

Q3 2018 Quarterly Activities Report

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Q3 2018 Highlights

Health and Safety	<ul style="list-style-type: none"> Strong safety record continues with Total Recordable Injury Frequency Rate (TRIFR) of 1.0
Balama Graphite Operation	<ul style="list-style-type: none"> Q3 production 38.7kt, up 83% versus Q2 with 71.1kt 9M YTD Increased recovery and production achieved via improvement plan in July and August, impacted by consumables availability in September, slowing rate of improvement Attrition cells operational, showing significant improvement in avg fixed carbon, trials demonstrating ability to achieve ~98% FC Mining Agreement finalised and binding Post quarter end damage to Primary Classifier unit – 5 week impact, Q4 production loss ~30kt, Q4 target 30kt - 35kt FY18 production guidance 101kt – 106kt¹
Sales and Marketing	<ul style="list-style-type: none"> Sold 20kt in Q3, total 36kt 9M YTD with additional 19kt allocated to sales awaiting shipment at Nacala Q3 product weighted realised price slightly ahead of Q2 due to improved product mix and fixed carbon grade 2018 production performance impacted sales contract fulfilment, expect remaining volumes roll over into 2019
Battery Anode Material (BAM) Project	<ul style="list-style-type: none"> BAM site purchase and environmental processes completed, major supply terms finalised Commenced installation of milling equipment on site at Vidalia Target initial production of unpurified spherical graphite by end of year and purified spherical graphite in Q1 2019 for qualification purposes Phase 1 commercial scale feasibility study completed. Enhanced commercial scale development options for final anode product under review by end 2018
Finance	<ul style="list-style-type: none"> Cash as at 30 September 2018 US\$100.3 million (exclusive of Share Purchase Plan (SPP) proceeds) Completed institutional Placement with gross proceeds of A\$94 million (US\$ 67.4 million) SPP completed 9 October 2018, estimated total subscription ~A\$9 million (US\$6.4 million²) Q4 2018 net cash outflow forecast US\$23.6 million (inclusive SPP proceeds and BAM capex)

(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 except as updated in subsequent ASX releases.

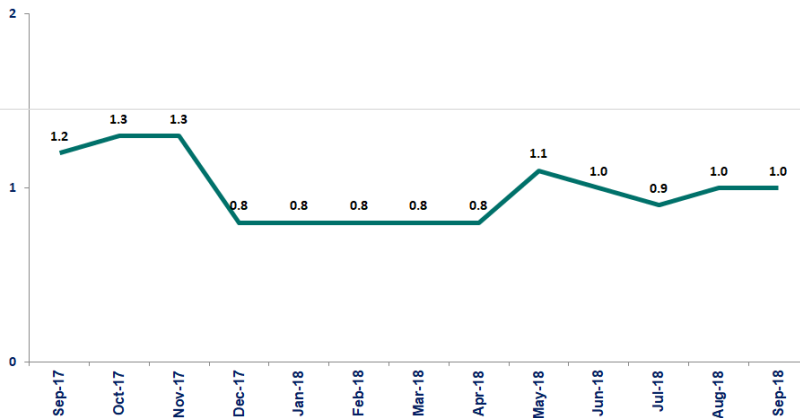
(2) A\$ proceeds translated into US\$ based on the AUD/USD exchange rate of 0.7118 as at 10 October 2018.



Health, Safety, Community and Environment

Focus on Health and Safety

- Strong safety record continues with TRIFR of 1.0 as at end Q3



Government & Community Engagement

- Mining Agreement finalised and binding
- Balama direct employees, 94% Mozambican Nationals and 55% from local communities
- Balama Training Centre construction on track for completion in Q4

Environmental Sustainability

- Environmental Monitoring Program in line with >200 license conditions at Balama
- Balama nursery, >4,500 seedlings planted



Governor of Central Bank Mozambique site visit



Periodic medical examinations at Balama



Balama Training Centre construction commenced



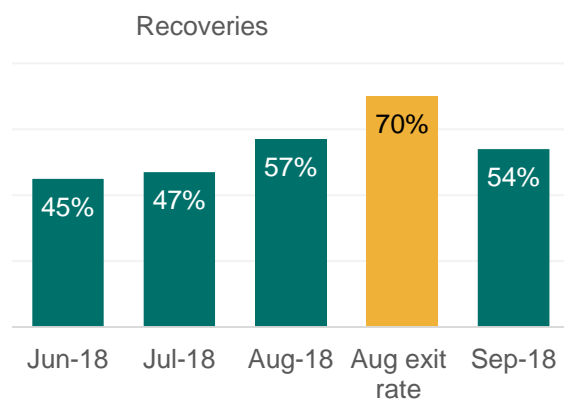
Community engagement at Balama with local teachers



