



ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

Highlights

- Transaction to acquire Jacana Resources approved by shareholders and completed
- New Board of Directors instituted
- Trenching work at Balama graphite / vanadium project commenced and metallurgical testwork continuing. Results anticipated in the March quarter
- Negotiations started with contractors to commence drilling at Balama after the wet season in April 2012
- Appointment of well respected geologist, Victor Meneses, to manage the Balama project
- Digitising of historical field data at Mavuzi multi-metal project commenced
- Sale of 90% of Saudi Arabia subsidiary approved by shareholders and being progressed
- Project generation activities ongoing
- Capital raising of \$2,060,000 (before costs) completed

Completion of Jacana acquisition

Syrah has completed the acquisition of Jacana Resources following shareholder approval at the Annual General Meeting of shareholders held on 14 December. Jacana Resources holds interests in 11 project areas in south-east Africa with a total licence area of 5,889 km². The most advanced project is the Balama graphite / vanadium occurrence in Mozambique. The Mavuzi project in Mozambique has significant uranium potential along with base and precious metals. The Jacana portfolio consisted of a number of other uranium projects

ASX Code SYR

Corporate Structure

Ordinary Shares

Issued Shares: 114,408,339

Options

Exercisable at 25c: 2,250,000

Exercisable at 20c: 100,000

Exercisable at 17c: 400,000

Exercisable at 26c: 17,000,000

Major Shareholders

Basapa PL 12.3%

Copper Strike Ltd 9.6%

Kitara Investments PL 8.9%

Market Capitalisation and Cash

Mkt Cap at 23/01/2012: \$22.8 m

Cash at 31/12/2011: \$2.5m

Board of Directors

Mr Tom Eadie

Non-Executive Chairman

Mr Paul Kehoe

Managing Director

Mr Alistair Campbell

Non-Executive Director

Mr Mike Chester

Non-Executive Director

Key Projects

Balama Graphite Project, Mozambique

Has the potential to be a high tonnage, high grade, coarse flaked graphite project. Also highly anomalous in vanadium with sample grades up to 1.25%.

Mavuzi Multi-Metal Project, Mozambique

Drill assays up to 4600 ppm U308. Licence area is highly anomalous in rare earths, molybdenum, copper, nickel, PGE's, gold and silver.

Website

www.syrahresources.com.au

hosting very large radiometric anomalies. Other projects are prospective for mineral sands (Tanga) and thermal coal (Shikula).

Changes to Board of Directors

As a consequence of the other resolutions approved at the Syrah AGM:

- Paul Kehoe was appointed Managing Director of the Company;
- Mike Chester was appointed as a Non-Executive Director of the Company;
- Terry Lees resigned from his role as Exploration Director of the Company; and
- Alistair Campbell resigned as Managing Director of the Company and was reappointed as a Non-Executive Director.

Balama graphite / vanadium project - Mozambique

Balama is located approximately 240 km west of Pemba town in north Mozambique.

The project comprises substantial coarse flake graphite mineralisation over a 4 km strike length (Figure 1). In addition, the project has anomalous vanadium grades over a wide extent.

