



QUARTERLY ACTIVITIES REPORT – PERIOD ENDING 31 MARCH 2018

Headlines**Health, Safety, Community and Environment**

- Strong safety record continues with Total Recordable Injury Frequency Rate (TRIFR) of 0.8.
- Well positioned to receive ISO Certification for Health, Safety and Environment in 2018, reinforcing Syrah's commitment to global best practice standards.
- Ongoing Government support, with the President of Mozambique, His Excellency Mr Filipe Nyusi, officially opening the Balama Graphite Operation at an onsite inauguration event held on 12 April 2018 (refer to ASX announcement 13 April 2018).

Balama Graphite Operation

- Fines dryer repaired and operational ahead of schedule (refer to ASX announcement 23 April 2018).
- Q1 2018 production of 11,200 tonnes. Production was below plan, however improving flotation recoveries, strong plant throughput rate post fines dryer repair and increased stability, to deliver a significant uplift in daily production.
- First quarter production impacted by slower ramp up in recoveries due to flotation circuit optimisation works and secondary circuit utilisation, and lower throughput due to fines dryer outage.
- Targeting lower end of 2018 production guidance of 160,000 to 180,000 tonnes¹, with a planned production ramp up split of 25% H1, 75% H2 for the 2018 calendar year.
- Plant is consistently producing high quality, low impurity graphite products; carbon grade in excess of 95% and particle size distribution within specification.
- Operating costs in line with expectations, cost base is well positioned for C1 cash operating costs of less than US\$400 per tonne by the end of 2018.

Sales and Marketing

- Sales and qualification shipments commenced in January. Global shipments to all major customer markets.
- Qualification testing and consumption feedback received from ~50 samples from >20 customers across industrial and battery markets. Quality feedback very positive (carbon grade, impurities, and particle size distribution). Minor logistics and process issues addressed.



- More than ten additional spot and term sales contracts settled during the quarter with further contract negotiations well advanced.
- Basket price realisation impacted by: focus on qualification shipments; product mix of sales with higher fines production for contractual agreements; and China pricing. Higher basket price expected in H2 with full sales and production profile, continued demonstration of product consistency, and grade differential.

General Markets

- Syrah expects the global demand for natural flake graphite to reach 780,000 tonnes in 2018, up 10% year on year. Syrah expects the overall market to move into a deficit in late 2019 to early 2020 as the demand for anode material increases as global electric vehicle penetration approaches 4% to 5% of the total vehicle market.
- In 2017, around 120,000 tonnes of flake graphite were used to produce lithium ion battery anode materials for all applications (consumer, mobility, storage) from the production of 120GWh of lithium ion battery power. In 2021, Syrah expects the level of flake graphite demand to reach approximately 500,000 tonnes from the battery sector.
- Both battery and industrial markets performed strongly in 2017 with the global passenger electric vehicle market up 54% and global crude steel production growth of 5.3%.
- Supply of graphite from China continues to be impacted by stricter environmental regulations.

Battery Anode Material (BAM) Project

- Syrah has entered into a Letter of Intent for the purchase of an industrial site for its BAM development in Vidalia, Louisiana. Air and water environmental discharge requirements met and strong local community support demonstrated.
- Positive results of testing and benchmarking reconfirm Syrah's precursor² and finished BAM products³ have the essential core properties required by the global battery industry, enabling market entry.
- Initial production of unpurified spherical graphite qualification product expected, following three to four month installation period for milling equipment and infrastructure. Targeting production of first purified spherical graphite by end of 2018.
- Feasibility study to be completed by end of Q3 2018 to confirm the size and economics of a potential commercial expansion of the BAM facility.

