ASX/Media Release

SYRAH RESOURCES

30 January 2018

QUARTERLY ACTIVITIES REPORT – PERIOD ENDING 31 DECEMBER 2017

Headlines

Health and Safety

- Total Recordable Injury Frequency Rate (TRIFR) of 0.8 as at 31 December 2017, a significant improvement versus 2.5 as at 31 December 2016.

Balama Graphite Operation

- First production of bagged saleable coarse and fine flake achieved during the quarter.
- Construction essentially complete with a small team to remain on site during 2018 to manage remaining construction works, installation of attrition cells (to commence late Q1 2018), sustaining capital projects and to provide technical support to the operations team.
- Construction and commissioning team demobilised and project handed over to operations team on 1 January 2018.
- Final project capital cost of US$215 million, previously US$210 million, with increase due to additional resourcing and equipment required to complete construction and commissioning activities.
- >3000 tonnes of bagged saleable graphite produced as at 27 January 2018.
- Targeting cash operating costs of less than US$400 per tonne by the end 2018.
- Balama expansion and optimisation review to be undertaken in 2018.

Sales and Marketing

- Sales agreement signed during the quarter with Zhanjiang Juxin New Energy Materials in China, a spherical graphite and anode materials producer, for 20,000 tonnes of natural graphite in 2018.
- Post quarter end, the following sales and marketing updates were announced:
  - First spot sales agreement with Yichang Xincheng Graphite Co Ltd in China, a leading global producer of specialty expandable graphite.
  - Binding agreement with CS Additive GmbH & Co in Europe, a leading producer of specialty carbon products, for a minimum of 6,000 tonnes in 2018, with volume increasing over the next three years.
  - Confirmation of agency appointment in India with Magus Marketing Pvt Ltd.

  - Syrah restricting activation of certain elements of Chalieco offtake including minimum tonnage supply allowing flexibility to develop the sales book into the Chinese industrial market.
- Graphite sales have commenced and a mix of sales and qualification product has been shipped or scheduled for shipment during January to Europe, China, US, India and Brazil.
- Prices for initial shipments are lower than the basket price inferred by price reporting agencies. As interaction with Syrah's global customer base evolves and product qualification and sales progress, price discovery will develop further.
- First cash flows from sales and qualification products to be received during February 2018.

Battery Anode Material (BAM) Project (status as at 29 January 2018)

- Commercial discussions progressing for alternative sites in Louisiana, following rejection of the previously selected Port Manchac site as not being an appropriate location for further manufacturing facilities.
- Majority of work completed to date is transferable to an alternative site. Long lead items to arrive in Louisiana during Q1 2018.
- Following final site decision, installation of initial milling equipment and required infrastructure is expected to take approximately three months, for first production of milled material.

Finance and Corporate

- Cash on hand US$111.9 million as at 31 December 2017.
- Successfully completed A$110 million (US$87 million) equity raising with proceeds of A$36 million (US$29 million) received from the retail component of the Entitlement Offer during the quarter.
- Targeting positive cash flows from operations at Balama in early H2 2018, previously from late H1 2018, due to minor revision to production ramp-up plan.

SUSTAINABILITY - HEALTH, SAFETY, ENVIRONMENT, PEOPLE AND COMMUNITY

Health, Safety & Security

- Syrah Resources (Syrah or Company) continued its strong health and safety performance at the Balama Graphite Operation (Balama) with a Total Recordable Injury Frequency Rate (TRIFR) of 0.8 as at 31 December 2017, a significant improvement versus 2.5 as at 31 December 2016.
- ISO Pre-Certification Audit for Environment, Health, Safety, and Quality was conducted as planned with auditor feedback indicating the Company is well placed to achieve ISO certification in 2018.

Environment

- The Environmental Monitoring Program continued in line with license conditions with no significant incidents reported in 2017.
- An ecological assessment of the conservation zones adjacent to the mine concession was conducted in line with license commitments.
- As at 31 December, the Company has paid US$2.5 million into the Balama environmental bond for the current end of life mine closure and rehabilitation plan. The total environmental bond will increase to US$6.2 million over time.

