



QUARTERLY ACTIVITIES REPORT – PERIOD ENDED 30 JUNE 2019

Q2 2019 HEADLINES

Balama Graphite Operation (Balama)

- Total Recordable Injury Frequency Rate (TRIFR) of 0.3 as at the end of the quarter.
- Produced 44kt natural flake graphite, 8% lower than Q1 due primarily to minor equipment issues.
- H1 2019 C1 operating cash cost¹ of production US\$567/t. Higher than planned due to lower production volume.
- ISO:45001 certification and ISO:14001 re-certification achieved.

Sales and Marketing

- Sold 53kt versus 48kt in Q1 2019 through continued improvement in contract volume and logistics.
- Weighted average graphite price achieved of US\$457/t (CIF), down from US\$469/t in Q1 2019 due primarily to Chinese fines pricing and lower than planned coarse flake production.

Battery Anode Material (BAM) Project

- Unpurified spherical graphite customer qualification continues.
- Commissioning of purification circuit underway - first dispatch of purified spherical graphite planned in Q3 2019.
- Preliminary Feasibility Study of commercial scale plant provides attractive economics.

Finance and Corporate

- Announced the execution of a Convertible Note Deed and an underwritten entitlement offer to raise approximately A\$111.6 million (US\$76.3 million) (refer to ASX announcement 19 June 2019).
- Successfully completed Institutional Entitlement Offer, raising A\$25 million (US\$17.6 million) (refer to ASX announcement 21 June 2019), with an additional A\$30.8 million (US\$21.2 million) from the Retail Entitlement Offer which was completed on 8 July 2019.
- Net cash outflow, excluding Institutional Entitlement Offer proceeds, was US\$14.8 million versus plan of US\$20 million. Cash at quarter end, including the net proceeds of the Institutional Entitlement Offer was US\$64.7 million.
- Forecast cash balance at end of Q3 2019 ~ US\$64 million, exclusive of the potential proceeds from Convertible Note (ASX announcement 19 June 2019).

**Outlook**

- CY2019 production target 205kt - 245kt⁽¹⁾, dependent on ongoing assessment of sales volume against price, production performance and quality performance.
- C1 cash operating costs⁽²⁾ forecast to trend towards ~US\$400/t by the end of 2019, subject to recovery and production volume outcomes, with a major focus on structural cost management.
- Syrah continues to balance market conditions and provide flexibility to manage the trade off between the unit cost benefit of incremental production and potential impacts on pricing.
- Increases to weighted average CIF price sought through improved product mix, higher product grade skewed towards 96% and 97% fixed carbon, and geographic placement of sales.
- First BAM purified spherical graphite for customer qualification in Q3. Pilot scale final BAM product for customer testing by end 2019. Strong focus on customer and partner development options through to commercial scale Bankable Feasibility Study (BFS) and investment decision in H2 2020.
- Debt options continue to be evaluated through 120 day window in conjunction with shareholder approval sought for Convertible Note Deed at General Meeting on 1 August 2019.

(1) Refer to ASX announcement 29 March 2019 "Graphite Mineral Resources and Ore Reserves Update". All material assumptions underpinning the production target in this announcement continue to apply, other than as updated in subsequent ASX announcements.

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



BALAMA GRAPHITE OPERATION

Safety

- Strong safety record with TRIFR per million hours worked of 0.3 as at the end of Q2 2019.

Balama Production Summary		Q2 2019 30 Jun 2019	Q1 2019 31 Mar 2019	Q2 2018 30 Jun 2018	Q2 vs Q1 2019
Ore Mined (>9% TGC ¹)	Tonnes ('000)	306	295	249	4%
Ore Mined (>2% - < 9% TGC ¹)	Tonnes ('000)	131	161	114	(19%)
Waste Mined	Tonnes ('000)	455	1	85	>100%
Total Material Moved	Tonnes ('000)	891	457	447	95%
Plant Feed	Tonnes ('000)	335	378	258	(11%)
Plant Feed Grade	TGC ¹	19%	18%	16%	6%
Recovery		66%	69%	49%	(4%)
Graphite Produced	Tonnes ('000)	44	48	21	(8%)
- Fine Flake split		88%	86%	86%	2%
- Coarse Flake split		12%	14%	14%	(14%)
Average Fixed Carbon		95%	95%	95%	-

