



SYRAH
RESOURCES

1 September 2014

Dear Shareholder,

Proposed demerger of Jacana Minerals Limited

In the Company's announcement of 17 July 2014 we confirmed the intention to spin-off the assets which constitute the exploration portfolio in Tanzania.

Your Company is in the fortunate position of having 100% ownership of a diversified exploration portfolio located in south east Africa, including Mozambique, Tanzania and Zambia. The portfolio of projects contains multiple opportunities for making significant discoveries.

The world class Balama graphite and vanadium discovery in Mozambique has seen Syrah come to be defined as a graphite and vanadium company with a geographic focus in Mozambique. Such success has overshadowed the significant potential and value we see in Syrah's exploration portfolio in Tanzania.

Therefore, to enhance the combined value of Balama and the assets in Tanzania and to expedite their respective activities, the Syrah Board believes it is in the best interests of Shareholders to place the Tanzanian projects into a separate listed company, with specific commodity, geological and geographic focus.

Syrah proposes to spin-off its Tanzanian projects, owned through its subsidiary Jacana Resources (Tanzania) Limited (**Jacana Tanzania**), with a dedicated management team, exploration strategy and budget designed to achieve exploration success.

The first step in this spin-off is a proposed demerger of a newly created subsidiary, Jacana Minerals Limited (**Jacana Minerals**), which will hold all of the shares in Jacana Tanzania. Subject to Syrah Shareholder approval, it is proposed that all of the shares in Jacana Minerals will be distributed, via a pro-rata *in specie* distribution by way of capital reduction to existing Syrah Shareholders on the basis of 3 Jacana Minerals share for every 10 Syrah Shares.

Jacana Minerals will be funded with \$500,000 which will be advanced by Syrah, and from a proposed initial public offering (**IPO**) under a prospectus intended to be lodged during the fourth quarter of 2014 to raise an additional \$5,000,000 or more. The funds will be used for working capital and ongoing exploration at the Tanzanian prospects. An application will be made to list Jacana Minerals on the ASX.

The demerger and planned IPO of Jacana Minerals will give existing Syrah Shareholders and new Jacana Minerals Shareholders direct access to a company with existing tenements, considerable exploration upside and exposure to movements in the value of mineral sands, graphite and nickel projects in Tanzania.

Following the demerger Syrah and Jacana Minerals will each have a tighter geographic focus and Jacana Minerals will offer a substantial growth opportunity for Shareholders.

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Following completion of the *in specie* share distribution and the proposed IPO capital raising, Jacana Minerals will proceed with further exploration activities aimed at the discovery of new mineral sands, graphite and nickel resources within Tanzania.

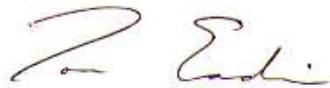
The attached Explanatory Statement contains the details regarding the proposed demerger. Your Board considers the demerger to be in the best interest of Syrah Shareholders by allowing future investors the opportunity to separately value Syrah as a premium graphite and vanadium company and Jacana Minerals as a Tanzanian exploration company rich in exploration opportunities in mineral sands, graphite and nickel.

The Resolutions also include the proposal to issue to members of the Syrah Board as part of their remuneration package options over 3,700,000 shares in Syrah at an exercise price 45% above the 5 day VWAP for the period preceding the date of issue of the options, as well as a Resolution ratifying recent share and option issues.

I encourage Shareholders to read the Explanatory Statement in full and vote at the General Meeting IN FAVOUR of each of the Resolutions. I intend to vote all proxies over which I have discretion IN FAVOUR of each of the Resolutions for which I act as Chairman.

If you are unable to attend the General Meeting please complete and lodge your Proxy Form with the Share Registry in accordance with the enclosed instructions.

Yours sincerely,



Tom Eadie
Chairman



SYRAH
RESOURCES

Notice of General Meeting and Explanatory Statement

The General Meeting of

SYRAH RESOURCES LIMITED

ABN 77 125 242 284

*Will be held at
10.00am AEST on 1 October 2014*

At

*RACV Club
Level 2, Bayside Room 5 & 6
501 Bourke Street, Melbourne, Victoria 3000*

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.

SYRAH RESOURCES LIMITED
ABN 77 125 242 284
Registered Office: Level 9, 356 Collins Street, Melbourne VIC 3000

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Syrah Resources Limited ("**Syrah**" or the "**Company**") will be held at the RACV Club, Level 2, Bayside Room 5 & 6, 501 Bourke Street, Melbourne at 10.00am AEST on 1 October 2014.

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice of Meeting describe in more detail the matters to be considered. Please consider this Notice of Meeting, the Explanatory Statement and the proxy form in their entirety.

1. Resolution 1 – Jacana Minerals Share Distribution

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That subject to Resolution 2 being passed, on the basis set out in the Explanatory Statement and for all purposes:

- a) *the issued share capital of the Company be reduced, without cancelling any shares, by an amount equal to the market value (as assessed by the directors of the Company) of all the fully paid ordinary shares in the capital of Jacana Minerals Limited ("**Jacana Minerals**") with effect as at 7.00pm Australian Eastern Standard Time on the record date set by the directors of the Company to determine entitlements to the distribution and transfer referred to in paragraph (b) of this resolution ("**Record Date**"); and*
- b) *the reduction be satisfied by the distribution ("**Distribution**") and transfer of all the Jacana Minerals shares ("**Jacana Minerals Shares**") to holders of ordinary shares in the Company registered as such on the Record Date in the ratio of 3 Jacana Minerals Share for every 10 ordinary shares in the Company held as at the Record Date, to be effected in accordance with the Company's Constitution, the Listing Rules and as otherwise determined by the directors of the Company, with the consequence that each Company Shareholder on the Record Date shall be deemed to have consented to becoming a Jacana Minerals shareholder and being bound by its constitution."*

2. Resolution 2 – Alteration of Constitution

To consider and, if thought fit, to pass the following as a special resolution:

"That the Company's Constitution is altered by adding the following as a new Rule 2.6:

The company may from time to time by special resolution reduce its capital and any capital redemption reserve fund or any share premium account. Subject to the Corporations Act, the Company may reduce its capital in any manner, including by way of distributing specific assets, including securities of the company or of any other corporation, trust or entity. Each Member agrees and consents to:

- a. *the distribution to it of any assets pursuant to this rule, including securities of the Company or of any other corporation, trust or entity; and*
- b. *where the distribution is of securities:*

- i. accept the number of securities that are allotted to it;*
- ii. be a member, unitholder and/or securityholder of the relevant corporation, trust or entity;*
- iii. be bound by the constitution, trust deed and/or constituent documents of the relevant corporation, trust or entity; and*
- iv. have the Member's name placed in any register kept by or in respect of the relevant corporation, trust or entity, including any register of members, unitholders or securityholders.*

A Member may not withdraw its consent under this rule."

3. Resolution 3 – Grant of Options to Mr Tom Eadie

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the shareholders of the Company approve the proposed issue of 500,000 options to Mr Tom Eadie, Chairman of the Company, on the basis set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Tom Eadie and any associate of Mr Tom Eadie.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Resolution 4 – Grant of Options to Mr Paul Kehoe

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the shareholders of the Company approve the proposed issue of 400,000 options to Mr Paul Kehoe, a Director of the Company, on the basis set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Paul Kehoe and any associate of Mr Paul Kehoe.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. **Resolution 5 – Grant of Options to Mr Tolga Kumova**

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the shareholders of the Company approve the proposed issue of 2,000,000 options to Mr Tolga Kumova, a Director of the Company, on the basis set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Tolga Kumova and any associate of Mr Tolga Kumova.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. **Resolution 6 – Grant of Options to Mr Rhett Brans**

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the shareholders of the Company approve the proposed issue of 400,000 options to Mr Rhett Brans, a Director of the Company, on the basis set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Rhett Brans and any associate of Mr Rhett Brans.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. **Resolution 7 – Grant of Options to Mr José Manuel Caldeira**

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the shareholders of the Company approve the proposed issue of 400,000 options to Mr José Manuel Caldeira, a Director of the Company, on the basis set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr José Manuel Caldeira and any associate of Mr José Manuel Caldeira.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. Resolution 8 - Ratification of Prior Issue of Shares and Grant of Options

To consider, and, if thought fit, to pass the following as an ordinary resolution:

"That for the purposes of ASX Listing Rule 7.4, and for all other purposes, shareholders approve and ratify the previous issue of 13,725,491 fully paid ordinary shares in the capital of the Company and the grant of unlisted options over 500,000 ordinary shares in the Company on the basis set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this resolution by any person who participated in the issue of shares and any associates of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties

A person appointed as a proxy must not vote, on the basis of that appointment, on any of Resolutions 3 - 7 if:

- the proxy is either:
 - a member of the key management personnel for the Company; or
 - a closely related party of such a member; and
- the appointment does not specify the way the proxy is to vote on the relevant resolution.

However, the above prohibition does not apply if:

- the proxy is the Chair of the Meeting; and
- the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

By order of the Board



Melanie Leydin
Company Secretary

Dated: 1 September 2014

EXPLANATORY STATEMENT

This Explanatory Statement accompanies the notice of a General Meeting of the Company to be held at the RACV Club, Level 2, Bayside Room 5 & 6, 501 Bourke Street, Melbourne, Victoria at 10.00am AEST on 1 October 2014.

