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**QUARTERLY ACTIVITIES REPORT – PERIOD ENDING 30 SEPTEMBER 2018**

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

- Strong safety record continues with Total Recordable Injury Frequency Rate (TRIFR) of 1.0 at Balama.

**Balama Graphite Operation**

- Q3 graphite production of 38.7kt up 83% versus Q2 with 71.1kt for 9M YTD.
- Increased recovery and final product volume achieved via the production improvement plan in July and August, however impacted by consumables availability in September, slowing the rate of improvement (refer to ASX announcement 26 September 2018).
- Attrition cells for fines and flake circuit operational showing significant improvement in average graphite fixed carbon grade with initial trials demonstrating ability to achieve ~98% fixed carbon.
- Mining Agreement finalised and binding (refer to ASX announcement 27 September 2018).
- Post quarter-end fire damage to the Primary Classifier Screen unit, estimated to require five weeks to return to operations with Q4 production loss of 30kt. Q4 revised production guidance 30kt – 35kt (refer to ASX announcement 4 October 2018), leading to FY 2018 production target 101kt - 106kt<sup>1</sup>.
- Exit production run rate and C1 cash operating cost<sup>2</sup> range for Dec 2018 not expected to vary materially from previous guidance.
- Comprehensive production improvement plan continues, focus areas include graphite recoveries, process control optimisation and comprehensive equipment management, spares and consumables program.

**Sales and Marketing**

- Sold 20kt in Q3 for 36kt nine months year to date, with an additional 19kt allocated to sales orders at Nacala, with timing impacted by shipping schedule, customs resourcing and port throughput.
- Q3 product weighted realised price slightly ahead of Q2, with range of prices received driven by grade, flake size, qualification shipments, product mix, market entry and China domestic versus ex China pricing.
- 2018 production performance has impacted sales contract fulfilment, with remaining volumes expected to rollover into 2019, resulting in later settlement of some new contracts.

**Battery Anode Material (BAM) Project**

- BAM site purchase and environmental processes completed, and major supply input terms finalised.
- Commenced installation of milling equipment on site at Vidalia.
- Continuing to target initial qualification volume production of unpurified spherical graphite by year end followed by purified spherical graphite production in Q1 2019.
- Phase 1 commercial scale feasibility study completed. Enhanced commercial scale development options for final anode product alternatives identified and under review by end 2018.

**Finance and Corporate**

- Cash on hand of US\$100.3 million as at 30 September 2018 which includes Institutional Placement gross proceeds of US\$67.4 million (exclusive of proceeds from the Share Purchase Plan).
- Adjusting for the net proceeds of the Placement, net cash outflow for Q3 was US\$21.6 million versus forecast of US\$17 million with the variation mainly a result of timing difference of cash receipts from sales, impacted by shipping rescheduling with inventory increase at Nacala.
- Share Purchase Plan completed 9 October 2018, with estimated total subscription amount ~A\$9 million (US\$6.4 million<sup>3</sup>).
- Fourth quarter net cash outflow forecast US\$23.6 million, inclusive of proceeds from the Share Purchase Plan.
- Targeting positive cash flows from operations at Balama during Q1 2019 (previously late 2018).

(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, other than as updated in subsequent ASX announcements.

(2) FOB Port of Nacala, excluding government royalties and taxes.

(3) A\$ proceeds translated into US\$ based on the AUD/USD exchange rate of 0.7118 as at 10 October 2018.



## BALAMA GRAPHITE OPERATION

### Health and Safety

- Total Recordable Injury Frequency Rate (TRIFR) of 1.0 at the end of the quarter.

### Balama Production Summary

		9M	Q3	Q2	Q3 on Q2
		30 Sep 2018	30 Sep 2018	30 Jun 2018	Change
Ore Mined (>9% TGC <sup>1</sup> )	Tonnes ('000)	940	408	249	64%
Economic Grade Mined (>2% - < 9% TGC)	Tonnes ('000)	345	133	113	18%
Total Material Moved	Tonnes ('000)	1,461	563	447	26%
Mill Feed	Tonnes ('000)	868	424	258	64%
Mill Feed Grade	TGC <sup>1</sup>	16%	16%	16%	-
Recovery		48%	53% <sup>2</sup>	49%	8%
Graphite Produced	Tonnes ('000)	71.1	38.7	21.2	83%
Average Fixed Carbon		95%	96%	95%	1%

