

Syrah Resources Ltd.: Company Update and Fully Underwritten A\$194M Capital Raising

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Melbourne - [Syrah Resources Ltd.](#) (ASX:SYR) ("Syrah" or the "Company") is pleased to provide a Balama Project development update and announce a fully underwritten A\$194 million capital raising to complete the funding of the Balama Project, provide balance sheet flexibility and further accelerate the Company's spherical graphite strategy. A detailed presentation ("Equity Capital Raising Presentation") has been released separately to the ASX in conjunction with this announcement.

BALAMA PROJECT UPDATE

Syrah has made significant progress in the development of the Balama Project which has the effect of materially de-risking the construction of this strategic asset. The development of the Balama Project positions Syrah to become a leading supplier of graphite to industrial and high growth, emerging technology markets. The Company is positioned to deliver on its advantage as one of the early movers in the sector.

Key construction activities undertaken to date include:

- Engineering and procurement activities are well advanced and mechanical equipment and structural steel deliveries to site have now commenced
- Process plant and infrastructure concrete works progressing
- Notices of Award issued for major construction contract (Structural, Mechanical and Piping) and other various operational contracts (including mining, product transport and logistics as well as fuel supply)
- Expansion of the existing camp accommodation is progressing in line with resourcing requirements
- Key construction and operational staff being progressively recruited with a number of positions being awarded to qualified Mozambican nationals.

The project schedule has been revisited with input from key prospective contractors, with first ore and production ramp up now scheduled for Q2 2017.

Project cost estimates have been updated and decisions taken to enhance the project scope which are expected to deliver a more robust operation and consistent production of a range of high quality graphite products:

- Key changes include Syrah now funding the purchase of a power station (previously a BOOT alternative considered) , enhanced wet and dry screens and drying equipment, and upgraded liners for the tailings storage facility, waste dumps and ROM pad
- Estimated total development cost requirements for the Balama Project have been revised from US\$144m (CPC Engineering FEED Study) to US\$175m (US\$39m has been spent to 31 May 2016)
- Estimated working capital requirements have been revised from US\$30m to US\$47m to provide increased flexibility during production ramp up and provide an allowance for the timing of tax refunds.

SPHERICAL GRAPHITE STRATEGY

Syrah is seeking to further accelerate its spherical graphite strategy in response to significant market demand:

- Appointment of Li-ion battery expert Dr. Lampe-Onnerud to the Syrah Resources Board during May 2016
- Further enhancements to the detailed engineering study including the optimisation of spheroidisation technology, methodology and product quality specifications
- Planning for a pilot plant which mirrors the components of an industrial scale facility, to enable further

product qualification and process optimisation

- 50ktpa spherical graphite offtake agreement signed with Marubeni.

CAPITAL RAISING

Syrah is pleased to announce a fully underwritten equity raising ("Offer") to raise gross proceeds of approximately A\$194 million by way of an Institutional Placement to professional and sophisticated investors.

Offer details

Under the terms of the Offer, institutional investors will subscribe for 32 million new shares in the Company at A\$6.05 per share ("Offer Price"), to raise approximately A\$194 million before costs. The Shares issued under the Offer ("New Shares") will represent approximately 12.2% of the Company's undiluted share capital immediately following completion of the Placement. New Shares issued under the Offer will rank equally with existing Syrah shares. An indicative timetable for the Offer is set out in the Appendix of this announcement.

The Offer Price of A\$6.05 represents a discount of:

- 5.5% to Syrah Resources closing price of A\$6.40 on the ASX as at 15 June 2016

- 2.2% to Syrah Resources 10 day volume weighted average price of A\$6.19 up to and including 15 June 2016 Use of Proceeds

The proceeds of the Offer will be used to:

- Complete the development of the Balama Project (including working capital requirements) and to fund Syrah's general and administrative cost requirements

- Provide balance sheet flexibility and allow the Company to accelerate its spherical graphite strategy in response to significant market demand, by way of:

(i) Further enhancements to the detailed engineering study including the optimisation of spheroidisation technology, methodology and product quality specifications; and

(ii) Planning for a pilot plant which mirrors the components of an industrial scale facility, to enable further product qualification and process optimisation.

The proceeds of the Offer are expected to be converted into US dollars upon receipt (representing the underlying currency in which expenditure will be incurred).

Chairman of Syrah, James Askew, said: "The Board and I are delighted with the strong progress being made by the Syrah team in the development of the Balama Graphite Project. The proceeds of the capital raising will give Syrah increased flexibility during a pivotal time for the Company and allow Syrah to pursue its stated strategy on behalf of shareholders."

Managing Director of Syrah, Tolga Kumova, said: "We are extremely pleased with the enormous support that has been shown by our shareholders to date. The Company is now in a unique position to deliver on its advantage as one of the early movers in the graphite sector and become a leading, vertically integrated supplier of high quality, enhanced value graphite products".

To view tables and figures, please visit:

<http://abnnewswire.net/lnk/E2XG736N>

To view the Equity Capital Raising Presentation, please visit:

<http://abnnewswire.net/lnk/XRB981A5>

About Syrah Resources Ltd:

Syrah Resources (ASX: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 graphitic carbon. Balama is a 110 km² 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.

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