People and Community

- During December 1,876 people, including contractors, were employed at Balama, from a peak of approximately 2,300 people during mid 2017.
- As at 31 December 2017, Syrah had 567 direct employees at Balama, of which 90% are Mozambican nationals, with plans to further increase the local employment numbers during 2018 and estimates a steady state work force at full production of approximately 650 people.
- Syrah collaborated with the District Health Authorities at Balama to host a World AIDS Day event, and provided free screening, education and awareness programs to members of the local communities.
- In support of the Provincial Government's agricultural plans for the Balama District, the Company advanced its work on the extensive rehabilitation of irrigation infrastructure adjacent to the Chipembe Dam and completed the clearing of 4.5 kilometres of irrigation channels and the cultivation of approximately 600 hectares of land in preparation for crop planting.
- Remediation works on Chipembe Dam were completed including replacement of dam outlet valves preventing water loss of up to 50,000m^3 per day, repairs to dam access roads and installation of concrete culverts on the dam spillway, providing a major infrastructure improvement to the local community.

BALAMA GRAPHITE OPERATION

Project Costs and Capital Expenditure

During the quarter, US$28.4 million was spent on Balama, with US$17.0 million spent on project development (construction and commissioning) and US$11.4 million spent on working capital.

Total project development expenditure was US$204.8 million as at 31 December 2017 with an additional US$8.5 million committed bringing total actual and committed project development expenditures to US$213.3 million. The total project development capital cost to completion, has been increased to US$215 million from US$210 million mainly due to additional resourcing and equipment required to complete construction and commissioning activities and achieve first saleable production.

The working capital spend of US$11.4 million comprised of US$7.5 million for production ramp-up operating costs and US$3.9 million of sustaining capital expenditures mainly relating to the construction of Tailings Storage Facility (TSF) Cell 1B, and advanced community development expenditures including the Chipembe Dam remediation works and agriculture program.

Sustaining capital expenditures for 2018 are currently forecast at US$7.0 million to US$10.0 million and includes US$2.2 million for the completion of TSF Cell 1B. The Company is currently reviewing the design, cost and timing of TSF Cell 2 and will provide further update when available.

Construction and Commissioning

- All major construction and commissioning activities are essentially complete, with some plant modifications and minor construction works occurring during the ramp-up of production.
- Construction and commissioning teams have been demobilised, and hand-over of the site to the operations team occurred on 1 January 2018.
- A small engineering, construction and commissioning team will remain on site during 2018 to manage the completion of minor construction works, the installation of the attrition cells, sustaining capital projects and to provide technical support to the operations team.
- Attrition cells to produce up to 98% fixed carbon, are on site and civil works completed. Installation is expected to commence late Q1 2018 and become operational in H2 2018.

Production

- First production of bagged saleable coarse flake product was achieved in November and fines flake in December (refer to ASX announcements dated 24 November 2017 and 27 December 2017) with over 3,000 tonnes of bagged saleable graphite produced as at 27 January 2018.
- Process plant is currently producing approximately 150 tonnes of bagged saleable graphite per day, increasing steadily, with the product split of approximately 30% coarse flake and 70% fines, in line with the Company's expectations.
- Product grades in excess of 95% fixed carbon and particle size distribution is within specification.
- Operations team is now focussed on optimising the process plant, including minor plant design enhancements to achieve planned recoveries and stabilise plant production. Key areas of focus include crushing and optimisation of flotation cell performance.
- The plant is operating according to a continuous 7 days a week, 24 hours per day roster, with planned maintenance and optimisation outage periods scheduled periodically.
- Mining operations continue to progress well with pre-stripping of the Balama West ore body complete and steady state ore mining occurring with plant feed grades now averaging approximately 15% total graphitic carbon. A small section of hard rock cap will require drill and blast during H1 2018. Mining is expected to be free dig thereafter.
- Construction of Cell 1B of the TSF continues with completion scheduled for early Q2 2018.
- Target production for 2018 remains at 160,000 to 180,000 tonnes[1] with production ramp-up skewed towards the second half of the year.
- Production in 2019 is expected to be between 250,000 to 300,000 tonnes[1] subject to global market demand.
- Targeting cash operating costs of less than US$400 per tonne by the end of 2018.
- Balama expansion and optimisation review to be undertaken in 2018.
- The Mining Agreement was approved on 29 August 2017 (refer to ASX announcement dated 30 August 2017) with signing and sanctioning still pending, noting the Mining Agreement was not required for the commencement of operations at Balama.

