



**SYRAH ANNOUNCES COMPANY UPDATE
FULLY UNDERWRITTEN A\$94 MILLION INSTITUTIONAL PLACEMENT
AND SHARE PURCHASE PLAN**

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Syrah Resources Limited (**ASX:SYR**) ("Syrah" or "Company") today provides a company update and announces a fully underwritten A\$94 million (US\$68 million)¹ institutional placement to complete the ramp-up of the Balama Graphite Operation ("Balama") through to positive cash flow, progress Syrah's Battery Anode Material ("BAM") strategy to the end of 2019, fund the evaluation of the Vanadium Resource at Balama, and fund corporate, general and administrative costs (including transaction costs). Following completion of the Placement, Syrah will offer eligible shareholders in Australia and New Zealand the right to participate in a Share Purchase Plan ("SPP"). A detailed presentation ("Equity Capital Raising Presentation") has been released separately to the ASX in conjunction with this announcement.

Syrah will separately release to the ASX today its interim financial report for the half-year ended 30 June 2018.

Balama Graphite Operation

Syrah has made significant progress in the ramp-up and de-risking of the Balama which is now well advanced. Balama is on track to achieve CY2018 production guidance of 135kt to 145kt², as previously announced to the ASX on 30 July 2018, enabled by significant month on month production performance improvement:

- 43% production volume uplift for July (relative to June 2018) to 10kt
- 40% production volume uplift for August (relative to July 2018) to 14kt
 - August exit run rate performance is 19kt of graphite production per month at a recovery rate of 70%³

Commercial production⁴ is expected to be declared during Q4 CY2018 and Balama is targeted to be operating cash flow positive from late 2018.

¹ Currency converted at an AUD/USD exchange rate of 0.72 as of 31 August 2018.

² Refer to ASX announcements titled "Syrah finalises Balama Graphite study and declares maiden Ore Reserve" released on 29 May 2015, "Syrah increases Balama Reserves and awards Laboratory Contract" released on 15 November 2016. All material assumptions underpinning the production target in these announcements continue to apply and have not materially changed, other than as updated in subsequent ASX announcements including the "Q2 2018 Quarterly Activities Report" released on 30 July 2018.

³ August exit run rate refers to an implied 31 day month performance based on operating performance achieved in last week of August. Recovery calculated as average daily recovery for last week of August.

⁴ Refer to Note 8 of the 2017 Annual Report for factors used in determining Commercial Production.



Battery Anode Material Strategy Update

Syrah is assessing strategic opportunities to accelerate entry into the BAM market and the Company is currently engaged with several parties to assess potential strategic relationships.

In response to evolving market dynamics and supply chain participant interactions, the Company will focus the initial production capacity at Vidalia on qualification volumes to:

- Achieve near term production and qualify BAM from a Syrah owned facility in the USA to capture first mover advantage and establish a core ex-Asia battery supply chain position for Syrah's product; and
- Maintain optionality in relation to potential strategic relationships and future commercial scale development of final anode product.

Vanadium

Balama contains a significant Vanadium Resource which presents a potential value-accretive opportunity that Syrah will advance through near term studies. Syrah has appointed a consultant to undertake a review of Syrah's 2014 vanadium scoping study⁵ and to progress studies to enable the Company to reach an investment decision.

Institutional Placement

Syrah is undertaking a fully underwritten placement of ordinary shares ("Shares") to professional and sophisticated investors ("Offer" or "Placement"). The Placement will be followed by a Share Purchase Plan ("SPP") offered to eligible shareholders in Australia and New Zealand.

Under the terms of the Placement, institutional investors can subscribe for 42.2 million new Shares at A\$2.23 per Share ("Offer Price"), to raise approximately A\$94 million (US\$68 million)⁶ before costs. The Shares issued under the Placement ("Placement Shares") will represent approximately 12.4% of Syrah's undiluted share capital immediately following completion of the Placement. New Shares issued under the Placement will rank equally with existing Syrah Shares on issue.

The Offer Price of A\$2.23 per Share represents a discount of:

- 9.3% to Syrah's closing price of A\$2.46 on the ASX as at 3 September 2018
- 13.3% to Syrah's 10-day volume weighted average price ("VWAP") on the ASX of A\$2.57 up to and including 3 September 2018

⁵ Scoping study on potential to refine vanadium as per ASX announcement dated 30 July 2014.

⁶ Currency converted at an AUD/USD exchange rate of 0.72 as of 31 August 2018.



Use of Proceeds

The proceeds of the Placement will be used to:

- complete the ramp-up of the Balama Graphite Operation and fund the operation through to positive cash flow;
- progress Syrah's BAM strategy to the end of 2019, including delivery of initial production capacity in USA and delivery of qualification volumes;
- fund the evaluation of the Vanadium Resource at Balama; and
- fund Syrah's corporate, general and administrative costs, including transaction costs.

Share Purchase Plan

Following completion of the Placement, Syrah will also offer eligible shareholders in Australia and New Zealand the right to participate in a Share Purchase Plan ("SPP").

The SPP price will be A\$2.23 per share which is equal to the Offer Price of the Placement. Eligible shareholders will be invited to subscribe for up to a maximum of A\$15,000 worth of additional shares, free of transaction and brokerage costs. The SPP will aim to raise approximately A\$14m (US\$10m)⁷ and is not underwritten. Syrah may decide to raise a higher amount or scale back applications under the SPP at its absolute discretion. New Shares issued under the SPP will rank equally with Syrah Shares on issue.

Full details of the SPP will be set out in the SPP Offer Booklet, which will be lodged with the ASX and sent to eligible shareholders on or around the date set out in the indicative timetable for the Institutional Placement and SPP is contained in the Appendix of this release.

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About Syrah Resources

Syrah Resources Limited (ASX code: SYR) is an Australian-based industrial minerals and technology company. Syrah has completed construction of the Balama Graphite Project (Balama) in Mozambique, with first production of natural flake graphite achieved in November 2017. Balama transitioned to operations with sales and shipments to a global customer base including battery anode producers, from the start of 2018. 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 and 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.syrahresources.com.au

⁷ Currency converted at an AUD/USD exchange rate of 0.72 as of 31 August 2018.



Appendix – Indicative Timetable

Event	Date
SPP Record Date	7:00pm, Monday, 3 September 2018
Trading Halt	Tuesday, 4 September 2018
Announcement of Offer and Bookbuild opens	Tuesday, 4 September 2018
Bookbuild closes	Tuesday, 4 September 2018
Trading Halt lifted and Shares resume trading	Wednesday, 5 September 2018
Settlement of Offer	Friday, 7 September 2018
Issue and Quotation of New Shares under the Offer	Monday, 10 September 2018
SPP Offer opens and Booklet dispatched	Tuesday, 11 September 2018
SPP Closing Date	Tuesday, 2 October 2018
Issue of New Shares under the SPP	Tuesday, 9 October 2018
Normal trading of New Shares under the SPP	Wednesday, 10 October 2018
Dispatch of Holding Statements	Thursday, 11 October 2018

The above timetable is indicative only and subject to change without notice. All references to time are to Australian Eastern Standard Time (AEST) and are subject to change. Quotation of Placement Shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws, Syrah reserves the right to amend this timetable at any time.



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 Placement and Share Purchase Plan (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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