

TIRUPATI GRAPHITE PLC



Tirupati Graphite plc (“Tirupati Graphite” or the “Company”) Raising Up to £3m through Convertible Loan Notes Offering

4 June 2019

Tirupati Graphite plc, the flake-graphite company with primary mining and processing projects in Madagascar and downstream value-added processing projects in India, is pleased to announce a private placement (the ‘Offering’) of up to £3,000,000 in Convertible Loan Notes (the ‘Loan Notes’) to fund its development and growth strategies. The Company is looking to build and expand on its existing production capabilities and become a leading producer of primary high-quality-flake graphite (up to 96% Cg) in Madagascar, as well as a producer of high-purity flake graphite (>99% Cg) from its downstream value-added processing facilities in India, to target growth markets for high-purity graphite in the burgeoning electric vehicles (EV), energy storage, flame retardants, composites as well as graphene industries.

Highlights

- Tirupati Graphite is the first UK Company to successfully commission a flake graphite production facility in Africa
- Currently ramping up to full production at its recently commissioned 3,000 tpa Sahamamy flake graphite plant in Madagascar
- Product shipments commenced in May 2019 and first revenue from sale of Sahamamy graphite received
- Funds raised from the Loan Notes will be used to:
 - complete the construction 6,000 tpa module at Vatomina in Madagascar
 - start-up of commercial production at the 1,200 tpa Patalganga Flame Retardant Project in India, which is currently in trial production
 - progress development of the downstream graphite processing project and Graphene and Technology Centre in India
 - advance the Company towards an IPO for listing on the main board of the London Stock Exchange by the end of 2019
 - Optiva Securities Limited is acting as broker for the transaction
- With both primary and downstream capabilities in place, Tirupati Graphite provides exposure to the entire graphite value chain and all capital raised is for investment in project building and capacity expansions leading to increased cashflow generation

Shishir Poddar, Tirupati Executive Chairman & Managing Director, said: *“We are delighted with the all-round progress we are making in advancing towards our goal of becoming a world-class, fully-integrated, high-quality-flake graphite and graphene producer. The offering is structured with defined returns while providing the opportunity of significant potential upside for investors as the Company delivers on its growth strategies. The funds raised enables us to develop both our Vatomina and Sahamamy projects in Madagascar to the initial 9,000 tpa of installed capacity, in addition to advancing our downstream processing and graphene projects in India.*”

“Our modular development strategy is working well and is already seeing us generate revenues with Sahamamy ramping up to full production of 3,000 tpa of high-quality flake bound for the international markets. As we expand our production capacity up to 9,000 tpa, we will have established a solid platform for our Madagascan projects to reach a combined production capacity of 81,000 tpa over the next three years.

“In addition to our primary production in Madagascar, the Patalganga flame retardant project in India provides us with specialised products for our initial market penetration into the high growth niche flake graphite flame retardants market. With the larger scale downstream projects also being advanced with this funding round, we will be well placed to create and deliver significant upside for our investors, shareholders and all stakeholders.

“As a responsible corporate citizen, we have improved the quality of lives of hundreds of people from amongst some of the most deprived. Since we started developing in the area, we have upgraded connectivity as well as improved on school infrastructure, water health and hygiene and provided vocational training which has helped to improve the quality of life for the community. Shortly, we will be launching our formal community engagement programme, Shakuntalam, which symbolises motherhood, as we embark on the journey of significantly expanding our production capacity in Madagascar. It is as satisfying for our team to help improve the quality of life of the people around us, as it is to successfully build and deliver our projects.”

Sahamamy High-Quality-Flake Graphite Project (“Sahamamy”)

Located 8km from the Company’s Vatomina site, Sahamamy is a c.8 km² mining permit area issued to for 40 years. It has a current JORC resource of c. 13 million tons and further resource potential exceeding 15 million tons. Since acquiring the project in 2018, the existing operations at Sahamamy were rejuvenated, upgraded and modernised by the Company to install the initial 3,000 tpa module which was successfully commissioned in March 2019 and is ramping up to full capacity. Sahamamy shipped its first flake-graphite consignments in May 2019 and has achieved first sales revenues. The project is targeting to have a flake-graphite production capacity of 21,000 tpa over the next year with opportunity to expand this capacity even further, at the Company’s election. The next 18,000 tpa module at Sahamamy is planned to start construction in Q3 2020.

