

18 January 2016



SYRAH SIGNS STATEMENT OF SALES INTENT WITH HILLER CARBON

INTRODUCTION

Highlights:

- **5 year Statement of Sales Intent signed with Hiller Carbon LLC (Hiller Carbon), a leading supplier of raw materials to North American steel producers**
- **Hiller Carbon will be granted exclusive rights to sell Balama natural graphite recarburiser (Balama recarburiser) in the United States, Canada and Mexico (Territory)**
- **Hiller Carbon intends to purchase between 25,000 tonnes and up to 35,000 tonnes of Balama recarburiser per annum for resale in the Territory**
- **This agreement provides synergies with Syrah's Proposed Spherical Graphite Facility in the United States, which will also produce high quality recarburiser**
- **Balama recarburiser was recently qualified through commercial scale test work by a major global steel producer**

STATEMENT OF SALES INTENT

Syrah Resources (ASX:SYR) is pleased to announce that it has signed a Statement of Sales Intent (SSI) with Hiller Carbon LLC (Hiller Carbon - www.hillercarbon.com), a leading supplier of raw materials to North American electric arc furnace (EAF) steel producers and other customers in the paper, foundry, lime, industrial, polymer and chemical sectors. Their areas of expertise include:

- carbon products
- operation of carbon processing and milling operations
- supply chain management, including transportation logistics; and
- product quality management.

Syrah Managing Director, Mr. Tolga Kumova commented: *“We are very excited to be working with Hiller Carbon to market Balama recarburiser in North America. This agreement supports our belief that Balama natural graphite is an ideal product for the EAF steel industry, which requires a high quality carbon additive with low impurities. In addition, this agreement is also highly synergistic with our Proposed Spherical Graphite Facility in the United States, which will produce recarburiser manufactured specifically to exacting standards of EAF steel customers. The ability to access the North American recarburiser market will create another revenue stream for the Proposed Spherical Graphite Facility.”*

Key terms

The SSI will be valid for a 5-year period with prices negotiated between Syrah and Hiller Carbon on an annual basis for the upcoming year. Hiller Carbon intends to purchase between 25,000 tonnes and up to 35,000 tonnes of Balama natural graphite recarburiser (Balama recarburiser) per annum for resale. Both parties expect that these volumes will continue to grow over time. Hiller Carbon will be granted exclusive rights to sell Balama recarburiser in the United States, Canada and Mexico (Territory). The parties will work towards a binding agreement as development of the Balama Project advances.

Syrah and Hiller Carbon will also investigate the potential to market Balama natural graphite in other (non-battery) value add markets in the Territory.

Hiller Carbon Chief Executive Officer, Mr. Martin Hiller commented: *“We are very pleased to be granted the exclusive recarburiser marketing opportunity in North America. Existing and new Hiller Carbon customers will benefit greatly from a powerful combination of quality, supply reliability and transportation logistics. A proposed Syrah Resources processing facility represents a strong commitment to the steel industry in North America.”*

EAF steel industry

The Steel Industry has transitioned much of its production from iron-ore based Blast Furnace/Basic Oxygen Furnace (BOF) to majority EAF melting. The EAF's melt 80-100% scrap plus an iron component. They feature highly competitive, modern low cost facilities and flexible production capabilities. Through technology, EAF steel quality now matches the engineered quality grades previously produced only in the BOF. These grades continue to develop rapidly.

High quality recarburiser is therefore becoming an increasingly important additive during the downstream Ladle Refining Furnace (LRF) process, common to all steelmaking. The engineered steel grades specify carbon solutions with ultralow impurity levels. Balama recarburiser meets the new LRF stringent carbon addition requirements with its high purity, fast and reliable solution rate and consistent sizing. Domestic recarburiser production provides a solid, secure logistics chain. These key attributes will differentiate Balama recarburiser as key ingredient for production of the highest quality engineered steel grades.

Balama recarburiser has recently been successfully qualified through commercial scale test work by a major global steel producer. Syrah will seek to finalise an agreement with this major global steel producer to provide Balama recarburiser for its facilities around the world as development of the Balama Project advances.



Figure 1: Electric arc furnace

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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.

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