



ASX ANNOUNCEMENT

23 June 2011

2,000km² of Prime Gold Exploration Ground Acquired in Ethiopia

Summary

Syrah today signed a Term Sheet with Aramis Resources Limited to acquire an 80% interest in three large strategically located Ethiopian gold exploration projects. The terms of this deal will be presented to shareholders at a General Meeting to seek their approval. The deal gives Syrah access to a great diversity of assets with mineral exposure in an exciting geological terrain.

The Projects

The three project areas are all located in areas of significant gold mineralisation in the west and south of the country. Geologically, all of the areas are underlain by the Arabian / Nubian Shield which is host to major gold deposits in Saudi Arabia, Egypt, Sudan and Eritrea, as well as Ethiopia. In addition to the nearby deposits highlighted below, active artisanal workings have been noted on all of the project areas, some occurring at a significant scale.

Nejo

The Nejo Project contains four granted tenements covering 771km² in western Ethiopia, located immediately north of Nyota Minerals Limited's (ASX:NYO) Tulu Kapi Project (currently 1.2 million ounces in resources). The Nejo project area contains areas of significant geochemical anomalism, outcropping quartz veining and covers a large area along trend of the geology associated with the Tulu Kapi deposit. This area has never been subject to modern exploration.

Dawa

The Dawa Project contains two granted tenements covering 1,000km² along strike and to the south of the privately owned Lega Dembi Mine in southern Ethiopia. Lega Dembi is reported to have produced 3 million ounces of gold over the past 20 years and is still producing at a rate of greater than 100,000 ounces per year. The Dawa tenements are located on the major regional fault structure that is associated with the Lega Dembi deposit. The Dawa area has also never been subject to modern exploration.

Moyale

Moyale contains one granted tenement covering 440km² in the extreme south of the country. Small zones of high grade mineralisation associated with quartz veins in intrusives have been mined at a small scale on the licence at the Chamuk Prospect. Drilling has shown that there is good potential for resources to be outlined.

The Deal

Syrah will acquire an 80% interest in the projects via:

1. The payment of US\$1.5 million over 3 payments spread across 2 years
2. The issuing of 25 million SYR shares
3. The issuing of up to 5 million SYR options and
4. The expenditure of \$2.5 million on the projects within 3 years.

The Country

- Dynamic emerging economy welcoming to foreign investment
- Revised mining laws in 2010 to promote development of natural resources
- Among the top 5 countries in GDP growth
- Exemption from duties and taxes on equipment, carrying forward of losses and corporate tax holidays
- Abundant green energy production over next 5 years.

The new mining laws, the political stability and the excellent resource potential with little modern exploration, have made Ethiopia a very attractive place to explore right now.

The Projects

Introduction

Syrah has successfully acquired seven granted tenements in three project areas in Ethiopia. Each permit was granted in May 2011 for an initial term of three years and capable of further extensions. Access to all of the project areas is good with sealed highways running through Nejo in the west and Moyale in the south. Good secondary road access is available for Dawa which is in the Adola Goldfields of southern Ethiopia. Travel in the country by motor vehicles and scheduled airplane service is safe, easy and unhindered. The locations of the project areas are shown in Figure 1.