(1) TGC = Total Graphitic Carbon

Production

- Balama produced 44kt in Q2 2019 versus 48kt in Q1 2019. Despite the lower production in Q2, substantial progress was made with underlying improvements:
 - Equipment management and preventive maintenance programs strengthened;
 - Increased frequency of recovery above 80% achieved; and
 - Systematic elimination of equipment risks including
 - Dryer transport system intermittent failure
 - Pumping system reliability and debottlenecking
 - Reliability of press filters
- Q2 2019 recovery was 66%, slightly lower than Q1 2019 of 69%. Higher throughput variability was caused by a combination of minor equipment issues, which have been resolved.
- Elimination of recovery loss causes and constraints to achieve 2019 year-end target of 80% are being implemented, with current focus on key enablers to improve process control and operational stability.
- Total mine material moved was significantly higher than Q1 due to inventory rebuild after planned depletion of run of mine stockpiles in Q1 2019 and commencement of Stage 2 of the Balama West (Ativa) pit.



- Production ratio of fines to coarse flake graphite was approximately 88% to 12%, with actions across mine planning, ore blending and screening improvements providing a path to achieving end-2019 target of 80% to 20% and 70% to 30 % split in the medium term.
- Average Fixed Carbon (FC) grade of graphite produced was 95% FC.

SALES AND MARKETING

		Q2 2019	Q1 2019	Q2 2018	Q2 vs Q1 2019
Graphite Sold and Shipped	kt	53	48	12	10%
Sales Revenue ¹	US\$ million	24.2	22.5		8%
Weighted average selling price (CIF)	US\$/tonne	457	469		(3%)
Inventory at Nacala as at end of period (sales orders awaiting shipment)	kt	7	18	7	(61%)
Non-standard Graphite inventory at Balama for reprocessing ⁽²⁾	kt	(6) ⁽²⁾	-	-	-
Inventory at Balama/ USA as at end of period	kt	8	12	9	(33%)

(1) Note cash sales receipts generally received ~30 days after ship sails. Cost of production net of sales receipt was capitalised prior to declaration of commercial production effective 1 January 2019 (refer to ASX announcement 14 January 2019)

(2) Product inventories at Balama are valued at the lower of weighted average cost and estimated net realisable value. The current unit cost of production is greater than the estimated selling price which is likely to result in a write-down of inventories on hand at 30 June 2019 to net realisable value.

Customers and Sales

- Sold and shipped 53kt natural graphite in Q2 2019, with an additional 7kt sales orders at Nacala awaiting shipment as at quarter end, reflecting a significant decrease in inventory over Q2.
- Q2 2019 weighted average price was US\$457 per tonne versus Q1 2019 of US\$469 per tonne. Lower price was primarily due to Chinese fines pricing and lower coarse flake production.
- Sales agreement signed with Gredmann Group for 279,000 tonnes (9,000 tonnes per month) for the period June 2019 to December 2021 (refer to ASX announcement 19 June 2019).

Logistics

- Continued actions on performance improvement have resulted in logistics debottlenecking.
- Balama dispatch, cross dock facility operations and port throughput have improved, leading to increased sales dispatch efficiency and a reduction in Nacala inventory.