The Explanatory Statement has been prepared to assist Shareholders in determining how to vote on the Resolutions set out in the Notice of Meeting and is intended to be read in conjunction with the Notice of Meeting.

Resolution 1: Jacana Minerals Share Distribution

1. Background and reasons for the proposal

The Company is in the fortunate position of having 100% ownership of a diversified exploration portfolio located in south east Africa, including in Mozambique, Tanzania and Zambia. The portfolio of projects displays multiple opportunities for discovery of graphite, vanadium, mineral sands, nickel, copper, uranium and coal.

The exploration activities completed by Syrah since 2012 have been dominated by the discovery of significant graphite and vanadium at the Balama graphite and vanadium project in the Namuno District of northern Mozambique. The Balama graphite and vanadium project, owned by Syrah's subsidiary Twigg Exploration and Mining Limitada, has evolved to define Syrah as a graphite and vanadium entity with a geographic focus in Mozambique.

Syrah recognises the significant large scale mineral sands and graphite potential associated with the mineral portfolio in Tanzania. Your Board considers that the value of the exploration portfolios located in Tanzania is not recognised in Syrah's share price and believes that the time has come to separate and transfer these quality projects into an independent company with specific commodity and geographic focus.

Syrah is proposing a demerger of the Tanzanian assets via a new subsidiary company Jacana Minerals Limited (**Jacana Minerals**). This is considered to be the best opportunity for Shareholders to realise maximum value from the Tanzanian prospects. Whilst Jacana Minerals' current value is only a small proportion of Syrah's value, Jacana Minerals will seek a separate Australian Stock Exchange Limited (**ASX**) listing as soon as practicable following approval and completion of the demerger.

Syrah, through its subsidiary Jacana Resources (Tanzania) Limited, controls the Prospecting Licences as set out in Annexure B in Tanzania which cover previously unexplored areas for mineral sands and historic areas containing known mineralisation. Syrah has completed a number of initiatives to help optimise the future success of Jacana Minerals. These include:

- completion of 8,800 metres of aircore drilling on the Fungoni prospect;
- completion of hand augering on the Tanga North prospect;
- completion of augering on the Tanga South prospect;
- completion of a reconnaissance trip to the Bagamoyo prospect and systematic work being planned to follow up on the encouraging results from the reconnaissance trip;
- completion of trenching at the Chiliogali graphite prospect; and
- acquisition of prospective nickel ground at Mbinga.

The demerger of Jacana Minerals and its proposed subsequent listing on the ASX makes strategic sense in allowing Syrah to focus solely on its 100% owned Balama graphite and vanadium project in Mozambique. The demerger is considered to be the best avenue for Syrah shareholders to realise the value of the Tanzanian projects in the future. The Tanzanian projects have a number of key attributes and advantages which support the proposed demerger including:

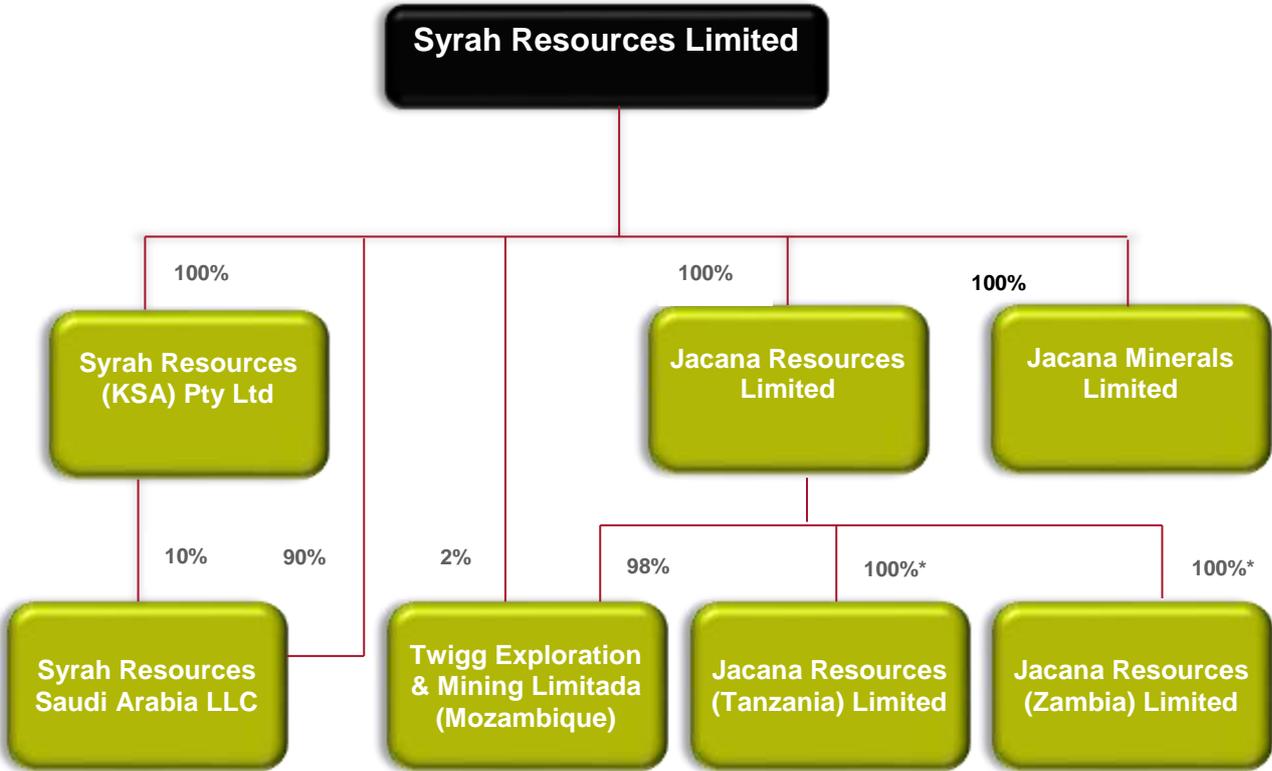
- established mineral sands resources;
- a portfolio of Prospecting Licences; and
- considerable exploration upside – mineral sands and graphite focused exploration undertaken previously has been exceedingly limited, providing tremendous opportunity to add significant value through focused exploration programs.

The demerger will also result in:

- the creation of a mineral sands, graphite and nickel focused company with the ability and funding to explore and develop the Tanzanian assets as a sole entity;
- a better alignment of the management teams of both companies to achieve 100% focus on their respective project needs;
- a demonstrated increase in the visibility and transparency of the Tanzanian assets to shareholders;
- a reduction in the diversity of Syrah’s exploration assets;
- direct exposure to the prices of mineral sands; and
- a potential increase in shareholder value in both companies (subsequent to the proposed ASX listing of Jacana Minerals).

2. Proposed structure

The current company structure of the Syrah group is shown as:

