**Independence Test**").	While the Board recognises the importance of independence in decision making, it does not comply with best practice recommendation 2.2 as Mr Nealon, the current Chairman does not satisfy paragraph 3 of the Independence Test. The Board believes that Mr Nealon, as Executive Chairman, is the most appropriate person for the position of chairman as this position will best allow him to pursue strategic opportunities and relationships for the consolidated entity.
2	2.4	From 23 September 2004, the full Board will act as the nomination committee, in accordance with a nomination committee charter.	The role of the nomination committee is carried out by the full Board in accordance with the Nomination Committee Charter. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee. Prior to 23 September 2004, the full Board reviewed and considered the selection and appointment of directors on an as required basis.
3	3.1	A Code of Conduct was formalised and adopted by the Company on 23 September 2004.	Prior to 23 September 2004 the Board considers that its business practices, as led by the example of Board and key executives, were the equivalent of a code of conduct. These practices are now reflected in the Code of Conduct adopted by the Company on 23 September 2004.

CORPORATE GOVERNANCE STATEMENT

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
3	3.2	The Company adopted a written securities trading policy on 23 September 2004.	Although prior to 23 September 2004 there was no written policy, there was an understanding as to when it was appropriate for trading in securities to occur. This understanding has been formulated into the Company's written securities trading policy.
4	4.2, 4.3, 4.4	During the reporting period there was no separate audit committee.	The Company's financial statements are prepared by the Company Secretary and reviewed in detail by the full Board. The Board considers that it has an adequate balance of independent representation and financial experience to operate the audit committee in this manner.
5	5.1	Until 23 September 2004 there were no written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for the compliance.	Informal procedures were in place prior to 23 September 2004 which have been formulated into the written policies and procedures.
6	6.1	The Company's shareholder communication strategy was designed and disclosed in a formal way on 23 September 2004.	The Company has a positive strategy to communicate with shareholders, identify the expectations of shareholders and actively promote shareholder involvement in the Company. These strategies have now been documented and disclosed on 23 September 2004.
7	7.1	The Company did not have a formal framework of risk oversight and management policy and internal compliance and control system until 23 September 2004.	The Company has developed a framework for risk management, which the Company intends to enhance as the Company's operations grow.
8	8.1	During the Reporting Period there was no formal performance evaluation of the Board, its committees and individual directors.	The Board has undergone continuous performance evaluation, which has resulted in significant changes to the composition of the Board in the last two financial years. The Board will consider whether such procedures should be more formalised in its 2005/6 financial year.

CORPORATE GOVERNANCE STATEMENT

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
9	9.2	The Company does not have a separate remuneration committee having adopted a formal remuneration policy on 23 September 2004.	The Board considers that due to its small size, all members should be involved in determining remuneration levels. Accordingly, time is set aside at one Board meeting each year specifically to address the matters usually considered by a remuneration committee and function in accordance with the Remuneration Committee Charter. Executive directors absent themselves during discussion of their remuneration. All arrangements for the provision of professional services by directors will be formalised into written service contracts during the forthcoming financial year. To the extent that additional executives are appointed in the future and the scope of the Company's activities expands the Company will reconsider whether a change in the structure of executive remuneration is appropriate.
10	10.1	A code of conduct was adopted on 23 September 2004.	Although until 23 September 2004 there was no code of conduct documented or disclosed, the Board considered its business practices, as led by the example of the Board and key executives, were the equivalent of a code of conduct. The Company has now documented these practices and principles into a written code of conduct.

CORPORATE GOVERNANCE STATEMENT

Nomination Committee
There is no formal nomination committee. However, the full Board carries out responsibilities similar to that which would be conducted by a nomination committee. In carrying out these actions the full Board is guided by the Nomination Committee Charter as set out on its website.

Names of Directors and their attendance at meetings at which nomination matters were discussed

Name	No. of relevant meetings held	No. of relevant meetings attended
Mr Grant Button	3	3
Mr Kevin Huntly	3	3
Dr Evan Kirby	3	3
Mr Adrian Paul	3	3
Mr Edward Nealon	1	1
Ms Melissa Sturgess	1	1
Mr Terry McConnachie	0	0

Audit Committee
There is no formal audit committee. However, the full Board carries out a review similar to that which would be conducted by an audit committee. In carrying out these actions the full Board is guided by the Audit Review Guidelines as set out on its website. The Board did not meet formally as the audit committee during the reporting period, but discussed any relevant matters as-required during regular meetings of the Board.

Names of Directors and their attendance at meetings at which audit matters were discussed

Name	No of relevant meetings held	No of meetings relevant attended
Mr Grant Button	2	2
Mr Kevin Huntly	2	2
Dr Evan Kirby	2	2
Mr Adrian Paul	2	2
Mr Edward Nealon	1	1
Ms Melissa Sturgess	1	1
Mr Terry McConnachie	0	0

Remuneration Committee
The Company's remuneration policies are discussed in depth in the Remuneration report section of the Directors' Report.

From 23 September 2004 the full Board has carried out the function of the remuneration committee in accordance with a Remuneration Committee Charter.

CORPORATE GOVERNANCE STATEMENT

Names of Directors and their attendance at meetings at which remuneration matters were discussed

Name	No of relevant meetings held	No of meetings relevant attended
Mr Grant Button	1	1
Mr Kevin Huntly	1	1
Dr Evan Kirby	1	1
Mr Adrian Paul	1	1
Mr Edward Nealon	0	0
Ms Melissa Sturgess	0	0
Mr Terry McConnachie	0	0

Other

Skills, experience, expertise and term of office of each director
A profile of each director containing the applicable information is set out in the Directors' Report.