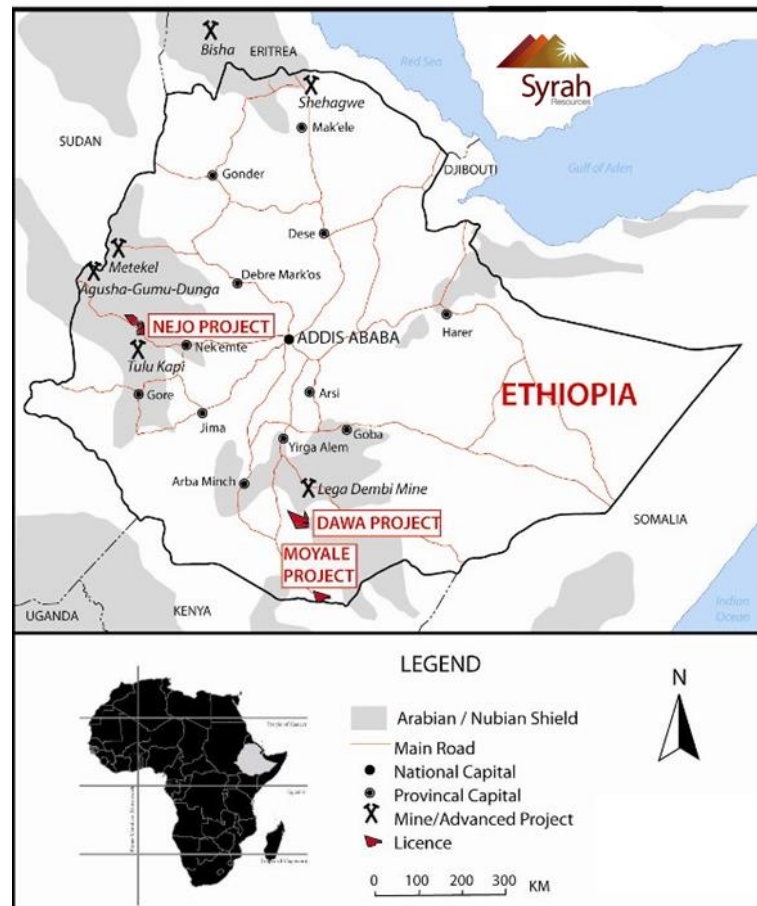


Figure 1: Location map of the three project areas in Ethiopia.

Geologically all three projects are in the southern continuation of the Upper Proterozoic Arabian / Nubian Shield, host to major gold deposits in Saudi Arabia, Egypt, Eritrea and Sudan.

Nejo Project

Nejo contains four granted tenements covering 771km² in the western region of the country. Key positives of this highly prospective project include:

- Underlain by rock units of the Arabian / Nubian Shield with large deep seated structures, evidence of widespread gold mineralisation and favourable rock assemblages such as argillic alteration, iron oxides, sulphides, quartz veins and tourmalinites all noted in a field visit;
- Immediately north of and in a similar geological setting to the advanced Nyota Minerals Limited (ASX:NYO) Tulu Kapi Project (Figure 2) which to date has 1.2 million ounces of free extractable gold in resources defined, plus up to 20 other early stage prospects;
- Large under-explored area (no drilling to date on project) with numerous colluvial and alluvial gold workings;
- Recent work by JV partners show 65% of panned concentrate samples carried visible gold;
- Prospects have been identified through recent mapping and stream geochemistry (see Figure 3);
- A strong hydrothermal breccia feature has been mapped over a distance of 2km.

