



16 April 2013

Diamond Drilling to recommence at Balama Graphite and Vanadium Project

Syrah Resources (ASX: SYR) is pleased to advise that drilling at its 100% owned Balama Graphite and Vanadium Project in north Mozambique will commence early next month.

BACKGROUND

In 2012, Syrah defined a tier 1 deposit of graphite in terms of quality and size. Resource modelling undertaken by MSA Group calculated a global Inferred Resource at Balama West of 564 million tonnes at 9.8 % total graphitic carbon (TGC) and 0.21% V₂O₅ at a 5% TGC cut-off. Within this global resource the combined high grade zones from the Mualia and Ativa zones contain an inferred Resource of 157 million tonnes at 17.1 % TGC and 0.43% V₂O₅ at a 5% cut-off. As can be seen in Figure 1, Balama is clearly the stand out graphite deposit globally in terms of size and grade.

BALAMA WEST DRILLING

As noted, the global Inferred Resource at Balama West contained two high grade zones together totalling 157 million tonnes at 17.1 % TGC and 0.43% V₂O₅ at a 5% cut-off. Only 150 metres lateral distance separates the two zones (Figure 2).

The Ativa Zone comprises an Inferred Resource of 21 million tonnes at 20.8% TGC and 0.38% V₂O₅. The Ativa Zone is open in all directions and at depth. Drilling will focus on closing off the Ativa Zone. Syrah anticipates that the tonnage of the deposit will grow significantly with little or no sacrifice in the graphite grade (> 20% TGC). Closer spaced infill drilling will also take place to bring the deposit up to JORC Indicated status. It is likely that the Ativa Zone will provide for several decades production of graphite. A total of 16 holes for 2,170m is expected to be drilled at the Ativa Zone.

ASX Code SYR

Current Corporate Structure

Ordinary Shares

Issued Shares: 146,767,623

Options

Exercisable at \$0.26:	4,101,967
Exercisable at \$2.21:	500,000
Exercisable at \$3.87:	1,000,000

Major Shareholders

HSBC Custody Nom Aust Ltd	15.14%
Basapa PL	9.61%
National Nom Ltd	7.61%
Copper Strike Ltd	7.49%

