



---

**QUARTERLY ACTIVITIES REPORT – PERIOD ENDING 30 SEPTEMBER 2017**

---

**Headlines****Health & Safety**

- Strong health and safety record continues, achieved over 1.8 million hours worked without a lost time injury
- Total Recordable Injury Frequency Rate (TRIFR) of 1.2

**Balama Graphite Project (status as at 30 October)**

- Construction substantially complete
- Front end commissioning and infrastructure completed
- First production of intermediate flake and fines product achieved
- First production of bagged saleable flake product expected in second half November 2017

**Battery Anode Material (BAM) Project**

- BAM strategy update with incremental investment to accelerate commercial production
- Detailed engineering, permitting and site finalisation underway and long lead items ordered
- Testing and benchmarking of the electrochemical properties of battery anode materials using Balama product continues

**Sales and Marketing**

- Sales agreement signed with BTR New Energy Minerals, the world's largest manufacturer of battery anode materials, for 30,000 tonnes of graphite in the first year of production
- Optimisation of product placement strategy underway, negotiations for contracts post commencement of production continue

**Finance and Corporate**

- Completed Institutional Placement and Entitlement during the quarter raising US\$57 million
- Completed Retail Entitlement offer post quarter end raising an additional US\$29 million
- Mining Agreement approved, with gazetting, signing and court sanctioning as next steps



---

## **SUSTAINABILITY - HEALTH, SAFETY, ENVIRONMENT, PEOPLE AND COMMUNITY**

### **Health, Safety & Security**

- Syrah Resources (Syrah or Company) continued its strong health and safety performance with the Balama Graphite Project (Balama Project) achieving over 1.8 million hours worked without a lost time injury and a Total Recordable Injury Frequency Rate (TRIFR) of 1.2
- ISO Pre-Certification Audit for Environment, Health and Safety, and Quality planned in Q4 2017 with final certification targeted for 2018

### **Environment**

- The Environmental Monitoring Program continued in line with license conditions with no significant incidents reported during 2017
- Annual External Environmental Audit during the quarter identified zero non-compliances across more than 200 environmental license conditions, with the lead auditor stating that the Company demonstrated a high level of commitment in effort and resources to designing and installing world-class facilities for environmental protection at the Balama Project

### **People and Community**

- 2,120 people are currently employed on the Balama Project, 600 being direct Syrah Resources employees, of which 50% are employed from the eight Host Communities local to the Mining Concession, and 86% Mozambican nationals
- Site selection complete for the Balama Training Centre with establishment works to commence in Q4 2017, providing training to 500 local people from the Host Communities over the next five years
- In support of the Provincial Government's agricultural plans for the Balama District, the Company commenced work on the extensive rehabilitation of irrigation infrastructure adjacent to the Chipembe Dam, including the clearing of 4.5 kilometres of irrigation channel and cultivation of approximately 600 hectares of land in preparation for crop planting. To date approximately 1.2 kilometres of the irrigation channel has been cleared and approximately 90 hectares of land cleared

### **Board and Executive Appointments**

The following appointments have been made (refer to ASX announcement dated 16 October 2017)

- Independent Non-Executive Director – Stefano Giorgini is a finance executive with over 30 years extensive experience in the resource sector including finance, risk management, audit committee and governance
- Chief Legal Officer and Company Secretary – Jennifer Currie is an experienced ASX listed General Counsel and Company Secretary who has worked across a broad range of industries



---

## **BALAMA GRAPHITE PROJECT**

### **Costs**

During the quarter, US\$25.4 million was spent on the Balama Graphite Project (Balama Project), resulting in total project development expenditures of US\$187.7 million as at 30 September 2017. An additional US\$14.4 million in development expenditures were committed as at the end of the quarter, which brings total actual and committed capital expenditures to US\$202.1 million.

Following the revised schedule of first saleable product, the estimated total project capital cost at completion has increased to US\$210 million from US\$205 million mainly due to owner's team holding costs and additional resourcing.

### **Production Schedule**

- First production of bagged saleable flake product expected during the second half of November 2017 (refer to ASX announcement dated 18 October 2017)
- Production for calendar year 2018 is expected to be between 160,000 to 180,000 tonnes with production ramp up skewed towards the second half of the year (previously 140,000 to 160,000 tonnes first year to August 2018)
- Calendar year 2019 production expected to be between 250,000 to 300,000 tonnes subject to global market demand
- Continuing to see strong demand growth to support a ramp up of production to name-plate capacity of 350,000 tonnes per annum over time

### **Project Construction and Commissioning**

Given the recent ASX updates, the following discussion regarding the Balama Project construction and commissioning progress is to 30 October 2017.

