



30 April 2013

QUARTERLY ACTIVITIES REPORT – PERIOD ENDED 31 MARCH 2013

Highlights:

- **Announcement of the Balama West *Inferred Resource* of 564 Mt @ 9.8% TGC & 0.21% V₂O₅ at a 5% cut off, with the combined high grade zones alone making up an *Inferred Resource* of 157 Mt @ 17.1% Total Graphitic Carbon (TGC) & 0.43% V₂O₅ at a 5% cut off**
- **Balama is the largest known graphite deposit in the world and will grow significantly once a resource is calculated for Balama East (exploration target¹ of 300-400 million tonnes at 11% TGC). Mineralisation remains open in all directions**
- **The Ativa Zone at a grade of 21% TGC is amongst the highest grade deposits recorded for flake graphite globally**
- **The Balama Scoping Study results are anticipated to be announced within 2 weeks. Also, the Balama East resource is anticipated to be announced within 2-3 weeks.**
- **Completion of 8,800 m of aircore drilling at Fungoni mineral sands prospect has led to an Exploration Target¹ of 5 to 10 Mt @ 4-6% Heavy Minerals. Preliminary analysis shows high concentration of zircon and rutile**
- **On Syrah's northern Tanzanian Mineral Sands tenement block, a 4,584km aeromagnetic survey and reconnaissance field work confirmed that there are extensive medium to high grade heavy mineral accumulations with high tonnage potential particularly in the zone from South Tanga to Tajiri – a distance of 60km**
- **Preparations are underway to spin out the mineral sands portfolio into a separate vehicle to be listed on the ASX.**

¹ The targeted tonnage and grade are conceptual in nature. There has been insufficient work to define a Mineral Resource under the JORC Code and it is uncertain if further exploration will result in the determination of a Mineral Resource

ASX Code SYR

Current Corporate Structure

Ordinary Shares

Issued Shares: 147,767,623

Options

Exercisable at \$0.26:	3,101,967
Exercisable at \$2.21:	500,000
Exercisable at \$3.87:	1,000,000

Major Shareholders

Basapa PL	9.55%
National Nom Ltd	7.48%
Copper Strike Ltd	7.44%
Kitara Inv PL	6.91%

Board of Directors

Mr Tom Eadie
Non-Executive Chairman

Mr Paul Kehoe
Managing Director

Mr Michael Chester
Non-Executive Director

Ms Melanie Leydin
Company Secretary

Key Projects

Balama Graphite Project (Mozambique) and Nachingwea Graphite Project (Tanzania)

Balama is the largest and one of the highest grade flake graphite and vanadium projects globally. Balama is mainly medium to coarse flake and Nachingwea is fine to coarse flake.

Tanzania Mineral Sands

A very prospective portfolio of mineral sands licence areas, some of which have drill results up to 28% heavy minerals.

Website

www.syrahresources.com.au

SUMMARY

The March 2013 quarter was a very active period for Syrah Resources (ASX: SYR). During the quarter Syrah announced the largest graphite resource in the world. The drilling campaign for 2013 will begin shortly and this project is expected to progress toward development in a timely fashion.

The mineral sand projects in Tanzania also continue to build on our high quality portfolio of projects. At Fungoni, drilling identified a 900 m long zone ranging up to 20m thick at 6.6% Heavy Minerals. An initial Exploration Target¹ of 5 to 10 Mt @ 4-6% Heavy Minerals has been estimated for Fungoni. Preliminary results returned an average grade of 39% for non-magnetic heavy minerals across the deposit. The non-magnetic portion contains the rutile and zircon.

At the Tanga South to Tajiri trend, interpretation of the aeromagnetic/radiometric survey has confirmed the known mineralisation as well as highlighted new areas previously not seen in geological mapping. We expect to produce some new prospects from this work.

MOZAMBIQUE GRAPHITE

BALAMA GRAPHITE AND VANADIUM PROJECT

This quarter has been a busy one for the Balama team. Since the release in January of the maiden resource statement for Balama West (a world class *Inferred Resource* of 564Mt @ 9.8% TGC & 0.21% V₂O₅ at a 5% cut off, with the combined high grade zones alone making up an *Inferred Resource* of 157 Mt @ 17.1% TGC & 0.43% V₂O₅ at a 5% cut off) we have been busy advancing the Balama graphite project on a number of fronts. The Ativa Zone at a grade of 21% TGC is amongst the highest grade deposits recorded for flake graphite globally.

Scoping Study

Michael Chan, a metallurgist with 35 years industry experience, joined the team as General Manager of Project Development in early March. Michael has oversight of the scoping study. Snowden Mining is completing the study which is expected to be completed in early May.