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

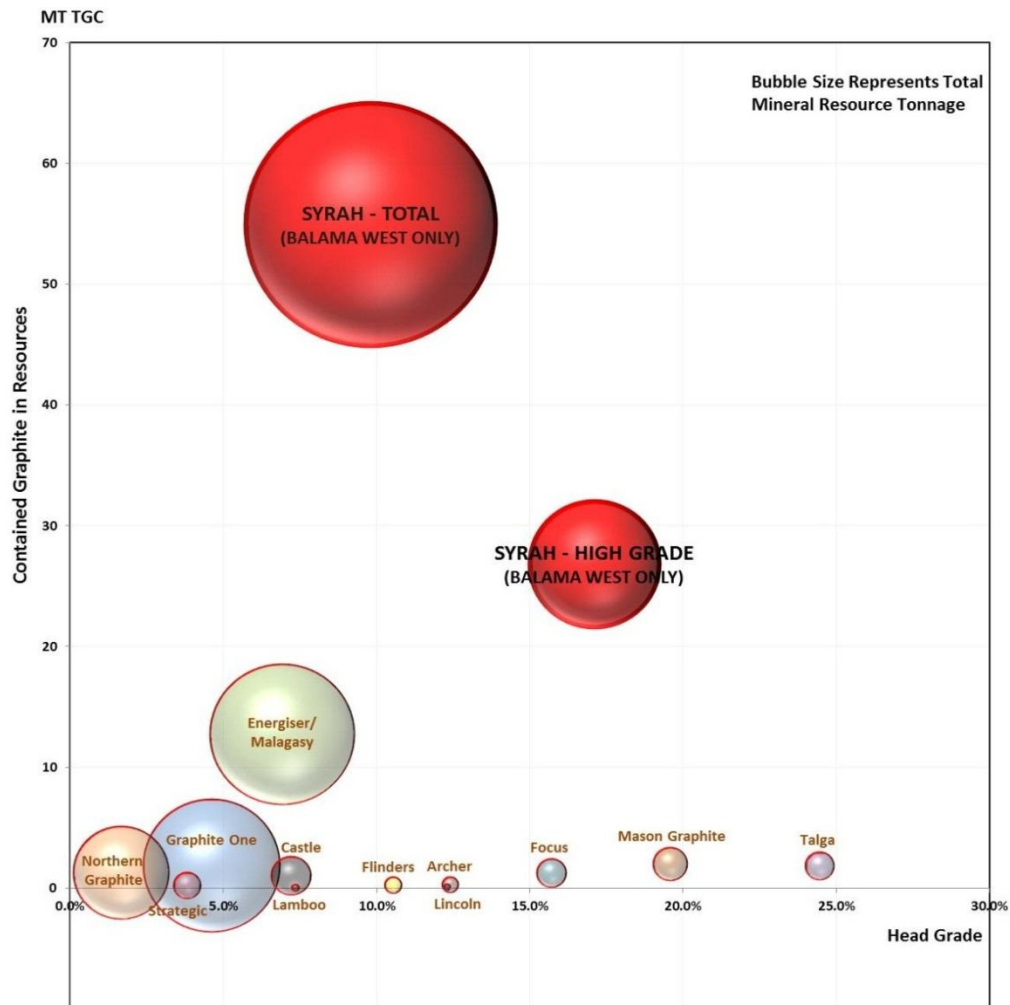


Figure 1 – Balama West alone is the largest known high grade graphite deposit in the world - an order of magnitude larger than all but one of its competitors in terms of contained graphite. Also impressive is the size and grade of the two combined high grade portions of the deposit – the Ativa and Mualia Zones

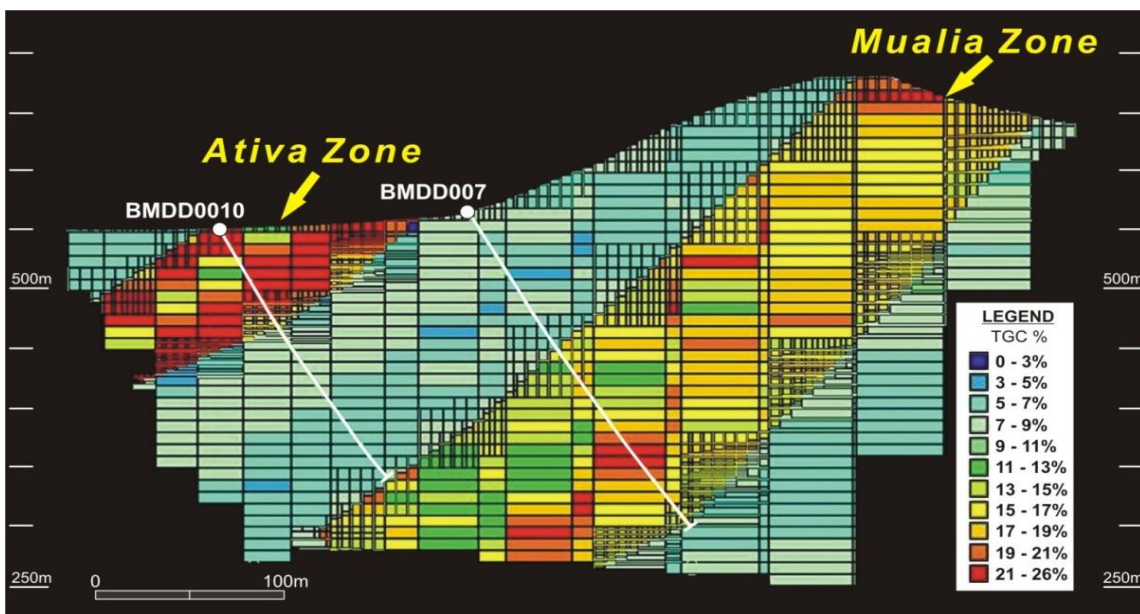


Figure 2 – Block model cross section through Balama West deposit showing high grade Ativa and Mualia Zones. Large areas of the Ativa Zone are >20% TGC while much of the Mualia Zone is >15% TGC.