During the optimisation phase, costs of Balama production, offset by any revenues received, will be capitalised on the balance sheet until commercial production is declared. Further details regarding the declaration of commercial production are to be provided as the plant optimisation phase progresses and production ramps up. The criteria to determine the commencement of commercial production will include an assessment against a variety of factors, such as, completion of all major capital expenditures and transfer of control to the operations team, capability of the plant to continuously operate at or near planned throughput levels and design parameters, consistent and stabilised plant production including recoveries, production volumes, quality specifications and operating costs, and satisfaction of commercial scale verification by key customers and end users.

Refer to **Attachment 1** for processing plant pictures.

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

SALES AND MARKETING

Syrah's sales and marketing strategy is to be the baseload supply for major consumers, diversified across segment and geography. Syrah will provide high quality, consistent, and reliable products, targeting the industrial and Battery Anode Material markets.

- Syrah announced a binding sales agreement with Zhanjiang Juxin New Energy Materials Co. Ltd ("Zhanjiang Juxin") (refer to ASX announcement dated 4 December 2017):
  - Zhanjiang Juxin, based in Guangdong Province China, specialises in the production of spherical graphite and anode material for lithium-ion batteries.
  - The Zhanjiang Juxin agreement is for 20,000 tonnes in 2018.
  - Contract is another significant endorsement of Balama's quality and suitability as a baseload material for the battery market.
- Discussions with BTR continue and remain focussed on the development of arrangements in both sales from Balama and supply chain cooperation. First shipment to BTR sailed in early January 2018.
- Optimisation of product placement strategy and negotiations for contracts post commencement of production continue to progress positively.
- Syrah remains focussed on selling natural flake graphite into all geographies and all sectors of the market in accordance with the Company's sales and marketing strategy.
- Toll processing for spherical product opportunities continue to be explored.

First shipment of coarse flake was scheduled to depart on 31 December 2017 from the Port of Nacala, Mozambique (refer to ASX announcement dated 27 December 2017), however was delayed to early January due to rescheduling by the shipping company.

Graphite sales have commenced and a mix of sales and qualification product has been shipped or scheduled for shipment during January to Europe, China, US, India and Brazil. First cash flows from sales and qualification products will be received during February 2018.

As the Company has only recently started producing, shipping and pricing, prices for initial shipments are lower than those reported by third party price reporting agencies. As interaction with Syrah's global customer base evolves and product qualification and sales progress, price discovery will develop further. Syrah's global sales portfolio includes the first ever significant import volumes into China. Prices reflecting global demand for high grade, quality and consistency are expected to increase over time.

Subsequent to quarter end, Syrah announced the following sales and marketing updates (refer to ASX announcement dated 5 January 2018):

- Signing of a first spot sales agreement with Yichang Xincheng Graphite Co Ltd ("Yichang Xincheng"), a leading global producer of specialty expandable graphite, with the intention and understanding, that subject to a successful spot shipment, a long term contract will then be agreed.
- Signing of a binding agreement with CS Additive GmbH & Co ("CS Additive"), a leading producer of speciality carbon products, for a minimum of 6,000 tonnes in 2018, with volume increasing over three years.
- Confirmation of an agency appointment in India with Magus Marketing Pvt Ltd ("Magus Marketing"), where orders have already been received.
- Syrah decision to restrict activation of certain elements of Chalieco offtake including the minimum tonnage supply requirement to allow flexibility to develop the sales book into the Chinese industrial market in a manner better aligned with the Company's strategic objectives.