Identification of independent directors
The independent directors of the Company are Kevin Huntly and Evan Kirby.

Merrs Huntly and Kirby are considered independent directors in accordance with the criteria of independence as set out in Box 2.1 of the commentary that supplements the Principles of Good Corporate Governance and Best Practice Recommendations as published by the ASX Corporate Governance Council ("**Independence Criteria**").

Statement concerning availability of independent professional advice
If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director, then, provided the director first obtains approval for incurring such expense from the chairperson, the Company will pay the reasonable expenses associated with obtaining advice.

Confirmation whether performance evaluation of the Board and its members have taken place and how conducted
During the reporting period the composition and functioning of the Board as a whole was discussed from time to time at regular meetings of the Board. The Board considers that more formal procedure is not warranted at present in view of the small size, and overlap of many of the key functions, of the Board and management.

Existence and terms of any schemes for retirement benefits for non-executive directors
There are no retirement benefit schemes for non-executive directors.

SYLVANIA RESOURCES LIMITED
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AND CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2005

		Consolidated		*Parent entity*	
	Notes	***2005***	*2004*	***2005***	*2004*
		$	*$*	***$***	*$*
Revenue from ordinary activities	2	**114,720**	50,912	**114,720**	50,912
Exploration expenditure written off		**(10,705)**	(25,323)	**(19,926)**	(12,738)
Foreign exchange loss		**(3,365)**	-	**(59,995)**	-
Write down of non-current assets		**(1,783)**	(9,633)	**(1,783)**	(9,633)
Other expenses from ordinary activities	3	**(1,196,690)**	(485,749)	**(1,184,285)**	(485,749)
Provision for non-recovery of loan to controlled entity		**-**	-	**9,221**	(12,585)
Share of net profit of joint ventures accounted for on an equity basis		**143,079**	-	**-**	-
Loss from ordinary activities before income tax expense	3	**(954,744)**	(469,793)	**(1,142,048)**	(469,793)
Income tax expense	4	**-**	-	**-**	-
Loss from ordinary activities after income tax expense		**(954,744)**	(469,793)	**(1,142,048)**	(469,793)
Net loss		**(954,744)**	(469,793)	**(1,142,048)**	(469,793)
Total revenues, expenses and valuation adjustments attributable to members of Sylvania Resources Limited recognised directly in equity	10	**(105,030)**	(369,086)	**(105,030)**	(369,086)
Total changes in equity other than those resulting from transactions with owners as owners		**(1,059,774)**	(838,879)	**(1,247,078)**	(838,879)
Basic earnings per share (cents)	19	**(1.81)**	(1.46)		
Diluted earnings per share (cents)	19	**(1.81)**	(1.46)		

The accompanying notes form part of these financial statements.

SYLVANIA RESOURCES LIMITED
(ACN 091 415 968)
AND CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	Notes	*Consolidated* **2005** **$**	*Consolidated* 2004 $	*Parent entity* **2005** **$**	*Parent entity* 2004 $
Current assets					
Cash assets		**10,133,474**	4,023,120	**10,131,243**	4,023,120
Receivables	5	**319,491**	7,493	**569,491**	257,493
Total current assets		**10,452,965**	4,030,613	**10,700,734**	4,280,613
Non-current assets					
Investments accounted for using the equity method	6	**4,617,660**	2,530,828	**-**	-
Other financial assets	7	**19,736**	21,519	**19,736**	21,519
Mining tenements	8	**638,576**	250,000	**-**	-
Plant and equipment		**4,003**	-	**4,003**	-
Receivables	5	**-**	-	**4,819,190**	2,530,828
Total non-current assets		**5,279,975**	2,802,347	**4,842,929**	2,552,347
Total assets		**15,732,940**	6,832,960	**15,543,663**	6,832,960
Current liabilities					
Payables	9	**244,876**	189,200	**242,903**	189,200
Total current liabilities		**244,876**	189,200	**242,903**	189,200
Total liabilities		**244,876**	189,200	**242,903**	189,200
Net assets		**15,488,064**	6,643,760	**15,300,760**	6,643,760
Equity					
Contributed equity	10	**22,042,204**	11,957,781	**22,042,204**	11,957,781
Reserves	11	**-**	285,375	**-**	285,375
Accumulated losses	12	**(6,554,140)**	(5,599,396)	**(6,741,444)**	(5,599,396)
Total equity		**15,488,064**	6,643,760	**15,300,760**	6,643,760

The accompanying notes form part of these financial statements.

