



GENERAL MEETING CHAIRMAN'S ADDRESS

Syrah Resources Limited (**ASX: SYR**) ("Syrah" or "Company") provides a copy of the Chairman's Address which will be delivered at the Company's General Meeting today.

ADDRESS BY THE CHAIRMAN, JIM ASKEW

Good morning and welcome to Syrah Resources' General Meeting.

On 19 June 2019, in conjunction with the recent Entitlement Offer, Syrah announced a Convertible Note Deed with our largest shareholder, AustralianSuper to raise A\$55.8 million by the issue of a convertible note being a security exercisable for shares ("Convertible Note").

In addition to the completion of the recent Entitlement Offer (refer to ASX announcement 11 July 2019), the Convertible Note is designed to give Syrah the balance sheet strength to:

- Ensure flexibility to optimise Balama production output, capital expenditure and pricing negotiations for the best interests of the Company over the medium to long term
- Balance Balama production in line with prevailing market demand;
- Maintain preferred contract structures and short term pricing to provide exposure to market fundamentals and manage contract performance, and
- Ensure limited funding to progress qualification through Syrah's Battery Anode Material (BAM) project informing our market entry and commercialisation approach.

Importantly, the Convertible Note flexible funding arrangement provides an option for Syrah to defer the drawdown for up to 120 days from the date of the Convertible Note Deed and reduce the Convertible Note amount should an alternative debt funding solution in the best interest of the Company be available. The Executive Team continues to progress alternative debt options, with a clear focus on delivering and assessing options within this timeframe.

As we have previously noted, Syrah's market entry into the natural graphite market is fundamentally changing international trade flows and market dynamics, whilst demand from battery application continues to grow. Syrah continues to implement its production improvement plan covering stronger equipment management and increased process control, for improvement in graphite recovery, a greater coarse flake to fines split, and increased average final product grade, which will improve both the cost and price position. This work supports the delivery of natural graphite of a differentiated quality from that of its major competitors in China.



Pricing for natural graphite continues to be opaque and complex. And, whilst Syrah is currently targeting a significant proportion of sales to China, the largest consumer and producer in both the industrial and battery segments, the timing of Balama's volume increase to full capacity requires production to be balanced against growing market demand.

Monthly production from Balama is approaching a point where the trade-off between unit production cost benefit versus the pricing impact of incremental supply into the market is more balanced. Therefore, this funding ensures that Syrah is appropriately capitalised with a larger liquidity buffer to facilitate orderly price negotiations, and manage market entry.

Accordingly, today's general meeting is to consider the issue of the convertible note which is subject to Shareholder approval. I and your Syrah Board of Directors encourage you to support the resolution approving the issuance of the Convertible Note.

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About Syrah Resources

Syrah Resources Limited (ASX code: SYR) is an Australian-based industrial minerals and technology company. Syrah owns and developed the Balama Graphite Project (Balama) in Mozambique. Balama transitioned to operations with sales and shipments to a global customer base including the battery anode producers, from the start of 2018. Syrah produced over 100,000 tonnes of natural graphite in 2018 and is the largest and first major new natural graphite operation developed outside of China. 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 progressing its downstream Battery Anode Material strategy with first production of spherical graphite achieved in December 2018 from its 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.syrahresources.com.au