



4 May 2012

DIVESTMENT OF MINERAL SANDS EXPLORATION PORTFOLIO

Highlights

- **Proposed divestment of Syrah's mineral sands portfolio to Copper Strike for 115.7 million Copper Strike fully paid ordinary shares**
- **Copper Strike shares proposed to be distributed to Syrah shareholders on a 1:1 basis**
- **Syrah will continue to focus its resources on the potentially world class Balama Graphite Project in Mozambique and the Nachingwea Graphite Project in Tanzania**
- **Syrah shareholders will retain an interest in the mineral sands portfolio but through a dedicated mineral sands explorer**
- **Transaction has the potential to unlock the value of the mineral sands portfolio to generate value accretion for Syrah shareholders**

Syrah Resources Ltd (ASX: SYR) is pleased to announce that it has today signed a Term Sheet with Copper Strike Ltd (ASX: CSE) to vend its Tanzanian mineral sands portfolio into Copper Strike.

Syrah holds interests in eight Prospecting Licences focussed on mineral sands in the northern and central coastal areas of Tanzania. The portfolio covers a significant area of 1,350 km² with a strike extent of over 100 km. Most of the areas were acquired by Syrah in February 2012.

Whilst the portfolio offers outstanding exploration potential, Syrah is mindful of the high cost and time commitment required to explore such a significant landholding. Syrah is currently devoting the majority of its focus and funds to the Balama Graphite Project located in Mozambique, which Syrah considers has the potential to be a world class graphite deposit. Recent trench results at Balama combined with previous metallurgical testwork and geological mapping indicate significant tonnage potential of coarse flake graphite with excellent recovery characteristics.

Syrah Resources Ltd (ABN 77 125 242 284). Level 9 - 356 Collins Street, Melbourne Victoria 3000 Australia
Ph 03 96707264 Fax 03 96420698

ASX Code SYR

Current Corporate Structure

Ordinary Shares

Issued Shares: 125,204,521

Options

Exercisable at 25c: 1,500,000

Exercisable at 26c: 17,000,000

Major Shareholders

Basapa PL 11.27%

Copper Strike Ltd 8.79%

Gasmere PL 8.70%

Kitara Investments PL 8.16%

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

Ms Melanie Leydin

Company Secretary

Key Projects

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

Have the potential to be high tonnage, high grade, flake graphite projects. Balama is mainly medium to coarse flake and Nachingwea is fine to coarse flake. Balama is also highly anomalous in vanadium in sample grades up to 1.25%.

Tanzania Mineral Sands

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

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



Drilling is expected to start in within the next week and continue until the start of the wet season in November 2012. In addition, it is intended to commence field work on the Nachingwea Graphite Project in Tanzania within the next few months. Like Balama, Nachingwea offers the potential to be a very sizeable, high grade graphite deposit.

Syrah was approached by Copper Strike to acquire this mineral sands portfolio. By divesting the mineral sands portfolio to Copper Strike, Syrah will be able to continue to concentrate the majority of its resources on Balama and Nachingwea. Shareholders in Syrah will still have the opportunity to benefit from any exploration success on the mineral sands portfolio by virtue of the proposed distribution of the Copper Strike consideration shares to Syrah shareholders.

As a dedicated mineral sands explorer, Copper Strike will be ideally placed to focus on and fast track exploration on this extensive mineral sands portfolio which will enable the Syrah shareholders the opportunity of a more rapid value accretion proposition.

As Syrah holds such an extensive exploration portfolio, outstanding projects often do not receive the value they deserve as investors inevitably focus on the flagship project in the portfolio. By divesting the mineral sands portfolio into a separate vehicle in which Syrah's shareholders can participate, Syrah's shareholders are expected to receive nearer term returns for these exciting projects in a dedicated mineral sands exploration company.

Transaction Terms

Consideration for the transaction is 115,704,521 fully paid ordinary shares in Copper Strike which are proposed to be distributed to Syrah's shareholders (not including Copper Strike) at an agreed record date on or around the Completion Date for the transaction.

Further information concerning the proposed key transaction dates including the record date for Syrah shareholders to determine entitlements to Copper Strike shares will be announced when available.

The Consideration Shares issued by Copper Strike will rank pari passu with Copper Strike ordinary shares on issue on the Completion Date. The net effect of this transaction is that Syrah shareholders at the record date will receive one share in Copper Strike for every one share they hold in Syrah.

The transaction is subject to a number of conditions which include:

1. Due diligence review to be carried out by Copper Strike;
2. CSE and SYR obtaining shareholders' approval at Extraordinary General Meetings (EGM) for each respective company for all resolutions required under the ASX Listing Rules and Corporations Act to complete the transaction;
3. All necessary regulatory approvals;
4. A draft Class Ruling from the Australian Taxation Office on the income tax implications of the transaction in a form that is satisfactory to Syrah, and
5. Execution of all other necessary transaction documents to the parties' satisfaction.

It is anticipated that the Syrah and Copper Strike EGM's will be held in July 2012.

Paul Kehoe
Managing Director
Syrah Resources Limited
Mobile contact - +61 414156288
Email - p.kehoe@syrahresources.com.au

SYRAH RESOURCES PROJECTS

Project	Country	Area	Syrah Equity	Commodity Targets
Balama	Mozambique	109km ²	100%	Graphite, vanadium
Nachingwea	Tanzania	235 km ²	Earning 100%	Graphite
Lunga	Zambia	344km ²	100%	Copper, uranium, IOCG
Mavuzi	Mozambique	208km ²	Right to earn up to 80%	Uranium, rare earths, molybdenum, copper, nickel, platinum group elements, gold, silver and magnetite
Wembere	Tanzania	459km ²	100%	Uranium, diamonds
Sasare North	Zambia	573km ²	100%	Uranium
Ngamiland	Botswana	2,881km ²	100%	Uranium (applications)
Shikula	Tanzania	197km ²	100%	Coal, uranium
Sena	Mozambique	235km ²	100%	Uranium
TOTAL		5,241km²		