(1) TGC = Total Graphitic Carbon

(2) Refer to recoveries commentary in Production section below

### Production

- Produced 38.7kt of graphite in Q3 and 71.1kt for the nine months year to date 2018.
- Mining activities and steady state ore mining continued to perform well during the quarter with ore mined (>9% TGC) of 408kt, and total material moved ahead of plan.
- Significant progress made through the production improvement plan implemented in June.
  - Throughput increased to optimise plant stability with mill feed of 424kt and feed grade of 16%.
  - Recoveries were:
    - 47% in July,
    - 57% in August (with exit rate ~70%),
    - 54% in September (early continuation of August performance, before deterioration and delayed replacement of filter cloths; throughput increased to achieve product volume, (refer to ASX announcement 26 September 2018).
- Attrition cells for fines circuit operational in mid August (refer to ASX announcement 14 August 2018) and flake circuit attrition cells followed shortly afterward.
  - Initial assessment of both attrition cell circuits is showing significant improvement in graphite average fixed carbon levels and tightening of grade distribution.



- Trials demonstrating ability to achieve ~98% fixed carbon.
- Average carbon grade for Q3 improved to 96%.
- Production ratio of fines to coarse flake graphite continues to normalise towards the long term ratio of 70% to 30% respectively.
- Post quarter end, a fire occurred in the Primary Classifier Screen unit of the process plant (refer to ASX announcement 04 October 2018) with return to production expected to take approximately five weeks, including delivery, installation and commissioning.
  - Total repair cost including the replacement unit is estimated at US\$0.5 million.
  - Estimated production loss of 30kt in Q4, including allowance for ramp up.
- Root cause of the fire determined to be hot work carried out below the Primary Classifier unit, in contravention of standard operating procedures. Syrah's operating procedures reflect leading international standards and these procedures have been immediately reinforced, including further strengthened supervision, and higher level approvals for specific tasks.
- Comprehensive production improvement plan continues. Focus areas include enabling recovery improvement, rigorous process control optimisation and governance of operating practices, and comprehensive equipment management, spares and consumables program.
- Recovery improvement enabling works and identified maintenance items will be advanced during the Primary Classifier repair period to reduce future downtime and facilitate improved recovery rates.
- A detailed review of costs and operating parameters is underway, utilising Q2 and Q3 performance data.
- Declaration of commercial production expected in late Q4 2018.

**Vanadium**

- Review of the 2014 vanadium scoping study to be completed in October 2018, with phases of work required to reach a vanadium processing investment decision expected to take two to three years.

**Sustaining Capital**

- Forecast sustaining capital expenditure for 2018 ~ US\$7.0 million (was US\$7.0 million to US\$10.0 million).

**Mining Agreement**

- The Mining Agreement was sanctioned by the Administrative Court in Mozambique (refer to ASX announcement 27 September 2018) and the formal certificate has been issued.
- This completes all required steps and the Mining Agreement is binding and enforceable.



- (4) 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, other than as updated in subsequent ASX announcements.
- (5) FOB Port of Nacala, excluding government royalties and taxes.

## SALES AND MARKETING

	Tonnes ('000)
Graphite Sold and Shipped (YTD Sep 2018)	36
Graphite allocated to sales orders and awaiting shipment at Nacala as at 30 Sep 2018	19
Balama Inventory as at 30 Sep 2018	16
Total Production YTD Sep 2018	71

### Customers and Sales

- Sold 20kt in Q3 for 36kt nine months year to date, with an additional 19kt allocated to sales orders at Nacala, impacted by shipping schedule, customs resourcing and port throughput issues, for which detailed actions are underway to normalise in Q4.
- Qualification continuing with industrial customers in Japan, Korea and USA.
- Additional contracts were settled during the quarter.
- Contractual negotiations are ongoing, noting Syrah's production performance in 2018 has impacted fulfilment of existing contracts, with potential roll over of remaining 2018 contract volumes and prices into 2019, and later settlement of new contracts.
- Focus on continued reduction of graphite inventory, and sales of previously produced material outside of the planned specification range based on carbon grade and particle size distribution (although within normal global market specifications).
- Syrah engaging with customers regarding Balama Primary Classifier outage with minor impacts expected to the near term sales profile.