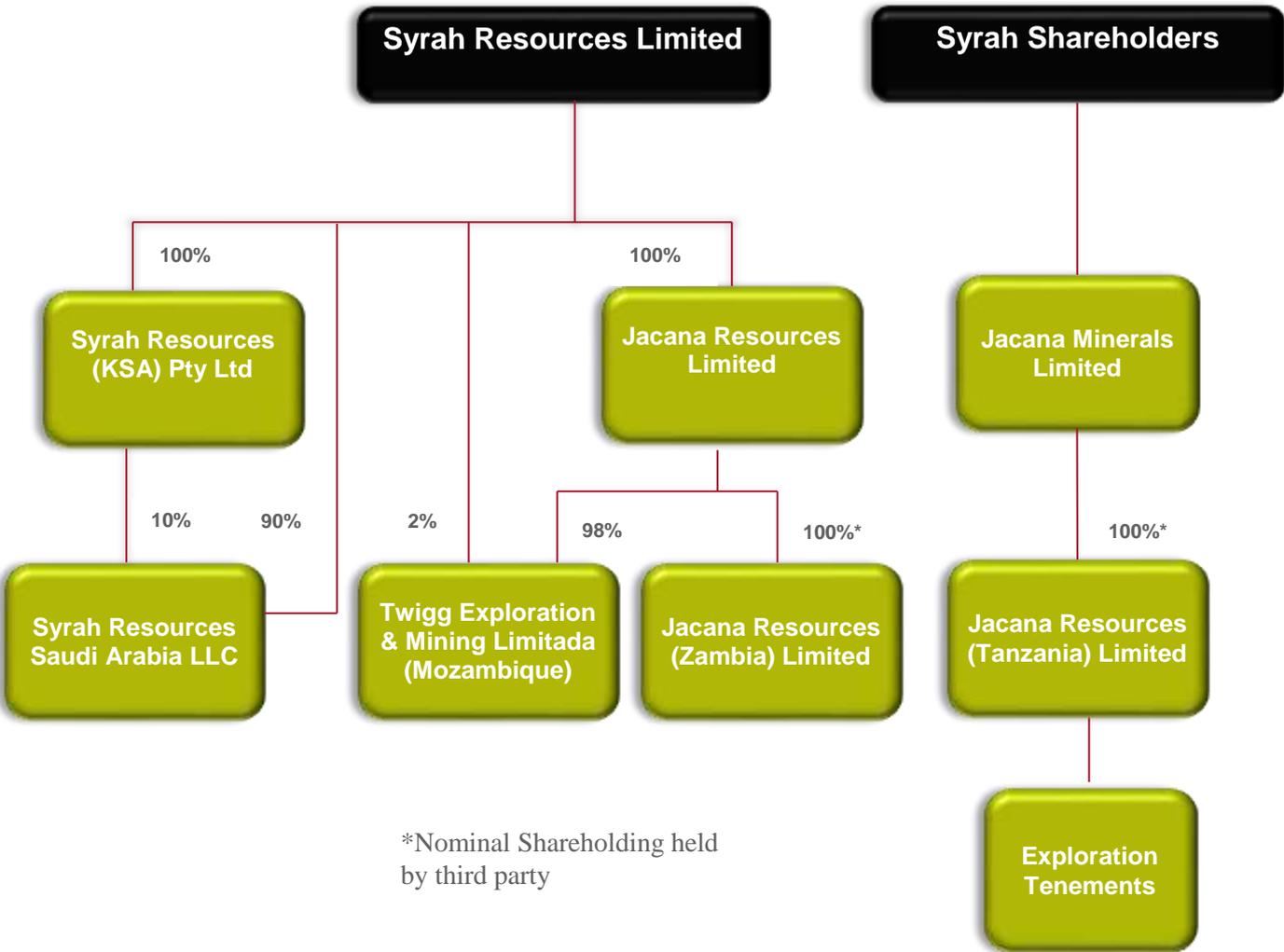


*Nominal shareholding held by third party

Jacana Resources (Tanzania) Limited is in the process of becoming a wholly owned subsidiary of Jacana Minerals (via a share transfer from Jacana Resources Limited), and Jacana Minerals will then be demerged from the Syrah group.

Subject to Syrah Shareholder approval, Syrah will distribute all of the shares in Jacana Minerals (**Jacana Mineral Shares**) by effecting an equal reduction of Syrah's share capital on the basis of 3 Jacana Minerals Share for every 10 Syrah Shares held. Shareholders will receive an *in specie* return of capital by way of the distribution of Jacana Minerals Shares in proportion to the number of shares held by Shareholders as at the Record Date. Syrah Shareholders will retain direct ownership of Syrah and receive direct ownership of Jacana Minerals.

A structure diagram of the proposed arrangements immediately following the demerger is set out below.



It is not intended that Syrah would retain a shareholding in Jacana Minerals and it is expected monies owed by Jacana Minerals to Syrah, other than the \$500,000 seed capital advance, will be capitalised prior to the distribution occurring.

Jacana Minerals will initially operate as an unlisted public company and has been seeded with an advance of \$500,000 in cash from Syrah repayable from the proceeds of the Initial Public Offering (IPO). Jacana Minerals is expected to undertake a capital raising of at least \$5,000,000, lodging a prospectus later in 2014 as part of an ASX listing.

Current Syrah Shareholders will not be required to contribute additional funds to give effect to the IPO, and they will have an opportunity to subscribe for additional shares in the listed Jacana Minerals as part of the IPO.

The advance of working capital for Jacana Minerals by Syrah, and the subsequent capital raising, will ensure Jacana Minerals is financed to continue exploration activities at the Tanzanian prospects

aimed at the discovery of new mineral sands and graphite resources, based on evaluation of a number of targets defined during the previous years of exploration completed by Syrah.

The cumulative results of work completed by Syrah over the past three years have provided an excellent foundation on which Jacana Minerals can progress future exploration, and in turn add considerable value to the portfolio. This will provide current Syrah Shareholders with the incentive to maintain and grow their interest in the project through the new entity.

3. Project Development Plan

Jacana Minerals' proposed business model is to explore and develop high quality deposits located, where possible, in proximity to established mining operations and to current or planned infrastructure to allow access to regional markets.

Jacana Minerals proposes to undertake a phased exploration program on the Prospecting Licences including a JORC compliant drilling program and geophysics, to demonstrate the economic potential of the potential deposits, with the aim of defining an initial JORC compliant resource.

Jacana Minerals proposes that it will also evaluate other prospective mining and exploration licence opportunities in line with its investment strategy of acquiring and developing high quality assets, in particular those which are located in proximity to established mining operations and to current or planned infrastructure to allow access to potential markets.

The initial exploration program proposed by Jacana Minerals for the Prospecting Licences will include a total of \$4,500,000 budgeted for the first financial year. The budget is meant to cover exploration activities, administration, salaries and license rental fees.

Details of the budget for each project area are discussed below.

(a) Chiliogali Project Area

The project is made of two prospecting licenses covering approximately 140 square kilometres. All licenses were applied and granted for graphite. The project is located in south-eastern Tanzania about 200 kilometres from the coast.

Minimal exploration has been done over the Chiliogali project. For this financial year, planned works include:

- trenching and sampling that will yield approximately 4500 samples;
- 100 line kilometres ground EM survey to test the continuity of conductors over the Nachingwea Hills and the presence of the same in flat covered areas; and
- 2000 metres diamond drilling.

Approximately \$1,200,000 is budgeted for Chiliogali project area.

(b) Mbinga Project Area

Mbinga project is located in the southern part of Tanzania and comprises three mineral rights all prospective for nickel.

In the 2014/15 financial year Jacana plans to do the following works at Mbinga:

- reconnaissance geological mapping;
- 40 line kilometres ground EM survey;
- power auger drilling; and
- diamond drilling of approximately 2,000 metres.

Approximately \$1,000,000 is budgeted for the exploration works outlined above.

(c) Mineral Sands Projects

The mineral sands projects are located within the Dar es Salaam area on the central coast of Tanzania to north of Tanga in the extreme north of the country.

Planned future works for the mineral sands projects include:

- 2,000 metres, 66 hole systematic aircore drilling at Fungoni;
- 2,200 metres 70 hole aircore drilling program for Bagamoyo;
- 2,500 metres, 184 hole aircore at Tanga South on the Tongoni and Tajiri prospects; and
- 1,000 metres, 30 hole aircore drilling program at Tanga North to test the mineralisation potential. These holes are located where good mineralised intersections were encountered during previous augering works.

Approximately \$1,400,000 is budgeted for the mineral sands projects.

(d) Shikula Project Area

Shikula is located in western Tanzania and is prospective for coal and uranium.

Planned future works at the Shikula project area include:

- reconnaissance field work;
- mapping; and
- sample collection for lab test.

Approximately \$20,000 is budgeted for the Shikula project area.

The key risks the Company has evaluated in association with the development of the Prospecting Licences by Jacana Minerals are very similar to what Shareholders have been exposed to as Syrah has developed its tenements. These are summarised in **Annexure C**.

4. Structure of Jacana Minerals

Jacana Minerals was incorporated on 2 July 2014, ACN 600 490 355. The current Board of Directors of Jacana Minerals is below. Tom Eadie will lead the management of the company going forward, initially drawing on in-country expertise from staff and consultants familiar with the prospects. Following the demerger from Syrah, it is anticipated that a further 2-3 suitable directors may be identified and appointed to the board of Jacana Minerals.

Name	Role
Tom Eadie	Managing Director
Paul Kehoe	Non-Executive Director
Tolga Kumova	Non-Executive Director

The terms of engagement of any new directors and existing directors is being reviewed. Prior to the proposed IPO, if necessary, a shareholder meeting of Jacana Minerals may be called to consider the issue of appropriate performance based securities to the directors.

A pro-forma balance sheet for Jacana Minerals, reflecting the proposed balance sheet of the company post demerger, is attached as **Annexure D**.

5. Summary and indicative timetable

Summary

Syrah's exploration interest in the Tanzanian projects will be held through Syrah's current subsidiary Jacana Minerals, and all of the shares in Jacana Minerals are intended to be distributed, via a pro-rata *in specie* distribution by way of capital reduction to Shareholders on a 3 for 10 basis (**Distribution**).

Syrah seeks Shareholder approval to enable Syrah to reduce its share capital by the distribution of specific assets, being the shares in Jacana Minerals.

The Corporations Act and the Listing Rules set out the procedure and timing for a capital reduction. The alteration to the share capital and the Distribution will become effective from the Record Date as described below. If the capital reduction proceeds, Shareholders will receive a pro rata entitlement to the Jacana Minerals Shares and each Shareholder's name will be entered on the register of members of Jacana Minerals with each Syrah Shareholder having deemed to have consented to becoming a

Jacana Minerals shareholder and being bound by its Constitution. A Shareholder's entitlement to Jacana Minerals Shares to be distributed is to be based on the number of Shares held at the Record Date. Shareholders will receive 3 Jacana Minerals Share for every 10 Syrah Shares held at the Record Date. The Company intends to distribute all of the shares in Jacana Minerals to Shareholders under the capital reduction. Due to the outstanding options in Syrah, it is not clear at the date of the Notice of Meeting the exact number of shares in Jacana Minerals that will be distributed under the 3 for 10 share issue. This means that there may be a small overhang of shares in Jacana Minerals held by Syrah post demerger. If this occurs, it is intended that any overhang shares will be disposed of by Syrah in the usual course after the intended IPO.

