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## SYRAH AWARDS LOGISTICS CONTRACT TO GRINDROD

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Syrah Resources Limited is pleased to announce that its' wholly owned subsidiary, Syrah Resources and Trading Operation DMCC, has awarded a Graphite Distribution and Logistics Services Supply contract for the Balama Project to Grindrod Mauritius (Grindrod).

Grindrod Limited, which is listed on the JSE Securities Exchange, is based in South Africa and has a long operational history in Mozambique in land transport coordination, agency services and port operations. Grindrod is represented by subsidiaries, joint venture and associated companies in 37 countries worldwide. Grindrod has significant investment and operational capabilities in the ports of Maputo and Nacala, through which it delivers pit to port logistics solutions, and is committed to the long term development and growth of Mozambique.

The key elements of the contract are as follows:

- **Long Haul Logistics** - provision of long haul trucking services for graphite concentrate product from the Balama mine site to the Port of Nacala, which is a distance of approximately 490 km of predominantly sealed road.

The Company will load Grindrod's trucks with graphite concentrate packed into one tonne bags at the Balama mine site for delivery to a purpose built cross dock facility near the port of Nacala. The contract has been structured to allow for the number of trucks to be progressively increased in line with ramp-up of production at Balama. Grindrod will be sourcing new trucks for this contract and the following is a brief description of the trucking fleet:

- Trucks will be in B-Double configuration with a maximum payload of 36 tonnes (in compliance with Mozambican road legislation)
  - At peak capacity there will be 64 trucks operating during day shifts in accordance with fatigue management regulations. The trucks will be monitored via Global Positioning System (GPS) tracking
  - A round trip (mine to port and return) will take approximately 2 days (including approximately 22 hours of driving and required rest periods).
- **Cross Dock Facility (CDF)** – a purpose built cross dock product storage and shipment containerisation facility positioned approximately 4.7km from the Port of Nacala. The CDF will be built and operated by Grindrod and be for the exclusive use of Syrah over the term of the contract.

Grindrod will unload the trucks at the CDF for direct cross docking and packing of graphite concentrate bags into shipping containers. The CDF is designed to hold 500 filled and 1,500 empty twenty foot equivalent units (TEUs) onsite.



- **Short Haul Logistics** – the provision of short haul trucking services of containerised graphite concentrate product from the cross dock facility (CDF) to the Port of Nacala

This logistics service may be sub-contracted to local trucking companies operating in the Nacala area to cycle filled containers to the wharf at the Port of Nacala for loading onto ships and recovering empty containers for transportation back to the CDF.

- **Customs Clearing and Forwarding** – the provision of customs clearing and forwarding services associated with the export of containerised graphite concentrate product from Mozambique

The construction of the CDF is expected to be completed in Q2 2018. The parties are developing interim logistics and distribution services and arrangements for the production ramp-up period and prior to the completion of the CDF construction.

The Grindrod contract becomes effective following the satisfaction or waiver of customary conditions precedent including delivery of parent guarantees and contract security arrangements, receipt of relevant key permits and approvals, confirmation of land tenure arrangements, and finalisation of arrangements with the operators of the Port of Nacala.

The contract has an initial term of five years with the option for Syrah to extend for two further five year periods.

The operating cost for logistics and distribution services is expected to be lower than the Balama Feasibility Study estimate of US\$125.70 per product tonne (refer ASX announcement dated 29 May 2015).

Syrah's Managing Director and Chief Executive Officer (CEO), Shaun Verner said: "The finalisation of this contract represents a very significant milestone for the Company with the imminent commissioning of and first production from our Balama Graphite Project. We are very pleased to be working with a world class and highly experienced African-based organisation like Grindrod, who will also be providing significant employment opportunities in Mozambique as part of this contract."

Walter Grindrod, Executive for Business Development at Grindrod said: "The Balama Project represents an opportunity for Grindrod to provide services across a range of business units and establishes a comprehensive pit-to-port solution. Grindrod has had longstanding business relationships in Mozambique and the securing of this contract underpins Grindrod's ongoing commitment to developing services in Mozambique. The integrated logistics offering brings many advantages to Syrah and in turn its' customers. We are extremely excited to have concluded this agreement and we look forward to a successful partnership with Syrah in this project."



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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 commissioning scheduled to commence in Q2 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 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.*