QUARTERLY ACTIVITIES REPORT – PERIOD ENDING 30 JUNE 2018

Headlines

Health, Safety, Community and Environment

- Strong safety record continues with Total Recordable Injury Frequency Rate (TRIFR) of 1.0 at Balama.
- ISO Certification awarded for Health, Safety and Environment demonstrating Syrah's commitment to global best practice standards.

Balama Graphite Operation

- Second quarter production of 21,200 tonnes, and first half 32,400 tonnes. Second quarter graphite recovery primarily impacted by inconsistent flotation and process control.
- New COO's review identified graphite recovery performance improvement actions focused on stable plant flows, increased plant utilisation, and governance of operating practices for improved process control.
- Post review, 2018 production target revised to 135,000 to 145,000 tonnes[1] from 160,000 tonnes and as a result C1 cash operating costs[2] forecast US$430 to US$450 per tonne (previously US$400 per tonne) by the end of 2018.
- Post quarter end, (to July 28th) average daily production has already increased by 39% versus second quarter.

Sales and Marketing

- Continued positive product quality feedback received, resulting in increased order volumes.
- First half graphite sold and shipped of 16kt with a further 7kt sold and awaiting shipment at Nacala.
- Price realisation remains lower than basket price inferred by external price reporters.
- Improved prices expected in second half versus first half due to new sales and Balama product mix changes.
- 2018 natural flake graphite demand expected to increase 10% YoY to 780kt, and balance expected to move to deficit by 2019/2020 as global electric vehicle penetration increases.

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Battery Anode Material (BAM) Project

- BAM site purchase scheduled to complete in August.
- Commenced full cell testing of coated spherical product with global top 10 battery producer, initial results indicate positive performance.
- Increased engagement with potential BAM customers to refine product requirements and development of supply chain cooperation.
- Targeting initial qualification production by year end, subject to installation timeline and capital allocation.

Finance and Corporate

- Cash on hand of US$56.7 million as at 30 June 2018, better than forecast, versus US$80.5 million as at 31 March 2018. Third quarter net cash outflow forecast US$17 million.
- Targeting positive cash flows from operations at Balama from late 2018 (previously mid second half 2018). Timing of BAM major capital expenditure post site finalisation will be made in conjunction with the Balama cash flow profile.
- Chief Operating Officer, Julio Costa commenced, bringing significant expertise in ramp up, operations and turnaround, having previously worked for multiple leading global mining and processing organisations.
- Lisa Bahash, with 30 years experience in automotive original equipment supply and manufacture, appointed as Independent Non-Executive Director (refer to ASX Announcement 16 July 2018).

(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.

(2) FOB Port of Nacala, excluding government royalties and taxes.

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BALAMA GRAPHITE OPERATION

Health and Safety

The Balama Graphite Operation (Balama) recorded a Total Recordable Injury Frequency Rate (TRIFR) of 1.0 per million hours worked at the end of the quarter, up slightly from 0.8 as at the end of the first quarter.

ISO Certification (ISO:14001 and OHSAS:18001) was awarded in May for Health, Safety and Environment demonstrating Syrah's commitment to global best practice standards.

Security procedures and protocols have been increased. Balama continues to operate without disruption. Recent incidents in northern Mozambique (refer to ASX announcement 12 June 2018), which are remote from Balama, have had no impact on operations.

Balama Production Summary

		H1 30 Jun 2018	Q2 30 Jun 2018	Q1 31 Mar 2018	Q2 on Q1 Change
Ore Mined (>9% TGC[1])	Tonnes ('000)	532	249	283	(12%)
Mill Feed	Tonnes ('000)	444	258	186	39%
Mill Feed Grade	TGC[1]	16%	16%	17%	(6%)
Recovery		42%	49%	34%	44%
Graphite Produced	Tonnes ('000)	32.4	21.2	11.2	89%
Average Fixed Carbon		95%	95%	95%	-

(1) TGC = Total Graphitic Carbon

Production

Balama produced 21.2kt of graphite in the second quarter and 32.4kt for the first half of 2018.