Your Board considers that the advantages of the reduction of capital outweigh the disadvantages. Please refer to the advantages and disadvantages of passing the resolution in Section 6.

Other than as shareholders of Syrah or as otherwise set out in this Explanatory Statement, none of the Directors have any interest in the resolution.

The share transfer forms for the transfer of Jacana Resources (Tanzania) Limited to Jacana Minerals are being processed by the authorities in Tanzania, including tax clearance. We expect confirmation of tax clearance and the registration of the transfer within 2 - 4 weeks of the date of the Notice of Meeting.

Indicative timetable

The following is the indicative timetable set by the Directors in relation to the restructure as approved by ASX:

Event	Date
Shareholder meeting held and ASX announcement of results of meeting	Wednesday, 1 October 2014
Last day of trading of Syrah shares on a "cum" basis	Thursday, 2 October 2014
Trading of Syrah shares on an "ex" basis commences	Friday, 3 October 2014
Record date for Distribution (Record date)	Wednesday, 8 October 2014 at 7pm AEST
Effect Distribution of shares in Jacana Minerals to Shareholders	Wednesday, 15 October 2014

Following the Distribution, Syrah will send to Shareholders statements of their Jacana Minerals holdings and advice of the cost base adjustment to their existing Syrah Shares for taxation purposes.

6. Advantages and disadvantages

Advantages

The demerger and subsequent IPO of Jacana Minerals is expected to create a transparent valuation for the Tanzanian projects. This will benefit all Syrah Shareholders in terms of the value of their Jacana Minerals Shares.

The result of the formation of Jacana Minerals will be two focussed companies with management teams specifically chosen for the projects owned by each company. At Jacana Minerals, this will comprise a group of commercially adept exploration professionals. At Syrah, this will be a team focussed on the development of the Balama deposit.

Disadvantages

Even though (as discussed below) ASIC has provided technical relief to allow secondary sales to occur before Jacana Minerals is listed on ASX, unless and until Jacana Minerals becomes listed on ASX, the shares in Jacana Minerals will not have a liquid market and may be difficult to sell. Although Jacana Minerals intends to seek to become listed on ASX, there can be no assurance that Jacana Minerals will be listed or will trade at a desired price.

There are costs associated with the restructure which will be incurred by Syrah. There is also a small but identifiable tax risk as set out below.

As a result of the return of capital, Syrah will forego any premium Syrah might have received from a person seeking to acquire a controlling stake in Jacana Minerals and its mineral sands and graphite prospects.

7. Shareholder approval and regulatory aspects

Corporations Act

Under section 256B of the Corporations Act, Syrah must not effect a reduction of capital unless it is fair and reasonable to the Shareholders as a whole, does not materially prejudice Syrah's ability to pay its creditors, and is approved by Shareholders.

Your Board considers that this Proposal is fair and reasonable to the Shareholders as a whole and does not materially prejudice Syrah's ability to pay its creditors. This is because each Syrah Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each Shareholder and the Distribution is on a pro rata basis, and the proportionate ownership interest of each Shareholders remains the same before and after the capital reduction.

In accordance with the Corporations Act:

- a) the proposed reduction is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of Syrah Shareholders;
- b) this Explanatory Statement and previous ASX announcements set out all information known to Syrah that is material to the decision on how to vote on the Resolution; and
- c) Syrah has lodged with ASIC a copy of this Notice of Meeting and accompanying documentation.

Under the Corporations Act, an offer of securities generally requires disclosure to investors through a disclosure document, typically in the form of a prospectus. ASIC has provided technical relief to ensure that the demerger process does not constitute a breach of the prospectus requirements.

Listing Rule 7.17

Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to the securities, must offer those securities pro rata or in such other way as, in the ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues. The capital reduction satisfies the requirements of Listing Rule 7.17 because the issue of Jacana Minerals Shares is being made on the basis of 3 Jacana Minerals Shares for every 10 Syrah Shares held, and there is no restriction on the number of Shares a Shareholder must hold before the entitlement to the Jacana Minerals Shares accrues.

Effect of Shareholder approval

If the Resolution is approved, Shareholders (as at the Record Date) will receive a pro rata beneficial entitlement to Jacana Minerals Shares (3 Jacana Minerals Shares for every 10 Shares held). The reduction in Syrah's share capital and the distribution of Jacana Minerals Shares will become effective from the Record Date. Any fractions of entitlement will be rounded down to the next whole number. Shares in Jacana Minerals are to be held subject to its Constitution which is in standard form and which has been approved by ASX as complying with the Listing Rules.

The actual dollar value of the proposed return of capital will be an amount equal to the value of the Jacana Minerals Shares distributed. Based on the expected balance sheet of Jacana Minerals at the date of the Distribution, it is likely to have a book value in the order of \$6,550,000 based on the past investment in the Prospecting Licences described in **Annexure B**.

The Board considers the proposed reduction of capital will have no material effect on the interests of Syrah Shareholders, except as disclosed in the discussion of the advantages and disadvantages of the reduction set out in Section 6 above.

The proportionate ownership of Shareholders will remain the same both before and after the return of capital (although this may well change in due course).

8. Tax implications

The following is a general summary of the Australian taxation consequences for Shareholders who receive Jacana Minerals Shares in respect of the Distribution based on the applicable taxation law as at the date of this Explanatory Statement.

Syrah is in the process of seeking a Class Ruling from the Australian Taxation Office (**ATO**) to confirm the taxation implications for Shareholders in respect of the availability of demerger tax relief under Division 125 of the Income Tax Assessment Act 1997 (Cth) (**Demerger Relief**) and the non-application of the integrity rule in section 45B of the Income Tax Assessment Act 1936 (Cth) (**Section 45B**). Syrah will update Shareholders accordingly in due course.

The following summary only applies to Shareholders who hold their shares in Syrah on capital account for tax purposes, and not on revenue account. The application of tax legislation can vary according to the individual circumstances of each Shareholder. This summary is not intended, and should not be relied upon, as specific taxation advice to any particular Shareholder. The comments in this summary are of a general nature only, may not apply to your specific circumstances and cannot be relied upon for accuracy or completeness.

Each Shareholder should seek and rely on its own professional taxation advice, specific to its particular circumstances, in relation to the taxation consequences of the proposed transaction. Neither Syrah, nor any of its officers or advisers, accepts liability or responsibility with respect to such consequences or the reliance of any Shareholder on any part of the following summary.

Australian taxation implications for Shareholders who chose Demerger Relief if Class Ruling application is successful

Shareholders who are residents of Australia and hold their Shares on capital account for tax purposes will be eligible to choose Demerger Relief. Broadly, Demerger Relief ensures that any capital gains tax (**CGT**) consequences from the transaction may be deferred, and that any dividend component of a distribution is not taxed in the hands of the Shareholders.

The Distribution is a CGT event for each Shareholder. However, a Shareholder who chooses Demerger Relief may disregard any capital gain under the Distribution, such that no capital gain or loss will arise on the Distribution.

Each Shareholder who is eligible for Demerger Relief must recalculate the cost base and reduced cost base of the Shares and the Jacana Minerals Shares for CGT purposes. This is done by apportioning the total cost base and reduced cost base of the Shares held by that Shareholder just before the Distribution between:

- the Syrah Shares held by that Shareholder just after the Distribution; and
- the Jacana Minerals Shares distributed to that Shareholder.

The apportionment must be done on a reasonable basis, based on the market values of the Shares and the Jacana Minerals Shares just after the Distribution (to be advised by Syrah once the Distribution is complete), or a reasonable approximation of those market values. These adjustments apply separately to all Shareholders who are eligible for demerger roll-over, regardless of whether or not Demerger Relief is chosen.

Syrah is organising a market valuation of Jacana Minerals Shares to be undertaken. Further information in this regard will be provided to Shareholders in due course after the Distribution occurs and following confirmation from the ATO as to the position.

On a future disposal of the Jacana Minerals Shares, certain Shareholders (such as individuals and complying superannuation funds) may be entitled to a CGT discount if they have held their Shares for at least 12 months. For these purposes, Shareholders can treat their Jacana Minerals Shares as having been acquired on the date that they acquired the corresponding original Syrah Shares.

Australian taxation implications for Shareholders who do not choose Demerger Relief

An Australian resident Shareholder who does not choose Demerger Relief will have the same tax consequences as a Shareholder who chooses Demerger Relief, except that the Shareholder may make a capital gain to the extent that the capital (i.e., non-dividend) component of the Distribution (to be advised by Syrah once the Distribution is complete) exceeds the Shareholder's cost base. Conversely, if the capital component is less than the cost base, then the Shareholder's cost base and reduced cost base are reduced by the amount of the capital component.

For the avoidance of doubt, notwithstanding that the Shareholder does not choose Demerger Relief:

- a) the cost base and reduced cost base of the Shares and the Jacana Minerals Shares must still be recalculated in the manner described above;
- b) for the purposes of determining eligibility for the CGT discount, each Jacana Minerals Share will be treated as having been acquired at the time that the corresponding original Share was acquired; and
- c) to the extent that any part of the Distribution is a dividend, it will not be assessable income or exempt income of the Shareholder.

