



ASX ANNOUNCEMENT

21 January 2008

Quarterly Activities Report For the Period Ending 31 December 2007

Syrah Resources Ltd (SYR) achieved a major milestone during the December quarter with the successful negotiation of an option to purchase the White Dam Gold Project from Exco Resources Ltd (EXS). Due diligence on the project is well advanced.

Field exploration activities at the Levuka, Munna and Lyndhurst tenements continued. Drilling at the Levuka Project has been delayed by drill rig availability and the onset of the wet season. Plans are now in place for drilling at Levuka and Lyndhurst in March/April 2008.

Option to Purchase 80% of White Dam Gold Project

Syrah (80%) and RMB Resources Ltd (20%) successfully negotiated an option to acquire Exco Operations (SA), a fully owned subsidiary of EXS. The principal asset of Exco Operations (SA) is the White Dam Gold Project located in South Australia, 80km west of Broken Hill.

The White Dam Gold Project is an advanced development project containing a mineral inventory of 330,400 ounces of gold, as reported by EXS.

The Syrah component of the acquisition consideration is \$6.6 million in deferred cash payments and the issue to EXS of 15 million fully paid Syrah shares. Syrah and RMB Resources have been granted an 8 week exclusivity period during which a full due diligence program will be completed. The exclusivity period ends in mid February 2008.

Syrah will seek shareholder approval for the transaction and invite EXS to nominate a Syrah board member.

At the time of this report, Syrah and RMB Resources have substantially progressed a detailed due diligence study on White Dam utilising an industry consultant team.

The White Dam Gold Project has most approvals in place to commence project development. It is anticipated that construction of the mine will start in the second half of 2008. Prior to development of the project a definitive Project Development Plan will be prepared to support project financing.

The extensive 2,000km² exploration tenement position at White Dam will also provide Syrah with a new brownfields exploration focus in a region prospective for gold, base metals and uranium.

Key elements of the White Dam Gold Project are:

- A mineral inventory of 9.10M tonnes at 1.13g/t Au for 330,400 ounces including an Indicated and Inferred Resource of 7.32M tonnes at 1.09g/t Au at the White Dam deposit and an Inferred Resource of 1.78M tonnes at 1.28g/t Au at the Vertigo deposit.
- An In-pit oxide resource of 4.5M tonnes at 1.27g/t gold at White Dam at a low waste:ore strip ratio of 1.97:1. Additional mineable resources will be defined at Vertigo.
- One granted Mining Lease covering the White Dam gold deposit and nine Exploration Licenses. A Native Title Agreement is in place for the Mining Lease.
- A proposed mine development to produce 50,000 ounces gold per annum (40,000 oz attributable to Syrah) over a 3 year mine life via open pit mining and dump leach ore processing at a rate of 2M tonnes per year.
- A heap leach wet plant (ex Timbarra Gold Mine) is included in the acquisition. The plant requires refurbishment and relocation from Kalgoorlie, WA.



Proposed White Dam leach pad area



Costean across portion of White Dam Resource

Further announcements regarding White Dam will be made when the due diligence study is completed.

Levuka Project, Mt Isa Inlier, NW Qld

The proposed 3 hole 1,000m drilling program at the Boanda Prospect was delayed by drill rig availability and then postponed due to the onset of the wet season.

The drill program at Levuka is now planned to commence in April 2008.

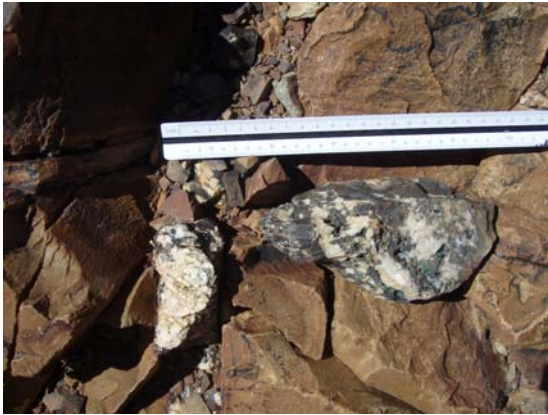
An IP survey is to be conducted in the southern area of the tenement during May/June 2008 to identify new drill targets.