SYLVANIA RESOURCES LIMITED
(ACN 091 415 968)
AND CONTROLLED ENTITIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2005

		Consolidated		*Parent entity*	
	Notes	***2005***	*2004*	***2005***	*2004*
		$	*$*	***$***	*$*
Cash flows from operating activities					
Inflows from operations		**111,391**	31,568	**44,840**	-
Payments to suppliers and employees		**(1,270,047)**	(639,563)	**(1,249,694)**	(635,901)
Interest received		**114,720**	50,912	**114,720**	50,912
Net cash inflow/(outflow) from operating activities	17	**(1,043,936)**	(557,083)	**(1,090,134)**	(584,989)
Cash flows from investing activities					
Loans from/(to) controlled entity		**-**	-	**(2,279,141)**	(715,507)
Loan to other party		**(297,721)**	-	**(297,721)**	-
Purchase of plant & equipment		**(4,003)**	-	**(4,003)**	-
Exploration & evaluation expenditure		**(10,705)**	(25,323)	**(19,926)**	(12,738)
Purchase of exploration projects		**(388,576)**	-	**-**	-
Purchase of equity accounted investments		**(1,943,753)**	(731,621)	**-**	(793)
Net cash inflow/(outflow) from investing activities		**(2,644,758)**	(756,944)	**(2,600,791)**	(729,038)
Cash flows from financing activities					
Repayment of loan from other party		**-**	(290,215)	**-**	(290,215)
Proceeds from issue of shares		**9,904,078**	5,404,571	**9,904,078**	5,404,571
Capital raising costs		**(105,030)**	(288,531)	**(105,030)**	(288,531)
Net cash inflow from financing activities		**9,799,048**	4,825,825	**9,799,048**	4,825,825
Net increase/(decrease) in cash held		**6,110,354**	3,511,798	**6,108,123**	3,511,798
Cash at the beginning of the financial year		**4,023,120**	511,322	**4,023,120**	511,322
Cash at the end of the financial year		**10,133,474**	4,023,120	**10,131,243**	4,023,120

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

The financial report covers the consolidated entity of Sylvania Resources Limited and controlled entities, and Sylvania Resources Limited as an individual parent entity. Sylvania Resources Limited is a listed public company registered and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs, except for certain assets that, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Sylvania Resources Limited ("Company" or "parent entity") as at 30 June 2005 and the results of all controlled entities for the year then ended. Sylvania Resources Limited and its controlled entities together are referred to in this financial report as the Consolidated Entity. The effects of all transactions between entities in the Consolidated Entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences.

(b) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statements of financial performance is matched with the accounting profit/loss after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(c) Acquisitions of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Recoverable amount of non-current assets

The carrying amounts of non-current assets valued on the cost basis, other than exploration and evaluation expenditure carried forward (note 1(i)), are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

(e) Investments

Interests in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements are brought to account at the lower of cost or market value. Dividend income is recognised in the statement of financial performance when receivable. Controlled entities and associates are accounted for in the consolidated financial statements as set out in note 1(a).

(f) Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) Revenue

Revenue from the sale of assets is recognised upon the transfer of asset title to the purchaser. Interest revenue is recognised on a proportionate basis taking into account the interest rates applicable to the financial assets.

(h) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit/loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, by the weighted average number of ordinary shares, adjusted for any bonus element.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Exploration and evaluation expenditure

The Consolidated Entity's policy with respect to exploration and evaluation expenditure is to use the "area of interest" method. Under this method, exploration and evaluation costs are carried forward on the following basis:

(i) Each area of interest is considered separately when deciding whether and to what extent to carry forward or write off exploration and evaluation costs.

(ii) Exploration and evaluation costs related to an area of interest are carried forward provided that rights to tenure of the area of interest are current and provided further that one of the following conditions are met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
- exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and evaluation costs accumulated in respect to each particular area of interest includes only net direct expenditure.

(iii) The carrying values of exploration and evaluation costs are reviewed by Directors where results of exploration and/or evaluation of an area of interest are sufficiently advanced to permit a reasonable estimate of the costs expected to be recouped through successful development and exploitation of the area of interest or by its sale. Expenditure in excess of this estimate is written off to the statements of financial performance in the year in which the review occurs.

(j) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown exclusive of GST.

(k) *Cash*

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(l) *Interests in joint ventures*

The consolidated entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method. Where the consolidated entity acquires an interest in a joint venture entity, the acquisition cost is amortised on a basis consistent with the method of amortisation used by the joint venture in respect to assets to which the acquisition costs relate.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Foreign Currencies

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date are translated using the spot rate at the end of the financial year.

Except for certain specific hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year. Any gains or costs on entering a hedge are deferred and amortised over the life of the contract.

Translation of financial reports of overseas operations

The assets and liabilities of foreign operations that are integrated are translated using the temporal method. Monetary assets and liabilities are translated into Australian currency at rates of exchange current at balance date, while non-monetary items and revenue and expense items are translated at exchange rates current when the transactions occurred.

Exchange differences arising on translation are brought to account in the Statements of Financial Performance.

For integrated operations the translated amounts for non-monetary assets, other than inventory, are compared to recoverable amounts translated at spot rates at reporting dates and any excess is expensed, unless a revaluation reserve balance exists for non-current assets carried at fair value.

(n) Impact of adopting of Australian Equivalents to International Financial Reporting Standards

The Company is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ending 30 June 2006. In 2004, the Company allocated resources to conduct impact assessments to identify key areas that would be impacted by the transition of AIFRS. The consolidated entity is expected to be in a position to fully comply with the requirements of AIFRS for the 30 June 2006 financial year.

The key areas where it is believed that accounting policies may change are:

Impairment of assets

The Consolidated Entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets' use and subsequent disposal. In terms of AASB 136: *Impairment of Assets*, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. This change in accounting policy may lead to impairments being recognised more often than under the existing policy.