SYRAH RESOURCES

Balama Production

Production Summary		9M 30 Sep 2018	Q3 30 Sep 2018	Q2 30 Jun 2018	Q3 on Q2 Change
Ore Mined (>9% TGC ¹)	Tonnes ('000)	940	408	249	64%
Economic Grade Mined (>2% to <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 ¹	16%	16%	16%	-
Recovery		48%	53%	49%	8%
Graphite Produced	Tonnes ('000)	71.1	38.7	21.2	83%
Average Fixed Carbon		95%	96%	95%	1%



- Significant progress with production improvement plan
 - Throughput increased to optimise plant stability
 - Recoveries improvement in July & Aug
 - Early improvement in Sep, prior to deterioration and delayed replacement of filter cloths
- Attrition cells operational, average fixed carbon grade increased to 96% in Q3

(1) TGC = Total Graphitic Carbon

Balama Optimisation

Process Plant and Operations

- Comprehensive production improvement plan continues, focus areas include:
 - Enabling recovery improvement
 - Rigorous process control optimisation and governance of operating practices
 - Comprehensive equipment management, spares and consumables program
- Recovery improvement enabling works and maintenance items advanced during Primary Classifier repair period

Attrition Cells

- Fines and flake circuit attrition cells operational August
- Initial assessment - significant improvement in graphite fixed carbon levels and tightening of grade distribution
- Trials demonstrating ability to achieve ~98% fixed carbon

Vanadium

- Review of 2014 vanadium scoping study to be completed October 2018
- Phases of work required to reach an investment decision for vanadium to take ~ 2-3 years



Balama Targets

Balama Operational Targets

- Q4 production target 30kt – 35kt (previously ~63kt, refer to Primary Classifier Incident below)
- FY18 production target 101kt -106kt¹
- Exit production run rate and C1 cash operating costs² range for Dec 2018 not expected to vary materially from previous guidance
- Targeting Balama operational cash flow positive in Q1 2019 (previously Q4 2018, following Primary Classifier incident)

Primary Classifier Incident

- Post quarter end fire damage to primary classifier screen unit (refer ASX release 4 October 2018)
- Estimated 5 weeks to return to operations
- Q4 production loss, forecast 30kt
- Total repair cost including replacement unit ~ US\$0.5 million
- Root cause - hot work under primary classifier in contravention of standard operating procedures
- Syrah's current operating procedures reflect leading international standards and have been:
 - Immediately reinforced
 - Further strengthened supervision, including higher level approvals for specific tasks

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(2) C1 cash operating costs (FOB Port of Nacala, excluding government royalties and taxes).



Sales & Marketing

Sales

- Syrah production performance impacting fulfilment of existing contracts:
 - Roll over remaining 2018 volume and prices into 2019
 - Later settlement of new contracts
- Additional contracts settled during quarter
- Qualification continuing with industrial customers in Japan, Korea and USA

Pricing

- Q3 product weighted realised price > Q2, improved product mix and higher grade
- Range of prices received to date; variation by grade, flake size, qualification shipments, product mix, market entry, China vs ex-China pricing
- Achieving premium for higher fixed carbon %
- Value in use expected to provide increased pricing differentiation

Graphite Sales and Inventory

	Tonnes ('000)
Graphite Sold and Shipped (YTD Sep)	36
Sales Orders Awaiting Shipment at Nacala as at 30 Sep	19
Balama Inventory as at 30 Sep	16
Total Production 9M YTD	71

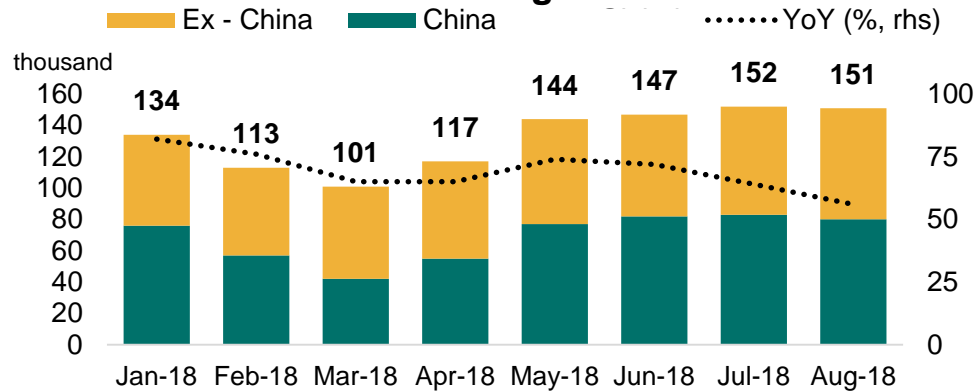
Logistics

- Shipping schedule variability, customs resourcing and port throughput impacting Nacala export consistency, improvement expected in Q4
- Focus on continued reduction of inventory
- Balama warehouse management process review, actions implemented