**Finance and Corporate**

- Cash on hand of US\$80.5 million as at 31 March 2018 versus US\$111.9 million as at 31 December 2017.
 - Q1 2018 actual net cash outflow of US\$31.4 million versus forecast of US\$35.0 million.
 - Q2 2018 net cash outflow forecast US\$25 million, forecast cash on hand at 30 June 2018 US\$55 million with significantly lower net cash outflow forecast in Q3 than Q2.
 - Targeting positive cash flows from operations at Balama around mid H2 2018, previously from early H2 2018.
 - Timing of BAM major capital expenditure post site selection will be made in conjunction with Balama cash flow profile.
 - Appointment of Chief Operating Officer, Julio Costa, with significant mining and processing expertise, having previously worked for Alcoa Corporation, Rio Tinto Limited and Vale S.A.
- (1) Refer to ASX announcements titled "Syrah finalises Balama Graphite study and declares maiden ore reserve" released on 29 May 2015, "Syrah increases Balama Reserves and awards Laboratory Contract" released on 15 November 2016. All material assumptions underpinning the production target in these announcements continue to apply and have not materially changed.
- (2) Precursor products comprises of uncoated spherical graphite and uncoated purified spherical graphite.
- (3) Finished BAM product refers to coated purified spherical graphite.



SUSTAINABILITY - HEALTH, SAFETY, ENVIRONMENT, PEOPLE AND COMMUNITY

Health & Safety

- Syrah Resources (Syrah or Company) continued its strong health and safety performance at the Balama Graphite Operation (Balama) with a Total Recordable Injury Frequency Rate (TRIFR) of 0.8 per million hours worked as at 31 March 2018, with no significant injuries reported during the quarter.
- Well positioned to receive ISO Certification (ISO:14001 and OHSAS:18001) in 2018 with a certification audit for Health, Safety and Environment completed with zero major non-conformances identified and all actions addressed, reinforcing Syrah's commitment to global best practice standards.
- Health promotion activities at Balama continued with education and improvement strategies implemented, with focus on managing health issues during the wet season.

Environment

- Environmental Monitoring Program continued in line with license conditions with no significant incidents reported in Q1 2018. Environmental compliance audit conducted by the Ministry of Land, Environment and Rural Development (MITADER) with no significant issues identified.
- Health, Safety, Security, Environment and Community reporting aligned with Global Reporting Initiative™ (GRI) to ensure sustainability performance and reporting is aligned to global best practice standards.

People and Community

- Ongoing Government support demonstrated, with the President of Mozambique, His Excellency Mr Filipe Nyusi, officially opening the Balama Graphite Operation at an onsite inauguration event held on 12 April 2018 (refer to ASX announcement 13 April 2018). The Governor of Cabo Delgado, His Excellency Mr Júlio José Parruque, the Minister of Mineral Resources and Energy, His Excellency Mr Ernesto Tonela, and other dignitaries, and guests from Cabo Delgado Province, Balama District and local communities also attended the event. Refer to Appendix 1 for images.
- As at 31 March 2018, Syrah had 680 direct employees at Balama, of which 92% are Mozambican nationals with activities underway to further increase the local employment numbers in 2018.
- Livelihood Restoration Program planning complete and local agricultural specialist engaged to oversee the training and development of farmers from local communities over the next three years.



BALAMA GRAPHITE OPERATION

Mining

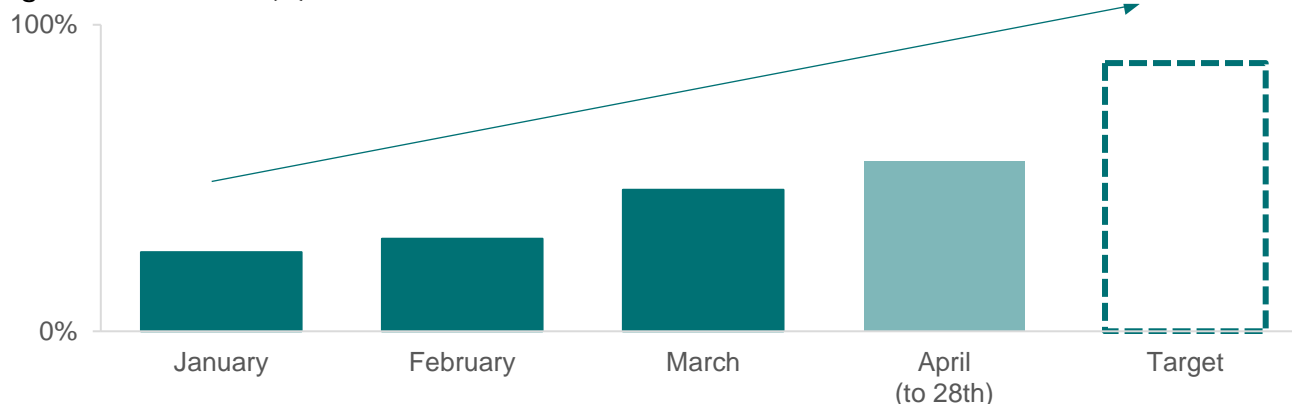
- Mining activities during the quarter performed very well with steady state ore mining continuing without interruption during the wet season. Drill and blast activities to remove a small section of hard rock cap commenced after the inauguration, post quarter end.

