

11 December 2014



DEMERGER CAPITAL GAINS TAX COST BASE APPORTIONMENT

Syrah Resources Limited ("Syrah") (ASX: SYR) is providing the following information in relation to the apportionment of the cost base to shares in Syrah and Jacana Minerals Limited ("Jacana") (ASX: JAC) following the recent demerger of Jacana ("Demerger").

This information is relevant to persons who were holders of ordinary shares in Syrah on the close of trading on the Demerger record date (8 October 2014) and who consequently received Jacana shares under the Demerger ("Syrah Shareholders").

For Australian capital gains tax purposes, Syrah Shareholders need to apportion the cost base in their Syrah shares (prior to the Demerger) between the Syrah and Jacana ordinary shares they hold immediately after the Demerger.

While there is no prescribed method, the apportionment needs to be done on a reasonable basis having regard to the market values just after the Demerger of the Syrah ordinary shares and Jacana ordinary shares (or a reasonable approximation of those market values).

The Australian Taxation Office has issued a class ruling (CR 2014/99) in relation to the income tax consequences of the Demerger for some Syrah Shareholders ("Class Ruling"). The Class Ruling provides that a reasonable apportionment is to attribute:

- 98.87% of the cost bases of the Syrah ordinary shares just before the Demerger to the Syrah ordinary shares; and
- 1.13% of the total of the cost bases of the Syrah ordinary shares just before the Demerger to the Jacana ordinary shares.

As follows is an illustrative example of how the above apportionment could apply.

For example, say that you had at the close of trading on 8 October 2014 a single parcel of 1,000 Syrah shares, which you had purchased at \$1 dollar per share in April 2012. There were no other costs involved in your acquisition or holding of your shares and therefore the aggregate cost base in your ordinary shares can be assumed to be \$1,000. Under the Demerger, you received 300 Jacana shares.

To apportion the cost base for capital gains tax purposes, you would multiply your cost base by the relative market value of the Syrah and Jacana ordinary shares you held immediately after the Demerger. Applying the apportionment percentages in the Class Ruling, the cost base in your shares after the Demerger would be as follows:

Syrah ordinary shares: $\$1,000 \times 98.87\% = \988.70 (\$0.99 / share)

Jacana ordinary shares: $\$1,000 \times 1.13\% = \11.30 (\$0.04 / share)

Shareholders are advised that the above is a simplified example only and that the tax consequences for a particular shareholder may differ, depending on their tax profile and circumstances.

It is recommended that Syrah shareholders read the Class Ruling (available on the Syrah website) and obtain their own independent tax advice, based on their individual facts and circumstances, regarding the tax implications of participating in the Demerger, including the apportionment of cost base.

On behalf of the board:

MELANIE LEYDIN

SYRAH RESOURCES LIMITED

Company Secretary