#### **Construction**

- All major project construction works are now substantially complete, remaining construction activities limited to minor electrical and instrumentation works and other construction punch list items
- Construction of Chipembe Dam pipeline (14 kilometres) and pump station is structurally complete
- Attrition cells are on site and civil works completed, with installation to commence after construction completion of the flake and fines circuit
- Syrah continues to maintain additional supervision and resourcing to assist with finalisation of construction activities

**Commissioning**

- Commissioning sequence is prioritised for initial production of coarse flake
- Commissioning is progressing well and aided by the successful commissioning of the onsite power station
- As at 30 October, full ore commissioning of the combined crusher, primary mill, scrubber, classification, thickener and tails disposal to the tailings storage facility is complete and optimisation work is underway
- Ore commissioning of the flotation circuit has commenced with first production of intermediate flake and fines product achieved in October
- Chipembe Dam pipeline will be available for use in early November 2017 and sufficient water is available on site to support the operation of the processing plant
- Equipment vendors are on site in preparation for the commencement of commissioning of the filtration, drying, screening and bagging circuits

Refer to **Attachment 1** for Balama Commissioning Overview

**Transition to Operations**

- All operation and maintenance required personnel are on board and fully trained ready for operations including training conducted by graphite specialists from Brazil
- Operations personnel assisting on commissioning and other activities
- An experienced graphite technical team has been established to support operations
- The asset management system has been established with all planned maintenance schedules and activities fully developed
- The mining contractor has illustrated excellent operational performance with initial mine development and the stockpiling of mineralised ore onto the ROM stockpile complete, ready for production
- Laboratory scale samples continue to be produced and were distributed to key customers during the quarter and testing continues to show excellent results with concentrate being produced in excess of 95% Total Graphitic Carbon (TGC)



## Processing Plant

The Balama processing plant will use conventional processes including:

- Primary crushing/ crushed ore storage/ recycled crusher
- Primary milling
- Flotation and attrition
- Secondary milling and classification
- Filtration, flake and fine drying
- Classification and product bagging

Waste material will be pumped to the Tailings Storage Facility (TSF) after the graphite flotation process.

Refer to **Attachment 2** for sections of the processing plant and images

## Mine and Processing Plant Support Infrastructure

### General Overview

Supporting infrastructure is complete and ready for operations including;

- Power station – fully commissioned and operational
- Fuel storage facility
- Main laboratory
- Accommodation village – 750 person capacity
- Product storage facility
- Main administration building
- First cell of the TSF
- Grindrod (distribution and logistics service supplier) interim cross docking facility, road haulage and other equipment established. Construction of the permanent cross docking facility in Nacala commenced at the end of July

Refer to **Attachment 3** for sections of the mine and process plant infrastructure and images



---

## Mining Agreement

- Negotiation of a Mining Agreement has been finalised with the Ministry of Mineral Resources and Energy of the Republic of Mozambique following its approval at the Council of Ministers weekly ordinary session meeting held on 29 August 2017 (refer to ASX announcement dated 30 August 2017)
- All relevant permits and authorisations for the commencement of operations and export of graphite product are already in place
- The remaining steps are for the Mining Agreement to be gazetted and signed by Syrah's wholly owned subsidiary, Twigg Exploration and Mining Limitada (Twigg) and the Minister of Mineral Resources and Energy. It will then be presented to the Administrative Court in Mozambique for sanctioning, after which it will become binding and enforceable

Refer to **Attachment 4** for the Mining Agreement key commercial and other terms

## DOWNSTREAM STRATEGY

- During the quarter, the Company announced an updated Battery Anode Material (BAM) strategy following recent developments in the Company's view of technology, commercial options and feedback from the Company's client base. This has generated two significant opportunities for the first phase BAM production facility in Louisiana
  - An earlier potential for BAM sales and related value-added products with first production of qualification product targeted in Q2 2018 and commercial production targeted in Q4 2018
  - Design optionality to allow for the upscaling of the BAM plant to produce commercial volumes (>10,000tpa) and the development of multiple spherical and value-added products versus the previous plan to build a BAM plant that would produce up to 2.5ktpa of battery anode material solely for qualification purposes
- Revised planned capital spend of US\$40 million with funding from existing cash reserves and allocation from the capital raise to support the additional BAM production capacity and product options
- Ongoing technology and client development work with the first phase BAM plant informing further commercial production opportunities
- Sample provision and commercial negotiation with multiple potential customers continues