Australian taxation implications for non-resident Shareholders

Shareholders who are not residents of Australia for tax purposes will not be subject to any Australian CGT consequences unless they hold (either alone or together with their associates) 10% or more of the direct participation interests in Syrah at the time of the demerger or for a continuous period of at least 12 months in the 24 months immediately preceding the Distribution. In the event that the non-resident Shareholder satisfies the 10% ownership requirement, Australian CGT will apply if at the time of the CGT event the market value of the assets in Syrah that are Taxable Australian Real Property (**TARP**) exceed the market value of the assets that are not TARP. TARP generally includes Australian land interests including Australian mineral rights, but does not include foreign land holdings and foreign mineral rights.

To the extent that a non-resident Shareholder holds any Shares that meet the above conditions, the Shareholder may make a capital gain to the extent that the capital component of the Distribution (to be advised by Syrah once the Distribution is complete) exceeds the Shareholder's cost base. However, non-resident Shareholders cannot choose Demerger Relief. For the avoidance of doubt, notwithstanding that the Shareholder cannot choose Demerger Relief:

- a) the cost base and reduced cost base of the Shares and the Jacana Minerals Shares must be recalculated in the manner described above; and
- b) for the purposes of determining eligibility for the CGT discount, each Jacana Minerals Share will be treated as having been acquired at the time that the corresponding original Share was acquired.

The Distribution will not be subject to dividend withholding tax.

Australian taxation implications if Class Ruling does not confirm availability of Demerger Relief and non-application of Section 45B

Broadly, if Syrah proceeds with the Distribution in the absence of Demerger Relief, the following taxation consequences may result:

- a) Shareholders may make a capital gain to the extent that the capital component of the Distribution exceeds the particular Shareholder's cost base (unless the Shareholder is a non-resident whose Shares do not breach the ownership thresholds described above);
- b) the cost base and reduced cost base of the Shares will be reduced by the Capital Reduction Amount (unless the Commissioner of Taxation makes a determination to treat all or part of the Capital Reduction Amount as an unfranked dividend);
- c) the cost base and reduced cost base of the Jacana Minerals Shares will be equal to the Capital Reduction Amount Distribution;

- d) the Jacana Minerals Shares will be taken to have been acquired by the Shareholder at the date of the Distribution for the purposes of determining eligibility for the CGT discount; and
- e) the excess (if any) of the market value of the Jacana Minerals Shares at the time of the Distribution over the Capital Reduction Amount, and (if the Commissioner of Taxation so determines) all or part of the Capital Reduction Amount, may be treated as an unfranked dividend. This amount would be assessable income for Australian resident Shareholders or subject to dividend withholding tax for non-resident Shareholders (at a rate of 30% on the gross amount, subject to any applicable double taxation agreement).

Taxation implications for the Company

The transfer of shares in Jacana Minerals from Syrah to the Shareholders in respect of the share capital reduction is not expected to have any CGT implications for Syrah.

9. Other

Overseas Shareholders

The Distribution of the Jacana Minerals Shares to overseas Shareholders under the reduction of capital will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. If the requirements of any jurisdiction where a Shareholder is resident are held to restrict or prohibit the distribution of securities as proposed or would impose on Syrah an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on Syrah an undue burden, the Jacana Minerals Shares to which the relevant Shareholder is entitled will not in fact be issued to such Shareholders and instead will be sold by Syrah on their behalf within one month of the date that Jacana Minerals becomes listed on the ASX, in order that Syrah will pay the relevant Shareholder a cash equivalent amount, or otherwise Syrah will seek to make alternative arrangements with respect to the relevant Shareholder which are reasonable in all the circumstances.

If Syrah elects to sell the Jacana Minerals Shares on a relevant Shareholder's behalf, Syrah will then account to those Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. As the return of capital is being represented and satisfied by the Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the reduction of capital.

It will be the responsibility of each Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

Effect of Distribution on existing options

In accordance with the terms of issue of each of the existing options outstanding as at the date the resolution is passed and in accordance with Listing Rule 7.22.3, the exercise price of each such outstanding option in Syrah will be automatically reduced by the same amount as the amount returned in relation to each Share.

There will be no early lapsing of any existing Syrah share options for any Syrah employee or director who holds such options and who becomes employed by Jacana Minerals in lieu of Syrah.

10. Board recommendation

Your Board is **UNANIMOUSLY IN FAVOUR** of the Jacana Minerals share distribution and recommend that Shareholders vote in favour of the resolution as set out in the accompanying Notice of Meeting in order to effect the proposed Distribution for the reasons outline above.

The Chairman of the General Meeting intends to vote undirected proxies **IN FAVOUR** of Resolution 1.

Resolution 2: Alteration of Constitution

Syrah seeks shareholder approval by way of special resolution to alter its Constitution to clarify that the Syrah Shareholders will be deemed to have consented to be a shareholder of Jacana Minerals

and be bound by its constitution as a consequence of the distribution described above. This removes any technical uncertainty regarding Syrah Shareholder consent in this regard.

The Jacana Minerals share distribution contemplated by Resolution 1 is conditional on this resolution being passed.

Your Board is **UNANIMOUSLY IN FAVOUR** of the amendment to the Constitution and recommend that Shareholders vote in favour of Resolution 2 set out in the accompanying Notice of Meeting.

The Chairman of the General Meeting intends to vote undirected proxies **IN FAVOUR** of Resolution 2.

Resolutions 3, 4, 5, 6 and 7: Grant of Options

Shareholder approval is sought for the grant to Tom Eadie, Rhett Brans, Tolga Kumova, Paul Kehoe and José Manuel Caldeira of Options, and the subsequent issue of shares in the Company upon exercise of the Options by them, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.11 and for all other purposes. The Options will not be quoted on the ASX.

Each Option will be issued for nil consideration. Each Option will entitle the holder to subscribe for one fully paid ordinary share in the Company at an exercise price 45% above the 5 day VWAP for the period preceding the date of issue of the Options. Each Option will vest one year after the issue date and expire five years after the issue date. **Annexure A** sets out the further terms of the Options.

1. Rationale for the grant of Options

The Company has a small Board, which has guided the development of the Balama project in Mozambique and helped grow the Company to its current size. Given the market capitalisation of the Company and the Board's performance, the Board has reviewed the overall remuneration of the Directors. The grant of the Options is designed to encourage each of the Directors to have a greater involvement in the achievement of the Company's objectives and to provide the Directors with the opportunity to participate in the future growth and prosperity of the Company through share ownership. The alignment of the Directors' interests with the performance of the Company is aimed to promote the creation of a successful and profitable business and any consequential increase in shareholder value and the market price of the shares of the Company will benefit all shareholders, notwithstanding the dilutionary effect on shareholders of the Options being exercised.

The ASX Corporate Governance Principles and Recommendations recognise that most executive remuneration packages will involve a balance between fixed and incentive (equity-based) pay. While the issue of options to non-executive Directors may not be in accordance with the guidelines for non-executive remuneration under the ASX Corporate Governance Principles and Recommendations, the Board considers the issue of the Options to be reasonable in the circumstances of the Company's development.

The primary purpose of the grant of the Options to each of the Directors is not to raise capital, but to form part of their remuneration package. The number of Options proposed to be issued to each of the Directors has been determined taking into account the respective roles of the Directors, the current market price of the Company's shares, and the significant contribution that each of the Directors has had and are likely to have to the Company's success. The Directors consider the terms of the Options are reasonable given the circumstances of the Company.

2. Regulatory requirements

Listing Rule 10.11 requires the Company to obtain Shareholder approval in order to grant any equity securities to a related party (which includes a director) unless an exception in Listing Rule 10.12 applies.

Further, section 208 of the Corporations Act requires a public company to obtain shareholder approval in order to give a financial benefit to a related party of the Company, unless the giving of the financial

benefit falls within one of the prescribed exceptions set out in sections 210 to 216 of the Corporations Act.

The Directors are "related parties" of the Company. A "financial benefit" for the purposes of the Corporations Act is widely defined and includes a public company granting options to a related party. The granting of the Options to the Directors as contemplated by Resolutions 3, 4, 5, 6 and 7 will therefore constitute the giving of a financial benefit for the purposes of Chapter 2E of the Corporations Act. It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act and Listing Rule 10.12 may not apply in the current circumstances. Accordingly, Shareholder approval is being sought for the grant of the Options to Tom Eadie, Rhett Brans, Tolga Kumova, Paul Kehoe and José Manuel Caldeira for the purposes of section 208 of the Corporations Act and Listing Rule 10.11.

If approval is given under Listing Rule 10.11, separate approval is not required under Listing Rule 7.1. Accordingly, if Resolutions 3, 4, 5, 6 and 7 are approved, the issue of options will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

3. Chapter 2E of the Corporations Act - Related Party transaction

In accordance with section 219 of the Corporations Act, the Company provides the following information to allow Shareholders sufficient information to determine whether they should approve Resolutions 3, 4, 5, 6 and 7:

- a) *The related party to whom the proposed Resolution would permit the financial benefit to be given*

The related parties are Tom Eadie (Resolution 3), Paul Kehoe (Resolution 4), Tolga Kumova (Resolution 5), Rhett Brans (Resolution 6) and José Manuel Caldeira (Resolution 7).