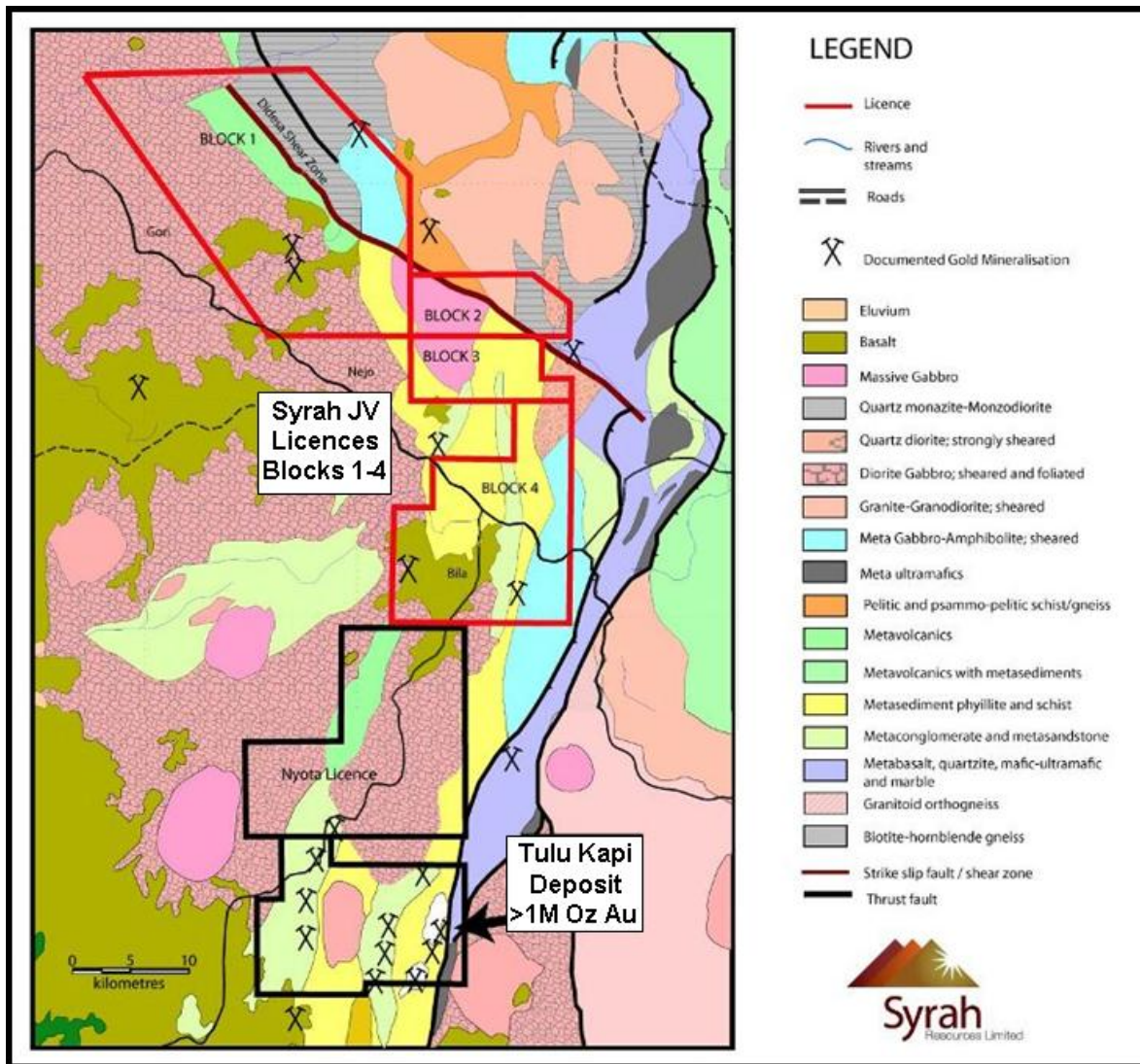


Figure 2: Location of the Nejo tenements immediately north of Nyota's Tulu Kapi Project. Nejo is in a similar geological setting to the Tulu Kapi deposit and has widespread artisanal workings.



Figure 3: Alluvial workings on the Cougeron River in central Block 1, Nejo Project.

With easy access, planned exploration work is scheduled to restart in August to rapidly advance this project. A combination of ground and remote mapping as well as geochemical surveys will continue to outline the main lithological units and structures that host the gold mineralization. Detailed geological mapping, geophysics, trenching, and rock chip channel sampling will be carried out, followed by drilling.

