ASX/Media Release SYRAH RESOURCES 29 April 2019

QUARTERLY ACTIVITIES REPORT – PERIOD ENDED 31 MARCH 2019

Q1 2019 HEADLINES

Balama Graphite Operation (Balama)

- Total Recordable Injury Frequency Rate (TRIFR) of 0.6 as at the end of the quarter.
- Produced 48kt, including March production record of ~19kt, up 45% relative to Q4 2018.
- C1 operating cash cost[1] continues to decline.
- Initial Vanadium sampling completed, facilitating market engagement.

Sales and Marketing

- Sold 48kt versus 37kt in Q4 2018 through continued improvement in contract performance and logistics.
- Weighted average graphite price achieved of US$469 per tonne (CIF), lower than planned.
- End-market demand drivers positive: 2018 steel production and global electric vehicle sales up 4.6% and 64% respectively.

Battery Anode Material (BAM) Project

- Unpurified spherical graphite for qualification dispatched, targeting ex-China customers.
- Commissioning of the purification circuit commences in May with first purified spherical production planned during Q2 2019.
- Major review of BAM commercial scale plant and product range essentially completed, providing attractive economics.

Finance and Corporate

- Net cash outflow was US$14.7 million versus plan US$20 million with difference being ~US$5m payments timing variance. Cash at quarter end was US$62.4 million.
- Q2 2019 planned net cash outflow of US$14.5 million plus US$5 million carried over from Q1 for total forecast US$19.5 million. Forecast cash balance at end of Q2 2019 ~ US$43 million.
- Extensive engagement in development of debt funding during Q1 with Syrah continuing to evaluate options.

2019 Outlook

- Syrah will continue to balance the trade off between additional supply through production volumes and price realisation to ensure that margin and cash impacts are managed.
- Q2 2019 Balama production target 50kt – 55kt, 2019 unchanged at 250kt[2] subject to market conditions.
- C1 cash operating cost[1] trending towards US$400 tonne during 2019 via production volume increase and structural cost management.
- Increases to weighted average CIF price to be achieved through improved product mix, higher product grade skewed towards 96% and 97% fixed carbon, and completion of 2018 contracts.
- BAM commercial plant review details to be released in Q2 2019.
- Cash draw from operations at Balama and BAM expected to reduce significantly from Q3 2019.
- Debt options continue to be evaluated.

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

BALAMA GRAPHITE OPERATION

Safety

- Strong safety record with TRIFR per million hours worked of 0.6 as at the end of Q1 2019.

Balama Production Summary		Q1 2019 31 Mar 2019	Q4 2018 31 Dec 2018	Q1 2018 31 Mar 2018	Q1 2019 vs Q4 2018
Ore Mined (>9% TGC[1])	Tonnes ('000)	295	416	283	(29%)
Ore Mined (>2% - < 9% TGC[1])	Tonnes ('000)	161	133	99	21%
Waste Mined	Tonnes ('000)	1	29	69	(97%)
Total Material Moved	Tonnes ('000)	457	578	451	(21%)
Plant Feed	Tonnes ('000)	378	252	186	50%
Plant Feed Grade	TGC[1]	18%	18%	17%	-
Recovery		69%	70%	34%	(1%)
Graphite Produced	Tonnes ('000)	48	33	11	45%
- Fine Flake split		86%	84%	80%	
- Coarse Flake split		14%	16%	20%	
Average Fixed Carbon		95%	95%	95%	-

(1) TGC = Total Graphitic Carbon

Production

- Balama produced 48kt natural flake graphite in Q1 2019 up 45% relative to Q4 2018 reflecting improved production consistency, delivery from ongoing optimisation programs and a full quarter of production following the Primary Classifier Unit outage last quarter.
- Equipment management improvements and recovery increases in late March led to greater operational stability and a record month of production achieved in March of ~19kt.
- Total material moved was lower than planned due to ROM (Run of Mine) stock management and reduced waste stripping.
- Q1 2019 graphite recovery was broadly consistent with the prior quarter at ~ 70%. Recovery improvement plan continues to focus on graphite liberation, equipment stability and operational process control.
- Production ratio of fines to coarse flake graphite was approximately 86% to 14% with actions across mine planning, ore blending and dry screening improvements providing a clear path to achieving 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% with a range of 94% to 97% FC.

