



INTERIM REPORT FOR THE HALF YEAR ENDED 30 JUNE 2019

Syrah Resources Limited (**ASX: SYR**) ("Syrah" or "Company"), releases its Interim Report for the half year ended 30 June 2019. This is the first interim report post declaration of commercial production, effective 1 January 2019, of the Balama Graphite Operation ("Balama") in Mozambique.

Key Features

- Strong safety record continued with Total Recordable Injury Frequency Rate of 0.3 as at 30 June 2019
- Revenue of US\$46.9 million from sales of 101kt natural flake graphite
- Net loss after tax of US\$81.4 million includes non-cash post tax impairment of property, plant and equipment and mining assets of US\$65.9 million, and inventory write down of US\$4.8 million
- Total assets of US\$420.5 million, net assets US\$380.4 million
- Cash of US\$64.7 million as at 30 June 2019

Shaun Verner, Managing Director and CEO said, "During the first half of 2019, production of 92,000 tonnes and sales of over 100,000 tonnes saw Balama become globally significant in the natural graphite market, with growth in sales to China and Balama product going into the battery supply chain. We also continued to progress our Battery Anode Material Strategy ("BAM") in the USA, with qualification shipments of unpurified spherical graphite dispatched to target customers. Construction and commissioning of the purification circuit of the BAM facility in Vidalia, Louisiana is nearing completion, and dispatch of purified spherical graphite for qualification purposes will follow. At both Balama and Vidalia, Syrah is highly focussed on working safely and partnering with community and stakeholders as we build our market presence and develop shareholder value."

He added, "As announced on 10 September 2019, a sudden and material decrease in spot natural flake graphite prices in China has led us to take immediate action in response to current market conditions. We will conduct an orderly reduction in production volume to the end of Q3 2019 to produce approximately 45,000 tonnes. In Q4 2019 we will significantly reduce production to approximately 5,000 tonnes per month to maintain operations. We have commenced a review of further immediate cost savings and an operational review for 2020. Our forecast cash balance of US\$60 million at the end of September and additional available liquidity of ~US\$38.5 million from the completion of the convertible note allows for flexibility to manage our near term production volumes in line with demand growth. Despite the near term market challenges, lithium-ion battery demand remains positive with significant growth expected. The decisive action taken in managing our production volumes in the current market conditions is in the best interest to preserve the long term value of Balama, which hosts the world's largest graphite Ore Reserve and significant Vanadium Resource."



Results Summary

Interim period ended (US\$ million)	30 June 2019	30 June 2018 ¹
Revenue	46.9	-
Cost of Sales	(57.7)	-
Inventory write down	(4.8)	-
Post tax asset impairment	(65.9)	-
Net (loss) after tax	(81.4)	(8.3)
Diluted (loss) per share (cps)	(23.63)	(2.80)
Net cash (outflow) from operating activities	(10.2)	(6.4)
Net cash (outflow) from investing activities	(17.8)	(48.2)
Net cash in/(out)flow from financing activities	15.6	(0.1)

Balance as at (US\$ million)	30 June 2019	31 December 2018
Cash	64.7	77.1
Total Assets	420.5	473.8
Total Liabilities	40.1	28.6
Net Assets	380.4	445.2

(1) Syrah declared commercial production effective 1 January 2019 (refer to ASX announcement 14 January 2019). Prior to this date, all commissioning and ramp up costs incurred at the Balama Graphite Operation, net of any revenue derived from the sale of graphite were capitalised against project development costs

Syrah will release its Q3 2019 Quarterly Activities Update on 22 October 2019 which will contain further details of Syrah's strategic and operational review for 2020.

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**About Syrah Resources**

Syrah Resources Limited (ASX code: SYR) is an Australian-based industrial minerals and technology company. Syrah owns and developed the Balama Graphite Project (Balama) in Mozambique. Balama transitioned to operations with sales and shipments to a global customer base including the battery anode producers, from the start of 2018. Syrah produced over 100,000 tonnes of natural graphite in 2018 and is the largest and first major new natural graphite operation developed outside of China. 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 is also progressing its downstream Battery Anode Material strategy with first production of spherical graphite achieved in December 2018 from its 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

Forward Looking Statement

This document contains certain forward - looking statements. The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan", "targets" and other similar expressions are intended to identify forward - looking statements. Forward - looking statements in this announcement 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 announcement 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 announcement 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 announcement 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 announcement speak only as of the date of this announcement. 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 announcement 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 announcement will under any circumstances create an implication that there has been no change in the affairs of Syrah since the date of this announcement.