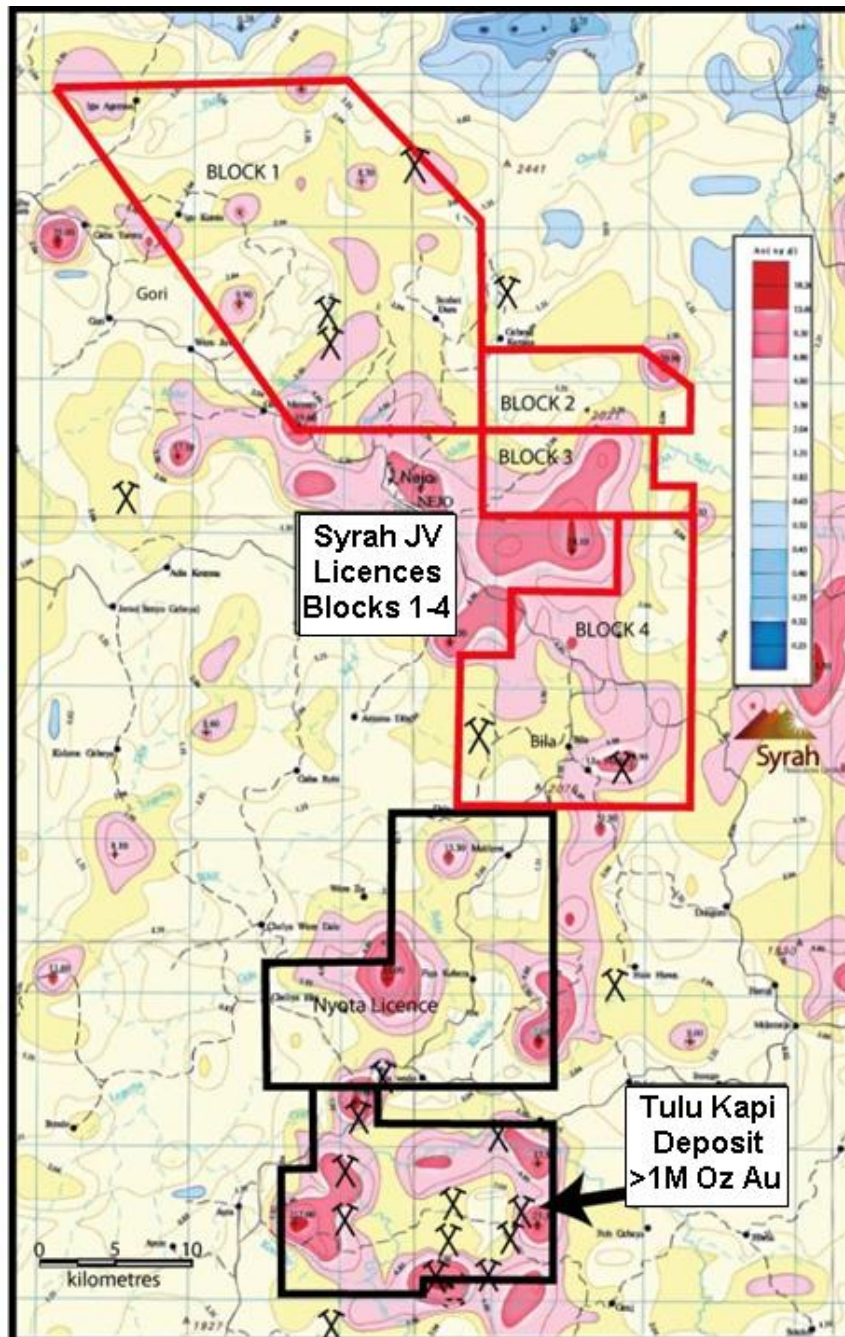


Figure 4: Gold stream geochemistry from a recent survey covering the Nejo Project and surrounding areas. Dark red is > 13ppb, light red is 6 - 13ppb and pink is 3 - 6ppb. Several prospects have been identified and ground verified on the Nejo Project from this survey.

Dawa Project

Dawa contains two granted tenements covering over 1,000km². They are along strike and to the south of the privately owned Lega Dembi Mine in southern Ethiopia. Lega Dembi is reported to have produced 3 million ounces of gold over the past 20 years and is still producing at a rate of greater than 100,000 ounces per year. The project is currently assessing production from an underground operation as well as an additional open pit at Sakaro southwest of the main deposit.

