



SYRAH ANNOUNCES EQUITY CAPITAL RAISING AND CONVERTIBLE NOTE DEED

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

- Fully underwritten Placement to institutional and sophisticated investors to raise A\$56 million (US\$42 million¹)
- Convertible Notes issuable to AustralianSuper, at Syrah's option, in two tranches in 1H 2021, to raise an additional A\$56 million (US\$42 million¹)
- SPP to eligible existing shareholders to raise up to an additional A\$12 million (US\$9 million¹)
- Proceeds will be used to: 1) progress the Vidalia Battery Anode Material Project towards a final investment decision, and 2) provide additional liquidity to manage a Balama restart decision in an orderly manner, subject to market demand conditions, as well as providing funds for general corporate purposes

Syrah Resources Limited (**ASX: SYR**) (**Syrah** or the **Company**) today announced the execution of a convertible note deed and a fully underwritten institutional placement to raise a total of A\$112 million (US\$83 million¹). In addition, Syrah is offering a Share Purchase Plan to eligible shareholders to raise up to an additional A\$12 million (US\$9 million¹) (collectively, the **"Capital Raising"**).

The Capital Raising has the following components:

- An approximately A\$56 million (US\$42 million¹) fully underwritten placement to professional and sophisticated investors (**"Placement"**), at a fixed offer price of A\$0.90 per share (**"Offer Price"**);
- a non-underwritten Share Purchase Plan (**"SPP"**) to raise up to A\$12 million (US\$9 million¹), to be offered to eligible shareholders in Australia and New Zealand following the completion of the Placement;
- a proposed A\$56 million (US\$42 million¹) in convertible notes issuable, at Syrah's option, in two equal tranches before 31 March 2021 and 30 June 2021 to AustralianSuper Pty Ltd as trustee for AustralianSuper (**AustralianSuper**) (**"Convertible Notes"**). Issue of the Notes is subject to certain conditions (such as completion of Placement and obtaining Syrah shareholder approval under ASX Listing Rule 7.1).

¹ A\$ proceeds converted into US\$ based on the USD/AUD exchange rate of 0.74 as of 9 December 2020.

1. Rationale for the Capital Raising and use of proceeds

Proceeds of the Placement will be used to:

- 1) Progress Syrah's natural graphite Active Anode Material ("**AAM**") facility in Vidalia, Louisiana, USA ("**Vidalia**") towards a final investment decision during 2H 2020 for the construction of a 10ktpa AAM plant, subject to end customer commitments or strategic / financial partnerships; and
- 2) Provide additional liquidity to manage a restart decision at Balama Graphite Project ("**Balama**") in an orderly manner, subject to market demand conditions, as well as providing funds for general corporate purposes.

The Convertible Notes, issuable at Syrah's option in 1H 2021, to raise an additional A\$56 million (US\$42 million¹), provide further liquidity to manage the optimal timing of a Balama restart decision.

Progress Vidalia towards a final investment decision

As disclosed in the announcement to the ASX on 1 December 2020, Syrah completed a Bankable Feasibility Study ("**BFS**") for the expansion of its Vidalia facility, representing an exciting milestone for the Company, with Syrah on track to become a commercial vertically integrated producer of natural graphite AAM outside of China, with plans to serve the growing US and European markets.

The BFS confirmed a strong business case for natural AAM production at Vidalia, with completion of the study allowing discussions for project development to progress with potential offtake partners and financiers. Front End Engineering and Design ("**FEED**") for an initial 10ktpa AAM facility at Vidalia is in progress and targeting completion in Q1 2021, with Detailed Design phase ("**Detailed Design**") to follow.

Approximately A\$23 million (US\$17 million¹) of proceeds from the Placement will be used to progress towards a final investment decision for the construction of a 10ktpa AAM plant at Vidalia during 2H 2020, subject to end customer commitments or strategic / financial partnerships. Specific use of proceeds will entail:

- A\$1 million (US\$1 million¹) for completion of FEED for expansion of existing plant at Vidalia to 10ktpa production capability
- A\$13 million (US\$10 million¹) to fully fund Detailed Design after completion of FEED
- A\$7 million (US\$5 million¹) for the ongoing operation of the existing Vidalia asset base through 2021 to support product qualification and market entry
- A\$2 million (US\$1 million¹) for ongoing technical product development through 2021

Liquidity to manage a Balama restart decision subject to market conditions

The balance of proceeds from the Placement (and SPP), not used to progress Vidalia, will provide liquidity support to manage the timing of a Balama restart decision, which remains subject to natural graphite market conditions, as well as providing funds for general corporate purposes. The Convertible

Notes, issuable at Syrah's option in 1H 2021, provide further liquidity to manage the optimal timing of a Balama restart decision.