Market Update

- Steel production, currently being the major end use sector for natural graphite grew by 5% year on year for the 5 months YTD 2019. Syrah expects flat graphite demand from the steel sector as China continues to transition from an infrastructure driven to a consumption led economy.
- Sales momentum and industry investment continues to develop rapidly for the electric vehicle market, supporting further growth in lithium ion battery demand. Graphite is expected to remain the key material for anodes resulting in significant further growth in the natural flake market.
- Electric vehicle (EV) battery manufacturers continue to plan capacity growth, with the four global leaders Tesla/Panasonic, CATL, BYD and LG Chem to add over 140GWh/yr in capacity by 2021. This growth is expected to increase global EV battery production capacity to 273GWh/yr by 2021. [Source: Argus <https://www.argusmedia.com/en/news/1902243-farasis-to-build-german-lithiumion-battery-plant>]
- US Government Senator Lisa Murkowski in her role as chair of the US Senate Committee of Energy and Natural Resources, has introduced bipartisan legislation to secure the supply of critical minerals such as lithium, graphite, cobalt and nickel and reduce the US reliance on foreign sources.

BATTERY ANODE MATERIAL (BAM)

BAM Site Vidalia, Louisiana

- Unpurified spherical graphite customer qualification processes continuing.
- Purification circuit commissioning underway, with first dispatch of purified spherical graphite planned for Q3 2019. Delay from Q2 is due to an extension in piping installation works and cashflow management.
- Initial production of Vidalia remains focussed on customer qualification of spherical products and production of unpurified and purified spherical graphite samples using Balama feedstock.
- Unpurified and purified spherical graphite production will be dispatched for customer qualification.

Marketing

- Customer engagement continues and is providing valuable input into product specifications and product development opportunities.

Commercial Plant Preliminary Feasibility Study and Development Path

- Initial production of coated natural spherical graphite to establish a base position with battery manufacturers.



- Commercial plant to include in-house coating and carbonisation facility combined with purified spherical graphite production.
- Establish Coating and Heat Treatment pilot/tolling capability.
- Product development and process flow sheet optimisation continuing concurrent with the qualification of precursor material.
- Comprehensive independent market study prior to Bankable Feasibility Study (BFS) to validate assumptions of product demand and price outlook.
- Production ramp-up plan is based on the early qualification of coated natural spherical graphite using pilot/ tolling solutions then ramp-up to full production capacity post completion of project capital spend.
- BFS and investment decision targeted in 2H 2020 and being contingent on funding and investment approval. Total allocated budget to this decision point is US\$14million.
- Funding options for commercial scale plant facilitated by customer offtake or partnership opportunities.

FINANCE AND CORPORATE

Convertible Note Deed and Entitlement Offer

- Syrah announced the execution of a Convertible Note deed and an underwritten entitlement offer to raise approximately A\$111.6 million (US\$76.3 million) with the following components:
 - A proposed A\$55.8 million (US\$38.2 million) Convertible Note to be issued to AustralianSuper Pty Ltd as Trustee for AustralianSuper (refer to ASX announcement 19 June 2019 for full details); and
 - A\$55.8 million (US\$38.5 million) was raised by the Institutional and Retail Entitlement Offer (refer to ASX announcement 11 July 2019).

Finance

- Cash at 30 June 2019 was US\$64.7 million.
- Q2 2019 net cash inflow, of US\$2.3 million comprising of:
 - Balama net operating expenditure and sustaining capital outflows of US\$7.6 million, including US\$4.5 million VAT refund offsetting lower prices
 - BAM cash outflows of US\$5.7 million for BAM plant construction and ongoing product research and development activities
 - Cash outflows of US\$1.5 million from general corporate and administration activities net of interest income



- Net cash proceeds from Institutional Placement of US\$17.1 million
- Syrah has undertaken extensive engagement in the development of debt funding during the quarter and continues to evaluate options in conjunction with the Convertible Note subject to shareholder approval at the General Meeting on 1 August 2019.

Corporate

- Syrah's Annual General Meeting was held on 24 May 2019 with all resolutions strongly carried.
- Sara Watts appointed as independent Non-Executive Director. Ms Watts has over a decade's experience as Non-Executive Director and Audit & Risk Committee Chair across a broad range of sectors (refer to ASX announcement 3 June 2019).
- General Meeting to be held 1 August 2019 to seek shareholder approval for the issue of Convertible Note to AustralianSuper Pty Ltd (refer to ASX announcements 19 and 29 June 2019).