- b) *The nature of the financial benefit*

The nature of the financial benefit being provided by the Company to the Directors is the proposed issue of up to 3,700,000 Options as follows:

- (i) Tom Eadie (Chairman) – 500,000 Options;
- (ii) Paul Kehoe (Managing Director) – 400,000 Options;
- (iii) Tolga Kumova (Executive Director) – 2,000,000 Options;
- (iv) Rhett Brans (Non-Executive Director) – 400,000 Options; and
- (v) José Manuel Caldeira (Non-Executive Director) – 400,000 Options.

- c) *Remuneration of the Director*

The current remuneration for each of the Directors is as follows:

Director	Cash Remuneration (per annum including superannuation)	Non-cash Remuneration
Tom Eadie	A\$75,000	-
Paul Kehoe	A\$280,000	-
Tolga Kumova	A\$200,000	-
Rhett Brans	A\$70,000	\$251,932*
José Manuel Caldeira	US\$70,000	-

*The amount of \$251,932 is the amount expensed in FY14 relating to the issue of the 250,000 options granted to Mr Brans.

d) Existing relevant interests

The current relevant interests in securities of the Company held by each of the Directors and their associates are as follows:

Director	Shares held directly	Options held directly	Shares held indirectly	Options held indirectly
Tom Eadie	1,500,000	-	11,000,005	-
Paul Kehoe	3,258,010	-	16,886,990	-
Tolga Kumova	14,522,215	-	-	-
Rhett Brans	-	250,000	-	-
José Manuel Caldeira	-	-	-	-

e) *Dilution*

The passing of Resolutions 3, 4, 5, 6 and 7 would have the effect of granting the Directors a total of 3,700,000 Options.

If any of the Options proposed to be issued are exercised into Shares, the effect would be to dilute the shareholding of existing Shareholders. If all of 3,700,000 Options were exercised into Shares, this will increase the total figure of shares on issue from 163,485,076 to 167,185,076 (assuming that no other options are exercised and no other shares are issued). That is, the 3,700,000 options if exercised will represent 2.22% of the total equity in the Company. The effect would be to dilute the shareholding of the existing Shareholders by an aggregate of 2.22% (based on the total current number of Shares on issue, which is 163,485,076 Shares).

The actual dilution will depend on the extent of further equity raised by the Company and whether any of the Options are exercised.

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

f) *Trading history*

The trading history of the Shares on ASX in the 12 months before the date of the Notice of Meeting to which this Explanatory Statement relates is set out below:

	Closing Price	Date
Highest Price	\$5.99	11 July 2014
Lowest Price	\$1.95	14 August 2013
Latest Price	\$5.58	24 July 2014

As at the date of the Notice of Meeting, the Company had the following Options on issue:

No. of Options on issue	Exercise Price	Expiry Date
1,525,005	\$0.26	15 December 2015
35,000	\$2.21	16 July 2016
250,000	\$2.90	12 June 2016
1,000,000	\$3.87	21 March 2015
500,000	\$5.50	19 May 2019

g) *Valuation of the Options*

The Company has obtained a valuation of the proposed options in accordance with the requirements of the applicable accounting standards for the purpose of disclosure in accordance with the Company's statutory obligations. The consultant prepared a report regarding the value of the Options proposed to be issued by the Company in accordance with the requirements of the accounting standards *AASB2 – Share Based Payments (AASB2)*, giving consideration to factors such as current share price of the underlying shares, exercise price of the option, expected volatility of the share price, dividend yield, risk free interest rates and exercise price multiple.

The consultant valued the Options using the Black - Scholes Option Pricing model. The following assumptions were made regarding the inputs required for the option pricing model:

- underlying share price of \$5.44 based on the closing price on 21 July 2014;
- risk free rate of 3.42% representing the 10 year bank bill swap rate (**BBSW**) as at 21 July 2014 (Source Thomson Reuters);
- volatility of 60.83% based on the Company's two year historic volatility;
- an assumed grant date of 31 August 2014;
- a vesting date of one year from grant date, and an expiry date of 5 years from date of issue;
- the exercise price is not known at the date of the notice. It will be determined by a formula which is 45% premium to the 5 day VWAP prior to the date of issue.

Taking into consideration the consultant's analysis, the Board (in each case excluding the Director receiving the Options) believes that the overall package proposed for the relevant Directors is reasonable given the circumstances of the Company.

The value of the options to be granted to each Director has been estimated at \$2.469 per option based on an exercise price of \$7.88.

	No Options	Value per option	Total Value
Tom Eadie	500,000	\$2.469	\$1,234,484
Paul Kehoe	400,000	\$2.469	\$987,000
Tolga Kumova	2,000,000	\$2.469	\$4,937,937
Rhett Brans	400,000	\$2.469	\$987,587

José Manuel Caldeira	400,000	\$2.469	\$987,587
			\$9,135,184

h) Other information

The Directors do not consider that there are opportunity costs to the Company or benefits foregone by the Company in granting the Options.

Australian International Financial Reporting Standards require the Options to be expensed which is guided by AASB2. In accordance with AASB2, these Options will be expensed over the vesting period. Expensing the Options will have the effect of increasing both the expenses and contributed equity of the Company. Whilst there will be a reduction in profit, there will be no impact on the net assets or the cash position or financial resources of the Company as a result of expensing the Options. There are no tax implications for the Company in issuing these Options.

Other than as set out in this Explanatory Statement, the Directors do not consider there is any further information which the Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolutions 3, 4, 5, 6 and 7.

4. Listing Rule 10.13 information

In accordance with the requirements of Listing Rule 10.13, the Company provides the following information to allow Shareholders sufficient information to determine whether they should approve Resolutions 3, 4, 5, 6 and 7:

- b) A total of 3,700,000 Options will be granted to the Directors as follows:
 - (i) Tom Eadie (Chairman) – 500,000 Options;
 - (ii) Paul Kehoe (Managing Director) – 400,000 Options;
 - (iii) Tolga Kumova (Executive Director) – 2,000,000 Options;
 - (iv) Rhett Brans (Non-Executive Director) – 400,000 Options; and
 - (v) José Manuel Caldeira (Non-Executive Director) – 400,000 Options.
- c) The Options will be issued to the Directors as soon as possible after the date of this General Meeting and in any event not more than one month after the date of this General Meeting.
- d) The Options will be issued for nil consideration.
- e) The terms of the Options are set out in **Annexure A**.
- f) No funds will be raised from the grant of the Options. Any future funds received from the subsequent exercise of the Options into fully paid ordinary shares will be used for general working capital purposes.

5. Recommendations

Your Directors (other than Tom Eadie who abstains) unanimously recommend that you vote in favour of Resolution 3.

Your Directors (other than Paul Kehoe who abstains) unanimously recommend that you vote in favour of Resolution 4.

Your Directors (other than Tolga Kumova who abstains) unanimously recommend that you vote in favour of Resolution 5.

Your Directors (other than Rhett Brans who abstains) unanimously recommend that you vote in favour of Resolution 6.

Your Directors (other than José Manuel Caldeira who abstains) unanimously recommend that you vote in favour of Resolution 7.

Resolution 8: Ratification of Prior Issue of Shares and Grant of Options

The Listing Rules restrict the number of securities which a listed company may issue in any 12 month period without the approval of shareholders to 15% of the number of securities on issue at the start of the period subject to certain adjustments and permitted exceptions. This resolution seeks shareholder approval to the previous issue of shares and options in the Company for the purposes of Listing Rule 7.4. The purpose of seeking shareholder approval of the issue of shares and options in this resolution is to ensure that the previous issue of shares and options does not reduce the Company's placement capacity under the Listing Rules.

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4. The previous issues were:

(a) the issue of 13,725,491 ordinary shares in the Company on 20 December 2013 at an issue price of \$2.55 each to institutional and professional investors who are clients of Credit Suisse (Australia) Limited and Canaccord Genuity (Australia) Limited who acted as Joint Lead Managers to the Placement; and

(b) the grant of 500,000 unlisted options in the Company on 19 May 2014, issued for nil consideration, exercisable into 500,000 ordinary shares at an exercise price of \$5.50 per share, granted to Sait Uysal, a consultant of the Company and is not a related party. The terms of the options are the same as set out in Annexure A, other than:

Number of options:	500,000
Grant date:	19 May 2014
Vesting date:	19 May 2015
Expiry date:	19 May 2019
Exercise Price:	\$5.50

In each case of an issue, the shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares. The issued shares rank equally with all shares currently on issue. The funds received from the issue of the shares will be used for general working capital and budgeted purposes, and as otherwise announced on the ASX at the time of their issue.

The Directors of the Company unanimously recommend that you vote in favour of Resolution 8.