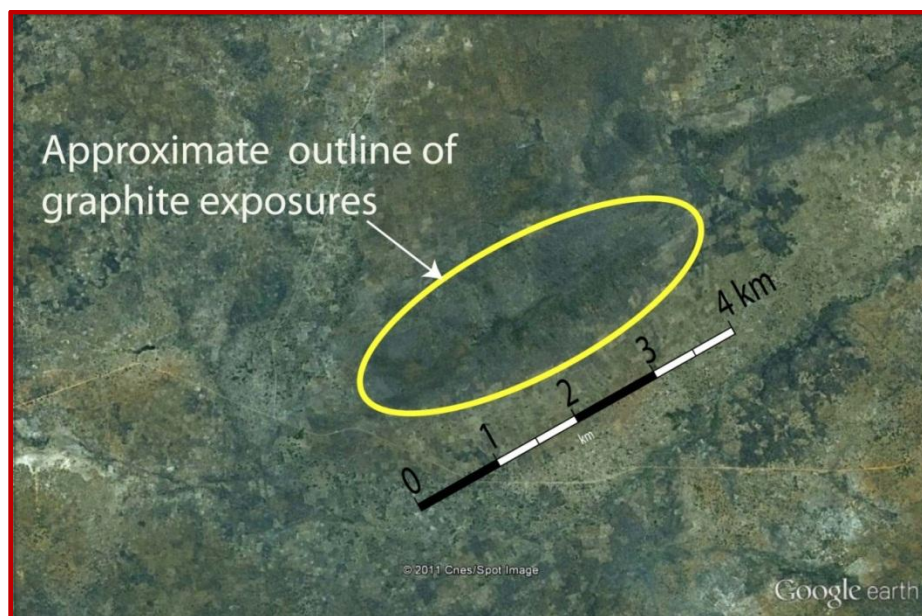


Figure 1 – Approximate outline of graphite exposures at Balama project

During the quarter, Syrah completed a trenching program at Balama. Samples have been collected for despatch to Amdel Laboratories in Adelaide for assaying. In addition, metallurgical testwork is ongoing at Mintek, South Africa. Preliminary results from the metallurgical program have been encouraging. Results from both the assay and metallurgical testwork should be released before the end of the March quarter.

Drill rigs are in the process of being secured for drilling expected to commence after the end of the wet season in April 2012. Drilling is anticipated to continue for the entire field season which ends around November 2012. Given a successful drilling program, it is expected that Syrah will be in a position to release a substantial JORC resource prior to calendar year end or early in 2103.



The infrastructure available for the Balama project is excellent. Pemba has a deep water port and international airport. Flights operate daily from Johannesburg to Pemba. A major road runs directly from the airport and port to the project site. Electricity to Balama township (8km to the west) is in the process of being upgraded and new powerlines will run directly past the project. Chipembe dam is only 14 km to the north east providing ample water supply. Balama township is relatively sizeable (up to 2,000 people) and is an excellent source of basic provisions and labour for the project.

Figure 2 – Coarse flake Balama graphite

Appointment of Victor Meneses

Syrah has appointed Victor Meneses to manage the Balama project in Mozambique. Victor is a highly regarded Portuguese geologist who was born and raised in Mozambique. He has worked for companies such as Billiton, the Anglo American group and BP Minerals. Victor has experience in gold, base metals and rare earth elements. He has supervised major drilling campaigns with teams of up to 90 people. We welcome Victor to Syrah and are confident he will be an excellent addition to the team.



Mavuzi multi-metal project – Mozambique

The Mavuzi project in Mozambique has significant copper and nickel anomalies which have never been followed up in the field. It is also anomalous in rare earths, molybdenum, gold and silver. Mavuzi is a historic uranium mining district with modern drilling recording uranium grades up to 4,600 ppm U308. Syrah is in the process of digitising the Mavuzi historical exploration data. The results of this should be available during the March quarter.

Other African projects

Syrah is currently prioritising the other projects in its portfolio. Several of these are grass roots uranium projects with very high exploration potential based on the size of their radiometric targets. In addition, Syrah holds the Tanga project which is prospective for mineral sands and the Shikula project which has potential for thermal coal. Depending on the results of the prioritisation process, some limited field work is likely to commence during the March quarter, weather permitting.

Saudi Arabia

ANR Resources Pte Ltd (ANR) has been incorporated in Singapore to purchase a 90% equity position in Syrah's Saudi Arabian operating subsidiary. ANR has requested an extension to 28 February 2012 to complete their due diligence. Syrah has been informed by ANR that their due diligence is progressing well and that a Share Sales Agreement is being prepared to formalise the transaction. Syrah received the initial \$50,000 option fee and expects to receive a further \$700,000 upon completion of the transaction.

Lyndhurst, South Australia (50%)

Our joint venture partner, Zurich Resources Pty Ltd has advised that they are planning to conduct a gravity survey at the Lyndhurst project in South Australia.

Project generation

Syrah is reviewing several other opportunities in south-east Africa. An announcement will be made on these if and when projects are secured. Given Syrah already has a large portfolio of projects, the Company's philosophy is to introduce new projects only if they possess strong potential for development.

Capital raising and cash at bank

During the quarter, Syrah raised \$2,060,000 (before costs) via the issuance of 13,733,333 new fully paid shares to institutional and sophisticated investors. At 31 December 2012, Syrah had cash at bank of \$2,498,764. As noted, Syrah anticipates receiving a further \$700,000 from sale of its 90% interest in the Saudi Arabian subsidiary.