- C1 operating cash cost[1] continues to decline as a result of higher volumes and cost management in mining and operations support. Major focus on further cost reduction activities.

Reserves and Resources

- Update to Reserves and Resources with Balama hosting a significant graphite Ore Reserve of 113.3 Mt at 16.36% total graphitic carbon (TGC) for 18.5Mt contained graphite at 7.2% cut-off grade as at 31 December 2018 (refer to ASX announcement 29 March 2019 "Graphite Mineral Resources and Ore Reserves Update").
- Results of initial sampling of Vanadium content through the Balama processing plant circuit show similar Vanadium content to the 2014 Scoping Study[2]. Metallurgical test work program planned.

(1) FOB Port of Nacala, excluding government royalties and taxes.
(2) Refer to ASX announcement dated 30 July 2014.

SALES AND MARKETING

		Q1 2019	Q4 2018	Q1 2018	Q1 2019 vs Q4 2018
Graphite Sold and Shipped	kt	48	37	4	32%
Sales Revenue[1]	US$ million	22.5			
Weighted average selling price (CIF)	US$/tonne	469			
Inventory at Nacala as at end of period (sales orders awaiting shipment)	kt	18	20	2	(10%)
Inventory at Balama/ USA as at end of period	kt	12	11	5	9%

(1) Note cash sales receipts generally received ~30 days after ship sails.

Customers and Sales

- Sold and shipped 48kt natural graphite in Q1 2019, with an additional 18kt sales orders at Nacala awaiting shipment as at quarter end.
- Weighted average graphite price achieved of US$469 per tonne (CIF), lower than planned reflecting product mix, higher proportion of fines graphite sales to China and continued close out of lower priced contract volumes carried over from 2018.
- Volume demand continued to be strongest in China during Q1 2019, reflecting solid battery segment demand growth. Ex-China steel and industrial application demand for Syrah product strengthening steadily.
- Market development focus during 2019 to extend international exposure to consumers in the additives and specialised materials segments, and longer term strategic supply opportunities.

Logistics

- Logistics performance improvement actions continuing as production volumes increase, with annualised supply chain volume throughput of 250kt achieved.
- Strong improvement with monthly records in road transport dispatch, customs clearance and containers shipped.
- Demonstrated higher individual daily performance of dispatch, trucking and port delivery supports progress toward nameplate 350kt per annum production.

Market Update

The table below shows graphite key end market growth data for 2018.

		CY 2018	CY18 vs CY17
Global Steel Production	Million tonnes	1,808.6	4.6%
Global Electric Vehicle Sales[1]	Units ('000)	2,099	64%
- China (56% of sales)	Units ('000)	1,182	78%
- Europe (19% of sales)	Units ('000)	409	34%
- USA (17% of sales)	Units ('000)	358	79%

(1) Includes all BEV and PHEV passenger car sales, light trucks in North America and light commercial vehicles in China and Europe
Source: World Steel Organisation, EVvolumes.com

- Steel production, currently being the major end use sector for natural graphite grew by 4.6% in 2018. Syrah expects flat graphite demand from the steel sector as China continues to transition from an infrastructure driven to a consumption led economy. Ex-China demand is expected to improve, providing support to the refractory markets.
- Sales momentum and industry investment continue 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 for the foreseeable future resulting in significant further growth in the natural flake market.
  - Global sales of electric vehicles (EV) were ~2.1 million units in 2018, up 64% year on year with very strong growth in China, and increased demand in the USA and Europe.
  - Growth in EV demand continues to support Syrah's expectation of incremental 70kt – 100kt natural flake graphite demand in 2019.
  - China continues to dominate battery manufacturing capacity expansion, with BYD commencing construction of a new 20 GWh facility with expected investment spend of ~US$1.5 billion in China.
  - In February 2019, the Chinese government mandated the replacement of Internal Combustion Engine (ICE) buses with electrified models in all major cities by 2020.

  - USA battery and EV manufacturing capacity developing as expected, with SK Innovation announcing a US$1.7 billion 9.8GWh per annum battery plant in Atlanta, and General Motors investing US$300 million in its Michigan assembly plant to produce a new Chevrolet EV which is in addition to its existing Chevrolet Bolt EV.
  - In Europe, Contemporary Amperex Technology (CATL) is investing EUR 240 million for an initial 14GWh per annum lithium ion battery expansion and SK Innovation plans to invest US$859 million in an additional battery plant.
- During 2018 synthetic graphite prices remained elevated due to demand growth in electric arc furnace steel manufacturing, long term reduction in electrode manufacturing capacity and limited supply of the primary raw material of petroleum needle coke.
- Chinese natural graphite supply availability continued to be impacted by seasonal shutdowns and prior environmental restrictions, however seasonal production restarts are expected from mid-Q2 onwards.