Share-based payment

Although share based compensation does not form part of the remuneration of directors/employees of the Consolidated Entity the Consolidated Entity currently does not recognise an expense for any share-based compensation granted. Under AASB 2: *Share-Based Payments*, the Consolidated Entity will be required to recognise an expense for such share-based compensation. Share-based compensation is measured at the fair value of the share options determined at grant date and recognised over the expected vesting period of the options. A reversal of the expense will be permitted to the extent that non-market based vesting conditions such as service are not met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impact of adopting of Australian Equivalents to International Financial Reporting Standards

Income tax
Currently, the Consolidated Entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under AASB 112: *Income Taxes*, the Consolidated Entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

The Consolidated Entity also has carried forward income tax losses which have not been recognised as deferred tax assets as they do not satisfy the "virtually certain" test under current Australian Accounting Standards. Under AASB 112, it will be easier to recognise these tax losses as deferred tax assets due to the recognition test being based on whether it is "probable" that the losses will be recovered.

Foreign currency – Financial statements of foreign operations
Under current Australian GAAP, the assets and liabilities of foreign operations that are integrated are translated using the temporal method. Monetary assets and liabilities are translated into Australian currency at rates of exchange current at balance date, while non-monetary items and revenue and expense items are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are brought to account in the Statements of Financial Performance.

Under AIFRS, each entity in the consolidated entity determines its functional currency, the currency of the primary economic environment in which the entity operates, reflecting the underlying transactions, events and conditions that are relevant to the entity. The entity maintains its books and records in its functional currency.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from the entity's functional currency to the consolidated entity's presentation currency of Australian dollars at foreign exchange rates ruling at reporting date. The revenues and expenses of foreign operations are translated to Australian dollars at the exchange rates approximating the exchange rates ruling at the date of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

Set out below are the directors' best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken; (b) potential amendments to AIFRS and Interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations:

(i) Reconciliation of equity as presented under AGAAP to that under AIFRS
Subject to the impact of the change described above in relation to foreign currency, no material impacts are expected to the net result presented under AGAAP on adoption of AIFRS.

(ii) Reconciliation of net result under AGAAP to that under AIFRS
Subject to the impact of the change described above in relation to foreign currency, no material impacts are expected to the net result presented under AGAAP on adoption of AIFRS.

(iii) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005
No material impacts are expected to the cash flows presented under AGAAP on adoption of AIFRS.

	Consolidated		*Parent entity*	
	2005	*2004*	***2005***	*2004*
	$	*$*	***$***	*$*
NOTE 2 – REVENUE				
Operating activities				
Sale of goods	**-**	-	**-**	-
Interest received	**114,720**	50,912	**114,720**	50,912
Total revenue	**114,720**	50,912	**114,720**	50,912

NOTE 3 - OPERATING LOSS

	Consolidated		*Parent entity*	
	2005	*2004*	***2005***	*2004*
	$	*$*	***$***	*$*
Loss from ordinary activities before income tax expense includes the following specific net gains and expenses:				
Expenses				
Provision for non-recovery of loan to controlled entity	**-**	-	**(9,221)**	12,585
Provision for diminution of equity investment	**1,783**	9,633	**1,783**	9,633
Tenement exploration expenses written off	**10,705**	25,323	**19,926**	12,738
Foreign exchange loss	**3,365**	-	**59,995**	-
Other expenses from ordinary activities includes the following:				
Administration costs	**100,941**	38,322	**100,371**	23,288
Compliance cost	**41,022**	66,507	**36,537**	66,507
Consulting fees	**483,559**	110,456	**474,147**	110,456
Directors' fees	**102,739**	32,931	**102,739**	32,931
Employee costs	**29,964**	-	**29,964**	-
Legal fees	**125,767**	36,445	**125,767**	36,445
Office rental	**26,942**	15,034	**26,942**	15,034
Project generation costs	**-**	115,111	**-**	115,111
Travel	**286,006**	53,752	**286,006**	53,752

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

NOTE 4 - INCOME TAX

a) The income tax expense for the financial year differs from the prima facie tax applicable to the loss for the year as follows:

	Consolidated		*Parent entity*	
	2005	*2004*	***2005***	*2004*
	$	*$*	***$***	*$*
Loss from ordinary activities before income tax expense	**(954,744)**	(469,793)	**(1,142,048)**	(469,793)
Income tax calculated @ 30%	**(286,423)**	(140,938)	**(342,614)**	(140,938)
Tax effect of permanent differences:				
Non deductible expenses	**60,080**	38,358	**128,305**	38,358
Tax benefit not recognised	**226,343**	102,580	**214,309**	102,580
Income tax expense	**-**	-	**-**	-
b) The directors estimate that the potential future income tax benefit in respect of tax losses not brought to account calculated at 30% is:	**510,871**	1,059,973		

This benefit for tax losses will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and

(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

c) Tax consolidation

Sylvania Resources Limited and its 100% owned Australian subsidiary intend to form a tax consolidated group with effect from 1 July 2003. The head entity of the tax consolidated group is Sylvania Resources Limited.

Members of the group intend to enter into a tax funding arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition the members intend to enter into a tax sharing agreement which provides for the allocation of income tax liabilities between the entities should the head entity default in its tax payment obligations.