End use markets continue to remain strong

Electric and Plug-in car unit sales

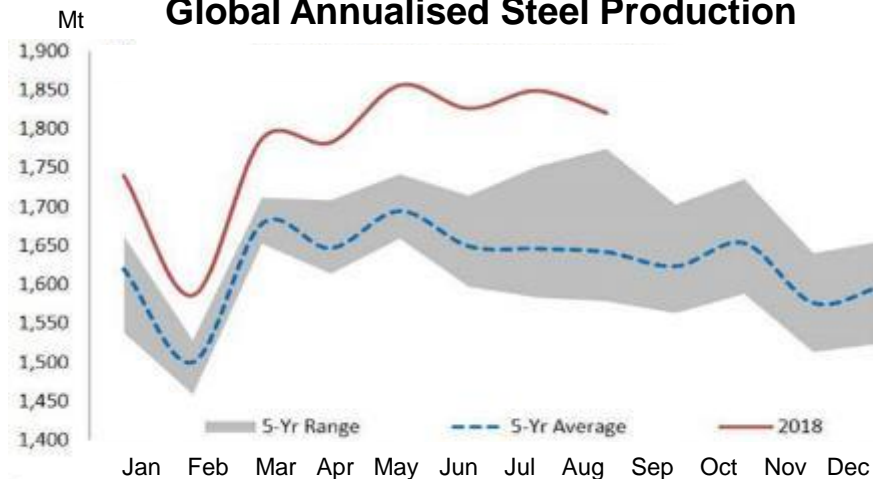


In Jan - Aug 2018, global passenger electric vehicle sales were just below 1.1 million (+56% YoY). China accounted for 51% of YTD sales (537,000 units, +62% YoY).

In Jan - Aug 2018, total passenger EV battery sales were 34GWh (+82% YoY), including record monthly sales of 6GWh in August (+104% YoY).

Demand for fines material for use in the battery sector is solid, but competitive.

Global Annualised Steel Production



In Jan-Aug 2018, global steel production grew by +4.8% and global capacity utilisation continues to be strong at ~77%.

Demand for larger flake products, for use in refractory products, remains strong, but the markets are smaller relative to the fines market.

Demand for fines material for use as recarburiser remains strong, but competitive.

Battery Anode Material (BAM) Project

BAM Site Louisiana

- Vidalia site purchase completed in August
- Environmental processes completed
- Major supply terms agreed
- Milling equipment (5ktpa) immediately mobilised to site, installation commenced



Assembling milling equipment on site at Vidalia

BAM Strategic Priorities

- Focus initial production capacity at Vidalia on qualification volumes
- Achieve near term production and qualify BAM product from Syrah's Vidalia plant:
 - First production of unpurified spherical graphite by end 2018
 - First production of purified spherical graphite in Q1 2019
- Assessment of strategic relationship options review in Q4

BAM Feasibility Study

- Phase 1 commercial scale feasibility study completed, enhanced options assessment underway
- Further assessment of commercial scale alternatives for finished anode product review in Q4

Finance

Cash		31 Dec 2018 (Forecast)	30 Sep 2018
Cash at start of period	US\$m	100.3	56.7
Placement net proceeds	US\$m		65.2
Net cash (outflows)	US\$m	(23.6)	(21.6)
Cash at end of period	US\$m	76.7	100.3

- Completion of Institutional Placement net proceeds US\$65 million in Q3
- Share Purchase Plan (SPP) closed 9 Oct, estimated total subscription ~A\$9 million (US\$ 6.4 million¹)
- Q4 forecast net cash outflow US\$23.6 million (includes SPP proceeds and BAM capex spend)
- Detailed review of costs and operating parameters underway utilising Q2 and Q3 performance to continue disciplined management of cash reserves

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



Summary

Syrah establishing solid foundation as only major new supplier of graphite to battery market

- Strong health and safety record continues
- Balama detailed improvement plan to improve graphite recoveries and production ramp up volume well underway
- Potential for higher basket price through product mix quality and mesh size optimisation
- BAM site installation underway for first production of qualification product by end of 2018
- End user markets remain robust
- Syrah Resources remains the only major new supplier of graphite to world's battery market



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