BINDING MINING AGREEMENT – SYRAH AND THE GOVERNMENT OF MOZAMBIQUE -

Syrah Resources Limited (**ASX: SYR**) ("Syrah" or "Company") is pleased to announce that the executed Mining Agreement which governs the Balama Operation has now been sanctioned by the Administrative Court in Mozambique. The certificate will be formally issued following the payment of the relevant court fees by the Company today (Mozambique time). This completes all required steps for the Mining Agreement to be binding and enforceable.

The Mining Agreement consolidates all prior project documents and approvals. It also provides the Company with clarity around the governing laws, mining rights and other obligations for the Balama Operation in Mozambique, including by preserving certain mining and tax laws in force in 2013 when the Mining Concession was issued, for the life of the Mining Agreement.

The key terms of the Mining Agreement are reiterated in Attachment A.

Syrah's Managing Director & CEO, Shaun Verner said: *"The finalisation of the Mining Agreement represents another significant milestone for the Company and reaffirms the Government of Mozambique's commitment to the long term success of the Balama Operation. Balama has been operating since commencement in accordance with the agreed terms and our stakeholders can be even more confident that the Company will be able to conduct its operations under a stable legal, fiscal and operating regime, which underpins Syrah's position as the world's premier producer of high quality graphite now, and into the future."*

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 has completed construction the Balama Graphite Project (Balama) in Mozambique, with first production of natural flake graphite achieved in November 2017. Balama transitioned to operations with sales and shipments to a global customer base including the battery anode producers, from 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 and emerging technology markets. Syrah is also developing a downstream Battery Anode Material plant in Louisiana, USA and 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

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Attachment A – Mining Agreement Key Terms

Syrah, through its wholly owned subsidiary and holder of the Balama Operation on Mozambique, Twigg Exploration and Mining Limitada ("Twigg"), has entered into an agreement ("Mining Agreement") with the Government of the Republic of Mozambique ("Government of Mozambique").

Key Commercial Terms

- Mining Agreement covers the mining of both graphite and vanadium and will be valid until 2038.
- The mining rights for the Balama Operation will be grandfathered under the provisions of the Mining and Taxation Laws in force in 2013 when the Mining Concession was issued.
- Fiscal Regime:
    - 3% production tax (ie sales royalty) payable quarterly based on the value of sales product[1].
    - 32% corporate tax rate, assessed annually with three advance payments on account (based on 80% of the prior year corporate income tax liability) due in May, July and September of the respective tax year.
- Application of Mega Projects Law:
    - 5% non-diluting free carried equity interest in Twigg to be made available to a Government of Mozambique entity.
    - One off obligation to offer at market value up to 10% of the equity of Twigg to investors on the Mozambique stock exchange within 5 years from the commencement of commercial production.
    - Sharing of extraordinary direct benefits where the Balama Operation generates annually, for three consecutive years, after-tax free cashflows exceeding 2.54 times the cumulative historic capital employed on the Balama Operation with half of any benefit above the baseline return shared with the Government of Mozambique and the other half retained by the Company for investment in Mozambique.

Other Terms

- Commitment to spend US$15 million over the term of the Mining Concession (due to expire on 6 December 2038) on community development initiatives, with US$4 million to be spent in the first 5 years from signing the Community Development Agreement (signed on 6 June 2017).
- Commitment to progressively increase the percentage of Mozambican nationals employed by the Balama Operation over a 5 year period. Over 94% of the current workforce are Mozambican citizens which exceeds the local employment obligations under the Mining Agreement.
- Commitment to give preference to Mozambique enterprises for all construction, supply or service contracts, and to also give preference to the purchase of goods and materials available in Mozambique, in each subject to such enterprises, goods or materials meeting certain standards including comparable international quality standards, competitive prices, sufficient quantities and comparable delivery schedules and performance guarantees.

- Provision to the Government of Mozambique of an environmental bond, currently $2.5 million incrementally increasing to $6.2 million by 2020. The amount of the environmental bond is reviewable by the Government of Mozambique.
- Syrah Resources has provided the Government of Mozambique with a parent guarantee for up to US$22.5 million to the extent required to cover the actual cost of any loss or damage or other costs arising out of or associated with a breach of the Mining Concession by its Mozambique subsidiary. This is guarantee does not require a cash deposit or bank guarantee and expires two years after the signing of the Mining Agreement.
- The Mining Agreement provides legal protection of the acquired rights for the Balama Operation over the term of the Mining Agreement.
- Washington DC is the venue for hearing in the event of unresolved disputes requiring International Arbitration.

[1] Calculated as the FOB Mozambique price less any impurity discount and transport and handling from the mine to the first of the point of sale or port of export.

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