Balama East Resource Statement

Work on the Balama East resource model has been completed by MSA and the Balama team are awaiting umpire assays for final sign off. It is expected that this resource statement will add significantly to the resource base. The Balama East resource is expected within 2-3 weeks.

2013 Drilling Campaign

After completion of the programme in 2012 and final receipt of all assays the next phase of drilling was planned. The aim of the next phase is to progress the Balama West and Balama East prospects to *Indicated Resource* status. The drilling tender was awarded with drilling to begin in the first week of May.

¹ The targeted tonnage and grade are conceptual in nature. There has been insufficient work to define a Mineral Resource under the JORC Code and it is uncertain if further exploration will result in the determination of a Mineral Resource

Marketing Samples

During the last quarter our marketing manager Sait Uysal met with major buyers of graphite. All buyers requested samples for testing purposes. During April 600kg of rock samples were collected and sent for processing to provide samples.

The next two quarters should see a great deal of activity at Balama with further drilling and sampling to take place.

TANZANIA MINERAL SANDS

Syrah has a 100% interest in an extensive package of mineral sands tenements along the Tanzanian coastline which cover most of the country's known occurrences of mineral sands (Figure 1). The eastern coast of Africa is well known for world class mineral sands deposits, with deposits being mined in South Africa, Madagascar and Mozambique to the south, and Kenya to the north of Tanzania.

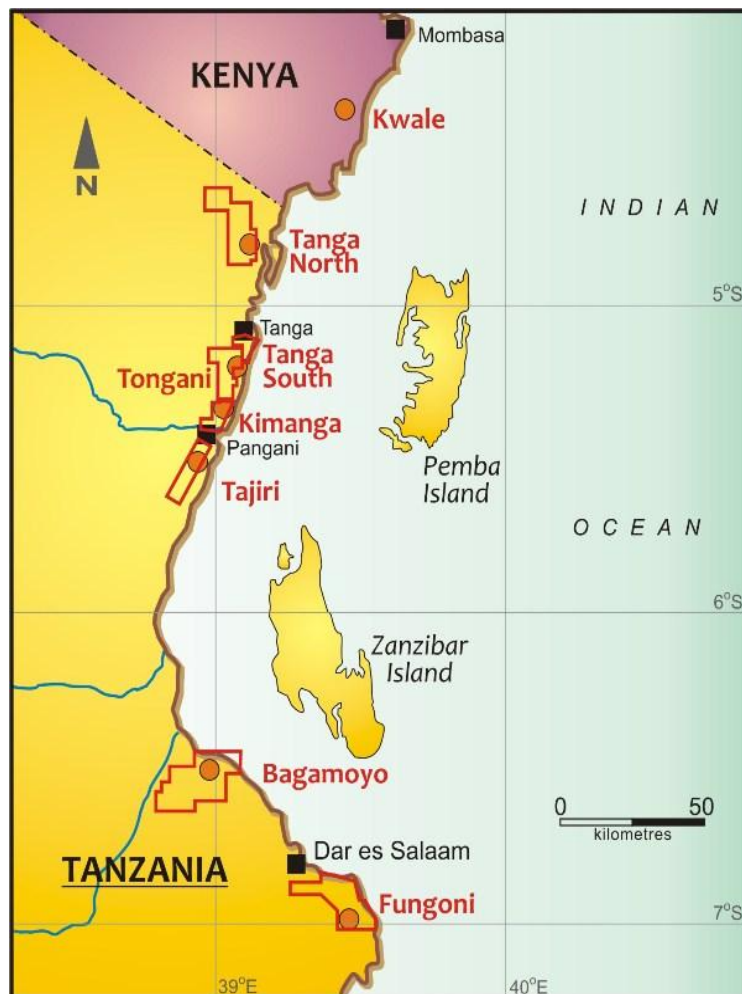


Figure 1. Syrah's Mineral Sands projects in Tanzania.

FUNGONI

Fungoni is located on the lightly inhabited coastal sandy flats 30km south of Dar es Salaam. Previous exploration, 500m spaced pit sampling on lines 5 kilometres apart, highlighted large areas containing >1% HM. As can be seen on (Figure 2), only two of these reconnaissance lines have been completed on the current tenements, leaving large tracts unexplored.

Syrah completed an 8,800 m of aircore drilling. Based on this programme, Syrah has established an Exploration Target¹ of between 5 and 10 million tonnes containing 4-6% heavy minerals (HM). The representative assemblage of HM at Fungoni is exceptional with 25% zircon, 5% rutile and 44% ilmenite based on historic drilling. A large selection of samples from the recent drill programme is currently undergoing assessment of composition. Magnetic separation has been completed and both chemical analysis and further physical separation are now being completed. Preliminary results show that the non-magnetic portion of the heavy minerals, which contains all of the zircon and the rutile, averages 39% across the deposit. This suggests that the zircon and rutile assemblages may, on average, be even better than the historic estimates.