The Mualia Zone comprised an Inferred Resource of 136 million tonnes at 16.6% TGC and 0.43% V₂O₅. The Mualia Zone is open to the west and east and at depth. As can be seen, the Mualia Zone is slightly lower grade than the Ativa Zone. Ordinarily, this would not warrant further drilling given that the Ativa Zone will already have sufficient graphite for several decades of production. However, it was noted in trenching data that Mualia has areas of high grade zones at surface (>21% TGC). Also, field observation of outcrop indicates that the highest grade zone may be at the west of the deposit, which has yet to be tested in any form. Also, the overall vanadium grade at Mualia (0.43% V₂O) is slightly higher than that at the Ativa Zone (0.38% V₂O). Thus, it is possible that certain areas of Mualia may be of even higher grade than Ativa in both graphite and vanadium. A total of 7 holes for 1,225 are anticipated to be drilled at Mualia. These are only designed to better define the exceptionally high grade zones. If based on assay data, it appears that the Mualia Zone contains areas with grade equal or better than the Ativa Zone, the drilling will be extended to define an Indicated Resource at Mualia.

BALAMA EAST DRILLING

The Balama East resource calculation is due shortly and will add significantly to the resource base.

A total of 17 holes for 2,040m are anticipated to be drilled at Balama East in the coming months. It is anticipated that this will be sufficient to define an Indicated Resource at Balama East. A total of 3 holes for 360m will be drilled at the Sushi Zone to better define this area which is observed to have exceptionally coarse flake graphite.

SUMMARY

All drilling is expected to be completed by late July 2013. Syrah anticipates that the new resources will be available by October. It is expected that all the identified resources will grow significantly in tonnage. As discussed, there is scope to improve on the grade in certain areas. Syrah believes that the results will affirm that the Balama deposit is the preeminent graphite deposit globally by a significant margin.

The scoping study is progressing well and anticipated to be released in early May 2013. Significant progress has been made on securing off take partners for Balama graphite and an ASX release on this progress will be announced shortly.

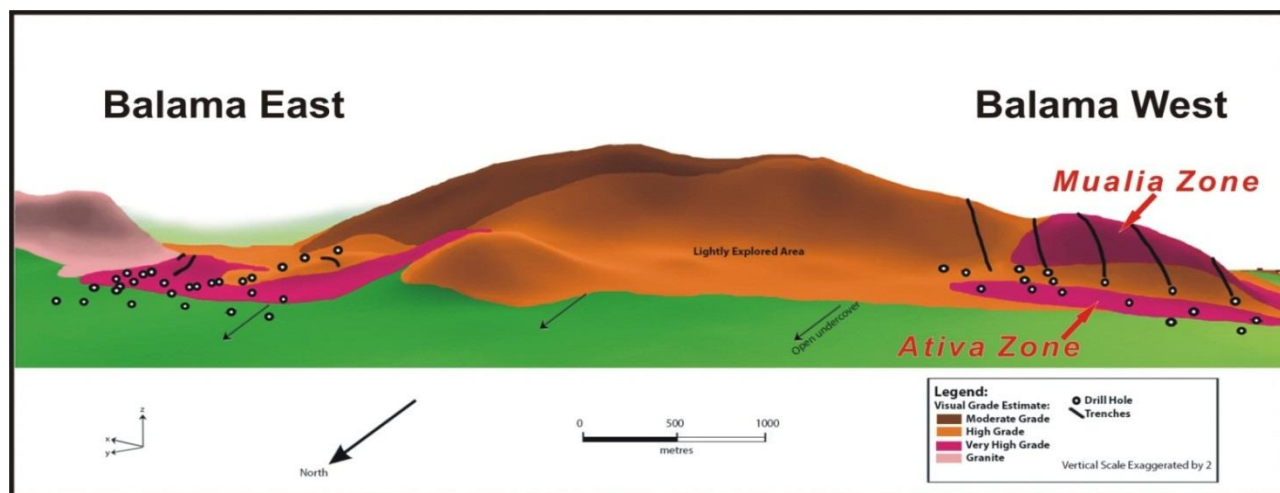


Figure 3 – 3D model of the Balama Graphite and Vanadium Deposit. The model shows the location of the Balama West and Balama East areas, including the high grade Ativa and Mualia zones. The area between Balama East and Balama West is very lightly explored.

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.

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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.