



SYRAH ANNOUNCES CONVERTIBLE NOTE DEED AND ENTITLEMENT OFFER

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Syrah Resources Limited (**ASX: SYR**) (**Syrah** or the **Company**) today announced the execution of a convertible note deed and an underwritten entitlement offer to raise approximately A\$111.6 million (US\$76.3 million) (**Capital Raising**).

The Capital Raising has the following components:

- A proposed A\$55.8 million (US\$38.2 million) convertible note to be issued, subject to certain conditions (including Syrah shareholder approval under ASX Listing Rule 7.1), to AustralianSuper Pty Ltd as trustee for AustralianSuper (**AustralianSuper**) (**Convertible Note Issue**); and
- an approximately A\$55.8 million (US\$38.2 million) fully underwritten *pro rata* accelerated non-renounceable entitlement offer (**Entitlement Offer**).

1. Rationale for the Capital Raising and use of proceeds

Syrah's production ramp-up at the Balama Graphite Project (**Balama**) is continuing and is nearing the production volumes that are expected to generate positive operating cash flows.

Production at Balama is approaching a point where the trade-off between unit cash operating cost benefits versus the pricing impact of incremental supply into the market is more balanced. Increasing production too rapidly in the short term in order to target market penetration may not be optimal for pricing outcomes. CY2019 production is expected to be 205-245kt (revised from 250kt previously), dependent on production volume and quality performance and the ongoing assessment of optimal sales volume against demand and price.

Having regard to these factors, the Board of Syrah has decided that it is appropriate for the Company to raise additional capital.

The proceeds of the Capital Raising will provide Syrah with additional liquidity and greater flexibility to tailor Balama production ramp-up in accordance with global natural graphite demand, enabling orderly price negotiations.

A portion of the proceeds of the Capital Raising will be used to progress the qualification of Syrah's Battery Anode Material (**BAM**) and inform Syrah's market entry and commercialisation approach.



2. Convertible Note Issue

The Company is continuously evaluating its debt financing options and other potential sources of funding.

Syrah has agreed with its largest shareholder, AustralianSuper, to issue to it a 5-year unsecured convertible note in order to raise A\$55.8 million (**Convertible Note**). This commitment demonstrates AustralianSuper's strong ongoing support for the Company.

The issue of the Convertible Note is conditional upon the completion of the institutional component of the Entitlement Offer 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 on 1 August 2019. It is proposed that the notice of meeting will be dispatched to Syrah shareholders in the next week.

The Convertible Note Issue will be a first step towards diversifying Syrah's funding sources with a flexible funding instrument, which includes the option for Syrah to defer the drawdown of the Convertible Note for up to 120 days, and to reduce the face value of the Convertible Note via entry into a third party debt facility at any time prior to drawdown. Should Syrah not take up some or all of the Convertible Note a break fee will be payable to AustralianSuper.

Key Terms of Convertible Note

5-year unsecured Convertible Note with initial face value of A\$55.8 million, convertible into fully paid ordinary shares of Syrah (**Shares**).

Interest will accrue daily 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 8.0% per annum, unless the Company elects to make interest payments in cash in which case the relevant interest payment will be calculated at a rate of 7.5% per annum.

At any time after 30 months from issue and prior to the maturity date, AustralianSuper may elect to fully convert the Convertible Note. The initial conversion price of A\$1.0036 represents a premium of 5% to theoretical ex-rights price (**TERP**)¹ as at Tuesday, 18 June 2019, being A\$0.956. The conversion price is subject to customary adjustments. If conversion would result in AustralianSuper's voting power in Syrah exceeding 20%, then Syrah will only convert such proportion of the Convertible Note that would result in AustralianSuper's shareholding being 19.9% and will redeem the balance for a cash payment, unless Syrah considers that it is in the Company's best interests to convert the whole Convertible Note, in which

¹ TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal TERP. TERP has been calculated by reference to Syrah's closing share price of A\$0.985 on Tuesday, 18 June 2019.



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 Note on or before the maturity date, then the Convertible Note will be redeemable in cash upon maturity.

Further details of the terms and conditions of the Convertible Note 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 next week.

3. Entitlement Offer

Terms of the Entitlement Offer

The Entitlement Offer comprises a 1-for-5 pro rata accelerated non-renounceable entitlement offer of new Shares at the Offer Price of A\$0.81, to raise approximately A\$55.8 million. The Entitlement Offer is fully underwritten and is not conditional upon the Convertible Note Issue.

The Entitlement Offer Price of A\$0.81 represents a discount of:

- 15.3% to TERP as at Tuesday, 18 June 2019, being A\$0.956; and
- 17.8% to the last closing price of Shares on Tuesday, 18 June 2019, being A\$0.985.