The Dawa Project is situated within the historic Adola Goldfields which hosts the Lega Dembi and Sakoro deposits as well as a wide network of producing alluvial-eluvial placer gold deposits. As can be seen from Figure 5, the main mineralized north-south structural and stratigraphic trend that contains the Lega Dembi deposit covers a 40km strike length in the eastern portion of the Dawa tenements. This major Pan African shear forms part of the Mozambique Belt which is also responsible for world class gold deposits as far south as Tanzania. Previous field programmes by the Ethiopian Geological Survey in the 1980's returned **rock chip samples in excess of 100g/t Au**. Significant shearing along the contacts of the gneissic domain and the

metasedimentary sequences at Dawa make an excellent model for gold mineralisation. As at Nejo, alluvial workings are very widespread. The western half of the project area is unexplored.

Field work at Dawa will be similar to that outlined for Nejo. The programme will begin in September after the end of the wet season in the area.

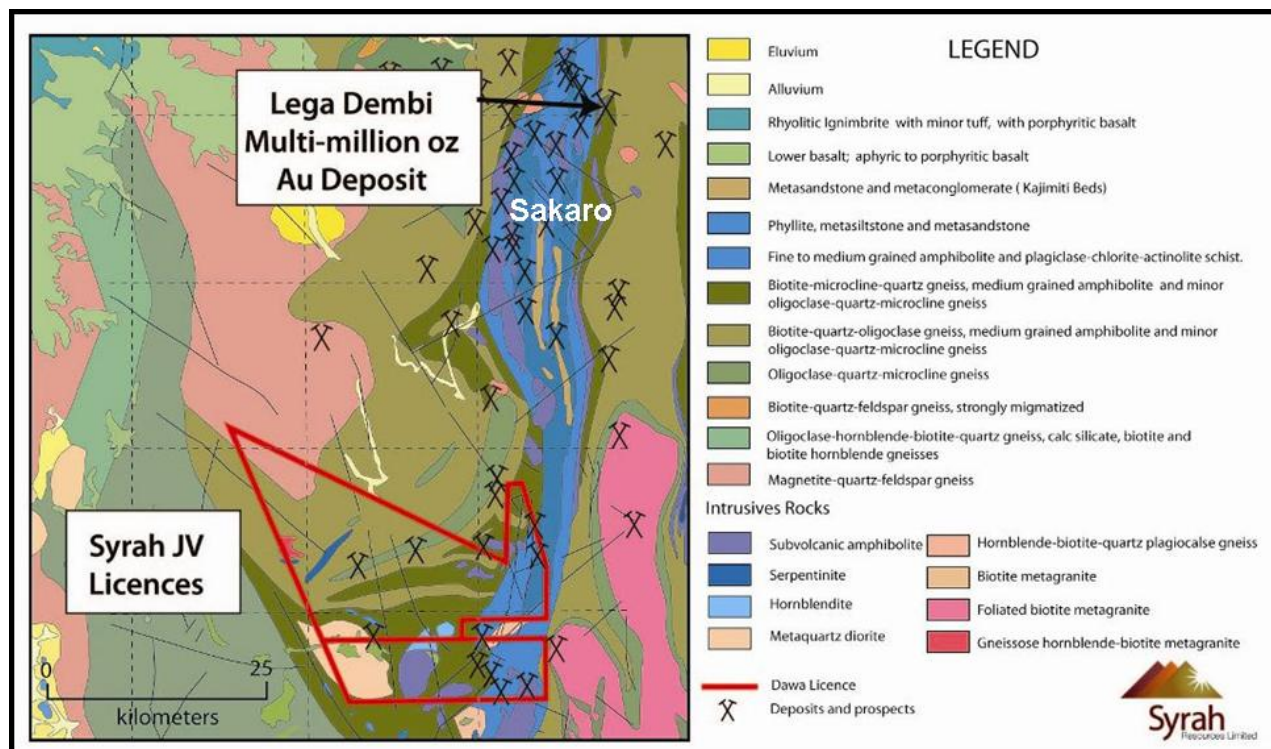


Figure 5: The two Dawa tenements are along strike and to the south of the privately owned Lega Dembi Mine in southern Ethiopia. Lega Dembi is reported to have produced 3 million ounces of gold over the past 20 years and is still producing at a rate of greater than 100,000 ounces per year. A new pit is being considered for the Sakaro deposit to the SW of Lega Dembi.

