



BALAMA PRODUCTION UPDATE

Syrah Resources Limited (**ASX: SYR**) ("Syrah" or "Company") advises that its Balama Graphite Operation has continued progress on ramp up and optimisation throughout Q2 2018. Reagent dosing and the secondary grinding circuit utilisation have improved significantly, although overall graphite recovery and production volumes remain impacted by inconsistent performance of the flotation level sensors. A small number of replacement flotation level sensors were trialled, but have not met expectations. As previously indicated, the Company had forecast 40,000 tonnes of graphite concentrate production for H1 2018, but currently expects to produce between 32,000 and 34,000 tonnes in the first half.

Volume throughput and feed grade in the front end of the plant, and the filtration, drying, screening and bagging lines are performing well. Minor ramp up issues have been resolved through normal operating processes during the quarter to date. A planned maintenance shut carried out over the May / June month-end confirmed that the performance and condition of the dryers was positive following the fines dryer repair in April.

The Company has generated an alternative option for improving flotation cell level management using an engineering solution for the original sensors, and early indications are that improvements will be achieved. Syrah also continues engagement with a broader range of Chinese and Brazilian experts to improve cell level management. The Company expects to materially improve flotation level sensor performance from now into the early part of the third quarter. With resolution of the level sensor issue, production of 160,000 tonnes¹ for 2018 remains achievable.

Chief Operating Officer Julio Costa, appointed on 4 June, provides significant onsite support to the operations team to further improve and optimise plant performance. Syrah will provide a further update on progress at the Quarterly Activities Report (30 July).

(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.

For further information contact Investor Relations:

Nova Young

Contact: +61 422 575 530

Email: n.young@syrahresources.com.au

**About Syrah Resources**

*Syrah Resources Limited (ASX code: **SYR**) is an Australian-based industrial minerals and technology company. Syrah owns the Balama Graphite Operation (Balama) in Mozambique. First production was achieved in November 2017 and the project transitioned into operations at the start of 2018. Balama will be the leading global producer of high purity graphite. Balama production is targeted to supply traditional industrial graphite markets, battery 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*