While production at Balama was temporarily suspended in March 2020 due to COVID 19 impacts, the Company has implemented cost restructure strategies to preserve cash. To facilitate a rapid restart to production in the future (lead time of ~2 to 3 months post restart decision), Syrah has retained key operating and marketing capability.

Syrah has observed positive leading market indicators through 2H 2020 of Electric Vehicle ("EV") sales growth and increased Government policy support for decarbonisation of the transport sector. While a continuation of these trends is expected to lead to a restart at Balama, timing remains uncertain.

2. Placement

Syrah is undertaking a fully underwritten Placement of ordinary shares ("**New Shares**") to professional and sophisticated investors, to raise approximately A\$56 million (US\$42 million¹).

The Placement is underwritten at the Offer Price of A\$0.90 per share, and will result in the issue of 62.2m New Shares. The New Shares issued under the Placement represent approximately 15.0% of the Company's current ordinary shares outstanding, and will utilise Syrah's placement capacity under ASX Listing Rule 7.1.

The Offer Price of A\$0.90 per New Share represents a discount of:

- 11.3% to Syrah's closing price of A\$1.015 per share on the ASX as at 8 December 2020; and
- 11.2% to Syrah's 5-day VWAP on the ASX of A\$1.014 per share up to and including 8 December 2020

Credit Suisse and Foster Stockbroking are acting as Joint Lead Managers and Joint Bookrunners to the Placement. Credit Suisse is acting as sole underwriter to the Placement.

3. SPP

Following completion of the Placement, Syrah will offer eligible shareholders in Australia and New Zealand the right to participate in an SPP, to raise up to an additional A\$12 million (US\$9 million¹).

The SPP price will be A\$0.90 per share, equal to the Offer Price of the Placement. Eligible shareholders will be invited to subscribe for up to a maximum of A\$30,000 worth of additional shares, free of transaction and brokerage costs. The SPP will raise up to an additional A\$12 million (US\$9 million¹) and is not underwritten. 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 contained in section 5 of this release.

4. Convertible Notes

Syrah has reached agreement with its largest shareholder, AustralianSuper, to subscribe for Convertible Notes totalling A\$56 million (US\$42 million¹), with issue, at Syrah's option, in two tranches:

- A\$28 million (US\$21 million¹) before 31 March 2021 ("**Series 2 Note**"); and
- A\$28 million (US\$21 million¹) before 30 June 2021 ("**Series 3 Note**")

The Convertible Notes demonstrate AustralianSuper's strong ongoing support for the Company and represents a flexible funding instrument for Syrah.

The issue of the Convertible Notes is conditional upon the completion of the Placement and on obtaining the approval of Syrah's ordinary shareholders in accordance with ASX Listing Rule 7.1. The shareholders' meeting is proposed to be held in late February 2021. It is proposed that the notice of meeting will be dispatched to Syrah shareholders in mid to late January 2021.

Key Terms of Convertible Notes

Maturity date of 28 October 2024 (unless redeemed or converted earlier), consistent with term of 5-year Convertible Notes issued to AustralianSuper in October 2019 ("**Series 1 Note**"). Syrah may elect (at its sole discretion) to issue the Series 2 Note before 31 March 2021 and the Series 3 Note before 30 June 2021.

Interest will accrue on the Principal Outstanding under the Convertible Note, and will be capitalised quarterly in arrears and added to the Principal Outstanding under the Convertible Note at a rate of 8% per annum, unless the Company elects to make interest payments in cash, in which case the relevant interest will be calculated at a rate of 7.5% per annum.

At any time after 28 April 2022 up to the maturity date, AustralianSuper may elect to fully convert the Series 2 and Series 3 Convertible Notes into fully paid ordinary shares of Syrah, at the Conversion Price.

After 28 April 2022, if AustralianSuper elects to convert the Series 1 Notes it must wait at least 6 months before it can elect to convert the Series 2 and 3 Notes (and vice versa). This 6 month requirement does not apply in the last 1 month before the maturity date.

The initial Conversion Price of the Series 2 and Series 3 Notes will be A\$1.0036 per share, which is the same as the Conversion Price of the Series 1 Note. If such conversion would result in AustralianSuper's voting power in Syrah exceeding 20%, then Syrah will only convert such proportion of the Principal Outstanding of the Convertible Notes that would result in AustralianSuper's shareholding being 19.9% and will redeem the balance for a cash payment (unless the Board of Syrah considers that it is in the best interests of the Company to convert all of the Convertible Notes, in which case the issuance of any Shares that would result in AustralianSuper's shareholding exceeding 19.9% will be subject to the approval of Syrah's ordinary shareholders).