PROXY AND VOTING INSTRUCTIONS

1. A shareholder entitled to attend and vote at the meeting may appoint one or two proxies to attend and vote on their behalf. Each proxy will have the right to vote on a poll and also speak at the meeting.
2. A proxy need not be a member of the Company and a proxy can be either an individual or a body corporate.
3. The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half the votes).
4. If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution as they think fit.
5. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
6. Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf.
7. If a proxy form is returned but the nominated proxy does not attend the meeting, or does not vote on the resolution, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.
8. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the resolutions proposed in this Notice.
9. Key management personnel of the Company and their closely related parties will not be able to vote proxies on resolutions 3 to 7 unless shareholders direct them how to vote. Closely related parties are defined in the Corporations Act to include the spouses, dependants, certain other close family members of the members of key management personnel as well as any companies controlled by such a member. Accordingly, if shareholders intend to appoint a member of the key management personnel as their proxy, they should ensure that they explicitly direct them how to vote on resolutions 3 to 7.
10. If shareholders intend to appoint the Chairman of the meeting as their proxy particularly with respect to voting on resolutions 3 to 7, they can direct and expressly authorise him to vote by either marking the relevant voting box for each of resolutions 3 to 7, or by marking the Chairman's box on the proxy form (in which case the Chairman of the meeting will vote in favour of the resolutions).
11. The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged at the share registry **Security Transfer Registrars Pty Ltd PO Box 535 Applecross Western Australia 6953** or by **facsimile +618 9315 2233** not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.
12. The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

A proxy form accompanies this Notice.

Corporate Representatives

Any corporation that is a shareholder of the Company may authorise (by a form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the Chairman) a natural person to act as its representative at any general meeting.

Voting Entitlement

The Company has determined that for the purposes of the meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00 pm AEST on 29 September 2014. Accordingly, transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

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GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“**ASIC**” means the Australian Securities and Investments Commission.

“**ASX**” means ASX Limited or the Australian Securities Exchange, as the context requires.

“**AEST**” means Australian Eastern Standard Time.

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors.

“**Company**” means Syrah Resources Limited (ABN 77 125 242 284).

“**Corporations Act**” means the Corporations Act 2001 (Cth).

“**Director**” means a Director of the Company.

“**Listing Rules**” means the Listing Rules of the ASX.

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement.

“**Prospecting Licences**” mean the interests in the tenements described in Annexure B.

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ANNEXURE A

Option terms

Entitlement to ordinary Shares

1. Subject to any adjustments referred to below, the Option Holder is entitled on payment of the Exercise Price to one fully paid ordinary share in the capital of Syrah Resources Limited for each Option exercised.

Vesting and Exercise Period

2. Each Option will vest one year after the issue date.
3. The Options are exercisable during the Exercise Period, being the period commencing the date which is one year after the issue date and expiring five years after the issue date (**Exercise Period**).

Exercise Price

4. The exercise price of the Option is 45% above the 5 day VWAP for the period preceding the date of issue of the Options (**Exercise Price**).

Exercise of Options

5. The Options are exercisable at any time during the Exercise Period by the Option Holder completing and signing the Option Exercise Notice (in a form agreed by the Company), and lodging the Option Exercise Notice together with a bank cheque for the total Exercise Price for the number of Options exercised with the Company.

Shares issued on exercise of Options

6. The Company will issue fully paid ordinary shares pursuant to the exercise of Options within 15 Business Days after receiving a validly executed Option Exercise Notice and the Exercise Price payable in respect of the Options exercised.
7. Shares issued on exercise of the Options will rank equally in all respects with all other fully paid ordinary shares of the Company on issue at the date of issue.
8. If shares of the Company are listed for quotation on the ASX at the time of exercise of the Options, the Company will apply for official quotation on the ASX of any shares issued on exercise of the Options within a reasonable time after the shares are allotted, and in accordance with the Listing Rules.

New issue of securities

9. An Option Holder will not be entitled to participate in a new issue of shares or other securities made by the Company to holders of its issued shares unless the Options are exercised before the record date for determining entitlements to the issue.
10. If shares in the Company are listed for quotation on the ASX and there is a pro rata issue (excepts a bonus issue) to the holders of such shares, the Exercise Price will be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N+1}$$

O' = the new Exercise Price of the Option.

O = the old Exercise Price of the Option.

- E = the number of shares in the Company into which one Option is exercisable.
- P = the average market price per share (weighted by reference to volume) of the shares during the 5 trading days ending on the day before the ex-rights date or ex entitlements date.
- S = the subscription price for the share under the pro rata issue.
- D = the dividend due but not yet paid on the existing shares in the Company (except those to be issued under the pro rata issue).
- N = the number of shares in the Company with rights or entitlements that must be held to receive a right to one new share.

11. If the Company makes a pro rata bonus issue of shares to its Share holders prior to an Option being exercised, and the Option is not exercised prior to the record date for the issue, the Option will, when exercised, entitle the holder to one share in the Company plus the number of bonus shares which would have been issued to the holder if the Option had been exercised prior to the record date.
12. Subject to clauses 6 and 7 of these Terms and Conditions, the Exercise Price and the number of shares over which an Option can be exercised, cannot be amended.

Capital reorganisations

13. If there is a reorganisation of the capital of the Company, the number of Options and/or the Exercise Price of the Options will be correspondingly reorganised in a manner, which is permissible under, or necessary to comply, with the Listing Rules in force at the relevant time.
14. Subject to the above paragraph, if there is a reorganisation of the capital of the Company, the number of Options and/or Exercise Price will be reorganised as follows:

- (a) Sub-division or consolidation

If the Company subdivides or consolidates its shares, the Options will be subdivided or consolidated (as the case may be) in the same ratio as such consolidated shares and the Exercise Price will be amended in inverse proportion to that ratio.

- (b) Return of capital

If the Company returns capital on its shares, the number of Options will remain the same, and the Exercise Price of each Option will be reduced by the same amount as the amount returned in relation to each share on which a return of capital is effected.

- (c) Cancellation of capital that is lost

If the Company returns capital on its shares by a cancellation of capital that is lost or not represented by available assets, the number of Options and the Exercise Price is unaltered.

- (d) Pro rata cancellation of capital

If the Company reduces its issued shares on a pro rata basis, the number of Options will be reduced in the same ratio as such shares on which the cancellation of capital is effected and the Exercise Price will be amended in inverse proportion of that ratio.

- (e) General reorganisation

If the Company reorganises its issued shares in any way not otherwise contemplated by the preceding paragraphs, the number of Options or the Exercise Price, or both, will be reorganised so that the Option Holder will not receive a benefit that holders of shares in the Company do not receive.

- (f) Notice of adjustment

The Company shall give notice to Option Holders of any adjustments to the number of Options or the number of shares which are to be issued on exercise of an Option or to the Option Exercise Price. Before an Option is exercised, all adjustment calculations are to be carried out including all fractions (in relation to each of the number of Options, the number of shares on issue in the Company and the Option Exercise Price), but on the exercise the number of shares issued on exercise of the Option is rounded down to the next lower whole number and the Exercise Price rounded up to the next higher cent.

Takeovers

15. Notwithstanding any other of these terms and conditions, if a takeover bid within the meaning of the Corporations Act is made for the shares in the Company and the bidder becomes entitled to compulsorily acquire all of the shares in the Company, any options not exercised by the end of the bid period shall lapse and the Expiry Date shall thereupon be deemed to have occurred.
16. Notwithstanding any other of these terms and conditions, if a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company the effect of which may be that a person will have a relevant interest in at least 90% of the ordinary shares in the Company, any options not exercised during the period which is 7 days of the court order shall lapse and the Expiry Date shall thereupon be deemed to have occurred.

Transfer of Options

17. An Option Holder may only transfer Options in accordance with the Company's Constitution, the Corporations Act, and, if applicable, the ASX Listing Rules and ASTC Settlement Rules in force at the relevant time.

Lapse

18. Unless exercised prior, the Option will lapse on the Expiry Date or upon the liquidation or dissolution of the Company.
- 18.1 If the holder is an employee or director of the Company at the date of issue or the nominee of such an employee or director and the holder or, if relevant, the nominating employee or director ceases to be an employee or director of the Company for any reason whatsoever except by reason of death, the options which the holder is entitled to exercise at that time are exercisable within 30 days and any options not exercised during that period shall lapse.
- 18.2 If the holder is an employee or director of the Company at the date of issue or the nominee of such an employee or director and the holder or, if relevant, the nominating employee or director ceases to be an employee or director of the Company by reason of death, the options which the holder is entitled to exercise at that time are exercisable within 12 months by the legal personal representative of the holder or, if relevant, by the nominee and any options not exercised during that period shall lapse.

Amendments

19. No amendment to the Terms and Conditions of these Options can be made without the prior written consent of the Option Holder and the Company.

Governing Law

20. These Terms and Conditions shall be governed by and construed in accordance with the laws for the time being in force in the State of Victoria.