NOTE 5 – RECEIVABLES

	Consolidated		*Parent entity*	
	2005	*2004*	***2005***	*2004*
Current				
Sundry loan to unrelated party	**297,721**	-	**297,721**	-
Net GST receivable	**21,770**	7,493	**21,770**	7,493
Amount receivable from controlled entity	**-**	-	**557,914**	567,135
Provision for non-recovery of loan to controlled entity	**-**	-	**(307,914)**	(317,135)
	319,491	7,493	**569,491**	257,493

	Consolidated		*Parent entity*	
	2005	*2004*	***2005***	*2004*
	$	*$*	***$***	*$*
NOTE 5 – RECEIVABLES (CONT)				
Non-current				
Amount receivable from controlled entity	**-**	-	**4,819,190**	2,530,828

NOTE 6 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Interest in joint venture entity	**4,617,660**	2,530,828	**-**	-

NOTE 7 – OTHER FINANCIAL ASSETS				
Listed investments – at valuation	**19,736**	21,519	**19,736**	21,519
Investment in controlled entity	**-**	-	**1,500,004**	1,500,004
Provision for diminution in value of investment in controlled entity	**-**	-	**(1,500,004)**	(1,500,004)
	19,736	21,519	**19,736**	21,519

NOTE 8 – MINING TENEMENTS				
Acquisition, exploration and evaluation expenditure at written down recoverable amount in respect of areas of interest in the exploration phase	**638,576**	250,000	**-**	-
Movements:				
Opening balance	**250,000**	250,000	**-**	-
Direct expenditure for the year	**10,705**	25,323	**19,926**	12,738
Cost of tenements acquired	**388,576**	-	**-**	-
Amounts written off	**(10,705)**	(25,323)	**(19,926)**	(12,738)
Balance at end of financial year	**638,576**	250,000	**-**	-

Ultimate recovery of exploration and evaluation expenditure carried forward is dependent upon the re-coupment of costs through successful development and commercial exploitation, or alternatively by sale of the respective areas.

NOTE 9 – CURRENT LIABILITIES				
Payables - sundry creditors	**244,876**	189,200	**242,903**	189,200

Of the payables $101,972 (2004: $50,074) is denominated and payable in South African rand.

	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
NOTE 10 - CONTRIBUTED EQUITY				
a) Ordinary shares				
91,679,273 fully paid ordinary shares (2004: 51,883,883)			**22,042,204**	11,957,781
Movements in share capital:				
Balance at the beginning of the financial year			**11,957,781**	5,122,296
7,780,000 ordinary shares issued at $0.45 each			**3,501,000**	-
32,015,390 June 2005 options exercised at $0.20 each			**6,403,078**	-
16,677,652 ordinary shares issued at an average price of $0.324 each			**-**	5,404,571
Option Issue reserve transferred to share capital following June 2005 options being exercised			**285,375**	-
6,000,000 ordinary shares issued at $0.30 each to acquire a interest in a joint venture entity			**-**	1,800,000
Capital raising costs			**(105,030)**	(369,086)
Balance at the end of the financial year			**22,042,204**	11,957,781

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the parent entity, ordinary shareholders rank after all creditors and are fully entitled to any proceeds on liquidation.

b) Options

During the year there were 32,015,390 June 2005 options exercised to acquire ordinary fully paid shares at $0.20. A further 272,133 June 2005 options lapsed as they were not exercised by 30 June 2005.

NOTE 11 – RESERVES

	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
Option reserve	**-**	285,375	**-**	285,375

During the year the option reserve was transferred to share capital following the exercise/expiry of June 2005 options.

NOTE 12 – ACCUMULATED LOSSES

	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
Accumulated losses at the beginning of the financial year	**5,599,396**	5,129,603	**5,599,396**	5,129,603
Net loss for the year	**954,744**	469,793	**1,142,048**	469,793
Balance at the end of the financial year	**6,554,140**	5,599,396	**6,741,444**	5,599,396

NOTE 13 - FINANCIAL INSTRUMENTS

(a) Credit risk exposures

Credit risk relates to the risk that counterparties will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from any defaults.

The exposure of the consolidated entity to credit risk in relation to each class of recognised financial asset is the carrying amount as indicated in the statements of financial position.

(b) Net fair values

The fair values of all financial assets and liabilities approximate their carrying values as indicated in the statements of financial position.

(c) Interest rate risk

All cash balances attract a floating rate of interest. The unsecured loan to another party does not attract interest. The consolidated entity's exposure to interest rate risk and the effective interest rate by maturity periods is set out below.

				Fixed interest :		
2005	*Weighted Average Interest Rate*	*Non-Interest Bearing*	*Floating interest rate*	*1 year Or less*	*Over 1 to 5 years*	*Total*
Financial assets						
Cash and deposits	**4.9%**	**140**	**10,133,334**	**-**	**-**	**10,133,474**
Receivables		**319,491**	**-**	**-**	**-**	**319,491**
Investments		**19,736**	**-**	**-**	**-**	**19,736**
		339,367	**10,133,334**	**-**	**-**	**10,472,701**
Financial liabilities						
Payables		**(244,875)**	**-**	**-**	**-**	**(244,875)**
Net financial assets/(liabilities)		**94,492**	**10,133,334**	**-**	**-**	**10,227,826**

				Fixed interest :		
2004	*Weighted Average Interest Rate*	*Non-Interest Bearing*	*Floating interest rate*	*1 year Or less*	*Over 1 to 5 years*	*Total*
Financial assets						
Cash and deposits	4.3%	-	4,023,120	-	-	4,023,120
Receivables		7,493	-	-	-	7,493
Investments		21,519	-	-	-	21,519
		29,012	4,023,120	-	-	4,052,132
Financial liabilities						
Payables		(189,200)	-	-	-	(189,200)
Net financial assets/(liabilities)		(160,188)	4,023,120	-	-	3,862,932