Following the appointment of the new COO, an extensive ramp up review has been undertaken throughout the past two months. Based on his strong track record in driving operational delivery, the COO has identified the key areas of attention required to meet operational targets.

Mining activities and steady state ore mining continued to perform well during the quarter with ore mined of 249kt, and total material moved slightly ahead of the Company's plan.

Mill feed of 258kt and feed grade of 16% were in line with plan. The filtration, drying, screening and bagging lines are performing well with optimisation continuing as volumes increase.

Recoveries increased from 34% in the first quarter to 49% in the second quarter. Whilst below plan, substantial improvements with flotation reagent dosing efficiencies and the secondary grinding circuit were achieved. The review coordinated by the COO has identified key actions required to improve

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recovery through improved flotation process control and increased operating stability. Enabling activities are underway in all identified areas.

Second quarter average carbon grade was 95.2% with a range of 94% to 96%. Some graphite has been produced outside of the planned specification range based on carbon grade and particle size distribution. These products are within normal global market specifications and the majority has now been sold at price differentials in line with international markets. By the end of the quarter, the production ratio of fines to coarse flake graphite had begun to normalise towards the long term ratio of 70% to 30% respectively.

Construction of the attrition cells was completed during the quarter. Commissioning commenced in July and the attrition cells are expected to be operational in August.

A detailed improvement plan is in place linked to production ramp up milestones. Post quarter end (to July 28th), average daily production has increased by 39% versus second quarter and on track to achieve ~10kt for the month of July. As a result of the ramp up review which has just been completed, the production target for full year 2018 has been revised to 135,000 to 145,000[1] tonnes from 160,000 tonnes, with the second half ramp up split of ~Q3: 40% and Q4: 60% and a year end exit rate of ~70% capacity utilisation. As a result, C1 cash operating costs[2] are forecast to be US$430 to US$450 per tonne (previously US$400 per tonne) by the end of 2018 and Balama is forecast to be operational cash flow positive from late 2018 (previously mid second half 2018). From 2019, C1 cash operating costs[2] expected to initially progress below US$400 per tonne, and continue to decline towards US$300 per tonne as volumes increase.

Syrah will complete the update to the Balama Vanadium Scoping study in the fourth quarter 2018.

Sustaining Capital

Forecast sustaining capital expenditure for 2018 remains between US$7.0 million to US$10.0 million and includes US$2.2 million for the completion of Tailings Storage Facility Cell 1B.

Mining Agreement

The Mining Agreement has been presented to the Administrative Court in Mozambique for sanctioning, after which it will be binding and enforceable. The Company will provide confirmation upon completion.

(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.

(2) FOB Port of Nacala, excluding government royalties and taxes.

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SALES AND MARKETING

	H1 30 Jun 2018 Tonnes ('000)
Graphite Sold and Shipped	16
Graphite Sold and Awaiting Shipment at Nacala	7
Balama Inventory	9
Total Production	32

Customers and Sales

Syrah sold and shipped 16kt of graphite in the first half with a further 7kt sold awaiting shipment at Port of Nacala at 30 June. Sales in the first half were focused on fulfilling existing contracts and qualification shipments. Customer qualification feedback continues to be positive resulting in increased order volumes. Progress of the sales book was impacted by the lower production with the majority of second quarter production sold to existing customers. Additional spot and term sales contracts were settled during the quarter and further contractual negotiations are ongoing.

Pricing

The product-weighted realised price achieved in the second quarter was lower than the basket price inferred by external price reporters. This reflected the product mix, prioritised shipments to key customers and seasonal market dynamics. Fines shipments were prioritised to meet contractual commitments into the battery sector, where newly installed Li-ion production capacity grew at over 250% year on year with an additional 12.6GWh installed in China in the first half.

Syrah expects to achieve an improvement over the first half product-weighted realised price for contracts settled and priced in the second half, as the shipment mix rebalances towards the longer term plan of approximately 70% fines and 30% coarse flake material. Sales across a wider range of customers and countries is planned in the second half. Syrah's demonstration of quality and consistency in sample and spot market shipments in the first half has been rewarded with requests for additional and larger shipments in the second half.