Refer to **Attachment 2** for sales agreement summary.

General Market Update

End Use Sectors

- Global electric vehicle (battery and plug-in) sales from January to November 2017 rose +51% year-on-year to just over 1 million units. This is the first time more than 1 million electric vehicles have been sold in a single year.
- Nearly half of global electric vehicles sales from January to November 2017 were attributed to China where 498,000 units were sold, rising +69% year on year (YoY). In the other major markets, Europe sold a total of 254,000 electric vehicles (+32% YoY) and USA 187,000 (+28% YoY).
- Lithium-ion battery sales for electric vehicles from January to November 2017 amounted to 29GWh (+89% YoY).
- Flake graphite demand for electric vehicles was approximately 100,000 tonnes in 2017.

2017 was a strong year for global steel production. The World Steel Association announced global steel production for 2017 was 1,691 million tonnes, a 5.3% increase on 2016 levels. Investment in infrastructure in China and a general recovery in Ex-China markets helped support steel demand and the associated natural graphite demand from refractory products.

Supply

- Ongoing enforcement of environmental regulations continued to impact Chinese graphite supply during the quarter.
- In addition to the introduction of carbon emission trading, the Chinese government also replaced the pollutant discharge fee, with a new environmental tax from 1 January 2018.
- Outside of China, Brazilian exports of natural graphite declined slightly in 2017. Total exports of natural graphite were 22,475 tonnes in 2017, a 5% decline on 2016 levels.

Graphite Price[2]

- The global price for large flake graphite, used in refractory and other industrial applications, remained at elevated levels compared to earlier in 2017.
- Prices for minus 100 mesh natural graphite, used in the battery sector, remained relatively stable through the quarter and at levels that challenge the higher cost producers in the industry.
- Prices for uncoated natural spherical graphite remained steady over the quarter. There has continued to be a focus from battery anode manufacturers on increasing the use of natural graphite.
- Although prices of synthetic graphite declined somewhat during the quarter, they remain substantially higher than natural graphite.

Mozambique

- The Mozambique economy continues to improve with inflation trending down and the Metical remaining stable in the last quarter.
- In 2018, the World Bank plans to return funding to a level seen before the recent debt events unfolded, which will provide further positive support for growth in 2018.

(2) Pricing information sourced from third party price reporting agencies.

BATTERY ANODE MATERIAL

Status of Battery Anode Material (BAM) Plant in Louisiana

During the quarter, Syrah progressed further detailed design, site selection, permitting, commercial supply negotiations for the BAM processing facility, and long lead time equipment orders have been placed. Air and water permit applications were submitted to the Louisiana Department for Environmental Quality, who also review and monitor air and water discharges for compliance. Syrah's proposed facility will comply with all relevant environmental regulations. A preferred site had been selected at Port Manchac in South Tangipahoa Parish, Louisiana, and commercial site negotiations were largely complete.

Subsequent to quarter end, the Company announced the rejection of the Port Manchac site as not being an appropriate location for further manufacturing facilities (refer to ASX announcement dated 10 January 2018).

With assistance from Louisiana Economic Development, the Company reviewed a range of options prior to selecting the Port Manchac site, and has subsequently received approaches from a number of alternative sites. The majority of the development, engineering, environmental and commercial work completed to date will be transferable.

Syrah is advancing commercial discussions for these alternative sites, but is yet to finalise a preferred site for the integrated milling and purification operation. The sites under consideration are in industrial manufacturing zones, provide ready access to the necessary supply chain and logistics infrastructure as well as space for future BAM production capacity expansion. Syrah will comply with all relevant environmental regulations at the alternative sites, and will engage with Parish leadership and the local community at the chosen site. Syrah is also considering an option to split initial milling and purification operations, and commence milling flake graphite at a previously identified site.

Long lead equipment for the milling and shaping operations will begin to arrive in Q1 2018. The strategy and timeline for production commencement is subject to finalisation of site decisions, site lease finalisation, and relevant permitting. Installation of the dual line mills, total 5,000 tonnes per annum capacity, and required infrastructure is expected to take approximately three months after arrival of the long lead equipment, for first production of milled material. A Construction Manager has been appointed to oversee project field activities.