## **Status of Battery Anode Material (BAM) Plant in Louisiana**

- As highlighted above this initial investment will support both the production of Battery Anode Material for customer product qualification efforts as well as Battery Anode Material and other graphite products for sale to multiple potential clients
- Syrah's BAM Project will be located in Louisiana, allowing the Company to service the fast growing North American battery industry and providing sea freight access to export markets
- Within Syrah's wholly owned US entity, Syrah Technologies LLC, the BAM plant site commercial lease, detailed engineering design and construction planning activities are well underway
- Orders have been released for the long lead equipment items
- Air and water discharge permitting is underway
- Critical BAM leadership team and key staff positions in project and operational roles are being filled

## **BAM Research and Development**

- Syrah and Cadenza Innovation Inc (Cadenza) commenced activities under the technology service agreement
- Testing and benchmarking the electrochemical properties of battery anode materials using Balama material is continuing
- Benchmarking will inform the evolution of Syrah's BAM product roadmap, the first generation expected to be completed in Q1 2018
- The Syrah-Cadenza team is engaging with potential technology partners to accelerate the introduction of high performance BAM products to the marketplace
- Spend during the quarter was for resourcing and capital for graphite anode and battery cell testing



---

## **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 was pleased to announce a binding sales agreement with Jixi BTR Graphite Industrial Co. Ltd., a wholly owned subsidiary of Shenzhen BTR New Energy Materials (BTR) (refer to ASX announcement dated 08 September 2017)
  - BTR is the world's largest manufacturer and leader of technology development of battery anode materials for lithium-ion batteries
  - The BTR agreement is for 30,000 tonnes of graphite from the Balama operation in the first year of production, all other terms of the agreement are confidential
  - Contract is a significant endorsement of Balama's quality and suitability for the battery market
  - Positive discussions with BTR continue and remain focussed on the development of arrangements in both sales from Balama and supply chain cooperation
- Optimisation of product placement strategy underway, negotiations for contracts post commencement of production continue
- Negotiations underway regarding sales to further Chinese spherical and battery anode producers
- Toll processing for spherical product opportunities continue to be developed
- Negotiations underway for contracts in traditional markets to be implemented following commencement of production
- During the quarter, the Company opened its Dubai marketing office which is strategically located to link the Mozambique and USA production sites and service its global customer base





## General Market Update

### End Use Sectors

- Global electric vehicle (battery and plug-in) sales from January to August rose 42% year-on-year to 620,000 units
- Traditional auto-makers announcing significantly increased electric vehicle production. The announcements exceed our internal forecasts, and illustrate the strong demand growth outlook for natural graphite material used in vehicle batteries
- The global steel market continues to perform well, which is driving natural graphite consumption for refractory and recarburiser applications. The World Steel Association announced global steel production was 144 million tonnes in August 2017, a 6.5% increase compared to August 2016. China's crude steel production for August 2017 was 74.6 million tonnes, an increase of 8.7% compared to August 2016. Global capacity utilisation rate remains above 70%

### Supply

- In China, supply constraints of larger flake material are becoming increasingly apparent due to the ongoing focus of the environmental performance of mining operations
- Shandong, a major natural graphite producing province, has been the focus of environmental inspectors with news of the closure of several mines received from multiple industry sources

### Graphite Price

- The price for larger sized flake graphite used in refractory applications has risen given the demand from the steel sector and the supply constraints in China. This has led to an average 20%-30% increase over the quarter
- Prices for minus 100 mesh natural graphite used in the battery sector continue to improve as well, although less sharply given the availability of fines material in China
- Prices for natural spherical graphite increased by approximately 10% over the quarter. There has been an increased focus from battery anode manufacturers on increasing the concentration of natural graphite given the recent sharp rise in synthetic graphite prices

### Mozambique

- The Mozambique economy continues to improve with inflation continuing to trend down and the Metical remaining stable in the last quarter