NOTE 14 – REMUNERATION OF DIRECTORS AND EXECUTIVES

(a) Names and positions held of parent entity directors and specific executives in office at any time during the financial year were:

Parent Entity Directors

Mr. E Nealon	Chairman	Executive
Mr. T McConnachie	Chief Operating Officer	Executive
Mr. G Button	Director	Executive
Ms M Sturgess	Director	Non-executive
Mr. E Kirby	Director	Non-executive
Mr. S Huntley	Director	Non-executive
Mr. A Paul (resigned 22 June 2005)	Director	Non-executive

Specified executives

Due to the size of the company and its current level of operations, there are no executives other than the company secretary.

(b) Parent Entity Directors' remuneration

	Primary Benefits		Post employment	
2005	Directors fees	Consulting fees	Superannuation	Total
Mr E Nealon*	**11,370**	**99,600**	**1,023**	**111,993**
Mr McConnachie	**493**	**-**	**-**	**493**
Mr Button	**20,000**	**110,000**	**1,800**	**131,800**
Ms Sturgess*	**11,370**	**99,600**	**1,023**	**111,993**
Mr Kirby	**20,000**	**40,000**	**1,800**	**61,800**
Mr Huntley	**20,000**	**17,020**	**-**	**37,020**
Mr Paul	**19,506**	**-**	**1,756**	**21,262**
	102,739	**366,220**	**7,402**	**476,361**

*The consulting fees paid to E Nealon and M Sturgess include fees paid prior to their appointment as directors.

2004				
Mr Button	20,000	-	-	20,000
Mr Paul	20,000	-	-	20,000
Mr Huntley	20,000	26,064	-	46,064
Mr Kirby	12,931	-	-	12,931
Mr G Nealon	-	17,500	-	17,500
	72,931	43,564	-	116,495

There has been no equity based compensation paid to directors in the last two financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

NOTE 14 – REMUNERATION OF DIRECTORS AND EXECUTIVES

(c) Specified executive remuneration

	Primary Benefits		Post employment	
2005	Base fees	Consulting fees	Superannuation	Total
Mr M Langoulant (Company Secretary)	**-**	**18,160**	**-**	**18,160**

There were no specified executives in the year ended 30 June 2004.

(d) Shares held by Parent Entity Directors and specified executives

Fully paid ordinary shares

Director	Balance at 1 July 2004	Net changes*	Balance at 30 June 2005
E Nealon	Nil	-	Nil
T McConnachie	Nil	-	Nil
G Button	250,000	250,000	500,000
M Sturgess	Nil	65,000	65,000
E Kirby	14,300	-	14,300
K Huntly	Nil	-	Nil
Executive			
M Langoulant	100,000	-	100,000

* Refers to shares acquired on exercise of June 2005 options during the year.

(e) Remuneration practices
Refer to the Remuneration report section of the Directors' Report.

	Consolidated		*Parent entity*	
	2005	*2004*	***2005***	*2004*
	$	*$*	***$***	*$*
NOTE 15 – REMUNERATION OF AUDITORS				
Audit and review services	**15,453**	12,300	**13,300**	12,300
Other services – tax and secretarial services	**3,612**	4,495	**1,281**	4,495
	19,065	16,795	**14,581**	16,795

NOTE 16 - INVESTMENTS IN CONTROLLED ENTITIES

(a) Investment in controlled entities

Name of entity	*Country of registration*	*Class of shares*	*Equity holding*		*Book value of parent entity's investment*	
			2005	***2004***	***2005***	*2004*
			%	***%***	***$***	*$*
Twinloop Nominees Pty Ltd	Australia	Ordinary	100	100	**Nil**	Nil
Sylvania South Africa (Pty) Ltd	South Africa	Ordinary	100	100	**Nil**	Nil

(b) Transactions between wholly-owned group

The wholly owned group consists of Sylvania Resources Limited and its wholly owned controlled entities, Twinloop Nominees Pty Ltd and Sylvania South Africa (Pty) Ltd. The ownership interest in these controlled entities is set out above. Transactions between Sylvania Resources Limited and its controlled entities during the year consisted of loans advanced by Sylvania Resources Limited.

	Parent entity	
	2005	*2004*
	$	*$*
Aggregate amounts receivable from entities in the wholly-owned group at balance date:		
Current receivables (loans)	**557,914**	567,135
Provision for non-recovery of loans	**(307,914)**	(317,135)
	250,000	250,000
Non-current receivables (loans)	**4,819,190**	2,530,828

NOTE 17 - CASH FLOW INFORMATION

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
a) *Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities*				
Loss from ordinary activities after income tax	**(954,744)**	(469,793)	**(1,142,048)**	(469,793)
Equity accounted net profit from joint venture entity	**(143,079)**	-	**-**	-
Write down of other non-current assets to recoverable amount	**1,783**	9,633	**1,783**	9,633
Mining tenement expenditure written off	**10,705**	25,323	**19,926**	12,738
Write down of loan to controlled entity	**-**	-	**(9,221)**	12,585
(Increase) / Decrease in receivables	**(14,277)**	27,906	**(14,277)**	(3,662)
Increase/(Decrease) in payables	**55,676**	(150,152)	**53,703**	(146,490)
Net cash outflow from operating activities	**(1,043,936)**	(557,083)	**(1,090,134)**	(584,989)

b) *Non-cash financing and investing activities*

During the 2004 financial year the following non-cash financing or investing activities occurred:

- 6,000,000 ordinary shares were issued at a deemed issue price of $0.30 each as part consideration for the acquisition of a 25% interest in the CTRP joint venture entity.