The drilling identified a 1,100m long zone (Figure 2) ranging up to 20m thick at 6.6% HM (drill hole CSAC0016) and over 400m wide. Other impressive intersections in this zone include 16m at 9.4% HM in drill hole CSAC0040, 10m at 12.7% HM in drill hole CSAC0007 and 8m at 16.3% HM in drill hole CSAC0029.

Given the compact nature of the Fungoni deposit (1,100m x 400m) and the wide spaced sampling of previous exploration, there remains potential for the discovery of other Fungoni-like deposits in this area. Further work will concentrate on detailed sampling particularly to the north and east of Fungoni.

TANGA NORTH

This project lies in the very north east corner of Tanzania (Figure 1). Two samples were collected for mineral sand in the area in the south of the licence. Visual estimates show 5% HM and 10% HM. While encouraging, further work is still to be completed to determine the potential of this area.

¹ The targeted tonnage and grade are conceptual in nature. There has been insufficient work to define a Mineral Resource under the JORC Code and it is uncertain if further exploration will result in the determination of a Mineral Resource



Figure 2. Fungoni project licences showing known high grade drilled area (Fungoni prospect) and underexplored anomalous areas (>1% HM). The underexplored areas are covered by reconnaissance sampling on lines 5km apart in the south and virtually no coverage in the north of the licences

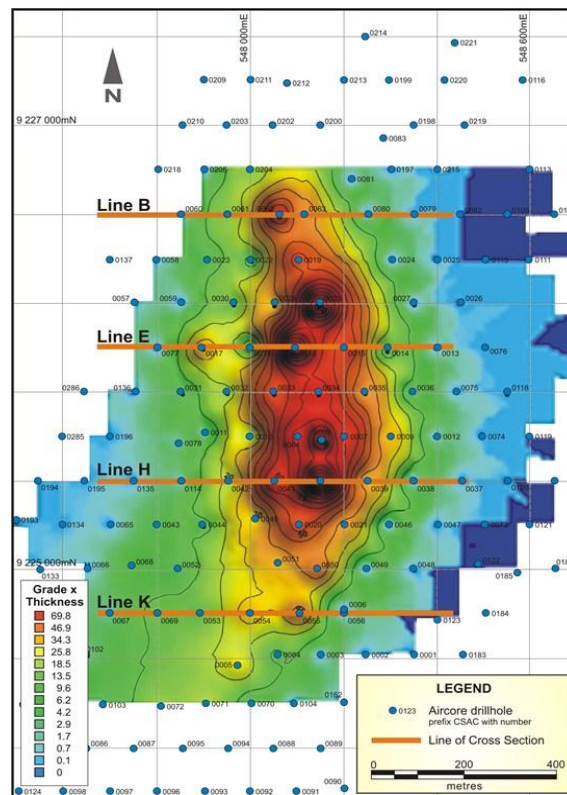


Figure 3. Fungoni drill hole location plan and average HM grade x thickness contour plan.

TANGA SOUTH TO TAJIRI TREND

The coastline in this area runs uniformly north-northeast and has several major rivers entering the Indian Ocean over the 60 km strike length of the licences. Three of the four licences (Tanga South, Tongani, Kimanga and Tajiri) contain several zones that have been interpreted to be >3% HM from historic surface sampling, some exploration pits and some limited hand auger drilling (Figure 4). Of these anomalous zones, only Tajiri has been seriously followed up with further auger drilling. Some impressive mineralisation was intersected at Tajiri in this past drilling programme including 14 m containing 9.2% heavy minerals and 9 m containing 12.3% heavy minerals.



Figure 4. Tongani to Tajiri trend showing key prospects and anomalous areas

Activity by Syrah has included an aeromagnetic survey (late in 2012, covering all four licences) and a field examination of the area. These activities were aimed at testing the accuracy of the historic work which indicates that the lower grade halo of the mineralisation is continuous over a 60 km strike length with a width of up to 5 km. The magnetic survey had the additional objective of identifying new target areas while a second objective of the field examination was to test the mineral assemblage along the entire strike of the mineralisation. Further sampling and follow up of new targets is planned in during the second quarter.

CASH AT BANK & CORPORATE

As at 31 March 2013, SYR had approximately \$13 million of cash. No further capital raisings are expected until a decision is made to develop Balama.

The Board has decided to spin off the mineral sands portfolio into a separate vehicle to be listed on the ASX later in the year. Work has commenced in preparation of the spin off.

