

## ASX ANNOUNCEMENT

29 October 2010

### Quarterly Activities Report For the Period Ending 30 September 2010

Syrah (ASX:SYR) today released its September 2010 quarterly activities report.

#### Highlights

- **DMMR processing of 23 Exploration Licence Applications in Saudi Arabia is being advanced. New project generation in the Kingdom is continuing.**
- **Joint venture partner Zurich Resources Pty Ltd identifies geochemical and geophysical anomalies at Lyndhurst, north Flinders Ranges.**

#### Saudi Arabia

At the end of the quarter Syrah had 23 Exploration Licence Applications (ELAs) being processed at the Deputy Ministry of Mineral Resources in Saudi Arabia. The Company actively monitors the progress of these applications and is encouraged by recent progress. A number of the ELA's have now been sent to local governorates for review, a key milestone in the approval process.

In conjunction with field reviews associated with new project generation, Syrah is also conducting reconnaissance work within its ELA's, preparing for future exploration programs. This work has included examination of ancient workings, including some that have never been subject to modern exploration, and rock chip and wadi (stream) sampling. Some of the ancient workings (Figure 1) are thought to be from pre-Islamic times and have never been subject to drill testing.



**Figure 1 Ancient workings in Syrah application area**



**Figure 2 Wadi sampling site – reconnaissance geochemical survey**

The Company continues to assess joint venture and business partnership opportunities in the Kingdom. Syrah now has a Jeddah office and recently achieved Commercial Registration of its Saudi subsidiary company.

Recent corporate activity in the Kingdom is providing solid evidence of the recognition of the exploration and mining potential of the Arabian Shield and its growing reputation as a place to do business. In recent months, events of commercial significance include:

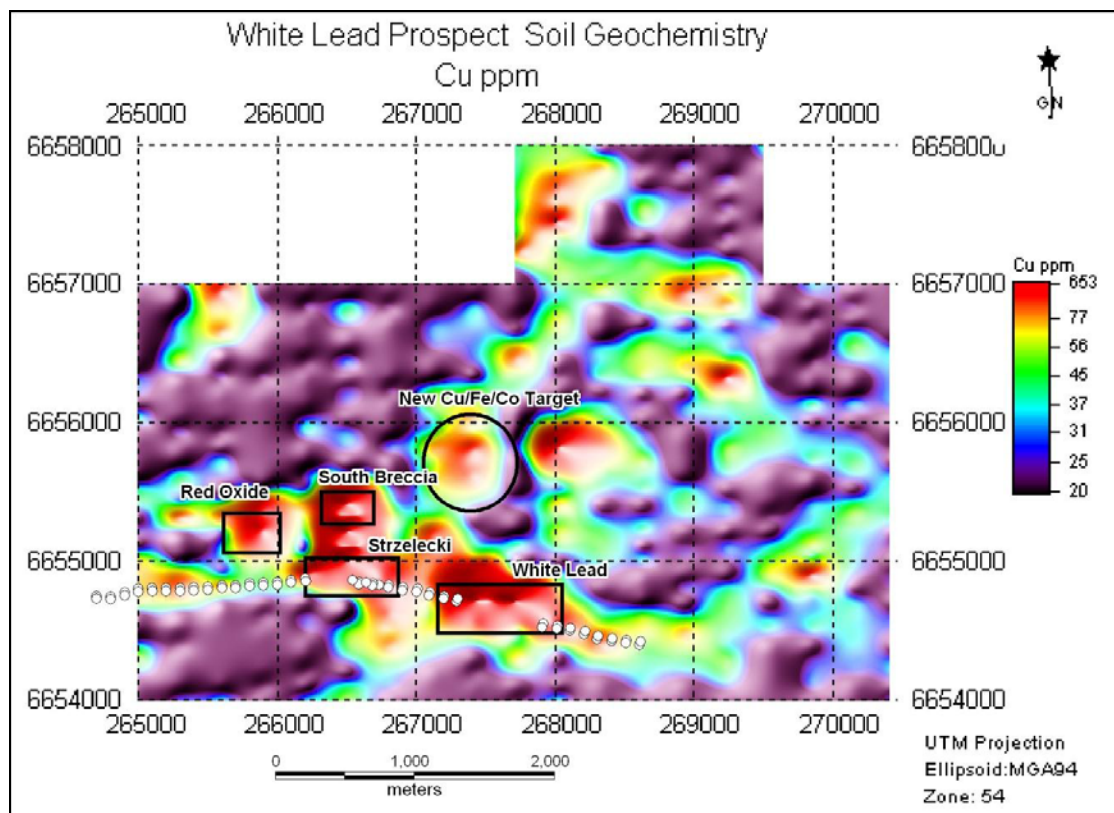
- Granting of a mining licence to Citadel Resources for the development of Jabil Sayid;
- Joint venture of the Khnaiguiyah zinc project by Alara Resources; and the
- Equinox Minerals takeover bid for Citadel Resources.

These events are a clear indication that the steps made by the Saudi government to modernise and energise its mining industry via new mining legislation in 2004 are starting to bear fruit. Key aspects of the new legislation include 20% corporate tax and no mineral royalties, terms which stand in strong positive light against Australia and other prominent mining destinations.

### Lyndhurst, South Australia

Zurich Resources has completed a number of geochemical and geophysical programs at Lyndhurst under its joint venture agreement with Syrah and is moving towards planning of a drill program.