Production

- Q1 2018 production of 11,200 tonnes. Production was below plan, however improving flotation recoveries, higher plant throughput rate post fines dryer repair and increased stability, to deliver a significant uplift in daily production.
- Improved stability exhibited in all sections of the plant, expected to facilitate increase in production with fines dryer availability.
- Targeting lower end of 2018 production guidance of 160,000 to 180,000 tonnes¹, with a planned production ramp up split of 25% H1, 75% H2 for the 2018 calendar year – Q2 and H2 profiles broadly similar to original plan.
- Plant is consistently producing high quality, low impurity products; carbon grades in excess of 95% and particle size distribution within specification.
- Operating costs in line with expectations, cost base is well positioned for C1 cash operating costs (FOB Port of Nacala, excluding government royalties and taxes) of less than US\$400 per tonne by the end of 2018.
- First quarter production was impacted by:
 - (1) Flotation circuit optimisation
 - Flotation recoveries were optimised during the quarter with month on month improvements achieved in recoveries (refer to Figure 1 below).
 - Enhancements to process controls to further improve recoveries are continuing with focus on flotation level control and reagent dosing efficiency.
 - Minor design enhancements to the screw classifier in the secondary circuit to improve recoveries are ongoing.
 - Delivery of these plant optimisation and stabilisation works will allow for further improvements to flotation recoveries over the coming months, with an initial target recovery of 88%.



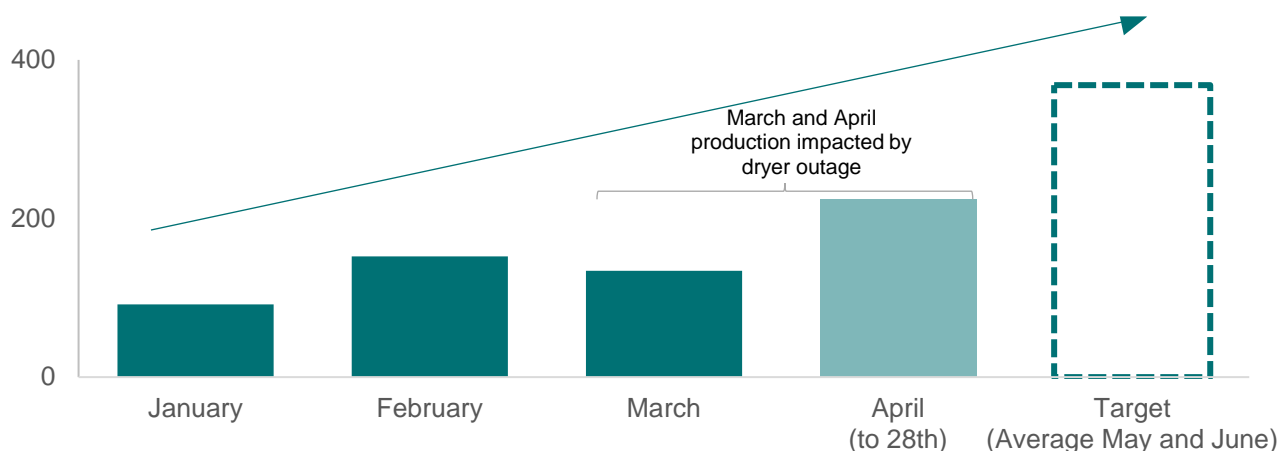
Figure 1: Recoveries (%)