A price arbitrage exists between the Chinese domestic market and the international market. China remains the largest producer (currently ~60%) and exporter of fines material globally and as a result the current fines price achieved by Syrah is influenced by China's domestic market fundamentals (domestic supply and demand balance relative to the international balance at any given point in time), as well as inland logistic costs and VAT.

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Syrah expects China to structurally shift from a net exporter to a net importer of fines in 2019/2020 as demand driven by Li-ion battery anode production grows. As this rebalance of the global fines market approaches, Syrah expects fines price fundamentals to improve. In addition, the value-in-use delivered through Syrah material will provide pricing differentiation. The coarse flake market is in balance to deficit, and current prices for coarse material reflect this in both the China domestic and international markets. It should be noted however that this market is significantly smaller with a lower growth profile than the fines market.

Syrah's product-weighted realised price remains lower than what could be inferred by using data from third party consultants and reporters. Variation to third party reported prices is not uniform across the product range, location or time. Syrah continues to support increasing the level of understanding and transparency of reported prices for non market and market participants through the interaction with multi-commodity, internationally recognised and International Organisation of Securities Commission (IOSCO) accredited Price Reporting Agencies. Caution should continue to be exercised in applying published price data to Syrah's sales book.

Logistics

Supply chain optimisation is underway as volumes increase, with trucking, the cross dock facility (CDF) and international shipping performing well. The logistics contractor transitioned to the purpose built CDF and dedicated trucking fleet during the quarter (refer to Appendix 1 for images).

Cycle times at the Balama warehouse and for customs processing at the Port of Nacala have led to higher than planned inventory. Resolution of these issues is in hand which will lead to a release of working capital. In steady state operations, finished product inventory is expected to be approximately 15kt between Balama and Nacala.

General Market Update

In Jan-May 2018 (YTD), global passenger electric vehicle sales were 573,000 (+69% YoY). China accounted for 51% of YTD sales (290,000 units, + 117% YoY). YTD, China has installed 12.6GWh of new electric vehicle Li-ion battery capacity, a +254% increase YoY. Global steel capacity utilisation has increased from 69% at the end of last year to 78% in May. Global crude steel production remains very strong with YoY growth at +7% in May.

Graphite Market Outlook

Syrah continues to expect the global demand for natural flake graphite to reach 780kt in 2018, up +10% YoY. Syrah continues to expect the overall market to move into a deficit in late 2019 to early 2020 as global electric vehicle penetration approaches 4% to 5%.

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Syrah expects growth of 80kt in flake graphite demand from the electric passenger vehicle battery market in 2018, and an additional 100kt in 2019.

China has entered the higher production summer season, increasing availability of natural graphite, but frequent inspections for environmental and safety compliance continue to provide supply pressure.

A 10% tariff was imposed on natural and synthetic graphite exports from China to the USA in July. From 2013-2016, 35% of USA imports of natural flake graphite was sourced from China.

BATTERY ANODE MATERIAL (BAM)

BAM Plant Louisiana

Syrah signed a purchase agreement for a 25 acre industrial site with an existing 50,000 square foot industrial building for its BAM development in Vidalia, Louisiana (refer to ASX announcement 23 May 2018). The site purchase is scheduled to complete in August. Terms under enabling utility agreements (water, natural gas and electricity) are almost complete and will facilitate an attractive long term cost base. Air and water environmental discharge requirements have been met. The Company continues to receive strong support from the town of Vidalia and the surrounding communities.

Production of first qualification product is targeted by year end, subject to installation of the initial milling equipment timeline and allocation of capital.

The feasibility study for the first phase of commercial scale BAM plant is progressing.

BAM Product Development

Syrah's product development activities continue to exhibit positive progress. In the second quarter, full cell testing utilising Syrah's coated spherical product (using pilot plant production) commenced with a global top 10 battery producer. Initial results indicate good performance across most key parameters, and positive performance to similar established products on the Li-ion battery market, enabling market entry. Performance optimisation opportunities have been identified as part of Syrah's ongoing product development program.