If AustralianSuper has not elected to convert the Convertible Notes on or before the maturity date, then the Convertible Notes are redeemable in cash upon maturity. They are also redeemable if a takeover offer or scheme of arrangement as described above becomes unconditional and AustralianSuper has

not made a conversion election, or if AustralianSuper elects to redeem instead of convert the Convertible Notes in connection with an event of default.

Further details of the terms and conditions of the Convertible Notes will be included in the investor presentation in relation to the Capital Raising to be lodged with the ASX today, and in the notice of meeting to approve the Convertible Note Issue expected to be dispatched to Syrah shareholders in mid to late January 2021.

5. Indicative timetables

The indicative timetables for the Placement, SPP and Convertible Notes are set out below.

Indicative Placement and SPP timetable

Event	Date
SPP Record Date	7:00pm, Wednesday, 9 December 2020
Trading Halt	Wednesday, 9 December 2020
Announcement of Offer and Bookbuild opens	Thursday, 10 December 2020
Bookbuild closes	Thursday, 10 December 2020
Trading Halt lifted and Shares resume trading	Friday, 11 December 2020
Settlement of Offer	Wednesday, 16 December 2020
Issue and Quotation of New Shares under the Offer	Thursday, 17 December 2020
SPP Offer opens and Booklet dispatched	Monday, 21 December 2020
SPP Closing Date	5:00pm, Wednesday, 20 January 2021
Issue of New Shares under the SPP	Thursday, 28 January 2021
Normal trading of New Shares under the SPP	Friday, 29 January 2021

Convertible Notes timetable

Event	Date
Execution and announcement of Convertible Note Deed	Thursday, 10 December 2020 (pre-market open)
Notice of General Meeting to approve Convertible Note issue dispatched	Mid to late January 2021
General Meeting to approve Convertible Note issue	Late February 2021
Delivery of Issue Notice in respect of Series 2 Convertible Note ²	By 31 March 2021
Delivery of Issue Notice in respect of Series 3 Convertible Note ²	By 30 June 2021
Completion (issue of the Convertible Note) ³	10 to 15 business days after delivery of the Issue Notice

The above timetables are indicative only and subject to change without notice. All references to date and time are to the date and time in Sydney, Australia. 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 at its absolute discretion, including extending the Placement period or closing it early or accepting late applications, either generally or in particular cases, without notice.

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

² Issue Notice may be delivered by Syrah at any time after all conditions precedent are satisfied or waived and before expiry of the 120 day holding period.

³ Completion can occur between 10 and 15 business days after the date of the Issue Notice.

This ASX release was authorised on behalf of the Syrah Board by

Shaun Verner, Managing Director

For further information contact Investor Relations

Kristian Stella

Contact: +61 3 9670 7264

Email: k.stella@syrahresources.com.au

About Syrah Resources

Syrah Resources Limited (ASX code: SYR) (Syrah) 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 battery anode producers, from the start of 2018. Balama production is targeted to supply traditional industrial graphite markets and emerging technology markets. Syrah is also progressing its downstream battery anode material project in Vidalia, Louisiana, USA (Vidalia) to vertically integrate with feed from Balama. Syrah aims to become a vertically integrated producer of natural graphite active anode material outside of China.

Forward Looking Statement

This document contains certain forward - looking statements. The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan", "targets" and other similar expressions are intended to identify forward - looking statements. Forward - looking statements in this document include statements regarding: the timetable and outcome of the equity offer and the use of the proceeds thereof; the capital and operating costs, timetable and operating metrics for the Balama Project; the viability of future opportunities such as spherical graphite, future agreements and offtake partners; future market supply and demand; and future mineral prices. 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 document 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. This document contains such statements that are subject to risk factors associated with the mineral and resources exploration, development and production industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to the following risks: dependence on commodity prices, availability of funding, impact of inflation on costs, exploration risks, including the risks of obtaining necessary licences and diminishing quantities or grades of reserves, risks associated with remoteness, environmental regulation risk, currency and exchange rate risk, political risk, war and terrorism and global economic conditions, as well as earnings, capital expenditure, cash flow and capital structure risks and general business risks. 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 document 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 document speak only as of the date of this document. 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 document 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 document will under any circumstances create an implication that there has been no change in the affairs of Syrah since the date of this document.

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.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

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 has been prepared for publication in Australia and 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 statement. 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.