(2) Fines dryer outage (refer to ASX announcement 2 March 2018)

- Reduced plant throughput during March due to the fines dryer outage.
 - Fines graphite was rerouted to the flake dryer during March to satisfy customer commitments.
 - Fines dryer repair works completed post quarter end and ahead of schedule, cost of US\$0.3 million (refer to ASX announcement 23 April 2018).
 - Fines Dryer was recommissioned with assistance from equipment vendor specialists.
 - Vendor specialist re-examined the flake dryer as a precaution and confirmed there are no issues or damage with the flake dryer.
- Strong plant throughput performance post dryer repair, combined with continued improvement in graphite recoveries, positions the operation well for continued progressive production ramp-up (refer to figure 2 below) with maximum daily production achieved in April of 470 tonnes.

Figure 2: Production (tonnes saleable graphite per day) –
Maximum daily production 470 tonnes achieved in April post dryer repair



**Enhancements**

- Installation of the attrition cells commenced with the cells placed into position and structural, mechanical and piping (SMP) works progressing, targeting operations from H2 2018. Attrition cells allow for higher graphite grades of 96% to 98% fixed carbon to be produced. Planned production of higher fixed carbon graphite products will be driven by customer demand and the realisation of an appropriate price premium.
- Balama expansion and optimisation review to be undertaken in H2 2018.

Sustaining Capital

- Sustaining capital expenditure for 2018 is forecast at US\$7.0 million to US\$10.0 million and includes US\$2.2 million for the completion of Tailings Storage Facility Cell 1B with works scheduled for completion during Q2 2018.

Mining Agreement

- Mining Agreement was signed by the Minister of Mineral Resources and Energy, on behalf of Government of the Republic of Mozambique, and Syrah's wholly owned subsidiary, Twigg Exploration and Mining, Limitada (refer to ASX announcement 6 March 2018). The Mining Agreement has been presented to the Administrative Court in Mozambique for sanctioning, after which it will be binding and enforceable. The Company will provide further updates when available.

(1) Refer to ASX announcements titled "Syrah finalises Balama Graphite study and declares maiden ore reserve" released on 29 May 2015, "Syrah increases Balama Reserves and awards Laboratory Contract" released on 15 November 2016. All material assumptions underpinning the production target in these announcements continue to apply and have not materially changed.

SALES AND MARKETING**Customers and Sales**

- Sales and qualification product shipments commenced in January. Shipments made to customers in Brazil, China, Germany, Japan, India, Indonesia, Italy, Poland, Russia, Taiwan, Turkey and USA. First cash inflow from sales was received in February.
- Qualification testing and consumption feedback has been received from ~50 samples from >20 customers across industrial and battery markets.
- Quality feedback very positive with carbon grade, impurities, and particle size distribution meeting customer specification. Minor logistics and process issues addressed.
- In January, Syrah announced new sales contracts and other sales and marketing updates (refer to ASX announcement dated 5 January 2018).



- More than ten additional spot and term sales contracts settled during the quarter, with further contractual negotiations well advanced.

Pricing

- As previously advised, average prices for initial shipments are lower than the basket price inferred by external consultants and reporters. Variation to third party reported prices is not uniform across products.
- Syrah is working with a number of additional international price reporting agencies on published price assessments.
- Basket price realisation impacted by:
 - Focus on qualification and sample shipments where full pricing may not be received;
 - Product mix of sales impacted by higher fines production for contractual commitments during fines dryer outage; and
 - China pricing – Syrah is the first significant exporter of natural graphite to China, a market which has traditionally been supplied domestically. China is the largest and most competitive market globally, and Syrah is establishing quality, reliability and a consistent presence.
- Higher basket price expected in H2 2018 given the full sales and production profile across market segments and geographies, continued demonstration of consistency over multiple shipments, and pricing of grade differential.
- Attrition cells, targeting operations in H2 2018, enables production of higher graphite grades of 96% to 98% fixed carbon. Higher grades attracting a pricing premium to Syrah's base 95% fixed carbon grade is expected to contribute to Syrah's basket price increase.

