

ASX ANNOUNCEMENT

3 August 2015

SYRAH ANNOUNCES FULLY UNDERWRITTEN A\$211 MILLION CAPITAL RAISING TO FUND THE DEVELOPMENT OF THE BALAMA GRAPHITE PROJECT AND OTHER POTENTIAL FUTURE PROJECTS

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Syrah Resources Limited (ASX:SYR) (**Syrah** or the **Company**) today announced a capital raising of approximately A\$211 million by way of an institutional placement (**Placement**) and a pro rata accelerated renounceable entitlement offer (**Entitlement Offer**). Both the Placement and the Entitlement Offer (together, the **Capital Raising**) are fully underwritten.

Use of proceeds

The proceeds of the Capital Raising will predominantly be used to fund the development of the Company's Balama Graphite Project in Mozambique. The proceeds will also be used to fund general and administrative costs and to progress studies relating to Syrah's future potential projects including a potential spherical graphite facility in the United States.

Chairman of Syrah, James Askew, said:

"The Capital Raising represents a significant milestone for the Company and is a strong vote of confidence in both the quality of our assets and the Syrah team. The Company is now at an extremely exciting position to deliver on the potential of the Balama Graphite Project and our other future projects for the benefit of our shareholders."

Managing Director of Syrah, Tolga Kumova, said:

"With the funds from the Capital Raising, we will be strongly positioned to aggressively pursue the development of the world class Balama Graphite Project which we believe will shortly become one of the world's premier graphite mines."

We are also excited to undertake further work in relation to future potential projects such as a potential spherical graphite facility in the United States which we believe will position Syrah in the future as a leading player in the high growth Lithium Ion battery value chain."

Details of Capital Raising

The Capital Raising has the following components:

- **Placement** – institutional investors will subscribe for new ordinary shares in the Company (**Shares**) at A\$3.25 per Share, to raise approximately A\$98 million. The Shares issued under the Placement will represent approximately 13% of the Company's undiluted share capital following completion of the Entitlement Offer. These Shares will not be entitled to participate in the Entitlement Offer.

- **Entitlement Offer** – 4 for 19 pro rata accelerated renounceable entitlement offer of new Shares at an offer price of A\$3.25 (**Offer Price**), to raise approximately A\$113 million.

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

Mr Kumova commented:

“We are extremely pleased to provide existing shareholders with an opportunity to continue their support for the Company by participating in this critical fundraising. Further, we look forward to welcoming as new shareholders a number of high calibre institutional investors that recognise the significance of Syrah’s assets and understand our strategy.”

Entitlement Offer

The Entitlement Offer will consist of:

- an accelerated institutional component that will be conducted today and tomorrow (**Institutional Entitlement Offer**); and
- a retail component which will open on 10 August 2015 and close at 5.00pm (AEST) on 21 August 2015 (**Retail Entitlement Offer**).

Under the Entitlement Offer, eligible Syrah shareholders will have an entitlement to subscribe for 4 new Shares for every 19 Shares they hold at 7.00pm (AEST) on 6 August 2015 (**Entitlement**). Entitlements will not be tradeable on ASX.

The Offer Price of A\$3.25 represents a discount of:

- 11.7% to the last closing price of Syrah shares on 30 July 2015, being A\$3.68;
- 8.7% to the theoretical ex-rights price (**TERP**)¹ based on the last closing price of Syrah shares on 30 July 2015, being A\$3.56; and
- 8.3% to TERP based on the 10-day volume weighted average price of Syrah shares up to (and including) 30 July 2015, being A\$3.54.

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 that eligible institutional shareholders do not take up under the Institutional Entitlement Offer, and Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered for sale through a shortfall bookbuild (**Institutional Bookbuild**). Any proceeds from the sale of Entitlements under the Institutional Bookbuild in excess of the Offer Price will be remitted proportionally to those institutional shareholders (less any applicable withholding tax).

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 is calculated by reference to Syrah’s closing price of A\$3.68 on 30 July 2015.



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.

Entitlements that eligible retail shareholders do not take up under the Retail Entitlement Offer, and Entitlements that would otherwise have been offered to ineligible retail shareholders, will be offered for sale through a shortfall bookbuild (**Retail Bookbuild**). Any proceeds from the sale of Entitlements under the Retail Bookbuild in excess of the Offer Price will be remitted proportionally to those retail shareholders (less any applicable withholding tax).

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the retail offer booklet and accompanying personalised entitlement and acceptance form, which are expected to be despatched on 11 August 2015.

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

Indicative timetable

An indicative timetable for the Capital Raising is set out in the Appendix.

Managing foreign exchange exposure and future funding

Syrah is taking steps to manage foreign exchange exposure including entering into a forward contract and conversion of the Capital Raising proceeds into the underlying currencies in which development expenditure will be incurred.

Syrah has a range of alternatives to fund its residual requirements (including net working capital required during the ramp up of Balama) that it will progress in due course.

For further information please contact:

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About Syrah Resources Limited

Syrah Resources Limited (ASX code: SYR) is an Australian resource company that is rapidly progressing its flagship Balama Graphite and Vanadium Project in Mozambique to production. The Project hosts the largest graphite ore reserves in the world with an Australasian Joint Ore Reserves Committee (JORC) compliant Ore Reserve of 81.4 Mt at 16.2% total graphic carbon. Balama is a 110km² granted Mining Concession located within the Cabo Delgado province in the district of Namuno in northern Mozambique. The Project is approximately 260 km by road west of Pemba and is accessible by a sealed, main road, running directly from Pemba Airport. The Port of Nacala is approximately 490 km by road south east of the Project and is the deepest port in Southern Africa.

Appendix - Indicative timetable

Event	Date
Announcement of Capital Raising	Monday, 3 August 2015
Placement	Monday, 3 August 2015
Institutional Entitlement Offer	Monday, 3 August 2015 to Tuesday, 4 August 2015
Institutional Bookbuild	Wednesday, 5 August 2015
Trading halt lifted and Shares recommence trading on an “ex-entitlement” basis	Thursday, 6 August 2015
Record Date under Entitlement Offer	7.00pm (AEST) on Thursday, 6 August 2015
Retail Entitlement Offer opens	Monday, 10 August 2015
Despatch of retail offer booklet	Tuesday, 11 August 2015
Settlement of Placement, Institutional Entitlement Offer and Institutional Bookbuild	Wednesday, 12 August 2015
Issue and commencement of trading of new Shares under Placement, Institutional Entitlement Offer and Institutional Bookbuild	Thursday, 13 August 2015
Retail Entitlement Offer closes	5.00pm (AEST) on Friday, 21 August 2015
Retail Bookbuild	Wednesday, 26 August 2015
Settlement of Retail Entitlement Offer and Retail Bookbuild	Tuesday, 1 September 2015
Issue and commencement of trading of new Shares under Retail Entitlement Offer and Retail Bookbuild	Wednesday, 2 September 2015

The above timetable is indicative only and subject to change without notice. All references to time are to Australian Eastern Standard Time (AEST). The commencement of 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, including extending the Retail Entitlement Offer period 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 to any person acting for the account or benefit of a person 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 (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 or to any person acting for the account or benefit of a person in 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 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 (**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 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. In addition, investors should note that under SEC Industry Guide 7, mine life may only be reported based on ore reserves.