Vatomina High-Quality-Flake Graphite Project (“Vatomina”)

Construction of the first 6,000 tpa production module at the Vatomina project in Madagascar is already well underway, with commissioning scheduled to commence in Q4 2019 and full production attained within 3 months of commissioning. Subsequently, the Company will add a further three successive 18,000 tpa modules, with the first of these scheduled to commence construction during Q1 2020. Upon completion of the third 18,000 tpa module, the production capacity at Vatomina will reach a total of 60,000 tpa. Vatomina covers a 25 km² mining permit issued for 40 years and is located 70 km from the main deep-

sea port of Toamasina which is connected by the National Highway 2, thus providing excellent route to markets. Equipment manufacturing and fabrication for the first 6,000 tpa module is advanced, with construction of ancillary buildings and facilities including the engineering centre on-site already completed. Foundations of the main plant buildings are substantially completed paving the way for fast track installation and commissioning.

Tirupati Speciality Graphite (“TSG”)

Tirupati Speciality Graphite was established to develop downstream value-added high purity flake graphite manufacturing for high-tech graphite applications in various key growth markets including EVs, energy storage, flame retardants, lubricants and composites. The Company views this as a pivotal development that enables it to gain exposure to the entire graphite value chain. The project is being developed with the capability to process flake graphite from any source including the Company’s Madagascar operations. Tirupati is looking to develop a 20,000 tpa production facility of value-added high purity flake graphite products including expandable, spherical and micronized graphite. A 1,200 tpa flame retardants application focussed plant in India has already been commissioned and product qualification initiated with strategic buyers. Commercial production from the initial 1,200 tpa facility is expected to commence shortly.

Tirupati Graphene and Mintech Research Centre (“TGMRC”)

Tirupati Graphene and Mintech Research Centre will be a fully integrated technology and research centre composed of two centres of excellence:

- A. GRACE – a facility capable of manufacturing 10 kgs of graphene per day, developing processes and applications for graphene and specialty flake graphite for high tech applications and markets
- B. MINMET – a facility for development of eco-friendly technology for mineral processing on the concepts of total resource utilisation

While catalysing the commercialisation of graphene manufacturing and applications, TGMRC shall provide support to the Company’s entire business chain including its downstream graphite business, with a focus on advanced graphite applications. The Company also expects the division to generate revenue in its own right through technology development and consulting.

Abridged Terms of the Offering

The offering is divided into 2,000,000 Loan Notes of £1 par value each, aggregating to £2,000,000 and an oversubscription facility of up to an additional £1,000,000, on identical terms. Minimum subscription is £5,000 and in multiples of £2,500 thereafter.

The Loan Notes have a three-year maturity and a 12% coupon, payable semi-annually, with interest accruing on a daily basis. Semi-annual interest payments will represent 6% of the Par Value of the Loan Notes outstanding. At maturity, all outstanding Loan Notes shall be redeemed at Par Value, plus any and all accrued interest.

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The Loan Notes will be direct, subordinated, unsecured obligations, will not be secured by any mortgage, pledge, or other charge, and will rank equally with one another and with all other existing and future unsecured indebtedness of the Company, except as prescribed by law. The terms of the Loan Notes will not restrict the Company from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging its properties to secure any indebtedness.

Conversion

Each outstanding Loan Note shall, at the discretion of the Loan Note holder, have the right to convert at any date from 15 days after the Company has listed or become publicly traded on a recognised stock market ("the IPO"). Each Loan Note can be converted into the ordinary share capital of the Company at the IPO Price. Upon Conversion, all accrued interest shall be paid to the Loan Note holder in the form of cash. A six-month orderly market agreement will apply for any Conversions during the first year post the IPO.

After the first anniversary of the IPO up to the Maturity Date, the Company shall have the right, at its absolute discretion, to repurchase all outstanding Loan Notes "Buy Back". In such an instance, the Company would be obliged to repurchase all outstanding Loan Notes for cash and could not repurchase any fewer than all outstanding Loan Notes. This repurchase would be carried out for a cash sum equal to the Par Value of the Loan Notes outstanding plus the face value of all future unpaid interest payments. Loan Note holders are to be given a minimum of 1-month notice before the exercise of this repurchase option.

****ENDS****

For further information on the Company please visit www.tirupatigraphite.co.uk or contact:

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