Moyale Project

Moyale contains one granted tenement covering 440km² in the extreme south of the country on the Kenyan border. The tenements cover Upper Proterozoic tonalite, metasediments and mafic to ultramafic rocks. They are part of the Mozambique (Pan African) Belt of multiphase deformation and intrusion and contain the southern extension of the similar stratigraphy to the Adola Group which contains the large Lega Dembi deposit mentioned in conjunction with the Dawa Project above.

The Moyale Project area has been the subject of historical exploration work, including drilling. Small zones of high grade mineralisation associated with quartz veins in intrusives have been mined at a small scale on the tenement at the Chamuk Prospect. Gold at Chamuk is associated with galena and sphalerite in discordant quartz veins which have been sheared and fractured. Lesser gold/graphite/pyrite mineralisation also occurs in sheared mafic rocks at depth. The previous drilling has shown that there is potential for resources to be outlined quickly within a well-identified target zone.

Future work at Moyale will be two-pronged with an initial focus on the known mineralisation at Chamuk to assess its potential for a large resource. This will be followed by regional work to sample the large number of small to large quartz veins that cover the Moyale property, and to assess the prospective sheared contact between the metatonalite and the mafic schist stratigraphy in the west of the tenement for shear hosted syntectonic mineralisation. Negotiations are currently underway to expand this licence area.