### Logistics

- Q3 improvements in production have seen a quick build up of inventory versus end Q2. Supply chain performance improvement actions continuing as volumes increase.
  - Balama warehouse management resourcing structure and process review undertaken and actions implemented.
  - Customs resourcing, port throughput, and shipping schedule variability impacting Nacala export consistency, but detailed actions underway, and improvements expected in Q4.
- Overall impact of the Balama fire incident will be minimised through drawdown of existing inventory.



- Progressive reduction of inventory levels expected to achieve steady state finished product inventory of ~15kt between Balama and Nacala.

### **Pricing**

- Q3 product weighted realised price was slightly ahead of Q2 with improved product mix and higher grade.
- Range of prices achieved (CIF ex Nacala) nine months year to date demonstrating variations driven by grade, flake size, qualification shipments, product mix, market entry and China domestic versus ex China pricing.
  - Fines (mesh size -100) price range achieved US\$375-US\$700/t, current fines price achieved by Syrah continues to be influenced by China's domestic market fundamentals (domestic supply and demand balance relative to the international balance at any given point in time), as well as inland logistic costs and VAT.
  - Coarse flake (mesh sizes +50, +80, +100) price range achieved US\$550/t – US\$1,700/t with current prices for coarse material reflected in both the China domestic and international markets.
- Syrah achieving a grade premium for higher fixed carbon content.
- Value-in-use delivered through consistent, high quality, low impurity Syrah material is expected to provide increasing pricing differentiation as battery demand increases.

### **General Market Update**

- In Jan-Aug 2018 (YTD), global steel production grew by +4.8%. Global capacity utilisation continues to be strong at ~77%.
- In Jan-Aug 2018 (YTD), global passenger electric vehicle sales were just below 1.1 million (+56% YoY YTD). China accounted for 51% of YTD sales (537,000 units, +62% YoY).
- In Jan-Aug 2018 (YTD), total passenger EV battery sales were 34GWh (+82% YoY), including record monthly sales of 6GWh in August (+104% YoY).

### **BATTERY ANODE MATERIAL (BAM)**

#### **BAM Plant Louisiana**

- Syrah completed the purchase of its BAM plant site in Vidalia Louisiana (refer to ASX announcement 16 August 2018).
- Environmental processes completed and major supply input terms agreed.



- Milling equipment (5ktpa) was mobilised to site immediately following site settlement, and installation has commenced (refer to Appendix 1 for installation images).
- Operational readiness preparation commenced, including recruitment and health and safety program implementation.
- In response to evolving market dynamics and supply chain participant interactions, the Company will focus the initial production capacity at Vidalia on qualification volumes to:
  - Achieve near term production and qualify BAM from a Syrah owned facility in the USA to capture first mover advantage and establish a core ex-Asia battery supply chain position for Syrah's product with production targets continuing to be:
    - First unpurified spherical graphite for delivery into qualification expected by end of 2018.
    - First purified spherical graphite for delivery into qualification expected in Q1 2019.
- Feasibility study for first phase of commercial scale BAM facility completed with encouraging outcomes with enhanced options identified and assessment underway.
- Further assessment of commercial scale alternatives for finished anode product and strategic relationship options to be reviewed in Q4 2018.

#### **BAM Product Development**

- Ongoing product development to accelerate entry into final anode production including performance optimisation opportunities.

## **FINANCE AND CORPORATE**

### **Finance**

- Successfully completed an institutional placement (Placement) of 42.2 million fully paid ordinary shares and raised gross proceeds of A\$94 million (US\$67.4 million) (refer to ASX announcement 5 September 2018).
- Cash on hand as at 30 September 2018 was US\$100.3 million versus US\$56.7 million as at 30 June 2018.
- Adjusting for the net proceeds of the Placement, net cash outflow was US\$21.6 million versus a forecast of US\$17.0 million with the variation mainly a result of working capital timing differences including cash receipts from sales, impacted by shipping rescheduling with inventory increase at Nacala and an increase in trade creditors. Net cash movement included:
  - US\$65.2 million net proceeds from the Placement offset by the following net outflows;
  - US\$1.0 million on Balama project development, with total project development expenditure of US\$212 million against unchanged project capital cost of US\$215 million;
  - US\$14.9 million on production ramp up activities and sustaining capital projects net of sales;



- US\$4.0 million on BAM plant and product research and development activities; and
- US\$1.7 million on general corporate and administration activities.
- Balama's overall operating cost structure is developing in line with expectations, although some cost pressures developing for certain items offset by other savings.
- Share Purchase Plan (SPP) closed on 9 October 2018 with estimated total subscription ~A\$9 million (US\$6.4 million<sup>(1)</sup>).
- Fourth quarter 2018 net cash outflow forecast is US\$23.6 million (inclusive of SPP proceeds), with forecast cash on hand at 31 December 2018 of ~US\$77 million.
- Targeting positive cash flows from operations at Balama during Q1 2019 following Primary Classifier incident (previously late 2018).