## FINANCE

- Cash reserve as at 30 September 2017 was US\$121 million and excludes proceeds from the Retail Entitlement Offer of approximately US\$29 million (A\$36 million) before costs, received subsequent to quarter end
- On 19 September 2017, Syrah announced a fully underwritten A\$110 million capital raising comprising of a placement to raise approximately A\$25 million and a 1 for 10.5 pro rata accelerated non-renounceable Entitlement Offer to raise approximately A\$85 million
- Syrah successfully completed the Institutional Placement and Institutional Entitlement Offer raising approximately US\$57 million (A\$74 million) before costs, and subsequent to the quarter end, completed the Retail Entitlement Offer raising approximately US\$29 million (A\$36 million), before costs
- The proceeds from the equity capital raising will be used to fund:
  - Net working capital and costs associated with the ramp-up of production of the Balama Project to positive cash flows;
  - Project development and other costs associated with the commercial acceleration of the Company's BAM strategy; and
  - Other corporate, general and administrative costs
- Syrah considered an equity capital raising to be in the best interests of the Company and shareholders, relative to the cost and potential restrictions of debt financing options
- The Company will continue to review debt financing options as the Balama Project ramps up production and end-use markets develop to pursue further strategic priorities

## LICENSES

The following table lists the current licenses held by Syrah Resources Limited and its subsidiaries as at 30 September 2017:

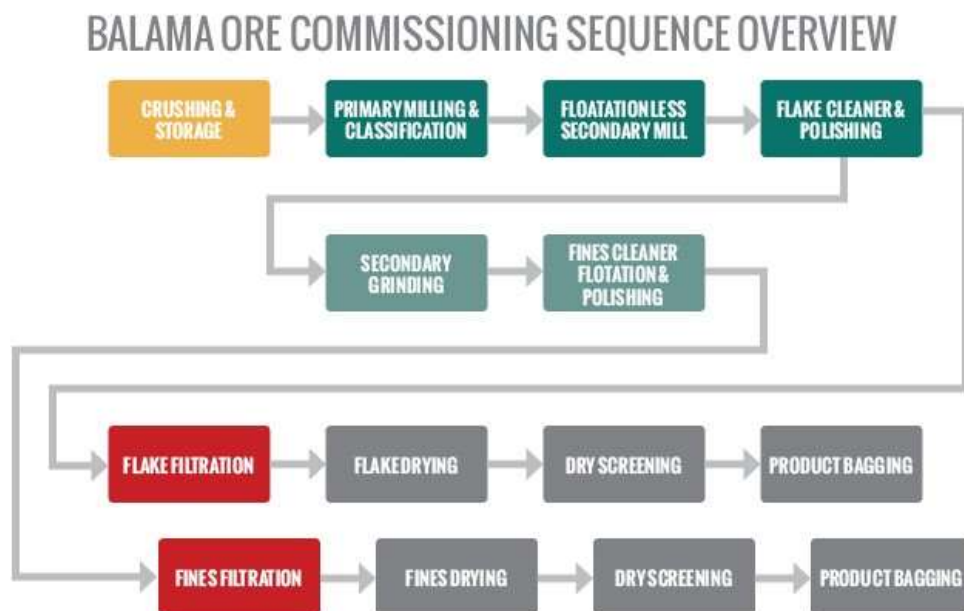
Project	License Number	License Type	Country	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
Balama	6432C	Mining Concession	Mozambique	-	-
Balama <sup>1</sup>	5684L	Exploration	Mozambique	-	-

Note 1: Syrah has entered into a Tenement Sale Agreement (TSA) for the acquisition of a tenement (Tenement) in Balama from 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.



## ATTACHMENT 1 – BALAMA COMMISSIONING OVERVIEW

Commissioning is being undertaken using a sequential approach as illustrated in the figure below.



Commissioning of the Processing Plant commenced in May 2017. Commissioning will be staged to be completed in parallel with construction completion. The stages used in the Commissioning are C1 to C4:

- Construction Verification (C0)
- Dry Commissioning (C1) – No-load energisation
- Wet Commissioning (C2) – Running with water and air
- Ore Commissioning (C3) – Initial introduction of ore
- Optimisation (C4) – Tuning to enable capacity and product specifications to be achieved

The commissioning team energise and test all equipment and systems to ensure that each individual item is correctly installed and functioning as designed. The equipment is subsequently tested in larger integrated sections until the entire facility has demonstrated stable operation.