Logistics

- The Company continued to optimise its domestic logistics, shipping and distribution functions in consultation with Government authorities, Syrah's logistics contractor and the operator of the Port of Nacala.
- Interim warehousing and truck fleet arrangements expected to transition to purpose built cross dock facility to receive and containerise graphite from Balama in late Q2 2018, in line with the ramp up in production volumes.
- International container shipping service providers performing well.



General Market Update

End Use Sectors

- Syrah expects the global demand for natural flake graphite to reach 780,000 tonnes in 2018, up 10% year on year. Syrah expects the overall market to move into a deficit in late 2019 to early 2020 as the demand for anode material increases as global electric vehicle penetration approaches 4% to 5% of the total vehicle market.
- In 2017, around 120,000 tonnes of flake graphite were used to produce lithium ion battery anode materials for all applications (consumer, mobility, storage) from the production of 120GWh of lithium ion battery power.
- The Company expects the electric passenger vehicle market to grow by 40% to 50% in 2018. Syrah expects an additional 80,000 tonnes of new flake graphite demand from the electric passenger vehicle battery market in 2018. In 2021, Syrah expects the level of flake graphite demand to reach approximately 500,000 tonnes from the battery sector.
- With the lower growth outlook of the steel market and the rapid growth rate of the lithium ion battery market, Syrah expects the demand composition of flake graphite to change significantly. In 2018, the Company expects lithium ion batteries to make up 26% of total demand, and within the next four years to reach nearly 50% of total demand.
- Global passenger electric vehicle (battery and plug-in) sales rose 54% year-on-year to over one million units in 2017. This is the first time more than one million electric vehicles have been sold in a single year. In addition to electric passenger vehicles, electric truck sales of 160,000 was up 155% year on year. Electric bus sales were 105,000, down 22% year on year due to the subsidy criteria change in China. Measured in kilowatt hours (KWh), electric trucks and buses can have lithium ion batteries up to three to four times larger than a passenger electric vehicle.
- The World Steel Association announced global steel production growth for January and February 2018 of 0.8% and 3.5% respectively. They also forecast global steel production growth of 1.8% in 2018. Growth in 2017 was 5.3%.
- Ongoing enforcement of environmental regulations and the annual winter shutdown period impacted graphite supply from China during the quarter.



BATTERY ANODE MATERIAL

Status of Battery Anode Material (BAM) Plant in Louisiana

- Syrah has entered into a Letter of Intent to purchase an industrial site for its BAM development in Vidalia, Louisiana.
 - Air and water environmental discharge requirements have been met in conjunction with the development of this site option.
 - This 25 acre site has an existing industrial building, full utilities availability and a viable opportunity for later expansion.
 - The City of Vidalia (Louisiana) has presented attractive development incentives, and the combined Vidalia and Natchez (Mississippi) communities have demonstrated strong support for the project, and provide a skilled labour pool.
 - Finalisation of the purchase decision is subject to final due diligence activities, execution of a full purchase agreement and completion of utility pricing negotiations. Syrah has exclusive rights to purchase of the property for a period of 30 days from 25 April 2018.
 - Syrah retains options for alternative site developments should any unexpected issues arise.
- The Company shortlisted three sites and performed extensive operational due diligence (manufacturing zone support, utility and water supply, wastewater discharge, logistics, expansion potential) and economic assessment before selecting a preferred site, in addition to stakeholder engagement which was positive for all shortlisted sites.
- The first deliveries of long lead equipment for the initial 5,000 tonnes per annum graphite milling and shaping capacity were received during the quarter. The majority of the development, engineering, environmental and commercial work completed to date will be transferable to the final site.
- The Company remains focused on establishing in Louisiana both a US base of operations and the world's first major source of purified spherical graphite outside of China.

