



7th February 2012

ASX ANNOUNCEMENT

UPDATE: DIVESTMENT OF MAJORITY STAKE IN SAUDI SUBSIDIARY

On 7th November 2011, Syrah Resources Ltd (ASX:SYR) announced that it had reached agreement with a syndicate, Arabian Resources (ANR) to sell a 90% stake in Syrah's Saudi exploration interests.

Syrah advises that it has now signed an updated Memorandum of Understanding with ANR to extend the period of exclusivity with ANR to provide additional time to finalise a Share Sale and Purchase Agreement. The exclusivity period has been extended to 28th February 2012.

Under the terms of the MOU and subject to completion of the transaction, ANR will make a cash payment of A\$700,000 to acquire 90% ownership in the Syrah Resources subsidiary company 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 funding associated with the potential ASX listing of the SRSA assets. ANR will also provide ongoing funding for SRSA totalling A\$1.25 million.

Syrah shareholders have previously approved this transaction at the Annual General Meeting held on 14 December 2011.

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Managing Director
Syrah Resources Limited
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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 06/02/2012:	\$50.3m
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%.

Mavusi 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