Lyndhurst, North Flinders Ranges, South Australia

Further field mapping and drill target refinement at the Stones Claim, Nichols Nob, Mt Lyndhurst and White Lead prospects occurred during the quarter. As a consequence of these reviews a 1,000m drill program has been defined for the White Lead and Stones Claim prospects targeting copper mineralisation. Proposed timing for the drilling program is March/April 2008.

Stones Claim

The Stones Claim copper prospect is 40km northeast of Copley, South Australia. The prospect occurs on the northern limb of an easterly plunging anticline. The mineralisation is hosted by a light brown shale unit which also includes siltstone and sandstone beds. The most significant copper mineralisation occurs in iron-rich intervals that are typically sub-parallel to bedding.



Copper in gossanous quartz veining at Stones Claim

Previous drilling at Stones Claim included an intercept of 21m at 1.1% Cu from 165m down-hole depth, including 3.65m at 5% Cu. The high grade copper intercepted at depth included native copper, indicating that supergene enrichment may have occurred to at least 100m below ground level.

The prospect is under-drilled and has not been extensively mined in the past, although the surficial mineralisation is more impressive than many other prospects in the region.

White Lead

The White Lead prospect is 23km east of Lyndhurst township and is accessed via the Strzelecki Track. Geologically it is immediately south of the Lyndhurst Diapir and is hosted by a grey tillitic shale approximately 20m wide. The mineralisation strikes roughly east-west and dips 50-70 degrees south. Copper is also present in the lower sandstone.



Mineralised, tillitic shale horizon at White Lead

There is potential for copper mineralisation along a strike length of several hundred metres in the host shale. The copper occurs as malachite and chalcocite in zones of bedding-parallel veining and cross-cutting fractures. There is also potential for mineralisation along the southern margin of the adjacent diapir, as recorded in drill intercepts from the 1968 Mines Department drilling program.

Nichols Nob and Mt Lyndhurst

As a consequence of the field mapping and geological reviews, the prospectivity of the Nichols Nob and Mt Lyndhurst prospects has been downgraded, and no drilling is planned at these locations.

Munna, SE Qld

Field reviews of the key prospects at the Munna Project area resulted in the following assessments and proposed activity:

Mt Suthers-Mt Allen-Kolbar Prospect Area

This area includes a 9km zone of coincident geochemical, geological and geophysical features as yet untested by drilling. The associated geochemical suite of Au, Cu, Bi and other base metals; coincident magnetic/IP response; and location along the contact between calcareous sediments and intrusive diorite complex supports the copper-gold skarn geological model.

At the Mt Suthers workings further mapping and sampling will be conducted with a view to developing a drilling program to test the Mt Suthers IP anomaly.

The Kolbar area represents the northern contact of the Calgoa Diorite to the east of the main Mt Suthers-Mt Allen-Kolbar trend and is thus situated in a highly prospective geological setting. Gold-copper bearing breccias have been located near Kolbar Homestead. Reconnaissance geology and sampling will be conducted with a view to drill testing this anomaly.

Mt Melanie

Further field assessment is planned in the Mt Melanie area where a regional linear magnetic response which is offset from a much larger anomaly roughly centered on the Kolbar Homestead could be a direct indicator of skarn mineralisation. Mapping possibly followed by ground magnetics should lead to early drill target generation.

Archie-Mackenzie, Mt Isa Inlier, NW Qld

It is proposed that an MMI (mobile metal ion) geochemical survey be conducted at selected locations in Archie-Mackenzie tenement area during April/May 2008, with a view to identifying anomalous base metal targets for future drilling.

Norfolk, Mt Isa Inlier, NW Qld

The Norfolk tenements remain at application status. No activities were conducted on these tenements in the quarter.

**Alistair Campbell
Managing Director
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The information in this report as it relates to geology, geochemical, geophysical and exploration results was compiled by Mr Terry Lees, FAIG, who is a Competent Person and has 20 years experience in the minerals industry and the activities being reported on. Mr Terry Lees consents to the inclusion of this information in the form and context in which it appears in this report.

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