BATTERY ANODE MATERIAL (BAM)

BAM Site Vidalia, Louisiana

- Initial production at Vidalia remains focussed on customer qualification of spherical products and coated product development which currently requires small volumes.
- Production of unpurified spherical graphite using Balama feedstock continued for product development and in preparation for purification.
- Unpurified spherical graphite was dispatched for qualification targeting ex-China customers. Qualification is expected to take between three to six months depending on the customer.
- Installation of purification equipment under Syrah's control for batch processing progressed well during the quarter, but initial production of purified spherical graphite was delayed primarily due to timing of City of Vidalia gas line extension. Completion of installation and first purified spherical production planned during Q2 2019.
- Commissioning of the purification circuit to commence in May.

Marketing

- Increased customer engagement continuing, providing valuable input into product specifications, and enabling development of commercial negotiations for future commitments.

Commercial Plant Development

- Project progress accelerated during the quarter. Syrah has essentially completed a major flow-sheet, capital expenditure and product review for a commercial scale BAM plant. The new base plan provides attractive economics and affords significant further opportunity for product development and processing cost improvement during development.
- The key elements of the review will be released during Q2 2019. Development timeline scenarios will be outlined, to be driven by funding and partnership options.
- Good progress made during the quarter on anode product development focussed on cost reduction and increased product performance. Syrah continues to derive value from the input, through its relationship with Cadenza Innovation Inc (Cadenza).
- The combination of planned purified spherical samples produced from Vidalia, product development progress, and the detailed commercial plant plan review is expected to enable greater supply chain and customer interaction from Q2 onwards, driving expanded commercialisation opportunities.

FINANCE AND CORPORATE

Finance

- Cash at 31 Mar 2019 was US$62.4 million.
- Net cash outflow was US$14.7 million versus plan of US$20 million with difference being variance was due to timing difference of working capital movements with ~ US$5 million payments previously forecasted for Q1 2019 rolling into early Q2 2019. Q1 2019 net cash outflow movements were:
  - US$4.6 million from post commercial production operating activities at Balama
  - US$2.6 million on the settlement of trade payables net of receipt of trade receivables from production ramp up activities prior to the declaration of commercial production at Balama
  - US$6.5 million on BAM plant construction and ongoing product research and development activities and;
  - US$1.0 million on general corporate and administration activities net of interest income.
- Syrah has undertaken extensive engagement in the development of debt funding during the quarter and continues to evaluate options.
- Commercial production declared at Balama as at 1 January 2019 (refer to ASX announcement 14 Jan 2019). All revenues and operating costs will be reported to the Income Statement from this date.

Corporate

- Christina Lampe-Onnerud resigned as Non-Executive Director (refer to ASX announcement 25 March 2019) and the Company is actively recruiting a new Non-Executive Director.

2019 Outlook

Syrah will continue to review and manage the trade off between additional supply through production volumes and realised prices to ensure that margin and cash impacts are optimised.

Production

- Q2 2019 natural graphite production target 50kt – 55kt with full year 2019 unchanged at 250kt[1] subject to market conditions.
- Focus on greater coarse flake split and increased fixed carbon grade for price improvement.
- C1 cash operating costs[1] trending towards US$400 tonne during 2019 via production volumes and structural cost management.

Marketing

- Increased production consistency and stabilised logistics throughput provide a strong base for improved buyer confidence and a stronger negotiation position for Syrah.
- Increases to weighted average CIF price to be achieved through improved product mix, higher product grade skewed towards 96% and 97% fixed carbon, finalisation of carried over lower priced 2018 contracts and further geographic diversification of sales book ex China.
- Chinese seasonal production restarts expected from mid Q2 onwards.

BAM

- Initial production of purified spherical graphite in Q2 2019.
- Key elements of BAM commercial plant review to be released during Q2 2019, development timeline scenarios will be driven by funding and partnership options.
- Product development in conjunction with Cadenza continues to focus on production costs and increasing product performance.

