

ASX ANNOUNCEMENT

26 July 2011

Quarterly Activities Report For the Period Ending 30 June 2011

Highlights

- Syrah has signed a Term Sheet enabling it to acquire Aramis Resources Ltd. Aramis is an Australian registered company that has formed a joint venture with an Ethiopian company holding granted exploration licences covering 2,000km² of high prospectivity mineral belts in Ethiopia. The terms of this deal will be presented to shareholders at a General Meeting in late September to seek their approval.

Ethiopia

Syrah signed a Term Sheet to acquire Aramis Resources Ltd, a company that has a joint venture to earn an 80% interest in three large strategically located Ethiopian gold exploration projects: Nejo, Dawa and Moyale. The terms of this deal will be presented to shareholders at a General Meeting to seek their approval. The deal gives Syrah immediate access to commence exploration in an area of exciting geological terrain.

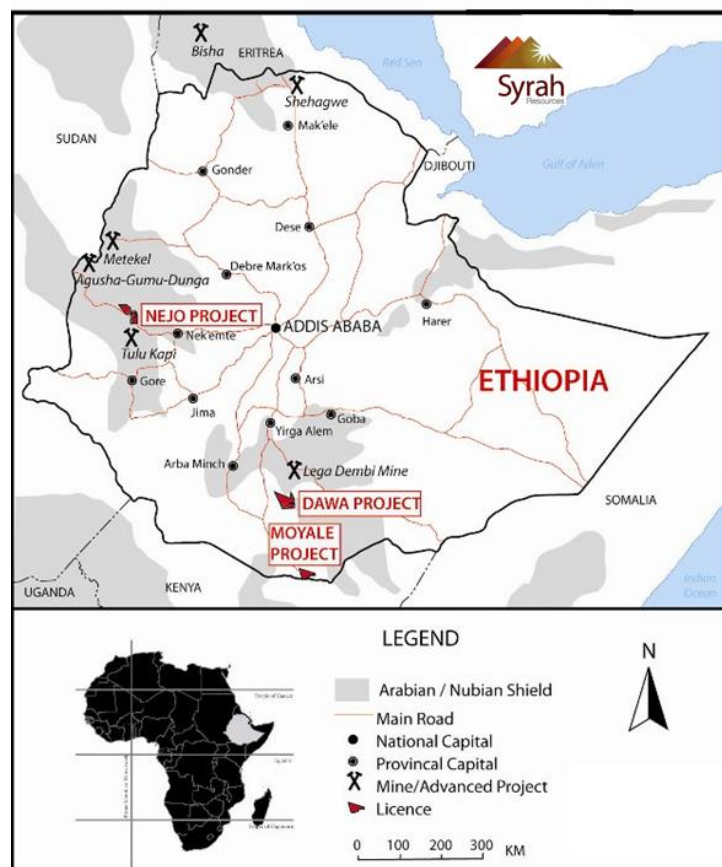


Figure 1: Location map of the three project areas in Ethiopia

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. Active artisanal workings exist on all of the project areas.

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.

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. Midroc Gold, the company that is producing gold at Lega Dembi (see below), recently announced the discovery of a 1.1 million oz deposit to the north of the Nejo licence.

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 gold mineralisation associated with quartz veins in intrusives have been mined at a small scale on the licence at the Chamuk Prospect. Historical drilling has shown that there is good potential for resources to be outlined.

The Deal

Syrah will acquire Aramis, which will earn an 80% interest in the projects via:

1. The payment of US\$1.5 million in 3 payments spread over 2 years;
2. The issue of 25 million SYR shares;
3. The issue of 5 million SYR options; and
4. The expenditure of US\$2.5 million on the projects over 3 years.

Ethiopia General

- 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.

Saudi Arabia

At the end of the quarter Syrah had 26 Exploration Licence Applications (ELAs) being processed at the Deputy Ministry of Mineral Resources in Saudi Arabia.

The Company continues to monitor new project generation opportunities in the Kingdom and is continuing discussions and appraisals with interested parties on potential joint ventures.

With the recent announcement regarding Syrah's new business development in Ethiopia, the Company is not distracted from its intent to build a significant exploration venture in Saudi Arabia and regards its portfolio of applications as a strong strategic asset that will result in a high level of exploration activity once the applications are granted.

Lyndhurst, South Australia

No joint venture activities were conducted at Lyndhurst during the quarter.

Joint Venture partner Zurich Resources is commencing preparations for drill permitting and conduct of drilling in the second half of 2011.

The Joint Venture is also awaiting formal confirmation of Subsequent Licence renewals for EL3550 and EL3522 for a new 2 year period from PIRSA.

Finance

The Syrah cash position at 30 June 2011 was \$1.079 million.

In early July, Alistair Campbell converted 1,000,000 Director Options to fully paid shares, increasing the total shares on issue to 40,175,005 shares.

Alistair Campbell
Managing Director
Syrah Resources Ltd

The information in this report as it relates to exploration results was reviewed 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.

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
Ms Melanie Leydin – 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.

Name of entity

SYRAH RESOURCES LIMITED

ABN

77 125 242 284

Quarter ended ("current quarter")

30 JUNE 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (12 months) \$A
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(105,409)	(737,409)
(b) development	-	-
(c) production	-	-
(d) administration	(122,065)	(389,065)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8,269	54,269
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	3,000
Net Operating Cash Flows	(219,205)	(1,069,205)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects/farmins	-	-
(b)equity investments	(100,000)	(100,000)
(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	(100,000)	(100,000)
1.13 Total operating and investing cash flows (carried forward)	(319,205)	(1,169,205)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(319,205)	(1,169,205)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares	543,376	543,376
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 – Capital raising costs	(23,909)	(23,909)
	Net financing cash flows	519,467	519,467
	Net increase (decrease) in cash held	200,262	(649,738)
1.20	Cash at beginning of quarter/year to date	919,000	1,769,000
1.21	Exchange rate adjustments to item 1.20	(39,925)	(39,925)
1.22	Cash at end of quarter	1,079,337	1,079,337

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
1.23	Aggregate amount of payments to the parties included in item 1.2	54,295
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salaries, Superannuation, and Consultancy fees paid to director related entities during the June 2011 quarter. It also includes payments to Inkprintz of \$3,504 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	250
Total	350

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	686	530
5.2 Deposits at call	332	328
5.3 Bank overdraft	-	-
5.4 Other – (Provide details)Bank Term Deposits	61	61
Total: cash at end of quarter (item 1.22)	1,079	919

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		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

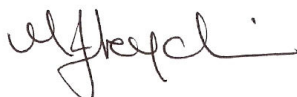
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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	39,675,005	39,675,005	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 1,000,000 100,000 400,000	- - - -	Exercise price \$0.25 \$0.04 \$0.20 \$0.17	Expiry date 31 July 2012 31 July 2014 31 July 2014 1 January 2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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 give a true and fair view of the matters disclosed.



Sign here:

Date: 26 July 2011

Company Secretary

Print name: MELANIE LEYDIN

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.

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