

ASX ANNOUNCEMENT

31 January 2011

Quarterly Activities Report For the Period Ending 30 December 2010

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

Highlights

- Syrah makes 5 new Exploration Licence applications in the Arabian Shield, taking the total area of applications to 2,370km². DMMR processing of 27 Exploration Licence Applications in Saudi Arabia is continuing.
- Joint venture partner Zurich Resources Pty Ltd completes geophysical programs to identify drill targets at Lyndhurst, north Flinders Ranges.

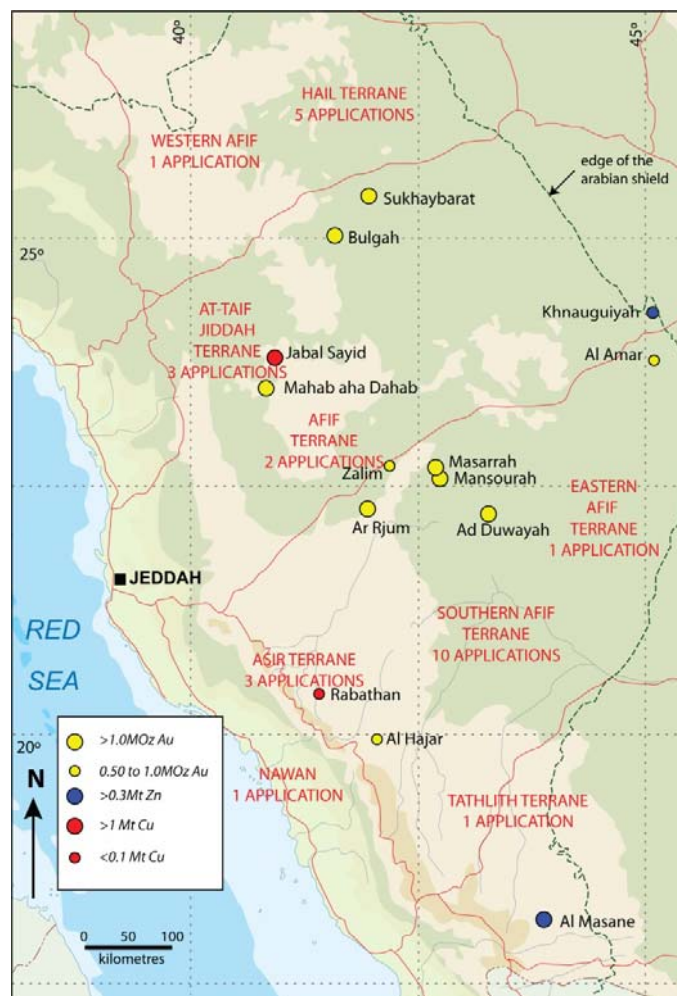


Figure 1 Location of Syrah Exploration Licence Applications in Saudi Arabia

Saudi Arabia

During the quarter Syrah submitted 5 new Exploration Licence applications to the Deputy Ministry of Mineral Resources in Saudi Arabia. One licence application was refused during the quarter due to conflict with a prior application. Currently 27 applications continue to be processed by the Ministry.

The total area of the Syrah ELAs in the Arabian Shield now amounts to 2,370km².

The Company actively continues to assess joint venture and business partnership opportunities in the Kingdom.

Lyndhurst, South Australia

Joint venture partner Zurich Resources continued exploration on the White Lead prospect and the northern area of EL3522 proximal to the Lorna Doone and Lynda copper prospects (both of which are excluded from EL3552).

Work at the Lyndhurst Project focused on investigating potential for primary sulphide copper mineralisation beneath targets defined by surface soil geochemical anomalies and hydrothermal alteration.

Work conducted during the quarter included:

- Geophysical surveys to identify bedrock copper sulphide targets;
- Spectrographic identification of hydrothermal alteration mineral species of selected surface samples; and
- Analysis of selected samples for gold potential.

In total, an area of approximately 6km² was tested at the two prospects using the 3D Induced Polarisation (IP) technique. Modelling of the IP data by Zurich's consulting geophysicist is in progress.

Spectrographic analysis of surface samples showing evidence of hydrothermal alteration has identified the presence of some specific alteration minerals, which can aid in mapping the pathways of the copper bearing hydrothermal fluids.

A small batch of samples collected at the historic Mt Ogilvy goldfield has been submitted for gold analyses. Results are pending.

All data will be compiled and interpreted during the coming quarter and decisions will be made regarding future drill testing of both sulphide and oxide targets.

Finance

The Syrah cash position at 30 December was \$1.099M.

Alistair Campbell
Managing Director
Syrah Resources Ltd

Syrah Resources - Registered Office:

Level 9, 356 Collins Street
Melbourne Victoria 3000

Syrah Resources - Directors & Management:

Mr Tom Eadie – Chairman
Mr Alistair Campbell – Managing Director
Mr Terry Lees – Exploration Director
Mr David Ogg – Company Secretary

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Syrah Resources Ltd

ABN

77 125 242 284

Quarter ended ("current quarter")

December 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(139)	(480)
(b) development	-	-
(c) production	-	-
(d) administration	(85)	(220)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	34
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(3)	(4)
	(214)	(670)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
	-	-
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(214)	(670)

+ See chapter 19 for defined terms.

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Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(214)	(670)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	--	-
	Net increase (decrease) in cash held	(214)	(670)
1.20	Cash at beginning of quarter/year to date	1313	1,769
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,099	1,099

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	69
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 above includes payments to Inkprintz of \$3,315 for geological and other services. Inkprintz is controlled by the wife of a director, Mr T Eadie.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	190
Total	290

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	109	120
5.2 Deposits at call	424	632
5.3 Bank overdraft	-	-
5.4 Other (provide details) Bank term deposits	566	561
Total: cash at end of quarter (item 1.22)	1,099	1,313

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-			

+ See chapter 19 for defined terms.

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Mining exploration entity quarterly report

6.2 Interests in mining
tenements acquired or
increased

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+ See chapter 19 for defined terms.

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) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	34,500,005	34,500,005	FP	FP
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -	- -	- -
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2,250,000 1,000,000 100,000	- - -	<i>Exercise price</i> 25 cents 4 cents 20 cents	<i>Expiry date</i> 31 July 2012 31 July 2014 31 July 2014
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>				

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7.12	Unsecured notes (totals only)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

David L Ogg

31st January 2011

Sign here: Date:
(Director/Company secretary)

Print name: David L Ogg.....

Notes

- 1 The 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.

+ See chapter 19 for defined terms.

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