Cash

- Q2 2019 planned Group net cash outflow of US$14.5 million plus US$5 million of payments carried over from Q1 2019 for total forecast of US$19.5 million, comprising mainly of:
  - Balama net operating activities and sustaining capital US$12.5 million.
  - BAM spend of US$6 million, majority of which is capital expenditure for the Vidalia plant.
- Forecast cash balance as at end of Q2 2019 ~ US$43 million.

- Net cash outflow profile continues to reduce significantly from $35 million[3] in Q4 2018, to planned US$20 million[4] in Q1 2019, and planned $14.5m[4] in Q2 2019 which includes the last significant period of capital spend for the BAM plant in Vidalia.
- With BAM capital spend largely complete in Q2 2019, increasing production and product mix optimisation at Balama, logistics enabling sales volume growth, and structural cost management actions being implemented, cash draw from operations at Balama and BAM expected to reduce significantly from Q3 2019.
- Debt options continue to be evaluated.

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(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.
(3) Excluding US$6.4 million Share Placement Plan proceeds and US$5.5 million VAT refund.
(4) Q1 2019 actual net cash outflow US$14.7 million, with variance to forecast of ~ US$5 million due to timing difference of payments forecast for Q1 2019 rolling into Q2 2019.

SUSTAINABILITY

Health

- Malaria screening program continued with 3,050 employees and contractors screened with 295 malaria cases treated and averted during the quarter.
- Occupational hygiene monitoring (e.g noise, dust, heat) data for personnel with potential higher workplace exposure risks were well within International Exposure Standards prescribed by the American Conference of Governmental Industrial Hygienists (ACGIH).

Environment

- The Environmental Monitoring Program continued in line with over 200 licence conditions, with zero significant environmental incidents in Q1 2019.
- A review of the Company's Environmental Social Management Plan and Monitoring Program is underway in preparation for the renewal of its Environmental Licence in April 2020.
- As part of Syrah's Tailing Storage Facility (TSF) Governance Framework, the Company has been conducting a review of the Balama TSF over the past 12 months for the potential transition from wet deposition to dry stacking, noting Syrah will align all TSF management strategies with international leading practice. There have been no spills at Balama's TSF and zero non-compliance with environmental laws and regulations.

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 18% are female.
- Sixty grain storage units were constructed as part of the Company's Livelihood Development Program to improve the food security for the Host Community.
- Training commenced at the Balama Professional Training Centre with 30 trainees selected from the Company's Host Communities and trained across work readiness, health promotion, basic mechanical and electrical disciplines.
- Community Sewing Association established at the Balama Professional Training Centre with Host Community members making sample bags and other cloth products for the Balama Graphite Operation.
- Company and employees donations and direct assistance were arranged for the Mozambique Red Cross Appeal to support Cyclone Idai recovery efforts that impacted the city of Beira in the Sofala Province of Central Mozambique in March.

LICENSES

The following table lists the current licenses held by Syrah Resources Limited and its subsidiaries as at 31 December 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	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 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 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. 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*](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.

+Rule 5.5

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	**Quarter ended ("current quarter")**
77 125 242 284	31 MARCH 2019

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	13,828	13,828
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development [(1)]	(2,570)	(2,570)
	(c) production	(14,096)	(14,096)
	(d) staff costs [(2)]	(5,335)	(5,335)
	(e) administration and corporate costs	(538)	(538)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	442	442
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**	**(8,269)**	**(8,269)**

(1) Includes net cash flows 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	(6,458)	(6,458)
	(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**	**(6,458)**	**(6,458)**

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	77,147	77,147
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,269)	(8,269)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6,458)	(6,458)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**62,420**	**62,420**

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	10,903	8,131
5.2	Call deposits	51,517	69,016
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)**	**62,420**	**77,147**

6.	**Payments to directors of the entity and their associates**	**Current quarter US$'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	661
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

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 March 2019, including amounts paid to Cadenza Innovation Inc., a related party of Christina Lampe-Onnerud (Non-Executive Director until 25 March 2019), 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**	**Current quarter US$'000**
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

N/A

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**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)]	6,000
9.3	Production	7,000
9.4	Staff costs [(2)]	5,500
9.5	Administration and corporate costs	1,000
9.6	Other	-
9.7	**Total estimated cash outflows**	**19,500**

(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) Includes staff costs in relation to the Balama Graphite Operation; BAM Project 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: Jennifer Currie .... Date: 29 April 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.