NOTE 18 – COMPANY DETAILS

Sylvania Resources Limited is a publicly listed company limited by shares, registered and domiciled in Australia.

At reporting date, the consolidated entity had one employee.

NOTE 19 - EARNINGS PER SHARE

	Consolidated	
	2005	2004
	$	$
a) Earnings used in the calculation of earnings per share	**(954,744)**	(469,793)
	Number	*Number*
b) Weighted average number of ordinary shares used in the calculation of basic earnings per share	**52,738,939**	32,174,713

SYLVANIA RESOURCES LIMITED
(ACN 091 415 968)
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

NOTE 20 – INTEREST IN JOINT VENTURE ENTITY

The consolidated entity has a 25% interest in an un-incorporated joint venture, CTRP, that operates a chrome tailings re-treatment plant at Kroondal in South Africa for the purpose of extracting platinum group metals. The consolidated entity has accounted for this interest on an equity accounting basis.

	Consolidated	
	2005	*2004*
	$	*$*
(a) Retained earnings attributable to interest in joint venture		
Balance at beginning of financial year	**-**	-
Share of joint venture's profit from ordinary activities after income tax	**143,079**	-
Balance at end of financial year	**143,079**	-
(b) Reserves attributable to interest in joint venture	**-**	-
(c) Carrying amount of investment in joint venture entity		
Joint venture interest acquisition cost	**2,530,828**	2,530,828
Accumulated amortisation	**-**	-
	2,530,828	2,530,828
Contributions to the joint venture:-		
Balance at beginning of the financial year	**-**	-
Additional investment made during year	**1,943,753**	-
Share of joint venture's profit from ordinary activities after income tax	**143,079**	-
Balance at end of financial year	**2,086,832**	-
	4,617,660	2,530,828
(d) Share of joint venture entity's results and financial position		
Current assets	**434,565**	-
Non-current assets	**1,768,815**	-
Total assets	**2,203,380**	-
Current liabilities	**177,034**	-
Non-current liabilities	**143,086**	
Total liabilities	**320,120**	-
Revenue	**456,954**	-
Expenses	**(313,875)**	-
Profit from ordinary activities before income tax	**143,079**	-
Income tax expense	**-**	-
Profit from ordinary activities after income tax	**143,079**	-

NOTE 21 – COMMITMENTS

Exploration expenditure commitments

Under the terms of tenement licences granted by the relevant Australian State Department, minimum annual expenditure obligations must be met in order for mining tenements to maintain a status of good standing. These obligations totalling $25,000 have been transferred to a third party under the an option agreement whereby that party has until 16 August 2006 to exercise the option to acquire Sylvania's interests in its Australian tenements by the payment of A$55,000 and the issuance to Sylvania of fully paid ordinary shares in a listed entity to the value of A$300,000. However Sylvania may be required to be expend the minimum annual exploration should that party not fulfil its obligations.

CTRP joint venture entity expenditure commitments

As at 30 June 2004 the consolidated entity had certain obligations to fund a portion of the CTRP joint venture entity capital costs to be incurred. The consolidated entity was committed to fund GBP615,000 of the initial capital construction costs plus 25% of any capital expenditure in excess of budget. As at 30 June 2005 there were no existing expenditure commitments.

The above obligations are not provided for in the financial report and are payable as set out below:

	Consolidated		*Parent entity*	
	2005	*2004*	***2005***	*2004*
	$	*$*	***$***	*$*
Within one year	-	1,615,000	-	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-

NOTE 22 – SEGMENT REPORTING

The consolidated entity has mineral exploration and production and investment interests in both Australia and South Africa.

	Australia		South Africa		Elimination		Consolidated	
	2005	*2004*	***2005***	*2004*	***2005***	*2004*	***2005***	*2004*
REVENUE	***$***	*$*	***$***	*$*	***$***	*$*	***$***	*$*
External sales	**-**	-	**-**	-		-		-
Total sales revenue								
Other revenue	**114,720**	50,912	**-**	-		-	**114,720**	50,912
Share of net profits of equity accounted associates and joint venture entities	**-**	-	**143,079**	-	**-**	-	**143,079**	-
Total segment revenue	**114,720**	50,912	**143,079**	-	**-**	-	**257,799**	50,912
Unallocated revenue							**-**	-
Total revenue							**257,799**	50,912
RESULT								
Segment result	**(803,480)**	(341,944)	**(147,899)**	(127,849)	**-**	-	**(951,379)**	(469,793)
Unallocated expenses net of unallocated revenue							**(3,365)**	-
Loss from ordinary activities							**(954,744)**	(469,793)
Income tax expense							**-**	-
Net profit							**(954,744)**	(469,793)
ASSETS								
Segment assets	**10,426,753**	4,302,132	**5,306,187**	2,530,828	**-**	-	**15,732,940**	6,832,960
Unallocated assets							**-**	-
Total assets							**15,732,940**	6,832,960

SYLVANIA RESOURCES LIMITED
(ACN 091 415 968)
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

