

Sylvania Resources Limited ('Sylvania' or the 'Company')**ASX, AIM: SLV**

11 May 2009

The Company Announcements Office
ASX Limited**Sylvania Resources Limited Announces Takeover Offer for
SA Metals Limited (formerly Pan Palladium Limited)**

Sylvania Resources Limited (ASX: **SLV, Sylvania**) today announces its intention to make an off-market takeover offer (**Offer**) for all the ordinary shares in SA Metals Limited (ASX: **SXM, SA Metals**) (formerly Pan Palladium Limited (ASX: **PPD**)).

Sylvania has also today announced an intention to make an off-market takeover offer for all of the ordinary shares in Great Australian Resources Limited (ASX: **GAU, Great Australian Resources**), a company which also has interests in platinum group metals (**PGM**) exploration projects in the Bushveld Igneous Complex of South Africa.

The combination of the PGM assets of Sylvania and SA Metals would provide an opportunity to create long term benefits and value for the shareholders of both companies through improved scale and penetration of the market for the supply of PGM resources. Further, the acquisition of Great Australian Resources would strengthen the combined entity's interest in PGM projects in South Africa.

The all scrip Offer is based on 1 Sylvania share for every 10 SA Metals shares. Total consideration payable by Sylvania under the offer, assuming 100% acceptance, would be approximately 25,722,634 Sylvania shares, equivalent to a value of approximately A\$25.4 million based on the closing price of Sylvania shares on ASX on 11 May 2009.

The Offer equates to a value of approximately A\$0.099 per SA Metals share, and represents a premium of 120% based on the closing price of Sylvania and SA Metals shares on ASX on 11 May 2009.

The Offer is subject to a number of conditions, including that, at the end of the offer period, Sylvania has a relevant interest in at least 50.1% of the SA Metals shares. The conditions are set out in Annexure A to this letter.

Benefits to shareholders

The Offer is a logical and value-adding proposal for both SA Metals shareholders and Sylvania shareholders - particularly in the current market environment. The organisations have complimentary assets and focus, and combining these would provide a strong asset base in the PGM industry.

SA Metals shareholders will have the opportunity to realise a substantial premium for their shares, as well as retain long term exposure and upside in the development of SA Metals' resources through Sylvania.

About Sylvania

Sylvania is a fast-growing PGM producer with tailings retreatment operations and shallow mining exploration interests located in South Africa's PGM rich Bushveld Igneous Complex. Well resourced in respect of both metallurgical and engineering expertise, Sylvania's medium term focus on surface tailings retreatment and shallow mining in the longer term positions it strongly as a low risk, low cost and high margin PGM producer compared with its underground peers.

Sylvania's interests comprise:

- a 74% interest in Sylvania Metals (Pty) Limited, which treats chrome tailings from Samancor Chrome (Pty) Limited's mines on the western and eastern limbs of the Bushveld Igneous Complex;
- a 25% interest in a Chrome Tailings Retreatment Project at Kroondal on the western limb, managed by Aquarius Platinum Limited; and
- an exploration project in the eastern limb of the Bushveld Igneous Complex.

The nature of Sylvania's business makes it less dependent on and demanding of scarce national resources, such as power and water. In addition, its deposition of retreated tailings is to the highest and most modern standards, with consequent long-term benefits for the environment.

Sylvania is currently entitled to a:

- 12.89% relevant interest in SA Metals; and
- 19.90% relevant interest in Great Australian Resources.

Sylvania is in the process of preparing a formal Bidder's Statement and will lodge that document with the ASX and ASIC in due course.

For further information please contact:

In South Africa

Terence McConnachie
(MD Sylvania Resources Limited)
(+27 11) 673 1171

Louis Carroll
(FD/Joint Company Secretary)
Sylvania Resources Limited
(+27 11) 673 1171

In Australia

Richard Rossiter (Chairman)
Sylvania Resources Limited
(+614) 1868 8338

Grant Button
(Director/Joint Company Secretary)
Sylvania Resources Limited
(+618) 9226 4777

In United Kingdom

Richard Brown/ Richard Greenfield
Ambrian Partners Limited
+44 (0) 20 7634 4700

Laurence Read/Beth Harris
Threadneedle Communications
+44 (0) 20 7653 9855



Annexure A - Conditions of the Offer

The Offer will be subject to the following defeating conditions:

1. 50.1% minimum acceptance

At the end of the Offer Period, Sylvania has a relevant interest in at least 50.1% of the SA Metals shares.

2. No regulatory actions

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

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
- (b) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (c) no application is made to any Government Agency (other than by Sylvania or any of its associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of, Chapter 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Offer or the acquisition of SA Metals shares under the Offer or the completion of any transaction contemplated by the Bidder's Statement, or seeks to require the divestiture by Sylvania of any SA Metals shares, or the divestiture of any material assets of the SA Metals Group or the Sylvania Group.

