



ASX ANNOUNCEMENT

7 November 2011

DIVESTMENT OF MAJORITY STAKE IN SAUDI SUBSIDIARY

Syrah Resources Ltd (ASX:SYR) today announced that it has signed a Memorandum of Understanding with Arabian Nubian Resources ("ANR") to sell a 90% stake in Syrah's Saudi subsidiary company.

ANR is a syndicate comprising Saudi and Australian businessmen that have strong credentials to expedite the approval process for the portfolio of Exploration Licence applications made by Syrah in Saudi Arabia since 2009.

Under the terms of the MOU, through the payment of an initial A\$50,000 Option Fee, ANR will have the right to conduct due diligence and make a final cash payment of A\$700,000 to acquire 90% ownership in Syrah Resources Saudi Arabia LLC (SRSA).

Syrah will maintain exposure to the success of ANR with its endeavours via the retained 10% ownership stake in SRSA and a priority entitlement to any future ASX listing of the SRSA assets. ANR will also provide ongoing funding for SRSA to the amount of A\$1.25 million.

A number of conditions precedent are required to be satisfied prior to completion of the transaction. These include:

- Due diligence until the end of December 2011;
- Confirmation that SRSA's EL applications are in good standing; and
- Confirmation that the SRSA ownership stake can be transferred with necessary Saudi government approvals.

This transaction with ANR coincides with Syrah's recently announced deal to acquire Jacana Resources, which will result in a new diversified focus on exploration in southeast Africa.

The approval of Syrah shareholders for this transaction will be sought at the Annual General Meeting now deferred to 14 December 2011.

Alistair Campbell
Managing Director
Syrah Resources Ltd

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