



SYRAH RESOURCES

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ASX ANNOUNCEMENT

19 September 2017

SYRAH ANNOUNCES FULLY UNDERWRITTEN A\$110 MILLION CAPITAL RAISING

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Syrah Resources Limited (ASX:SYR) (**Syrah** or the **Company**) today announced a capital raising of approximately A\$110 million by way of an institutional placement (**Placement**) and a pro rata accelerated non-renounceable entitlement offer (**Entitlement Offer**). Both the Placement and the Entitlement Offer (together, the **Capital Raising**) are fully underwritten.

Syrah has extensively reviewed potential financing options to see the Company through the ramp up of the Balama Graphite Project and for an acceleration of our Battery Anode Material (**BAM**) strategy. During this review, it has become clear that debt funding is an expensive option at this time. In addition, given restrictions on the use of funds and other encumbrances proposed by debt financiers, debt funding would limit Syrah's flexibility to accelerate its value-adding strategic options. Accordingly, Syrah considers an equity raising is in the best interests of the Company and its shareholders at this time.

Syrah's end markets exhibit an outstanding growth profile driven by battery manufacturing capacity growth and momentum in electric vehicle markets through both government policy and increasing automaker focus. Given the rate of market developments, Syrah considers the management of working capital funding for the Balama Project and entry into the BAM market is best achieved by ensuring that the Company remains flexible and unencumbered. This will give Syrah the best opportunity to capitalise on opportunities as soon as possible. Syrah is excited about the imminent commencement of production from Balama and the prospect of achieving commercial production from a BAM plant in Louisiana in the medium term.

Use of proceeds

The proceeds of the Capital Raising will be used to fund:

- working capital requirements and costs associated with the ramp up of production of the Balama Graphite Project to positive cashflows;
- project development and other costs associated with the commercial acceleration of the Syrah's BAM strategy; and
- other corporate, general and administrative costs.

Details of Capital Raising

The Capital Raising has the following components:

- **Placement** – approximately 7.4 million new ordinary shares in the Company (**Shares**) will be offered to certain eligible institutional investors at a price of A\$3.38 per Share (**Offer Price**), to raise approximately A\$25 million. The Shares issued under the Placement will represent approximately 3% of the Company's

undiluted share capital following completion of the Entitlement Offer. These Shares will not be entitled to participate in the Entitlement Offer.

- **Entitlement Offer** – 1 for 10.5 pro rata accelerated non-renounceable entitlement offer of new Shares at the Offer Price of A\$3.38, to raise approximately A\$85 million.

The Offer Price of A\$3.38 represents a discount of:

- 10.2% to the theoretical ex-rights price (**TERP**)¹, being A\$3.76; and
- 11.1% to the last closing price of Syrah shares on Monday, 18 September 2017, being A\$3.80.

At the time of allotment, Shares issued under the Placement and the Entitlement Offer will rank equally with existing Shares.

Entitlement Offer

The Entitlement Offer will be made available to all eligible shareholders and consist of:

- an accelerated institutional component that will be conducted today and tomorrow (**Institutional Entitlement Offer**); and
- a retail component which is scheduled to open on Monday, 25 September 2017 and close at 5.00pm (AEST) on Thursday, 5 October 2017 (**Retail Entitlement Offer**).

Under the Entitlement Offer, eligible Syrah shareholders will be entitled to subscribe for 1 new Share for every 10.5 Shares they hold at 7.00pm (AEST) on Thursday, 21 September 2017 (**Entitlement**).

The Entitlement Offer is non-renounceable and Entitlements will not be traded on the ASX or otherwise transferable. Shareholders who do not take up their Entitlement under the Entitlement Offer in full or in part will not receive any value for their Entitlement to the extent not taken up.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer and can choose to take up all, part or none of their Entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered to eligible institutional investors at the Offer Price.

Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer and can choose to take up all, part or none of their Entitlement. Those eligible retail shareholders who take up their full Entitlement may apply for additional Shares in excess of their Entitlement up to a maximum of 50% of their Entitlement under a 'top-up' facility. Allocations under such facility will be subject to the extent of any shortfall under the Retail Entitlement Offer and will also be subject to the discretion of Syrah (including with respect to any scale-back).

Eligible retail shareholders wishing to participate should carefully read the Retail Offer Booklet and accompanying personalised entitlement and acceptance form, which are expected to be despatched on Monday, 25 September 2017.

Retail shareholders with a registered address outside Australia or New Zealand will be ineligible to participate in the Retail Entitlement Offer.

¹ TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal TERP. TERP is calculated by reference to Syrah's closing price of A\$3.80 on Monday, 18 September 2017 and does not include the impact of the Placement.



Indicative timetable and management presentation

An indicative timetable for the Capital Raising is set out in the Appendix.

Shareholders and investors are encouraged to review the management presentation filed with the ASX today, which contains further information.