BAM Research and Development

Testing and Benchmarking

In conjunction with Cadenza Innovation Inc. (Cadenza), testing and benchmarking of the electrochemical properties of Syrah's battery anode materials (BAM) using Balama material has established a performance baseline against existing high-quality BAM products from Japan, Korea and China. Key variables tested include, physical and electrochemical properties, composition, structure and performance.

**Outcome**

- Positive results of Syrah's testing and benchmarking of precursor (uncoated spherical graphite and uncoated purified spherical graphite) and finished BAM products (coated purified spherical graphite) reconfirms:
 - Syrah's precursor materials have the essential core properties required by the global battery industry.
 - Syrah's finished BAM products, produced using industry standard processing, demonstrate equivalent electrochemical performance to tier 1 competitor products allowing market entry and typical qualification periods to comparable products in the current BAM market.

Results of the benchmarking study were presented at the International Battery Seminar in March (refer to presentation posted on ASX dated 21 March 2018) and are summarised in Appendix 2.

BAM Priorities and Product Roadmap**Strategic Priorities**

The strategy and timeline for production commencement is subject to finalisation of site selection.

As part of the due diligence for the Louisiana site selection and testing and benchmarking outcomes in conjunction with the Company's goals for BAM production, the Company's priorities are to:

- Finalise purchase and utility provision of the preferred BAM site.
- Installation and operation of the initial dual line mills, total 5,000 tonnes per annum capacity milling and shaping capacity to produce unpurified spherical qualification product to establish entry into the BAM market. Installation is estimated to take three to four months after site secured.
- The milling and shaping operation will be integrated with a streamlined chemical purification train designed to manufacture the quantities of purified spherical graphite required for qualification.
- Syrah is targeting production of first purified spherical graphite by the end of 2018, and milling and purification capacity extension to 10,000 tonnes per annum will be undertaken in phases.
- The Company will complete a feasibility study by the end of Q3 2018 to confirm the size and economics of a potential commercial expansion of the Louisiana BAM production facility needed to keep pace with the anticipated rapid growth in global battery anode material demand.
- Included in the scope of the feasibility study is the installation of coating operations to further upgrade the purified spherical graphite, leveraging the benchmarking and product roadmap development undertaken by the Company over the past nine months in collaboration with Cadenza.
- Ongoing engagement with customer base on BAM specifications and commercial opportunities.

**Product Roadmap**

- Based on industry feedback, Syrah's expectation is that graphite will maintain its dominance in anodes, and natural graphite will increase in market share as cost pressure increases.
- Testing and benchmarking of Syrah graphite enables both:
 - Near term supply of precursor graphite for anode products in 2018 and 2019; and
 - Potential for next generation anode material technology in 2020.

FINANCE AND CORPORATE**Finance**

- Cash on hand of US\$80.5 million as at 31 March 2018 versus US\$111.9 million as at 31 December 2017.
- Q1 actual net cash outflow of US\$31.4 million versus forecast of US\$35.0 million consisting of:
 - US\$4.0 million on Balama project development (construction and commissioning) bringing total project development expenditures to US\$209 million against an unchanged project capital cost of US\$215 million;
 - US\$20.3 million on production ramp up activities and sustaining capital projects;
 - US\$5.2 million on BAM plant and product research and development activities; and
 - US\$1.9 million on general corporate and administration activities.
- Q2 2018 net cash outflow forecast US\$25 million, forecast cash on hand at 30 June 2018 US\$55 million with significantly lower net cash outflow forecast in Q3 than Q2.
- Targeting positive cash flows from operations at Balama around mid H2 2018, previously from early H2 2018.
- Timing of BAM major capital expenditure post site selection will be made in conjunction with Balama cash flow profile.
- Syrah continues to review debt financing options as Balama ramps up production, sales and revenues, and end-use markets develop.