Combined with the previously announced benchmarking and test results of Syrah's precursor[1] and finished BAM[2] products, a baseline of battery performance properties is being established to facilitate market entry.

During the quarter, the Company increased its engagement with potential BAM customers to refine product requirements and development of supply chain cooperation.

(1) Precursor material comprises uncoated spherical graphite and uncoated purified spherical graphite.
(2) Finished BAM product comprises coated purified spherical graphite.

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FINANCE AND CORPORATE

Finance

Cash on hand as at 30 June 2018 was US$56.7 million versus US$80.5 million as at 31 March 2018. The second quarter net movement was US$23.8 million versus the forecast of US$25 million, with the difference mainly due to management of expenditure. Net cash outflow included:

- US$2.8 million on Balama project development, with total project development expenditure of US$211 million against unchanged project capital cost of US$215 million;
- US$16.2 million on production ramp up activities and sustaining capital projects net of sales;
- US$2.9 million on BAM plant and product research and development activities; and
- US$1.9 million on general corporate and administration activities.

Third quarter 2018 net cash outflow forecast is US$17 million, with forecast cash on hand at 30 September 2018 of US$40 million.

As a result of the revised production target for full year 2018, Balama is forecast to achieve positive cash flows from operations from late 2018. Timing of BAM major capital expenditure post site finalisation will be made in conjunction with the Balama cash flow profile.

Syrah continues to review financing requirements to optimise the pace of strategic development as Balama ramps up production, sales and revenues, and end use markets develop.

Corporate

Post quarter end, Syrah announced the appointment of Lisa Bahash as an independent Non-Executive Director. Lisa has over 30 years experience including senior management positions in the automotive Original Equipment, Tier 1 supplier and aftermarket channels. (Refer to ASX announcement 16 July 2018).

Chief Operating Officer, Julio Costa commenced on 4 June 2018. Julio joins Syrah from Alcoa Corporation where he was the General Manager of the Pinjarra Alumina Refinery in Western Australia. Julio brings significant mining and processing project ramp up, operations and turnaround expertise to the Company, having worked for Alcoa Corporation, Rio Tinto Limited and Vale S.A during his career, in Australia, Brazil, Mozambique and North America.

Syrah's Annual General Meeting was held on 17 May 2018 with all resolutions strongly carried.

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SUSTAINABILITY

Environment

The Environmental Monitoring Program continued in line with over 200 license conditions.

Works commenced for the Balama nursery, to cultivate native tree species for rehabilitation and ecological preservation purposes.

People and Community

At Balama, Syrah continues to focus on local employment and community engagement. As at the end of the quarter 93% of Balama's direct employees are Mozambican nationals with over 50% from the local communities.

Construction of the Balama Training Centre commenced and included a ceremony with Government and local community members at the training site. Planning has started for the Livelihood Restoration Program, with the aim of providing agricultural training for local community farmers over the next three years. Additionally, Syrah completed the repair and restoration a school for the local children.

LICENSES

The following table lists the current licenses held by Syrah Resources Limited and its subsidiaries as at 30 June 2018:

Project	License Number	License Type	Country	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
Balama	6432C	Mining Concession	Mozambique	-	-
Balama[1]	5684L	Exploration	Mozambique	-	-
Balama[1]	6174L	Exploration	Mozambique	-	-

(1) Syrah has entered into a Tenement Sale Agreement (TSA) for the acquisition of a tenement (Tenement) in Balama currently held on trust by a third party (Seller). Under the TSA, Syrah may be required to issue to the Seller, as part of the contingent consideration for the acquisition of the Tenement, up to US$2.0 million of fully paid ordinary shares (Sale Shares) in various tranches, with the number of Sale Shares under each tranche to be calculated based on the 30 day volume weighted average price of Syrah shares prior to the issue date. The Sale Shares (if issued) will rank equally with Syrah's existing shares, and will not be issued to an existing class of security holders in Syrah. It is not expected that security holder approval will be required for the issue of Sale Shares. Due to an administrative decision to use district boundaries to define mineral titles, Exploration Licence 5684L was split into two, with one half retaining the original licence number and the other half being designated Exploration Licence 6174L. There was no change to the total value of the contingent consideration because of this administrative decision. Exploration Licence 5684L is in the process of renewal.