**Corporate**

- Lisa Bahash appointed as an independent Non-Executive Director (refer to ASX announcement 16 July 2018).

(1) A\$ proceeds translated into US\$ based on the AUD/USD exchange rate of 0.7118 as at 10 October 2018.

**SUSTAINABILITY****Environment**

- The Environmental Monitoring Program continued in line with over 200 license conditions.
- The Balama nursery is continuing to progress with over 4,500 seedlings planted to date.

**People and Community**

- At Balama, Syrah continues to focus on local employment and community engagement. As at the end of the quarter 94% of Balama's direct employees are Mozambican nationals with 55% from the local communities.
- Construction of the Balama Training Centre is on track for completion in Q4 2018 with training curriculum being developed.
- Balama Livelihood Restoration Program agricultural training program has commenced.
- Ongoing engagement with local community at Vidalia.





## LICENSES

The following table lists the current licenses held by Syrah Resources Limited and its subsidiaries as at 30 September 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 <sup>1</sup>	5684L	Exploration	Mozambique	-	-
Balama <sup>1</sup>	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: Battery Anode Material site, Louisiana



Assembling milling equipment on site at Vidalia



Bag loading equipment



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](http://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 results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. The forward-looking statements in this presentation speak only as of the date of this presentation. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, the Company disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this presentation to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this presentation will under any circumstances create an implication that there has been no change in the affairs of Syrah since the date of this presentation.

## 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")

30 SEPTEMBER 2018

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development <sup>(1)</sup>	(15,226)	(56,889)
(c) production	-	-
(d) staff costs <sup>(2)</sup>	(5,648)	(17,719)
(e) administration and corporate costs	(734)	(2,437)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	237	877
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(21,371)</b>	<b>(76,168)</b>

<sup>(1)</sup> 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 capitalised against project development costs.

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

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
	(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	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(3)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares <sup>(1)</sup>	67,407	67,407
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	(2,157)	(2,157)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>65,250</b>	<b>65,250</b>

<sup>(1)</sup> Proceeds from completion of Institutional Placement of 42.2 million ordinary shares at \$A2.23 per share which raised A\$94 million as announced on 5 September 2018.

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	56,713	111,899
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(21,371)	(76,168)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	65,250	65,250
4.5	Effect of movement in exchange rates on cash held	(273)	(659)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>100,319</b>	<b>100,319</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter US\$'000</b>	<b>Previous quarter US\$'000</b>
5.1 Bank balances	12,747	7,912
5.2 Call deposits	87,572	48,801
5.3 Bank overdrafts	-	-
5.4 Other – Security deposits	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>100,319</b>	<b>56,713</b>

**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**

738

-

The above related party payments include salaries, superannuation, advisory and consultancy fees paid to directors and/or director related entities during the quarter ended 30 September 2018, 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. <b>Financing facilities available</b> <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. <b>Estimated cash outflows for next quarter</b>	US\$'000
9.1 Exploration and evaluation	-
9.2 Development <sup>(1)</sup>	23,000
9.3 Production	-
9.4 Staff costs <sup>(2)</sup>	6,000
9.5 Administration and corporate costs	1,000
9.6 Other – Proceeds from Share Purchase Plan <sup>(3)</sup>	(6,400)
<b>9.7 Total estimated cash outflows</b>	<b>23,600</b>

<sup>(1)</sup> 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.

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

<sup>(3)</sup> Proceeds of approximately A\$9m estimated from the Share Purchase Plan announced on 4 September 2018, which opened on 11 September 2018 and closed on 9 October 2018. The amount has been translated to USD at 10 October 2018 exchange AUD/USD exchange rate of 0.7118.

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	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: .....  
(Company secretary)

Date: 11 October 2018

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.