During the quarter, US$4.2 million was spent on BAM plant and product research and development activities with key expenditures including plant design and engineering activities and the procurement of long lead items. An additional US$5.6 million was committed bringing total actual and committed expenditures for the quarter to US$9.8 million.

The planned spend of US$40 million for construction of the BAM production facility with 10,000 tonnes per annum milling and purification capacity, and for ongoing Syrah BAM target research testing and development remains unchanged.

BAM Research and Development

- Testing and benchmarking of the electrochemical properties of battery anode materials using Balama material with focus on key variables of physical and chemical properties, composition, structure and performance has been completed.
- The benchmarking study will form the base for Syrah's BAM product roadmap evolution and the next phase of the development plan with further details provided at the end of Q1 2018.
- The Syrah–Cadenza team continued to advance the qualification of potential technology partners to accelerate the introduction of high performance BAM products to the marketplace.

FINANCE AND CORPORATE

Finance

- Cash reserves as at 31 December 2017 were US$111.9 million.
- The Company successfully completed A$110 million (US$87 million) equity raising (refer to ASX announcement dated 10 October 2017) with proceeds of A$36 million (US$29 million) received from the retail component of the Entitlement Offer and 8.5 million new shares issued.
- The Company received US$1.9 million and issued 600,000 ordinary shares following exercise of options during the quarter.
- Targeting positive cash flows from operations at Balama in early H2 2018, previously from late H1 2018, due to minor revision to production ramp-up plan.

Board and Executive Changes

The following changes occurred during the quarter (refer to ASX announcement dated 16 October 2017 and 30 November 2017):

- Appointment of Independent Non-Executive Director, Mr Stefano Giorgini.
- Appointment of Chief Legal Officer and Company Secretary, Ms Jennifer Currie.
- Resignation of Non-Executive Director, Mr Rhett Brans effective 31 December 2017.
- Resignation of Chief Operating Officer (COO), Mr Darrin Strange effective 30 November 2017.

Syrah is currently reviewing the requirements for the COO role taking into consideration the Company's broader geographical remit and has commenced a global search. David Griffiths, General Manager Operations is leading the operational control at Balama, and has over 25 years of mining and processing experience.

LICENSES

The following table lists the current licenses held by Syrah Resources Limited and its subsidiaries as at 31 December 2017:

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

Note 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.

ATTACHMENT 1 – BALAMA OPERATIONS

1. Plant Site

2. Primary Crusher (overhead)

3. Flotation Cells

4. Polishing Mills

5. Filtration

6. Drying, Screening and Bagging

7. Concentrated Graphite in Froth

8. First Saleable Bagged Product

9. Bagged Product in Warehouse

10. Loading Product on Truck

11. First Truck Leaving to Port

ATTACHMENT 2 – SALES AND MARKETING AGREEMENTS

Flake Concentrate

Customer	Type	Region	Product	Tonnes p.a.	Duration	Status
BTR New Energy Materials	Sales Agreement	China	Flake graphite	30,000	1 year	Being operationalised (timing, customer volumes, pricing)
BTR New Energy Materials	MOU	China	Supply chain co-operation	Confidential		
Zhanjiang Juxin New Energy	Sales Agreement	China	Flake graphite	20,000	1 year	Being operationalised (timing, customer volumes, pricing)
Yichang Xincheng Graphite	Sales Agreement	China	Flake graphite	spot	spot	Initial spot sale for expandable graphite, intention for long term contract
Marubeni	Sales Agreement	Japan & Korea	Flake graphite	25,000 30,000	Years 1-2 Years 3-5	Being operationalised (timing, customer volumes, pricing)
Hiller Carbon	Sales Agreement	North America and Mexico	Flake graphite & recarburiser	10,000 to 50,000	3 years renewable annually	Agency and direct sales for traditional markets and recarburiser
MINERALS GmbH	Sales Agreement	Europe	Flake graphite	12,000 to 25,000	5 years	Agency and direct sales for traditional markets only; excluding