ANNEXURE B

Tenements

Project	Licence No.	Holder	Grant Date	Expiry Date	Area (km ²)	Additional Comments
Tanga South	7666/2012	Jacana Resources (Tanzania) Limited (100%)	23/02/2012	22/02/2016	66.15	
Tanga South	7960/2012	Jacana Resources (Tanzania) Limited (100%)	30/05/2012	29/05/2016	116.43	
Tanga South	8123/2012	Jacana Resources (Tanzania) Limited (100%)	24/07/2012	23/07/2016	38.06	
Tanga South	7321/2011	Jacana Resources (Tanzania) Limited (100%)	17/11/2011	16/11/2015	137.8	
Tanga North	8008/2012	Jacana Resources (Tanzania) Limited (100%)	04/06/2012	03/06/2016	292.38	
Bagamoyo	7752/2012	Jacana Resources (Tanzania) Limited (100%)	19/03/2012	18/03/2016	158.95	
Bagamoyo	7753/2012	Jacana Resources (Tanzania) Limited (100%)	04/04/2012	03/04/2016	191.93	
Mbinga	9046/2013	Jacana Resources (Tanzania) Limited (100%)	11/03/2013	10/03/2017	46.61	
Mbinga	9352/2013	Jacana Resources (Tanzania) Limited	04/10/2013	03/10/2017	28.81	

		(100%)				
Mbinga	9778/2014	Jacana Resources (Tanzania) Limited (100%)	05/06/2014	04/06/2018	17.67	
Fungoni	7754/2012	Jacana Resources (Tanzania) Limited (100%)	04/04/2012	03/04/2016	202.06	
Fungoni	7499/2011	Jacana Resources (Tanzania) Limited (100%)	22/12/2011	21/12/2015	33.89	
Shikula	7806/2012	Jacana Resources (Tanzania) Limited (100%)	04/04/2012	03/04/2016	196.57	
Chiliogali	7471/2011	ASAB Resources (Tanzania) Limited (10%)	14/12/2011	13/12/2015	81.8	90% interest owned by Jacana Resources (Tanzania) Limited. 10% interest owned by ASAB Resources (Tanzania) Limited
Chiliogali	7488/2011	ASAB Resources (Tanzania) Limited (10%)	27/12/2011	26/12/2015	56.26	90% interest owned by Jacana Resources (Tanzania) Limited. 10% interest owned by ASAB Resources (Tanzania) Limited
Mbinga	9960/2014	Jacana Resources (Tanzania) Limited (100%)	10/07/2014	09/07/2018	17.6	
Fungoni	9951/2014	Jacana Resources (Tanzania) Limited (100%)	11/07/2014	10/07/2018	101.9	

ANNEXURE C

Key Risks

The business, assets and operations of Jacana Minerals will be subject to certain risk factors that have the potential to influence its operating and financial performance in the future. These risks can impact on the value of an investment in its securities and include those highlighted in the table below:

Risk	Description
Lower liquidity	Jacana Minerals will be considered a small entity by market capitalisation standards. As such, there is likely to be only limited trading liquidity in its shares. Jacana Minerals may not be covered by a broad base of research analysts which may also make it more difficult for its shares to be freely traded.
Additional capital requirements	<p>Jacana Minerals is a small entity and its capital requirements will depend on numerous factors. Exploration costs and pursuit of its business plan will reduce the company's cash reserves, which may not be replaced through future operations, should these prove unsuccessful or perform below expectations. Jacana Minerals would in such cases be dependent on seeking additional capital elsewhere, whether through equity, debt or joint venture financing, to support long term exploration and evaluation of its projects.</p> <p>Jacana Minerals is likely to require further financing and undertake future capital raisings in addition to amounts raised under the proposed initial IPO. Its directors can give no assurances as to the level of future borrowings or further capital raisings that will be required to meet the aims of Jacana Minerals to develop the Prospecting Licences. Accordingly, no assurance can be given that Jacana Minerals will be able to procure sufficient funding at the relevant times on the terms acceptable to it.</p> <p>Any additional future equity financing will dilute existing shareholders, and any debt financing, if available, may involve restrictions on Jacana Minerals' operating activities and business strategy. If Jacana Minerals is unable to obtain additional funding as needed, it may be required to reduce the scope of its operations or scale back its business plans, as the case may be.</p>
Early stage exploration	The Prospecting Licences are prospective. The prospects of Jacana Minerals should be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the African exploration sector and more generally, both of which have a high level of inherent uncertainty.
JORC compliant resource	While the Prospecting Licences are considered by the Board to be highly prospective, there is no guarantee that a JORC compliant resource in relation to any of them will be identified in the future. Jacana Minerals proposes to utilise funds raised in the proposed IPO to undertake a drilling program, to demonstrate the economic potential of the Prospecting Licences.
Risks associated with operating in Tanzania	The legal system and economy of Tanzania is at an early stage of development and accordingly shares several of the qualitative characteristics typically found in a developing country and burgeoning democracy. Jacana Minerals will be exposed to the risks of operating in such a jurisdiction. Risks to Jacana Minerals' business include, being subject to uncertain laws in some aspects when compared to a more

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	<p>established jurisdiction, the risk of expropriation or government participation, political instability and other risk factors such as adverse climactic and operating conditions. There can be no guarantee that Jacana Minerals will be able to generate a positive return for its shareholders if an event occurs which materially adversely affects the value of Jacana Minerals, its assets and/or its business.</p>
Specific risks with the Tenements	<p>There are a number of conditions that Jacana Minerals must satisfy with respect to the Tenements to keep them in good standing. These include but are not limited to licence fee payments, annual reporting requirements and annual filing requirements. In relation to the two Chiliogali permits, Jacana Resources (Tanzania) Limited only has a contractual option over the 90% interest it does not hold. The exercise of the contractual rights by Jacana Resources (Tanzania) Limited may be subject to contractual counterparty risk and local enforcement risk in Tanzania.</p>
Foreign exchange risk	<p>Any future revenue generated by Jacana Minerals is expected to be in United States dollars, while its cost base and expenditure is expected to be in United States dollars, Tanzanian shillings and Australian dollars. Jacana Minerals will be exposed to the volatility and fluctuations of these cross-exchange rates, which in many cases will be beyond its control.</p>
Reliance on key personnel and employees	<p>Jacana Minerals' prospects and ability to carry on its business will depend substantially on the ability of its executives, senior management and key consultants to operate effectively. To manage its growth, Jacana Minerals must attract and retain additional highly qualified personnel. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors. There can be no assurance that there will be no detrimental impact on Jacana Minerals if one or more key employees cease their employment at some stage.</p>
Environmental and other regulatory risks	<p>Environmental legislation is evolving in a manner which will likely require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation in Tanzania, if any, will not materially and adversely affect Jacana Minerals' business, prospects, financial condition and results of operations.</p> <p>Various governmental approvals and permits will also be required in connection with various aspects of Jacana Minerals and its subsidiary's operations from time to time. To the extent such approvals or permits are required and not obtained, Jacana Minerals may be delayed or prevented from proceeding with planned exploration or development.</p>
Economic conditions	<p>General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on Jacana Minerals' exploration, development and production activities, as well as on its ability to fund those activities. If activities cannot be funded, there is a risk that Jacana Minerals' Prospecting Licences may have to be surrendered or not renewed. General economic conditions may affect the value of Jacana Minerals' shares and its valuation regardless of its actual performance.</p>
Transaction Delays	<p>There will be certain transaction costs associated with the transfer of Jacana Resources (Tanzania) Limited to Jacana Minerals and in relation to</p>

and Costs	the demerger generally. The exact amount of the costs, including tax clearance in Tanzania, currently are not known. While it is anticipated that the transfer will be completed within 2 - 4 weeks of the date of the Notice of Meeting, delays may be experienced within Tanzania.
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ANNEXURE D

Pro Forma Balance Sheet

Jacana Minerals Limited
(Consolidated)
30 June 2014
Pro-Forma Balance Sheet

	<i>Consolidated Management Accounts (unaudited) "Jacana Minerals Group"</i>	<i>Pro-forma Management Accounts (unaudited)</i>
	30-Jun-14	30-Jun-14
	\$	\$
Current Assets		
Cash and cash equivalents	418,728	5,344,728
Total current assets	418,728	5,344,728
Non current assets		
Property, Plant & Equipment	79,221	79,221
Exploration & Evaluation	5,164,061	5,164,061
Total non current assets	5,243,282	5,243,282
Total assets	5,662,010	10,588,010
Current liabilities		
Borrowings	-	500,000
Total current liabilities	-	500,000
Non current liabilities		
Borrowings	7,182,489	-
Total non current liabilities	7,182,489	-
Total liabilities	7,182,489	500,000
Net assets	(1,520,479)	10,088,010
Equity		
Issued capital	2	11,559,857
Share issue costs	-	(574,000)
Foreign Exchange Reserve	(42,640)	(42,640)
Accumulated losses	(1,477,841)	(855,207)
Total equity	(1,520,479)	10,088,010

Notes:

- (a) 50,038,522 new shares will be distributed, via a pro-rata in specie distribution by way of capital reduction to Syrah Shareholders on a 3 for 10 basis (**Distribution**). The value attributed to this distribution is \$6,559,855, being the sum originally lent to Jacana Resources (Tanzania) Limited by the Company. This loan has been subsequently assigned to Jacana Minerals Limited and before the demerger will be discharged via a debt for equity swap.
- (b) Jacana Minerals Limited will initially be funded with \$500,000 which will be advanced by Syrah Resources Limited.
- (c) Foreign exchange differences on intercompany loan balances have been taken through accumulated gains/losses.
- (d) Jacana Minerals Limited is intending to undertake a capital raising of at least \$5,000,000, lodging a prospectus later in 2014 as part of an ASX listing. The pro-forma takes into account this proposed capital raising net of share issue costs.

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