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About Syrah Resources Limited

Syrah Resources Limited (ASX code: SYR) is an Australian-based industrial minerals and technology company. Syrah is currently constructing the Balama Graphite Project (Balama) in Mozambique, with construction nearing completion and commissioning activities having commenced in May 2017. Balama will be the leading global producer of high purity graphite. Balama production is targeted to supply traditional industrial graphite markets and emerging technology markets. Syrah is also developing a downstream Battery Anode Material plant in Louisiana, USA. Syrah has successfully completed extensive product certification test work with several major battery producers for the use of Balama spherical graphite in the anode of lithium ion batteries. For further information, visit www.asx.com.au.

Appendix – Indicative timetable

Event	Date
Announcement of Capital Raising	Tuesday, 19 September 2017
Placement and Institutional Entitlement Offer Opens	Tuesday, 19 September 2017
Placement and Institutional Entitlement Offer Closes	Wednesday, 20 September 2017
Trading halt lifted and Shares recommence trading on an “ex-entitlement” basis	Thursday, 21 September 2017
Record Date under Entitlement Offer	7:00pm on Thursday, 21 September 2017
Retail Entitlement Offer opens	Monday, 25 September 2017
Despatch of retail offer booklet	Monday, 25 September 2017
Settlement of Placement and Institutional Entitlement Offer	Thursday, 28 September 2017
Issue and commencement of trading of new Shares under Placement and Institutional Entitlement Offer	Friday, 29 September 2017
Retail Entitlement Offer closes	5.00pm on Thursday, 5 October 2017
Settlement of new Shares issued under the Retail Entitlement Offer	Thursday, 12 October 2017
Issue of new Shares under Retail Entitlement Offer	Friday, 13 October 2017
Commencement of trading of new Shares under Retail Entitlement Offer	Monday, 16 October 2017

The above timetable is indicative only and subject to change without notice. All references to time are to Australian Eastern Standard Time (AEST). Quotation of new Shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, Syrah reserves the right to amend this timetable at any time, including extending the Retail Entitlement Offer period or accepting late applications, either generally or in particular cases, without notice.

Important notices

This announcement is not a financial product or investment advice, a recommendation to acquire Shares or financial, accounting, legal or tax advice. The information in this announcement does not contain all the information necessary to fully evaluate an investment. It should be read in conjunction with the other materials lodged with ASX in relation to the Capital Raising (including the investor presentation and the key risks set out therein), and Syrah's other periodic and continuous disclosure announcements. This announcement has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the information in this announcement and in the investor presentation in relation to the Capital Raising having regard to their own objectives, financial and tax situation and needs, and should seek legal, tax and other professional advice. Syrah is not licensed to provide financial product advice in respect of an investment in shares.

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This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any securities and neither this announcement nor anything contained in it shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be unlawful. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the Securities Act or an exemption from the registration requirements of the Securities Act and applicable U.S. state securities laws is available. This announcement must not be distributed or released in the United States. The distribution of this announcement in jurisdictions outside Australia may also be restricted by law.

This announcement contains certain forward-looking statements. The words "expect", "should", "will", and other similar expressions are intended to identify forward-looking statements. Forward-looking statements in this announcement include statements regarding: the timetable and outcome of the equity offer and the use of the proceeds thereof, the viability of future opportunities such as spherical graphite, recarburiser and vanadium, future market supply and demand. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. To the extent that this announcement contains forward looking information, the forward looking information is subject to a number of risk factors, including those generally associated with the mining industry. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. The forward-looking statements in this announcement speak only as of the date of this announcement. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, the Company disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this announcement to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this announcement will under any circumstances create an implication that there has been no change in the affairs of Syrah since the date of this announcement.



Investors should note that it is a requirement of the ASX listing rules that the reporting of ore reserves and mineral resources in Australia comply with the Australasian Joint Ore Reserves Committee Code for Reporting of Mineral Resources and Ore Reserves 2012 Edition (**JORC Code**), whereas mining companies in other countries may be required to report their mineral reserves and/or resources in accordance with other guidelines (for example, SEC Industry Guide 7 in the United States). Investors should note that while the Company's mineral resource estimates comply with the JORC Code, they may not comply with the relevant guidelines in other countries, and do not comply with SEC Industry Guide 7. In particular, Industry Guide 7 does not recognise classifications other than proven and probable reserves and, as a result, the SEC generally does not permit mining companies to disclose their mineral resources, including measured, indicated or inferred resources, in SEC filings. Accordingly, if the Company were reporting in accordance with SEC Industry Guide 7, it would not be permitted to report any mineral resources, and the amount of reserves it has estimated may be lower. You should not assume that quantities reported as "resources" will be converted to reserves under the JORC Code or any other reporting regime or that the Company will be able to legally and economically extract them.