Corporate

- Syrah is pleased to announce the appointment of Julio Costa to the position of Chief Operating Officer. Julio joins Syrah from Alcoa Corporation where he is currently the General Manager of the Pinjarra Alumina Refinery in Western Australia. Julio brings significant mining and processing expertise to the Company, having worked for Alcoa Corporation, Rio Tinto Limited and Vale S.A during his career, in Australia, Brazil, Mozambique and North America. Julio will commence in June 2018.
- During the quarter the Company released its Annual Report for the year ended 31 December 2017 and its Appendix 4G and Corporate Governance Statement.



- Subsequent to quarter end, the Company released its Notice of Meeting for an Annual General Meeting scheduled for 10.00am (AEST) on 17 May 2018.

LICENSES

The following table lists the current licenses held by Syrah Resources Limited and its subsidiaries as at 31 March 2018:

Project	License Number	License Type	Country	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
Balama	6432C	Mining Concession	Mozambique	-	-
Balama ¹	5684L	Exploration	Mozambique	-	-
Balama ¹	6174L	Exploration	Mozambique	-	-

- (1) Syrah has entered into a Tenement Sale Agreement (TSA) for the acquisition of a tenement (Tenement) in Balama currently held on trust by a third party (Seller). Under the TSA, Syrah may be required to issue to the Seller, as part of the contingent consideration for the acquisition of the Tenement, up to US\$2.0 million of fully paid ordinary shares (Sale Shares) in various tranches, with the number of Sale Shares under each tranche to be calculated based on the 30 day volume weighted average price of Syrah shares prior to the issue date. The Sale Shares (if issued) will rank equally with Syrah's existing shares, and will not be issued to an existing class of security holders in Syrah. It is not expected that security holder approval will be required for the issue of Sale Shares. Due to an administrative decision to use district boundaries to define mineral titles, Exploration Licence 5684L was split into two, with one half retaining the original licence number and the other half being designated Exploration Licence 6174L. There was no change to the total value of the contingent consideration because of this administrative decision. Exploration Licence 5684L is in the process of renewal.



Appendix 1: Balama Operations Inauguration with Mozambique President His Excellency Mr Filipe Nyusi, April 2018



Greeting Syrah MD & CEO, Shaun Verner



Traditional tree planting



Bagging of graphite concentrate



Local community



Unveiling of commemorative Balama plaque



Balama inauguration plaque



Appendix 2: BAM Test and Benchmarking Outcome

Syrah Precursor Material Benchmarking Outcome

Precursor material comprises of uncoated spherical graphite and uncoated purified spherical graphite.

Key Variables	Aim of Test	Outcome of Syrah Precursor Material
Crystallinity (structure)	Evaluate the spacing between the layers of carbon atoms in the graphite structure and the size of the crystallite domains. These parameters indicate how close the structure is to a perfect graphite structure and determine the capacity for lithium storage in the material.	Syrah crystallinity matches existing Li-ion anode precursors enabling supply chain entry.
Capacity (performance)	Determine the practicable capability of the material to store lithium when formulated as a lithium ion electrode. The theoretical capacity for graphite is 372 mAh/g. The capacity of the electrode materials determines the energy density of a battery. Using material with higher energy density (volumetric and gravimetric basis) enables longer-lasting batteries – increased range/time between charging.	Syrah precursor demonstrates high 365-370 mAh/g capacity.
Shape and particle size distribution (composition)	Determine the morphology of the particles as well as the number and volume fraction of particles of each size. This determines important performance parameters for the material when formulated into an electrode such as rate capability (power), packing density (energy), and cycle life.	Similar shape and particle size distribution as industry leading precursor materials.
Density	The ability of the particles to compress to a goal density at a given pressure is an important parameter for manufacturing of electrodes in a high volume plant. The	Density characteristics match industry leading materials.



	material density affects the battery energy density.	
Surface area	Surface area is important for the balance between battery life, rate capability and energy density. Generally high surface area materials have better rate capability but shorter life and lower energy density.	Matches industry standard material of similar composition.

Syrah Anode Material Benchmarking Outcome

Anode material tested comprised of coated purified spherical graphite.