Paul Kehoe
Managing Director
Syrah Resources Limited
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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 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.

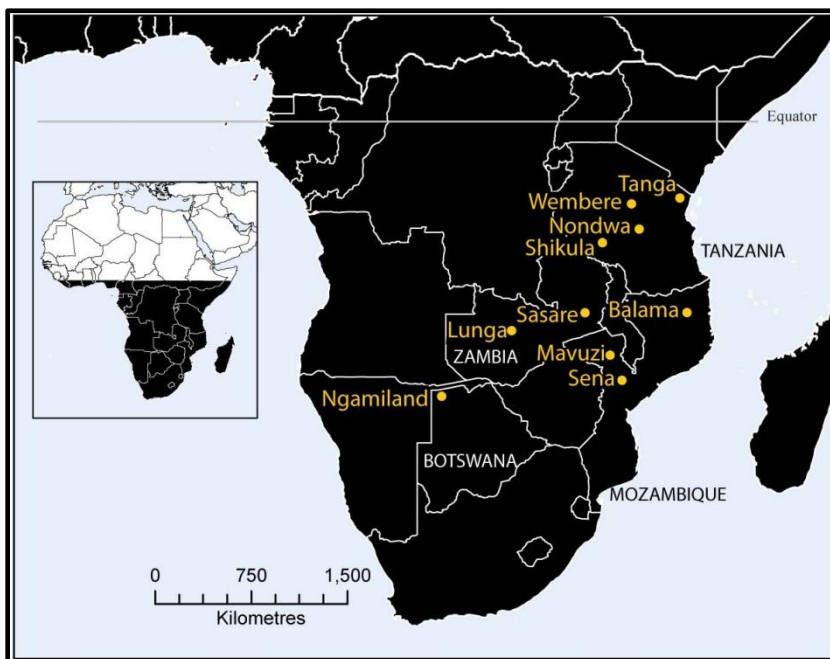


Figure 3 – Location of Syrah projects in Africa

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 DECEMBER 2011

Consolidated statement of cash flows

	Current quarter \$A	Year to date (6 months) \$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(72,562)	(172,296)
(b) development	-	-
(c) production	-	-
(d) administration	(252,047)	(475,238)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4,444	13,575
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Option fee received from ANR	50,000	50,000
Net Operating Cash Flows	(270,165)	(583,959)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects/farmins	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(32,741)
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	-	(32,741)
1.13 Total operating and investing cash flows (carried forward)	(270,165)	(616,700)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(270,165)	(616,700)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares	2,060,000	2,100,000
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	(113,300)	(113,300)
	Net financing cash flows	1,946,700	1,986,700
	Net increase (decrease) in cash held	1,676,535	1,370,000
1.20	Cash at beginning of quarter/year to date	761,797	1,079,337
1.21	Consolidation of Jacana Resources Limited cash as a result of the acquisition of Jacana Resources Limited	43,293	43,293
1.22	Exchange rate adjustments to item 1.20	17,139	6,134
1.23	Cash at end of quarter	2,498,764	2,498,764

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	\$71,727
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, Rent, and Consultancy fees paid to director related entities during the December 2011 quarter. It also includes payments to Inkprintz of \$1,815 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

On 15 December 2011, the Company completed the acquisition of Jacana Resources Ltd following approval at the Company's annual general meeting of shareholders on 14 December 2011. As part of the acquisition 60,000,000 fully paid ordinary shares and 15,000,000 options were issued to Jacana Resources Limited shareholders.

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	200
4.2 Development	-
4.3 Production	-
4.4 Administration	170
Total	370

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	2,198	364
5.2 Deposits at call	239	336
5.3 Bank overdraft	-	-
5.4 Other – Bank Term Deposits	62	61
Total: cash at end of quarter (item 1.22)	2,499	761

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	114,408,339	114,408,339	FP	FP
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	60,000,000 13,733,334	60,000,000 13,733,334	- \$0.15	- \$0.15
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>	2,250,000 100,000 400,000 17,000,000	- - - -	Exercise price \$0.25 \$0.20 \$0.17 \$0.26	Expiry date 31 July 2012 31 July 2014 1 January 2015 15 December 2015
7.8 Issued during quarter	17,000,000	-	\$0.26	15 December 2015
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: 24 January 2012

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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