Paul Kehoe

Managing Director

Syrah Resources Ltd

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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 Ltd. Mr Eadie has more than 20 years experience in the activities being reported on and has sufficient expertise which is relevant to the style of mineralisation and type of deposit under consideration. He consents to the inclusion of this information in the form and context in which it appears in this report.

About Syrah Resources

Syrah Resources (ASX code: SYR) is an Australian resource company with a diversified exploration portfolio located in southeast Africa. The Company is rapidly progressing its core Balama Graphite and Vanadium Project in Mozambique to production. Balama is a 106km² granted prospecting licence located within the Cabo Delgado province in the district of Namuno in northern Mozambique. The project is approximately 265km by road west of the port town of Pemba. Pemba Port is a deep-water container port, and the third largest in Mozambique. The Balama project site is accessible by a sealed, main road, running directly from the airport and Pemba Port. The main road is located 1km from the airport.

Syrah's exploration portfolio also includes a strategic mineral sands portfolio in Tanzania, comprising eight tenement areas, some with high grade heavy mineral intersections, and the Nachingwea graphite project in Tanzania.

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")

31 MARCH 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A	Year to date (9 months) \$A
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(1,516,403)	(6,540,614)
	(b) development	-	-
	(c) production	-	-
	(d) administration *	(443,199)	(1,381,601)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	76,167	152,127
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
Net Operating Cash Flows		(1,883,435)	(7,770,088)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects/farmins	(858,898)	(1,545,862)
	(b)equity investments	-	-
	(c) other fixed assets	(68,628)	(241,209)
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		(927,526)	(1,787,071)
1.13	Total operating and investing cash flows (carried forward)	(2,810,961)	(9,557,159)

* The major administration costs during the quarter included general corporate costs, accounting fees, legal fees, travelling expenses, and general administrative costs at the Balama Graphite and Vanadium Project in Mozambique, and the Tanzanian Mineral Sands projects.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,810,961)	(9,557,159)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares and exercise of options	3,003,139	19,717,269
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(118,878)
1.18	Dividends paid	-	-
1.19	Other – Capital raising costs	(19,869)	(788,083)
	Net financing cash flows	2,983,270	18,810,308
	Net increase (decrease) in cash held	172,309	9,253,149
1.20	Cash at beginning of quarter/year to date	12,861,481	3,874,721
1.21	Exchange rate adjustments to item 1.20	(33,948)	(128,028)
1.22	Cash at end of quarter	12,999,842	12,999,842

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	\$231,852
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The above related party payments include Salaries, Superannuation, Rent, and Consultancy fees paid to director related entities during the March 2013 quarter. It also includes payments to OptiRes Pty Ltd of \$15,510 for consultancy, administration services, and management of the Balama Scoping Study. OptiRes Pty Ltd is controlled by a former director, Mr Alistair Campbell. Payments were also made to Copper Strike Limited for part rental of the principal place of business for \$14,452. A further \$14,415 was paid to Copper Strike Limited in relation to director related time charged to Syrah. Copper Strike Limited is a related entity of Mr Tom Eadie. Termination payments were also made during the quarter to Mr Alistair Campbell and Mr John Nitschke (former Directors of the Company) to the combined amount of \$40,730.

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	1,500
4.2 Development	-
4.3 Production	-
4.4 Administration	500
Total	2,000

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	12,938	12,799
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Bank Term Deposits	62	62
Total: cash at end of quarter (item 1.22)	13,000	12,861

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	9406/2013		Nil	100%

+ 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	146,417,623*	146,417,623*	FP	FP
7.4 Changes during quarter (a) Increases through issues	587,500	587,500	\$0.26 (26 cents)	\$0.26 (26 cents)
	497,500	497,500	\$0.26 (26 cents)	\$0.26 (26 cents)
	358,333	358,333	\$0.26 (26 cents)	\$0.26 (26 cents)
	100,000	100,000	\$0.26 (26 cents)	\$0.26 (26 cents)
	9,907,201	9,907,201	\$0.26 (26 cents)	\$0.26 (26 cents)
	100,000*	100,000*	\$0.26 (26 cents)	\$0.26 (26 cents)
(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>	4,451,967 500,000 1,000,000	- - -	Exercise price \$0.26 \$2.21 \$3.87	Expiry date 15 December 2015 16 July 2016 21 March 2015
7.8 Issued during quarter	1,000,000	-	\$3.87	21 March 2015
7.9 Exercised during quarter	11,550,534	-	\$0.26	15 December 2015
7.10 Expired during quarter				

+ See chapter 19 for defined terms.

7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

* Ordinary Securities includes 100,000 fully paid ordinary shares which were allotted on 5 April 2013. Funds received for the exercise of these options which totalled \$26,000 was received during March 2013 and included in the quarterly cashflow.

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: 30 April 2013

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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+ See chapter 19 for defined terms.