- Syrah graphite anode material matches key surface and density characteristics of industry leading materials.
- Initial life cycle data from customer trials shows good cycle life and verified good processing parameters and efficiency, all in line with industry expectations.
- Additional pilot scale material testing continuing.



For further information contact Investor Relations

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About Syrah Resources

Syrah Resources Limited (ASX code: SYR) is an Australian-based industrial minerals and technology company. Syrah owns the Balama Graphite Operation (Balama) in Mozambique. First production was achieved in November 2017 and the project transitioned into operations at the start of 2018. Balama will be the leading global producer of high purity graphite. Balama production is targeted to supply traditional industrial graphite markets, battery and emerging technology markets. Syrah is also developing a downstream Battery Anode Material plant in Louisiana, USA. Syrah has successfully completed extensive product certification test work with several major battery producers for the use of Balama spherical graphite in the anode of lithium ion batteries. For further information, visit www.syrahresources.com.au

Forward Looking Statement

This document contains certain forward-looking statements. The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan", "targets" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements in this presentation include statements regarding: the timetable and outcome of the equity offer and the use of the proceeds thereof; the capital and operating costs, timetable and operating metrics for the Balama Project; the viability of future opportunities such as spherical graphite, future agreements and offtake partners; future market supply and demand; and future mineral prices. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This presentation contains such statements that are subject to risk factors associated with the mineral and resources exploration, development and production industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to the following risks: dependence on commodity prices, availability of funding, impact of inflation on costs, exploration risks, including the risks of obtaining necessary licences and diminishing quantities or grades of reserves, risks associated with remoteness, environmental regulation risk, currency and exchange rate risk, political risk, war and terrorism and global economic conditions, as well as earnings, capital expenditure, cash flow and capital structure risks and general business risks. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur. Actual



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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

SYRAH RESOURCES LIMITED

ABN

77 125 242 284

Quarter ended ("current quarter")

31 MARCH 2018

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (3 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development ⁽¹⁾	(24,677)	(24,677)
(c) production	-	-
(d) staff costs ⁽²⁾	(6,079)	(6,079)
(e) administration and corporate costs	(766)	(766)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	325	325
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(31,197)	(31,197)

⁽¹⁾ All commissioning and production ramp-up costs incurred at Balama, net of any revenue derived from the sale of graphite, prior to the declaration of commercial production are capitalized against project development costs.

⁽²⁾ Includes staff costs in relation to Balama production ramp-up activities, and corporate & administration functions

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other - Environmental bond	-	-
2.6	Net cash from / (used in) investing activities	(3)	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	111,899	111,899
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(31,197)	(31,197)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(200)	(200)
4.6	Cash and cash equivalents at end of period	80,499	80,499

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1 Bank balances	12,180	15,709
5.2 Call deposits	68,319	96,190
5.3 Bank overdrafts	-	-
5.4 Other – Security deposits	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	80,499	111,899

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
US\$'000**

871

-

The above related party payments include salaries, superannuation, advisory and consultancy fees paid to directors and/or director related entities during the quarter ended 31 December 2017, including amounts paid to Cadenza Innovation Inc., a related party of Christina Lampe-Onnerud (Non-Executive Director), as part of the Technology Development and Services agreement (refer ASX announcement dated 31 July 2017); and amounts paid to Sal & Caldeira Advogados a related party of José Caldeira (Non-Executive Director).

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
US\$'000**

-

-

N/A

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

9. Estimated cash outflows for next quarter	US\$'000
9.1 Exploration and evaluation	-
9.2 Development ⁽¹⁾	18,200
9.3 Production	-
9.4 Staff costs ⁽²⁾	6,000
9.5 Administration and corporate costs	1,000
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	25,200


⁽¹⁾ All commissioning and production ramp-up costs incurred at Balama, net of any revenue derived from the sale of graphite, prior to the declaration of commercial production are capitalized against project development costs.

⁽²⁾ Includes staff costs in relation to Balama production ramp-up activities, and corporate & administration functions

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 30 April 2018
(Company secretary)

Print name: Jennifer Currie

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.