NOTE 22 – SEGMENT REPORTING (Cont'd)

	Australia		South Africa		Elimination		Consolidated	
	2005	*2004*	***2005***	*2004*	***2005***	*2004*	***2005***	*2004*
	$	*$*	***$***	*$*	***$***	*$*	***$***	*$*
LIABILITIES								
Segment liabilities	**129,078**	139,126	**115,798**	50,074	**-**	-	**244,876**	189,200
Unallocated liabilities							**-**	-
Total liabilities							**244,876**	189,200
OTHER								
Write down of non-current assets to recoverable amount	**1,783**	9,633	**-**	-	**-**	-	**1,783**	9,633
Carrying amount of investment accounted for on an equity basis	**-**	-	**4,617,660**	2,530,828	**-**	-	**4,617,660**	2,530,828

DIRECTORS' DECLARATION

The directors declare that:

1. The financial statements and notes set out on pages 17 to 37 are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

Edward Nealon
Executive Chairman

Perth, Western Australia
22 September 2005

HLB Mann Judd
Chartered Accountants

Auditors' Independence Declaration

As lead auditor for the audit of the financial report of Sylvania Resources Ltd for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sylvania Resources Ltd.

WM Clark

Perth, Western Australia
22 September 2005

WM Clark
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership)
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Partners: Ian H Barsden, Terry M Blenkinsop, Litsa Christodulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley

HLB Mann Judd (WA Partnership) is a member of HLB International and the HLB Mann Judd National Association of independent accounting firms

HLB Mann Judd
Chartered Accountants

INDEPENDENT AUDIT REPORT

To the members of
SYLVANIA RESOURCES LIMITED

Scope

The Financial Report and Directors' Responsibility
The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the year ended 30 June 2005 for both Sylvania Resources Limited ("the company") and the consolidated entity as set out on pages 17 to 38. The consolidated entity comprises both the company and the entities it controlled during the year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates within the financial report.

Audit Approach
We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by several factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of evidence which may be persuasive rather than conclusive. Accordingly, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects, the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance Accounting Standards and other mandatory professional reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When determining the nature and extent of our procedures we considered the effectiveness of management's internal controls over financial reporting. Our audit was not designed to provide assurance in relation to internal controls.

HLB Mann Judd (WA Partnership)

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Partners: Ian H Barsden, Terry M Blenkinsop, Litsa Christodulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley

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Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

The Directors Report attached to the financial statements includes a copy of the Independence Declaration dated 22 September 2005 given to the Directors by the lead auditor for the audit. That Declaration would be in the same terms if it had been given to the Directors at the time this audit report was made.

Audit Opinion

In our opinion, the financial report of Sylvania Resources Limited is in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the financial position of Sylvania Resources Limited and the consolidated entity as at 30 June 2005 and of their performance for the year then ended; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

HLB MANN JUDD
Chartered Accountants

Perth, Western Australia
22 September 2005

W M CLARK
Partner

SYLVANIA RESOURCES LIMITED
(ACN 091 415 968)

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The shareholder information set out below was applicable as at 31 August 2005.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security Ordinary shares
1 – 1,000	4
1,001 – 5,000	51
5,001 – 10,000	78
10,001 – 100,000	247
100,001 and over	95
	475

There were 5 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders – ordinary shares

	Ordinary shares	
Name	**No. held**	**% of issued shares**
ANZ Nominees Limited	16,745,830	18.27
Sunshore Holdings Pty Ltd	10,761,980	11.74
National Nominees Limited	10,296,195	11.23
Westpac Custodian Nominees Limited	4,275,000	4.66
Bell Potter Nominees Pty Ltd	2,050,000	2.24
Blackmort Nominees Pty Ltd	1,970,000	2.15
Victoria Global Holdings Limited	1,900,000	2.07
Fisherstreet Management Limited	1,750,000	1.91
Flue Holdings Pty Ltd	1,450,000	1.58
JP Morgan Nominees Australia Limited	1,300,000	1.42
HSBC Custody Nominees (Australia) Ltd	1,250,000	1.36
Dr Salim Cassin	1,140,000	1.24
Mr Christopher Robert Rogerson Almondbury	1,100,000	1.20
Walthamstow Pty Ltd	980,000	1.07
Timriki Pty Ltd	950,000	1.04
Fortis Clearing Nominees P/L	879,955	0.96
Four P Investment Company Pty Ltd	852,000	0.93
WB Nominees Limited	849,703	0.93
Citicorp Nominees Pty Limited	690,000	0.75
Sunshore Holdings Pty Ltd	679,101	0.74
	61,869,764	67.49

SYLVANIA RESOURCES LIMITED
(ACN 091 415 968)

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

C. Substantial shareholders

Substantial shareholders in the Company are set out below:

	Number Held	Percentage
Ordinary shares		
Sunshore Holdings Pty Ltd	11,750,000	12.82
FRM Corp	5,145,679	5.64

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) **Ordinary shares**
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

E. Tenement schedule

Project	Tenement details	% Held
Copper Knob	M52/211	100 (subject to option to sell 100%)
Jimblebar	P52/869	80 (subject to option to sell 100%)
	MLA52/739	80 (subject to option to sell 100%)
	P52/972	100 (subject to option to sell 100%)
Everest North	Mineral Area 2 on farm Vygenhoek No 10 JT measuring 180 hectares	Right to acquire 100%