A program of soil sampling on a 100m x 300m grid resulted in 593 samples being collected and XRF tested for Cu, As, Fe and a number of other elements. This program clearly identified the copper mineralisation at White Lead and known secondary copper prospects at South Breccia and Fielders Claim.



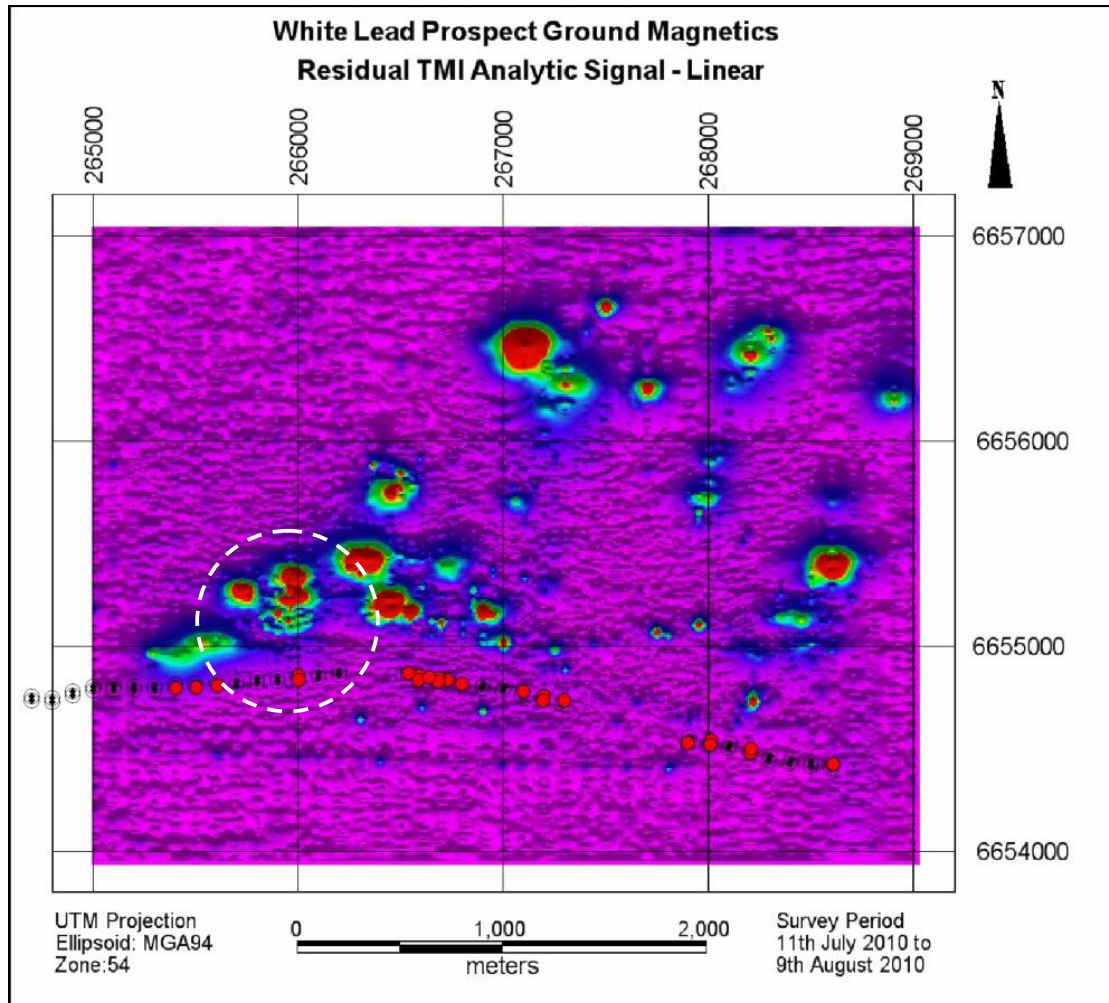
**Figure 3 Copper anomalies identified by soil sampling program. White dots are collar positions of Syrah 2008 drilling program.**

Of interest for future drilling programs is a strong geochemical anomaly in a gap in the Syrah 2008 White Lead drilling program, and a new yet un-named anomaly to the north of White Lead (see Figure 3).

Zurich also completed a ground magnetic survey comprising approximately 220 line km over the White Lead area. This was designed to provide a more detailed picture of structure and to allow subsurface intrusives to be modeled in 3D. This information has been linked with known outcropping copper mineralisation and subsequently used to derive new drill targets.

A promising area of potential has been identified to the northwest of RC holes drilled by Syrah in 2008 where an area of structural complexity appears to lie on the southern end of an area of reduced magnetic susceptibility, possibly the result of hydrothermal alteration. This area fits with surface evidence of prospectivity and has been called the Strzelecki prospect (Figure 4).

The work conducted by Zurich has reinforced the prospectivity of the White Lead prospect and identified new targets for testing. Drilling plans will be made when all mapping and geophysical programs are fully completed and reviewed.



**Figure 4 Ground magnetic survey of White Lead area, red dots are mineralised drill intercepts from Syrah drilling in 2008, Strzelecki prospect location circled**

## **Finance**

The Syrah cash position at 30 September 2010 was \$1.31M.

Expenditure for the quarter was \$456,000. The quarterly expenditure was higher than normal due to the previously advised US\$200,000 service fee paid to Mashoura Company at the termination of joint venture negotiations in July.

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