



SYRAH RESOURCES

SYRAH RESOURCES LIMITED

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25 June 2019

Notification to ineligible shareholders of Syrah Resources Limited

On 19 June 2019, Syrah Resources Limited ("**Syrah**") announced an approximately A\$55.8 million (approximately US\$38.2 million)¹ pro rata accelerated non-renounceable entitlement offer to eligible Syrah shareholders to subscribe for 1 new Syrah ordinary share ("**New Shares**") for every 5 existing Syrah ordinary shares ("**Existing Shares**") held at 7.00pm (AEST) on 21 June 2019 ("**Record Date**") (the "**Entitlement Offer**"). The Entitlement Offer is fully underwritten.

The Entitlement Offer has an institutional component ("**Institutional Entitlement Offer**") and a retail component ("**Retail Entitlement Offer**"). The terms of the Entitlement Offer are detailed in an ASX announcement and investor presentation dated 19 June 2019 and a Retail Offer Booklet dated 21 June 2019 ("**Offer Document**").

The proceeds of the Entitlement Offer (and the proposed convertible note issue announced on 19 June 2019) will be used to provide Syrah with additional liquidity and flexibility to tailor production ramp-up at the Balama Graphite Operation ("**Balama**") according to global natural graphite demand, enabling orderly price negotiations. A portion of the proceeds will also be used to progress qualification of Syrah's Battery Anode Material ("**BAM**") and inform Syrah's market entry and commercialisation approach. The proceeds will also be used for general corporate and transaction costs.

Under the terms of the Entitlement Offer, you are either an Ineligible Institutional Shareholder or an Ineligible Retail Shareholder (each as defined below), and accordingly you are not eligible to subscribe for New Shares under the Entitlement Offer and you will not be sent a copy of the Offer Document.

This letter is to inform you about the Entitlement Offer. It is neither an offer to issue New Shares to you nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

What is the Entitlement Offer?

The Entitlement Offer comprises an offer to Eligible Institutional Shareholders under the Institutional Entitlement Offer and an offer to Eligible Retail Shareholders under the Retail Entitlement Offer, in each case, to subscribe for 1 New Share for every 5 Existing Shares held at 7.00pm (AEST) on the Record Date, at a price of A\$0.81 ("**Offer Price**") for each New Share ("**Entitlement**").

¹ A\$ proceeds converted into US\$ based on the USD/AUD exchange rate of 0.684 as of 18 June 2019.

Eligibility criteria

"Eligible Institutional Shareholders" are those persons who:

- a) were identified as an Institutional Shareholder (as defined below) by Syrah;
- b) have a registered address in Australia, New Zealand or certain other jurisdictions disclosed in the investor presentation released to ASX by Syrah on 19 June 2019 in connection with the Entitlement Offer;
- c) are eligible under all applicable securities laws to receive an offer under the Institutional Entitlement Offer; and
- d) have successfully received an offer under the Institutional Entitlement Offer.

"Eligible Retail Shareholders" are those persons who:

- a) are registered as a holder of Syrah fully paid ordinary shares as at 7.00pm (AEST) on the Record Date;
- b) have a registered address in Australia or New Zealand;
- c) are not in the United States and are not acting for the account or benefit of a person in the United States;
- d) are not an Eligible Institutional Shareholder or Ineligible Institutional Shareholder (as defined below); and
- e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

"Institutional Shareholder" means a shareholder of Syrah on the Record Date who is a person:

- a) in Australia, to whom an offer of securities in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an "exempt investor" as defined in section 9A(5) of the Corporations Act (as inserted by ASIC Instrument 2016/84); or
- b) in selected jurisdictions outside Australia, to whom an offer of New Shares may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which Syrah, at its absolute discretion, is willing to comply with such requirements).

"Ineligible Retail Shareholder" means a Syrah shareholder that is not an Eligible Retail Shareholder, an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder.

"Ineligible Institutional Shareholder" means an Institutional Shareholder who is not an Eligible Institutional Shareholder.

Why am I not eligible to participate in the Entitlement Offer?

Under the terms of the Entitlement Offer, investors that are not Eligible Retail Shareholders or Eligible Institutional Shareholders are ineligible to take up Entitlements to subscribe for New Shares.



The restrictions upon eligibility are due to legal limitations in some countries, the relatively small number of shareholders there, the small number and value of Existing Shares they hold and the potential cost of complying with regulatory requirements in those countries. Syrah has determined that, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act 2001 (Cth), and having regard to the relatively small number of shareholders, the small number and value of Existing Shares they hold and the potential cost of complying with regulatory requirements, it would be unreasonable to make the Entitlement Offer to shareholders resident in any country outside Australia and New Zealand (in connection with the Retail Entitlement Offer) or the other jurisdictions referred to in the investor presentation (in connection with the Institutional Entitlement Offer).

Yours sincerely,

Jim Askew
Non-Executive Chairman

If you have any questions, please contact your professional adviser or the Syrah Shareholder Information Line on 1300 850 505 (for callers within Australia) and +61 3 9415 4000 (for callers outside Australia) from 8.30am to 5.30pm (AEST) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer Period.

No action has been or will be taken to register, qualify or otherwise permit a public offering of the Entitlements and the New Shares in any jurisdiction outside Australia and New Zealand. The Offer Document may not be distributed in the United States. This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The Entitlements and the New Shares have not been, and will not be, registered under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by persons in the United States and the New Shares may not be offered or sold, directly or indirectly, in the United States, unless such Entitlements or New Shares have been registered under the U.S. Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and New Shares to be offered and sold in the Retail Entitlement Offer will only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) of the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.