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## SHAREHOLDERS AGREEMENT – SYRAH AND THE GOVERNMENT OF MOZAMBIQUE –

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In accordance with the Mining Agreement between Syrah Resources Limited (**ASX: SYR**) ("Syrah" or "Company") and the Government of the Republic of Mozambique, as previously announced to the market including on 27 September 2018, a 5% non-diluting free carried equity interest in Syrah's subsidiary Twigg Exploration and Mining Limitada ("Twigg") will be made available to a Government of Mozambique entity, Empresa Mocambicana de Exploracao Minera, SA ("EMEM").

Syrah is pleased to announce that, as the next step in making that 5% equity interest available, a shareholders agreement (known locally as a "Quotaholders Agreement") has been executed by the Syrah and its subsidiaries ("Syrah Group") and EMEM.

The purpose of the Quotaholders Agreement is to govern the relationship between the Syrah Group and EMEM as quotaholders and set out how certain aspects of Twigg's affairs will be conducted. The key terms of the Quotaholders Agreement are set out in Attachment A.

Syrah's Managing Director & CEO, Shaun Verner said: *"The execution of the Quotaholders Agreement is a further demonstration of the constructive nature of the relationship between Syrah and the Government in Mozambique. Syrah looks forward to a positive relationship with EMEM, supporting Twigg's long term and sustainable success in Mozambique."*

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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 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 the 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](http://www.syrahresources.com.au)

**About EMEM**

*The Empresa Moçambicana de Exploração Mineira,SA (EMEM,SA) is a company 100% owned by the state of Mozambique, thus integrating the state's business sector.*

*EMEM was created by the Mozambican government in 2009 through Decree 29/2009 of June 29, with the mission of defending the interests of the state of Mozambique in the mining sector, through the management of its shares in the mining enterprises as well, as in the development of geological surveys and mining exploration, logistic of mining services and commercialization of mineral products produced in national territory for internal consumption and exports. EMEM was also, recently appointed as facilitating agent in the process of importing and exporting diamonds precious metals and gems through the commercial warehouses created under implementation of the Kimberley process.*



## **Attachment A – Quotaholder Agreement Key Terms**

Syrah and its wholly owned subsidiaries, ("Syrah Group") have entered into a quotaholder agreement ("Quotaholder Agreement") with Empresa Mocambicana de Exploracao Minera, SA ("EMEM") which is to hold 5% of the quotas in Twigg Exploration and Mining Limitada ("Twigg") on behalf of the Government of the Republic of Mozambique ("Government of Mozambique").

Key terms of the Quotaholder Agreement are set out below.

### **Conditions Precedent**

- The Quotaholder Agreement is subject to the transfer or issue of the 5% of the quotas in Twigg to EMEM and to the amendment of the Articles of Association of Twigg to reflect the terms of Quotaholder Agreement.

### **Key Governance Terms**

- EMEM will have the right to nominate one director to the Twigg Board and the Syrah Group will have the right to appoint four directors (including the Chair). The Quotaholder Agreement also covers provisions relating to the processes for nomination and removal of directors.
- The Quotaholder Agreement specifies the powers of the Board and those that are reserved to quotaholders, including in particular the matters that are reserved for decision by a "qualified majority" (being 75%) of quotaholders.
- The Agreement contains customary provisions relating to the processes for conduct of Board and Quotaholder meetings, quorum requirements and how changes to quotaholdings and quotaholders must occur.
- EMEM will use its best endeavours to assist Twigg in its dealings with all governmental agencies including by supporting negotiations to obtain the delivery of reasonable grid power to its mine site at commercial tariffs.
- In the event that EMEM decides to dispose of or otherwise transfer its shareholding, the Syrah Group will have a right of first refusal.
- There are customary provisions dealing with the protection of confidential and sensitive information, force majeure events, and record keeping requirements..

### **Key Financial Terms**

- Twigg will not pay directors fees, however Directors will be reimbursed for reasonable travel costs.
- EMEM's 5% interest in Twigg will be free carried, such that EMEM are not required to contribute to any debt funding and, in the event that there is a requirement for equity contribution amongst Twigg's other shareholders, the amount of EMEM's free carry shall be adjusted to ensure the maintenance of its 5% holding.
- The Agreement sets out processes for equity and debt funding, including the treatment of existing loans from the Syrah Group entities to Twigg, as well as processes for increase or reduction of share capital and dividends policies (any dividends paid will be in accordance with quotaholdings).