## **ATTACHMENT 2 – BALAMA PROCESSING PLANT (as at 30 October)**

### **1. Ore Bin**



- Construction complete
- Ore commissioned and ready for operations

### **3. Flotation**



- Construction complete
- Ore commissioning has commenced

### **2. Primary Scrubbing/ Milling/ Classification**



- Construction complete
- Ore commissioned and ready for operations

### **4. Secondary Mill and Classifier**



- Construction complete
- Commissioning to commence shortly





## 5. Screening and Polishing Mills



- Construction nearing completion
- Minor electrical and instrumentation works remaining

## 6. Filtration



- Construction nearing completion
- Minor electrical and instrumentation works remaining

## 7. Drying, Screening and Bagging



- Construction nearing completion
- Minor electrical and instrumentation works remaining
- Vendors on site in preparation for the commencement of commissioning

## First Production of Intermediate Flake and Fines Concentrate



- First production of flake and fines concentrate achieved in October



## **ATTACHMENT 3 – MINE SUPPORT INFRASTRUCTURE**

### **15.4 MW Power Station**



- Commissioned and operational

### **Process Water Storage and Supply**



- Commissioned and operational

### **Laboratory**



- Commissioned and operational

### **Finished Product Storage**



- Completed and ready for operations





## **Bulk Fuel Facility**



- Commissioned and operational
- 700,000 litres of fuel available

## **Run of Mine (ROM) Pad**



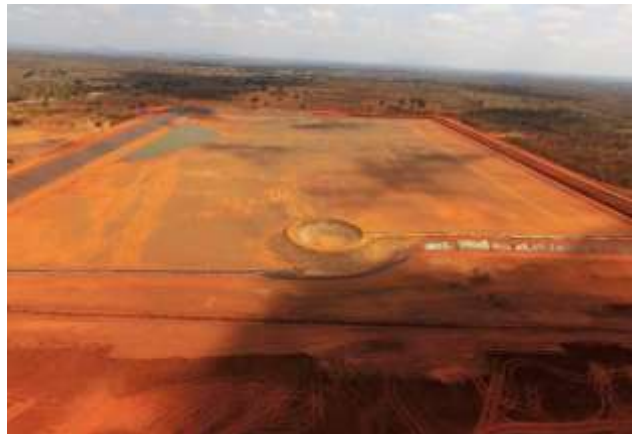
- ROM pad complete and is in use for ore commissioning activities

## **Chipembe Dam Pipeline and Pump Station**



- Construction of pipeline and pump station structurally complete
- Commissioning to commence shortly

## **Tailings Storage Facility**



- Cell 1A completed and ready for operations
- Cell 1B under construction



## **ATTACHMENT 4 – MINING AGREEMENT TERMS**

### **Key Commercial Terms**

- Mining Agreement covers the mining of both graphite and vanadium and will be valid until 2038
- The mining rights for the Balama Project will be grandfathered under the provisions of the Mining and Taxation Laws in force in 2013 when the Mining Concession was issued
- Fiscal Regime:
  - 3% production tax (ie sales royalty) payable quarterly based on the value of sales product, calculated as the FOB Mozambique price less any impurity discount and transport and handling from the mine to the first of the point of sale or port of export
  - 32% corporate tax rate, assessed annually with three advance payments on account (based on 80% of the prior year corporate income tax liability) due in May, July and September of the respective tax year
- Application of Mega Projects Law:
  - 5% non-diluting free carried equity interest in Twigg to be made available to a Mozambique Government entity
  - One off obligation to offer at market value up to 10% of the equity of Twigg to investors on the Mozambique stock exchange within five years from the commencement of commercial production
  - Sharing of extraordinary direct benefits where the Balama Project generates annually, for three consecutive years, after-tax free cashflows exceeding 2.54 times the cumulative historic capital employed on the Balama Project with half of any benefit above the baseline return shared with the Mozambique Government and the other half retained by the Company for investment in Mozambique

### **Other Terms**

- Commitment to spend US\$15 million over the term of the Mining Concession (due to expire on 6 December 2038) on community development initiatives, with US\$4 million to be spent in the first five years from signing the Community Development Agreement (signed on 6 June 2017)
- Commitment to progressively increase the percentage of Mozambican nationals employed by the Balama Project over a five year period. Over 86% of current workforce are Mozambican citizens which exceeds the local employment obligations under the Mining Agreement