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APPENDIX 1: PERMANENT CROSS DOCK FACILITY (CDF) AT NACALA



Contractor new dedicated trucks



Graphite product to be unloaded



Graphite inventory to be loaded into shipping containers



CDF 24 hour operational capability

APPENDIX 2: DECLARATION OF COMMERCIAL PRODUCTION

During the optimisation phase, costs of Balama production, offset by any revenues received, continue to be capitalised on the balance sheet until commercial production is declared and the Company's disclosure in Appendix 5B of this report is aligned with this methodology.

The criteria to determine the commencement of commercial production takes into consideration throughput levels at or near plan, consistent and stabilised plant production volumes, quality specifications, operating costs, and satisfaction of commercial scale verification by key customers and end users.

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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

Forward Looking Statements

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 document 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 document 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 document 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 document 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 document speak only as of the date of this document. 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 document 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 document will under any circumstances create an implication that there has been no change in the affairs of Syrah since the date of this document.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

SYRAH RESOURCES LIMITED

ABN	**Quarter ended ("current quarter")**
77 125 242 284	30 JUNE 2018

Consolidated statement of cash flows		**Current quarter US$'000**	**Year to date (6 months) US$'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development [(1)]	(16,988)	(41,664)
	(c) production	-	-
	(d) staff costs [(2)]	(5,992)	(12,071)
	(e) administration and corporate costs	(937)	(1,703)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	316	641
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(23,601)**	**(54,797)**

(1) All commissioning and production ramp-up costs incurred at Balama, net of any revenue derived from the sale of graphite, prior to the declaration of commercial production are capitalized against project development costs.

(2) Includes staff costs in relation to Balama production ramp-up activities, and corporate & administration functions

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(3)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-

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Consolidated statement of cash flows		**Current quarter US$'000**	**Year to date (6 months) US$'000**
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other - Environmental bond	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**(3)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	80,499	111,899
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(23,601)	(54,797)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(185)	(386)
4.6	**Cash and cash equivalents at end of period**	**56,713**	**56,713**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter US$'000**	**Previous quarter US$'000**
5.1	Bank balances	7,912	12,180
5.2	Call deposits	48,801	68,319
5.3	Bank overdrafts	-	-
5.4	Other – Security deposits	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**56,713**	**80,499**

6.	**Payments to directors of the entity and their associates**	**Current quarter US$'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	874
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

The above related party payments include salaries, superannuation, advisory and consultancy fees paid to directors and/or director related entities during the quarter ended 30 June 2018, including amounts paid to Cadenza Innovation Inc., a related party of Christina Lampe-Onnerud (Non-Executive Director), as part of the Technology Development and Services agreement (refer ASX announcement dated 31 July 2017); and amounts paid to Sal & Caldeira Advogados a related party of José Caldeira (Non-Executive Director).

7.	**Payments to related entities of the entity and their associates**	**Current quarter US$'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

N/A

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8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end US$'000**	**Amount drawn at quarter end US$'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

N/A

9.	**Estimated cash outflows for next quarter**	**US$'000**
9.1	Exploration and evaluation	-
9.2	Development [(1)]	10,000
9.3	Production	-
9.4	Staff costs [(2)]	6,000
9.5	Administration and corporate costs	1,000
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**17,000**

(1) All commissioning and production ramp-up costs incurred at Balama, net of any revenue derived from the sale of graphite, prior to the declaration of commercial production are capitalized against project development costs.

(2) Includes staff costs in relation to Balama production ramp-up activities, and corporate & administration functions

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: Jennifer Currie ..... Date: 30 July 2018
(Company secretary)

Print name: Jennifer Currie

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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