Outlook**Production**

- 2019 production target at between 205kt - 245kt¹, dependent on ongoing assessment of sales volume against price, production performance and quality performance ,allowing Syrah to continually balance market conditions and provide flexibility to manage the trade-off between the unit cost benefit of incremental production and potential impacts on pricing.
- Focus on greater coarse flake split and increased fixed carbon grade for price improvement.
- C1 cash operating costs² forecast to trend towards ~US\$400/t by end of 2019, subject to recovery and production volume outcomes with a major focus on structural cost management.

Marketing

- Demonstrated product quality and stabilised logistics throughput provide a strong base for buyer confidence in production and supply consistency and a stronger negotiation position for Syrah.
- Increases to weighted average CIF price sought through improved product mix, higher product grade skewed towards 96% and 97% fixed carbon, and further geographic diversification of sales book ex China.

BAM

- Commissioning of batch purification plant and dispatch of purified spherical graphite samples to potential customers in Q3 2019.



- Produce pilot scale finished BAM products utilising Syrah purified spherical graphite for battery manufacturer engagement in Q4 2019.
- Strategic focus on customer and partnership opportunities.

Cash

- Q3 2019 planned Group net cash outflow of US\$1 million comprising of:
 - Balama net operating expenditure and sustaining capital outflows of US\$14 million, assuming zero VAT recovery and inclusive of US\$3 million for commencement of tailings dam cell 2 construction and US\$1 million for (non-recurring) infill drilling.
 - BAM cash outflows of US\$7 million, majority of which is capital expenditure for the Vidalia plant, substantially completing Vidalia capital expenditures.
 - Cash outflows from general corporate and administration activities net of interest income of US\$1 million.
 - Retail Entitlement net proceeds of US\$21 million
- Forecast cash balance as at end of Q3 2019 ~ US\$64 million.
- Issue of Convertible Note A\$55.8 million (US\$38.2 million) subject to obtaining shareholder approval with draw down of Convertible Note at Syrah's election for a period of up to 120 days after the date of the Convertible Note Deed.
- Debt options continue to be evaluated in conjunction with Convertible Note.

(1) Refer to ASX announcement 29 March 2019 "Graphite Mineral Resources and Ore Reserves Update". All material assumptions underpinning the production target in this announcement continue to apply, other than as updated in subsequent ASX announcements.

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

SUSTAINABILITY

Health

- Syrah achieved ISO45001:2018 Occupational Health and Safety Management Systems certification, the world's first International Standard for occupational health and safety.
- Balama Health Program continues with training and awareness programs delivered in HIV/AIDS and Malaria mitigation and plans established to facilitate future national bed net distribution and indoor residual spraying efforts at Balama.
- Syrah has been shortlisted for the International SOS 2019 Duty of Care Awards, based on the Company's efforts to mitigate malaria at the Balama Graphite Operation in accordance with leading practice and alignment with the Mozambique National Malaria Strategy.



Environment

- Syrah obtained re-certification in ISO14001:2015 Environmental Management Systems.
- The Environmental Monitoring Program continued in line with over 200 licence conditions, with zero significant environmental incidents in Q2 2019.

People and Community

- As at the end of the quarter, 96% of Balama's direct employees are Mozambican nationals with 55% from the local host communities and more than 20% are female.
- World Environmental Day and African Children's Day celebrated with tree planting ceremonies and food / gift donations at local primary schools in Balama.
- The Balama Professional Training Centre was inaugurated in May 2019, with an official ceremony attended by the Governor of Cabo Delgado Province, the Director of the Mozambique Institute of Professional Training & Labour Studies (IFPELAC), members of Syrah's Host Communities and Company representatives.

LICENCES

The following table lists the current licences held by Syrah Resources Limited and its subsidiaries as at 30 June 2019:

Project	Licence Number	Licence Type	Country	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
Balama	6432C	Mining Concession	Mozambique	-	-
Balama	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.