## ATTACHMENT 5 – SALES AND MARKETING AGREEMENTS

### Flake Concentrate

Customer	Type	Region	Product	Tonnes p.a.	Duration	Status
Chalieco	Offtake	China	Flake graphite	80,000	3 years	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
Marubeni	Sales Agreement	Japan & Korea	Flake graphite	25,000 30,000	Years 1-2 Years 3-5	Being operationalised (timing, customer volumes, pricing)
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
BTR New Energy Materials	Sales Agreement	China	Flake graphite	30,000	1 year	
BTR New Energy Materials	MOU	China	Supply chain co-operation	Confidential		

**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 is required to produce 1 tonne of spherical graphite

For further information contact Investor Relations

**Nova Young**

Contact: +61 422 575 530

Email: [n.young@syrahresources.com.au](mailto:n.young@syrahresources.com.au)

**John Knowles**

Contact: +61 419 893 491

Email: [j.knowles@syrahresources.com.au](mailto:j.knowles@syrahresources.com.au)

**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 Project) in Mozambique, with construction nearing completion and commissioning activities having commenced in May 2017. Balama Project will be the leading global producer of high purity graphite. Balama Project 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 Project 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" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements in this presentation include statements regarding: the timetable and outcome of the equity offer and the use of the proceeds thereof; the capital and operating costs, timetable and operating metrics for the Balama Project; the viability of future opportunities such as spherical graphite, future agreements and offtake partners; future market supply and demand; and future mineral prices. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This presentation contains such statements that are subject to risk factors associated with the mineral and resources exploration, development and production industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to the following risks: dependence on commodity prices, availability of funding, impact of inflation on costs, exploration risks, including the risks of obtaining necessary licences and diminishing quantities or grades of reserves, risks associated with remoteness, environmental regulation risk, currency and exchange rate risk, political risk, war and terrorism and global economic conditions, as well as earnings, capital expenditure, cash flow and capital structure risks and general business risks. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. The forward-looking statements in this presentation speak only as of the date of this presentation. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, the Company disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this presentation to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this presentation will under any circumstances create an implication that there has been no change in the affairs of Syrah since the date of this presentation.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

SYRAH RESOURCES LIMITED

### ABN

77 125 242 284

### Quarter ended ("current quarter")

30 SEPTEMBER 2017

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(28,531)	(79,575)
(c) production	-	-
(d) staff costs <sup>(1)</sup>	(5,502)	(13,387)
(e) administration and corporate costs	(1,628)	(5,227)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	361	880
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(35,300)</b>	<b>(97,309)</b>

<sup>(1)</sup> Includes staff costs in relation to project development and corporate & administration functions

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(18)	(30)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
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	-	(1,248)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(18)</b>	<b>(1,278)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares <sup>(2)</sup>	57,341	57,341
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	(1,856)	(1,856)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>55,485</b>	<b>55,485</b>

<sup>(2)</sup> Represents gross USD proceeds received from an institutional placement and the institutional component of a 1 for 10.5 pro rata accelerated non-renounceable entitlement offer (refer ASX announcement dated 21 September 2017). Proceeds from the retail component of the entitlement offer were received during October 2017 (refer ASX announcement dated 10 October 2017)

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	<b>100,833</b>	163,297
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(35,300)	(97,309)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18)	(1,278)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	55,485	55,485
4.5	Effect of movement in exchange rates on cash held	223	1,028
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>121,223</b>	<b>121,223</b>

5.	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	59,952	6,602
5.2	Call deposits	61,271	94,200
5.3	Bank overdrafts	-	-
5.4	Other – Security deposits	-	31
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>121,223</b>	<b>100,833</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
US\$'000**

1,185

-

The above related party payments include salaries, superannuation, advisory and consultancy fees paid to directors and/or director related entities during the quarter ended 30 September 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)

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
US\$'000**

-

-

N/A

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

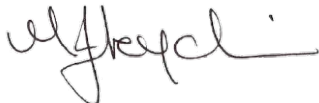
9. <b>Estimated cash outflows for next quarter</b>	US\$'000
9.1 Exploration and evaluation	-
9.2 Development <sup>(3)</sup>	30,000
9.3 Production	-
9.4 Staff costs	7,100
9.5 Administration and corporate costs	1,700
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>38,800</b>

<sup>(3)</sup> Includes project development, commissioning and production ramp-up costs for the Balama Project

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  .....  
(Company secretary)

Date: 31 October 2017

Print name: Melanie Leydin

**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.