

21 September 2015



SYRAH ANNOUNCES PROJECT DEVELOPMENT UPDATE

INTRODUCTION

Syrah Resources Limited (ASX: SYR, Syrah or the Company) is pleased to provide an update regarding its development and marketing activities for the Balama Project in Mozambique.

Highlights:

- **Production from the Balama Project by Q1 2017 remains on track**
- **Detailed engineering design is progressing as planned**
- **Construction License has been approved and bulk earthworks for the processing plant and access road has commenced; design for the civil works is well advanced**
- **Long lead capital equipment items identified and will be ordered in the upcoming months**

During September 2015, Syrah successfully completed a fully underwritten A\$211 million capital raising to advance the development of the Balama Project. A Feasibility Study completed during May 2015 confirmed that the Balama Project will be a first quartile producer due to its high grade and extremely low stripping ratio.

The processing plant will have a feed rate of 2 million tonnes per annum with an average head grade of approximately 19% total graphitic carbon (TGC) over the first 10 years of operations, resulting in installed capacity of 356,000 tonnes of +95% TGC concentrate per annum.

Balama will be the largest producer of graphite globally and ideally positioned to meet the anticipated increase in demand from lithium ion battery applications, as well as servicing traditional graphite markets. Syrah is now focused on ensuring project activities in Mozambique are delivered on time and on budget.

In addition, the Company's marketing activities continue to progress well, with strong support and demand for Balama's high quality graphite products being seen in key markets. These marketing activities are being supported by an experienced team focused on product development and customer testing / qualification requirements across a range of sectors.

Syrah's Managing Director, Tolga Kumova said *"The completion of a fully underwritten capital raising during volatile financial markets and a general commodities downturn reaffirms the confidence of*

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global investors in the strength of the Balama Project and the fundamentals of the graphite market. The project development, operational and marketing teams are now working closely together to ensure the successful construction and ramp up of the Balama Project by Q1 2017, and to establish Syrah as the leading and largest producer of high quality graphite products in the world."

DEVELOPMENT ACTIVITIES

Key project development activities currently in progress or being planned include:

PROCESS PLANT

- Farmland relocation and land clearing for the construction of the processing plant (including crushing, grinding, flotation, filtering and drying of the concentrate and product storage areas) successfully completed in August 2015
- Construction License has been approved by the Mozambican authorities and bulk earthworks for the processing plant site and access road has commenced, with substantial completion targeted prior to the wet season in November 2015. Design for the civil works is well advanced
- Front End Engineering Design (FEED) on the processing plant has been completed and detailed engineering design is now underway and is being conducted by CPC Engineering
- Successful trials have been undertaken to determine the optimal drying, filtering and thickening equipment and the majority of vendor test work has been completed

PROCUREMENT & CONTRACTS

- Long lead capital equipment items have been identified and will be ordered in the upcoming months
- Issuing of tenders for the procurement of the Balama Project Power Station
- Long term service contracts for catering and medical support have been awarded; expressions of interest are currently being sought for the mining, fuel supply and product transport contracts

OTHER ACTIVITIES

- Continuation of operational procedures and systems development, including commissioning and operational readiness planning
- Appointment of a Construction Manager, Civil Superintendent, Environmental Specialist and Mine Services Manager to support the expansion in project activities in Mozambique
- Ongoing social responsibility projects for local communities and the development of positive relationships with key stakeholders

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Figure 1: Cleared site for the Balama processing plant



Figure 2: Community water facility installed at a local village by Syrah

Activity	2015				2016												2017		
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
BALAMA PROJECT																			
Detailed design																			
Commitment to long lead capital items																			
Farmland relocation and land clearing																			
Process plant bulk earthworks and roads																			
Civil works																			
Process plant construction																			
Power generation																			
Water supply																			
Mining operations																			
First ore feed and process commissioning																			
Production / Ramp up																			

Figure 3: Balama Project development timeline

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About Syrah Resources

Syrah Resources (ASX code: SYR) is an Australian resource company that is rapidly progressing its flagship Balama Graphite and Vanadium Project in Mozambique to production. The Project hosts the largest graphite ore reserves in the world with an Australasian Joint Ore Reserves Committee (JORC) compliant Ore Reserve of 81.4 Mt at 16.2% total graphitic carbon. Balama is a 110 km² granted Mining Concession located within the Cabo Delgado province in the district of Namuno in northern Mozambique. The Project is approximately 260 km by road west of Pemba and is accessible by a sealed, main road, running directly from Pemba Airport. The Port of Nacala is approximately 490 km by road south east of the Project and is the deepest port in Southern Africa.