A.C.N 091 415 968

QUARTERLY REPORT 30 SEPTEMBER 2004

SOUTH AFRICAN OPERATIONS

Chromite Tailings Retreatment Consortium

Sylvania Resources Limited ("Sylvania") owns a 25% interest in a Consortium (known as RK1) led by Aquarius Platinum Limited which will undertake a project to treat chromite tailings through a purpose built plant at its Kroondal Mine in order to extract platinum group metals (platinum, palladium, rhodium and gold).

The initial year of the project is expected to yield in excess of 20,000 ounces of Platinum group metals ("PGMs"), growing to 28,000 ounces per year from the second year, with 25% of the production attributable to Sylvania.

During the quarter, construction of the RK1 processing plant has progressed according to schedule. By mid September, all of the flotation cells, tanks and pumps had been delivered to site and installed in the plant. Good progress was being made with piping and the electrical work had commenced. Construction costs are being tightly controlled although there had been minor additions to the scope of work.

During July an additional flotation test was performed by Lakefield Research to generate a concentrate sample for Anglo Platinum. This work was undertaken on a new sample of current tailings from the Xstrata Chrome Mine. A laboratory locked cycle test procedure was used to simulate the performance of a full-scale flotation circuit with recycle streams. An excellent grade/recovery result was obtained, further supporting the financial robustness of the project.

Construction of the RK1 Plant is on track for completion during November 2004, with first PGM concentrate scheduled to be produced before the end of the December quarter.

The project economics which have been conservatively modeled are very robust over a wide range of metal price and exchange rate assumptions. An after-tax internal rate of return of 72% is generated at the current basket price of Us$521 per PGM ounce with an exchange rate of R7/US$1.The current PGM basket price for RK1 material sits at around US$750 per ounce which is a significant premium to the preferred price used in the model.

Please refer to the Sylvania Resources Limited website at www.sylvaniaresources.com for photographs providing regular updates on the progress of the construction.

AUSTRALIAN OPERATIONS

Previous 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 mineralization.

During the quarter Sylvania entered into an Option Agreement with Warwick John Flint ("Flint") over all of the Australian tenements of Sylvania at Jimblebar and Copper Knob. Under the terms of the Option Agreement Flint has the right to exercise the Option within 12 months, from 16 August 2004, 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. Flint has the right to extend the Option Agreement for a further 12 month period through the payment of A$10,000 and the share consideration increasing to A$300,000.

Sylvania entering into this Option Agreement is consistent with the Board's stated intention of focusing its attention on the activities of the RK1 Consortium, and other opportunities to develop further chromite retreatment projects.

1. JIMBLEBAR COPPER/GOLD (45 kms east south east of Newman; Sylvania 80% P52/869 & MLA52/739, Sylvania 100% others)

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 of the latter 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 mineralization.

No field work was undertaken by the Company during the quarter.

2. COPPER KNOB (42 kms east south east of Newman; Sylvania 100%)

The Mining Lease 52/211 at Copper Knob, covers a very large body of disseminated low grade sulphide copper mineralization with some gold values that has been drilled by previous explorers. This mineralization lies within a sequence of felsic and intermediate volcanic rocks that extend for over 9 kilometres 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.

No field work was undertaken by the Company during the quarter.

GRANT BUTTON
Managing Director

Further information please contact:
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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	51,883,883	51,883,883	N/A	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs					
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)*	32,287,523	32,287,523	*Exercise price* *$0.20*	*Expiry date* *30/06/2005*	
7.8	Issued during quarter					
7.9	Exercised during quarter					
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: 28 October 2004

Managing Director

Print name: Grant Button

Notes

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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