For any questions about Syrah's upcoming **General Meeting** or the **Convertible Note**, please contact:

Telephone: **1300 388 492** (within Australia) or **+61 3 9415 4036** (outside Australia)
between 8.30am and 5.00pm (Melbourne time), Monday to Friday.

For further information about Syrah please contact Investor Relations:

Contact: +61 3 9670 7264

Email: enquiries@syrahresources.com.au

About Syrah Resources

Syrah Resources Limited (ASX code: SYR) is an Australian-based industrial minerals and technology company. Syrah owns and developed the Balama Graphite Project (Balama) in Mozambique. Balama transitioned to operations with sales and shipments to a global customer base including the battery anode producers, from the start of 2018. Syrah produced over 100,000 tonnes of natural graphite in 2018 and is the largest and first major new natural graphite operation developed outside of China. Balama will be the leading global producer of high purity graphite. Balama production is targeted to supply traditional industrial graphite markets and emerging technology markets. Syrah is also progressing its downstream Battery Anode Material strategy with first production of spherical graphite achieved in December 2018 from its 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 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 JUNE 2019

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (6 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	24,455	38,283
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development ⁽¹⁾	(2,215)	(4,786)
(c) production	(29,558)	(43,652)
(d) staff costs ⁽²⁾	(5,424)	(10,758)
(e) administration and corporate costs	(699)	(1,237)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	329	770
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other - VAT recoveries	4,531	4,531
1.9 Net cash from / (used in) operating activities	(8,581)	(16,849)

⁽¹⁾ Includes cash flows from the payment of creditors from production ramp-up activities at Balama prior to the declaration of commercial production.

⁽²⁾ Includes staff costs in relation to Balama Graphite Operation, BAM Project and Corporate & Administration functions

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6,151)	(12,609)
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (6 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 (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(6,151)	(12,609)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	17,634	17,634
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	(573)	(573)
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	17,061	17,061

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	62,420	77,146
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,581)	(16,849)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6,151)	(12,609)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	17,061	17,061
4.5	Effect of movement in exchange rates on cash held	(60)	(60)
4.6	Cash and cash equivalents at end of period	64,689	64,689

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	26,905	10,903
5.2 Call deposits	37,784	51,517
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)	64,689	62,420

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**

357

-

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 June 2019, including 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.		

Syrah has agreed to issue a 5-year unsecured convertible note in order to raise A\$55.8 million (Convertible Note). The issue of the Convertible Note is conditional on obtaining the approval of Syrah's ordinary shareholders in accordance with ASX Listing Rule 7.1. The shareholders' meeting is proposed to be held on 1 August 2019. The drawdown of the Convertible Note is at Syrah's election for a period of up to 120 days after the date of the Convertible Note Deed. See ASX announcement dated 19 June 2019 for a summary of key terms associated with the Convertible Note.


9. Estimated cash outflows for next quarter	US\$'000
9.1 Exploration and evaluation	-
9.2 Development ⁽¹⁾	11,000
9.3 Production ⁽²⁾	4,500
9.4 Staff costs ⁽³⁾	5,500
9.5 Administration and corporate costs	1,000
9.6 Other ⁽⁴⁾	(21,000)
9.7 Total estimated cash outflows	1,000

- ⁽¹⁾ Development cash outflows consist of construction and equipment installation costs for the Battery Anode Material facility in Vidalia, Louisiana (BAM Project) and sustaining capital costs for the Balama Graphite Operation.
- ⁽²⁾ Commercial production was declared for the Balama Graphite Operation with effect from 1 January 2019. Production cash outflows consists of production costs (excluding staff costs which are disclosed separately), net of revenue received from the sale of graphite.
- ⁽³⁾ Includes staff costs in relation to the Balama Graphite Operation, BAM Project and Corporate & Administration functions.
- ⁽⁴⁾ Proceeds from Retail Entitlement Offer which was completed on 8 July 2019.

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: 17 July 2019
(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.