3. No material transactions

Between the Announcement Date and the end of the Offer Period (each inclusive), neither SA Metals nor any subsidiary of SA Metals:

- (a) acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$250,000 or makes an announcement about such a transaction;
- (b) disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$250,000 or makes an announcement about such a disposal;
- (c) enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership or dual listed company structure, involving a commitment of in aggregate greater than \$250,000, other than in the ordinary course of business, or makes an announcement in relation to such entry, offer or agreement;
- (d) incurs or commits to, or grants to another person a right the exercise of which would involve SA Metals incurring or committing to, any capital expenditure or liability in respect of one or more related items of in aggregate greater than \$250,000 or makes an announcement about such a commitment; or



- (e) discloses (without having disclosed to ASX prior to the Announcement Date) the existence of any matter described in sub-paragraphs (a) to (d) above, or announces an intention or proposal to do anything described in sub paragraphs (a) to (d) above.

4. No material adverse change

Between the Announcement Date and the end of the Offer Period (each inclusive), no event, change or condition occurs, is announced or becomes known to Sylvania (whether or not it becomes public) where that event, change or condition has had, or could reasonably be expected to have, a material adverse effect on:

- (a) the business, assets, liabilities, financial or trading position, profitability or prospects of the SA Metals Group, taken as a whole, since 30 June 2008;
- (b) the status or terms of arrangements entered into by the SA Metals Group; or
- (c) the status or terms of any approvals, licences or permits from Government Agencies applicable to the SA Metals Group,

except for events, changes and conditions publicly announced by SA Metals or otherwise disclosed in public filings by SA Metals or any of its subsidiaries prior to the Announcement Date where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading.

5. Non-existence of certain rights

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

- (a) acquire, or require the disposal of, or require SA Metals or its subsidiaries to offer to dispose of, any material asset of SA Metals or any of its subsidiaries; or
- (b) terminate, or vary the terms of performance of, any material agreement of SA Metals or any of its subsidiaries.

6. No prescribed occurrences

During the period beginning on the date of the Bidder's Statement and ending at the end of the Offer Period (inclusive), none of SA Metals or any subsidiary of SA Metals:

- (a) converts all or any of its shares into a larger or smaller number of shares;
- (b) resolves to reduce its share capital in any way;
- (c) enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option (other than as a result of the exercise of SA Metals Options);
- (e) issues, or agrees to issue, convertible notes;
- (f) makes any changes in its constitution or passes any special resolution;



- (g) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (h) charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (i) borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of business);
- (j) has threatened or commenced against it any material claims or proceedings in any court or tribunal;
- (k) resolves to be wound up;
- (l) causes or is subject to the appointment of a liquidator or provisional liquidator;
- (m) is subject to a court order for its winding up;
- (n) is subject to an administrator of SA Metals, or a subsidiary of SA Metals, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (o) executes a deed of company arrangement; or
- (p) is subject to a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of its property.

7. No prescribed occurrences between the Announcement Date and service

During the period from the Announcement Date to the day before the Bidder's statement is given to SA Metals, none of the occurrences referred to in paragraphs 6(a) to 6(p) happen.

8. No dividends or distributions

During the Offer Period, neither SA Metals nor any subsidiary of SA Metals, declares, distributes, or resolves to pay or provide any dividend, bonus or other share of its profits or assets.

9. No related party transactions

Between the Announcement Date and the end of the Offer Period, SA Metals does not enter into or otherwise become a party to any transaction with a related party or related entity (as those terms are defined in the Corporations Act).

10. Stock Market Index Decline

Between the Announcement Date and the end of the Offer Period, the S&P/ASX300 index does not fall more than 15% from the closing level of that index on the day before the Announcement Date at any time on any ASX trading day.

11. No material failings or filings

Between the Announcement Date and the end of the Offer Period, Sylvania does not become aware that any document filed by or on behalf of SA Metals with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.



Definitions for the purposes of Annexure A

Announcement Date means the date on which Sylvania releases this announcement to ASX;

ASIC means the Australian Securities and Investments Commission;

ASX means the Australian Securities Exchange;

Bidder's Statement means the bidder's statement and acceptance form under sections 636 and 637 of the Corporations Act, and which includes the Offer;

Corporations Act means the *Corporations Act 2001* (Cth);

Government Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity whether foreign, federal, state, territorial or local. It includes ASIC and ASX (and any other stock exchange);

Offer means the off-market takeover offer for all the ordinary shares in SA Metals;

Offer Period means the period during which the Offer remains open for acceptance;

Related Bodies Corporate has the meaning given in the Corporations Act;

SA Metals Option means an option to subscribe for a SA Metals share;

SA Metals Group means SA Metals and its Related Bodies Corporate; and

Sylvania Group means Sylvania and its Related Bodies Corporate.