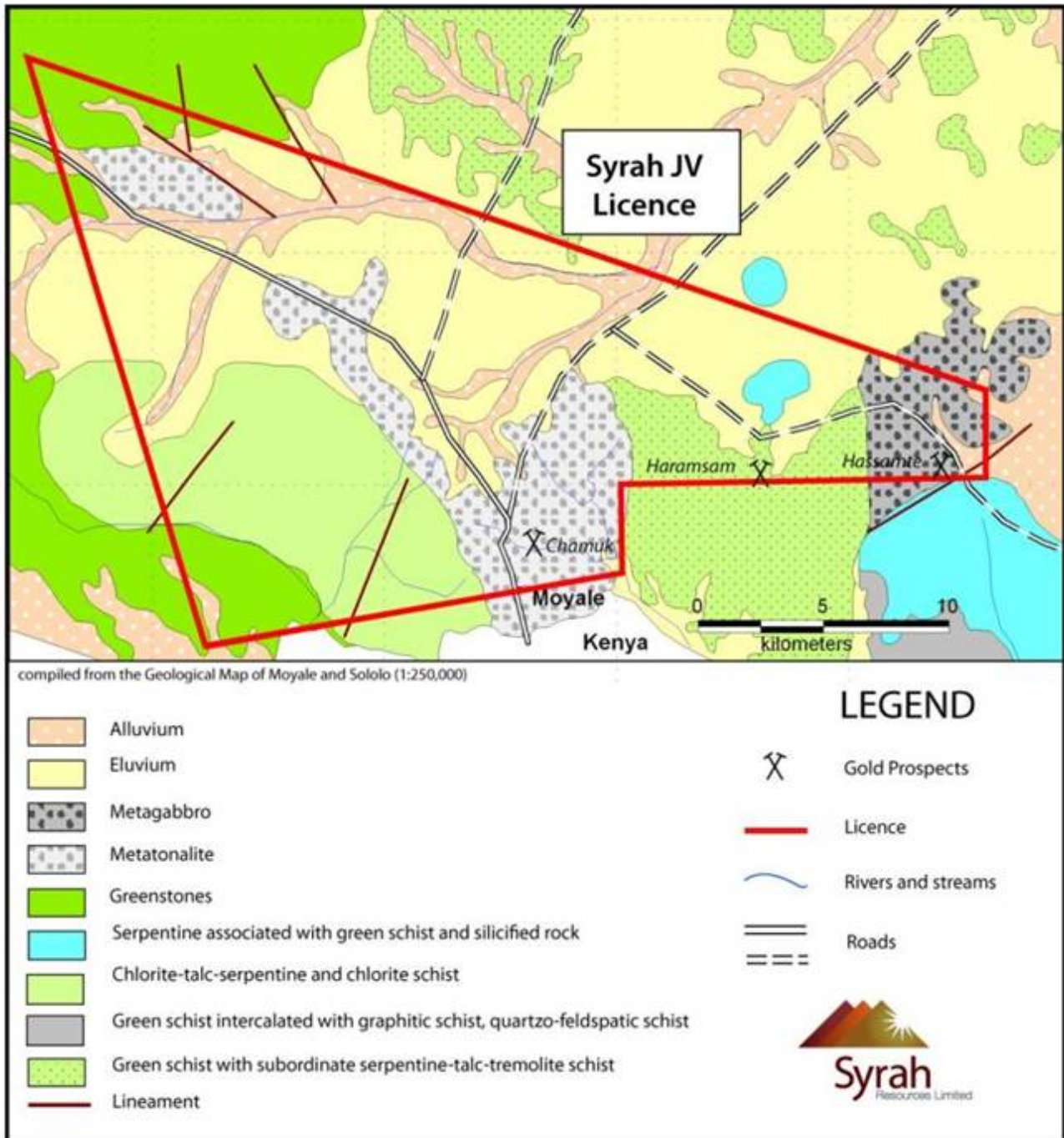


Figure 6: The Moyale tenement in the extreme south of Ethiopia contains verified quartz vein hosted gold mineralisation. Potential exists for intrusive related gold deposits as well as shear hosted syntectonic mineralisation.

The Deal

The deal between Syrah and Aramis Resources Limited allows Syrah to acquire an 80% interest in the three large gold exploration projects summarised earlier in this report. The terms of this deal, which are presented below, will be presented to shareholders at a General Meeting in mid-August to seek their approval.

Syrah will acquire an 80% interest in the projects via the payment of US\$1.5 million over 3 payments spread across 2 years - this money goes to the original vendor of the projects, Tiba Resources; the issuing of 25 million SYR shares to be distributed among the owners of Aramis and Tiba; the issuing of up to 5 million SYR options to Tiba; and the expenditure of \$2.5 million on the projects within 3 years.

Another important point of the deal is the provision that Tiba, who will be the 20% joint venture partner, will be free-carried to production on all projects and will pay back all expenditure made on its behalf from its initial project cashflow.

As a result of the deal, there will be Board and management changes at Syrah.

The Country

Ethiopia is an African success story. Since becoming democratic in 1995, the Government has embarked on a series of economic and political reforms designed to open up the country to private and foreign investment. It has the second largest population in Africa and a young population. The average GDP growth since 2004 has been approximately 11% making Ethiopia one of the top five fastest growing economies in the world.

Agriculture remains the backbone of the country but mining will be playing an ever increasing role. Ethiopia is endowed with gold, base metals, potash and potentially oil and gas. In July 2010 the government enacted new mining and mining income tax laws designed to provide security of tenure for companies operating in the country and a transparent system. Western based exploration companies operating in Ethiopia include Allana Potash, AngloGold Ashanti, BHP, Canaco Resources, Nyota Minerals, Sheba Exploration and Stratex International.

The new mining laws, the political stability and the excellent resource potential with little modern exploration, have made Ethiopia a very attractive place to explore right now and a potential mineral powerhouse of the future.

The information in this report as it relates to geology, geochemical, geophysical and exploration results was compiled by Mr. Tom Eadie, FAusIMM, who is a Competent Person and Chairman of Syrah Resources Limited. Mr. Eadie has more than 20 years experience in the activities being reported on and consents to the inclusion of this information in the form and context in which it appears in this report.

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