						battery and recarburiser markets
European refractory producer	SSI	Europe	Flake graphite	Up to 15,000	10 years	Awaiting commercial production to operationalise contract
CS Additive GmbH	Sales Agreement	Europe	Flake graphite	Min 6,000	3 years	Direct sales for traditional markets and recarburiser
Magus Marketing Pvt Ltd	Agency Agreement	India	Flake graphite			Agency and distribution for traditional markets
Chalieco	Offtake	China	Flake graphite		3 years	Syrah decision not to activate certain offtake elements incl min tonnage supply

Battery Anode Material

Customer	Type	Region	Product	Tonnes p.a.	Duration	Status
Marubeni	Offtake	Japan & Korea	Uncoated spherical graphite	50,000	5 years	Ongoing sample testing and customer engagement. Awaiting production from US plant
Morgan Hairong	Offtake	China	Uncoated spherical graphite	2,000	3 years	Awaiting production from US plant
Morgan Hairong	Marketing	China	Coated and uncoated spherical graphite	7,000	3 years	Awaiting production from US plant

Note: Typically, 2 tonnes of flake concentrate are required to produce 1 tonne of spherical graphite

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About Syrah Resources

Syrah Resources Limited (ASX code: SYR) is an Australian-based industrial minerals and technology company. Syrah is currently constructing the Balama Graphite Project (Balama) in Mozambique, with construction substantially complete. Syrah produced its first saleable flake graphite product in November 2017. 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 developing a downstream Battery Anode Material plant in Louisiana, USA. Syrah has successfully completed extensive product certification test work with several major battery producers for the use of Balama spherical graphite in the anode of lithium ion batteries. For further information, visit www.syrahresources.com.au

Forward Looking Statement

This document contains certain forward-looking statements. The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" 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 DECEMBER 2017

Consolidated statement of cash flows		Current quarter US$'000	Year to date (12 months) US$'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(29,247)	(108,822)
	(c) production	-	-
	(d) staff costs(1)	(6,708)	(20,095)
	(e) administration and corporate costs	(1,981)	(7,208)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	297	1,177
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**	**(37,639)**	**(134,948)**

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

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(18)	(49)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		**Current quarter US$'000**	**Year to date (12 months) US$'000**
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	(1,258)	(2,505)
2.6	**Net cash from / (used in) investing activities**	**(1,276)**	**(2,554)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares[(2)]	29,201	86,542
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	1,863	1,863
3.4	Transaction costs related to issues of shares, convertible notes or options	(1,375)	(3,231)
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**	**29,689**	**85,174**

[(2)] Represents gross USD proceeds received from the retail component of a 1 for 10.5 pro rata accelerated non-renounceable entitlement offer announced on 19 September 2017, with the retail offer closing on 5 October 2017. (refer ASX announcement dated 10 October 2017)

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	**121,223**	163,297
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(37,639)	(134,948)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,276)	(2,554)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	29,689	85,174
4.5	Effect of movement in exchange rates on cash held	(98)	930
4.6	**Cash and cash equivalents at end of period**	**111,899**	**111,899**

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	15,709	59,952
5.2	Call deposits	96,190	61,271
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)**	**111,899**	**121,223**

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	886
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 December 2017, including amounts paid to Cadenza Innovation Inc., a related party of Christina Lampe-Onnerud (Non-Executive Director), as part of the Technology Development and Services agreement (refer ASX announcement dated 31 July 2017); and amounts paid to Sal & Caldeira Advogados a related party of José Caldeira (Non-Executive Director)

7.	**Payments to related entities of the entity and their associates**	**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[3]	27,000
9.3	Production	-
9.4	Staff costs	6,100
9.5	Administration and corporate costs	1,900
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**35,000**

[3] Includes project development, commissioning and production ramp-up costs for the Balama Project

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: 30 January 2018
(Company secretary)

Print name: Jennifer Currie

Notes

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