At the time of allotment, the new Shares issued under the Entitlement Offer will rank equally with existing Shares.

The Entitlement Offer will be made available to all eligible shareholders and consist of:

- an accelerated institutional offer that is open with immediate effect and is scheduled to close on Thursday, 20 June 2019 (**Institutional Entitlement Offer**); and
- a retail offer which is scheduled to open on Tuesday, 25 June 2019 and close at 5:00 pm (AEST) on Monday, 8 July 2019 (**Retail Entitlement Offer**).

Under the Entitlement Offer, eligible Syrah shareholders will be entitled to subscribe for 1 new Share for every 5 Shares they hold on the Record Date for the Entitlement Offer, being at 7:00 pm (AEST) on Friday, 21 June 2019 (**Entitlement**).

The Entitlement Offer is non-renounceable and Entitlements will not be traded on the ASX or otherwise transferable. Shareholders who do not take up their Entitlement under the Entitlement Offer in full or in part will not receive any value for their Entitlement to the extent not taken up.



Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer and can choose to take up all, part or none of their Entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered to eligible institutional investors at the Offer Price.

AustralianSuper has committed to take up its rights under the Entitlement Offer and has agreed to sub-underwrite a portion of the Retail Entitlement Offer.

Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer and can choose to take up all, part or none of their Entitlement. Those eligible retail shareholders who take up their full Entitlement may apply for additional Shares in excess of their Entitlement under a 'top-up' facility. Allocations under such facility will be subject to the extent of any shortfall under the Retail Entitlement Offer and will also be subject to the discretion of Syrah (including with respect to any scale-back).

Eligible retail shareholders wishing to participate should carefully read the Retail Offer Booklet and accompanying personalised entitlement and acceptance form in their entirety, which are expected to be dispatched on or around Tuesday, 25 June 2019.

Retail shareholders with a registered address outside Australia or New Zealand will be ineligible to participate in the Retail Entitlement Offer.

4. Indicative timetable and management presentation

The indicative timetable for the Entitlement Offer is set out in the Appendix.

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

For further information contact Investor Relations:

Nova Young

Contact: +61 422 575 530

Email: n.young@syrahresources.com.au



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



Appendix I – Indicative Entitlement Offer timetable

Event	Date (2019)
Trading halt and announcement of Capital Raising	Wednesday, 19 June (pre-market opening)
Institutional Entitlement Offer opens	Wednesday, 19 June
Institutional Entitlement Offer closes	Thursday, 20 June
Trading halt lifted and Shares recommence trading	Friday, 21 June
Record Date under Entitlement Offer	Friday, 21 June, 7:00pm
Retail Entitlement Offer opens and retail offer booklet dispatched to eligible retail shareholders	Tuesday, 25 June
Settlement of new Shares issued under the Institutional Entitlement Offer	Friday, 28 June
Issue and commencement of trading of new Shares under Institutional Entitlement Offer	Monday, 1 July
Retail Entitlement Offer closes	Monday, 8 July, 5:00pm
Settlement of new Shares issued under the Retail Entitlement Offer	Monday, 15 July
Issue of new Shares under Retail Entitlement Offer	Tuesday, 16 July
Commencement of trading of new Shares under Retail Entitlement Offer	Wednesday, 17 July

The above timetable is 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 Entitlement Offer period or closing it early or accepting late applications, either generally or in particular cases, without notice.

**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.

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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 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.

Investors should note that it is a requirement of the ASX listing rules that the reporting of ore reserves and mineral resources in Australia comply with the Australasian Joint Ore Reserves Committee Code for Reporting of Mineral Resources and Ore Reserves 2012 Edition (**JORC Code**), whereas mining companies in other countries may be required to report their mineral reserves and/or resources in accordance with other guidelines (for example, SEC Industry Guide 7 in the United States). Investors should note that while the Company's mineral resource estimates comply with the JORC Code, they may not comply with the relevant guidelines in other countries, and do not comply with SEC Industry Guide 7. In particular, Industry Guide 7 does not recognise classifications other than proven and probable reserves and, as a result, the SEC generally does not permit mining companies to disclose their mineral resources, including measured, indicated or inferred resources, in SEC filings. Accordingly, if the Company were reporting in accordance with SEC Industry Guide 7, it would not be permitted to report any mineral resources, and the amount of reserves it has estimated may be lower. You should not assume that quantities reported as "resources" will be converted to reserves under the JORC Code or any other reporting regime or that the Company will be able to legally and economically extract them.