

Syrah Resources (Syrah) is pleased to report the results of its Feasibility Study prepared by Snowden Mining Industry Consultants for its 100% owned Balama Graphite Project (Balama) in Mozambique.

The Feasibility Study confirms Balama as a project with low capital intensity, low technical risk and attractive returns. Initial capital expenditure will be US\$138 million, with a payback period of less than 2 years from commercial production. The internal rate of return is 71%, with a post-tax NPV₁₀ of US\$1.1 billion.

Average cash operating costs (excluding royalties and taxes) will be US\$286 per tonne free on board from the Port of Nacala over life of mine. The average unlevered project free cash flow will be approximately US\$160 million per annum during the first 10 years at full production.

In conjunction with the Feasibility Study, a maiden JORC 2012 Compliant Ore Reserve has also been declared. This Ore Reserve consists of 81.4 million tonnes at 16.2% total graphitic carbon (TGC) containing 13.2 million tonnes of flake graphite, which makes Balama the world's largest reserve of flake graphite.

Balama is located on a 110.6 km² mining concession in northern Mozambique, within the district of Balama in the Cabo Delgado province. The project area is accessible by a sealed highway and is close to the large regional Chipembe Dam.

Balama will be a high grade, open pit operation utilising conventional mining methods with an extremely low stripping ratio of 0.04:1. The processing plant will have a feed rate of 2 million tonnes per annum and a nameplate capacity of 380,000 tonnes of concentrate per annum at 95% TGC. Ore Reserves will be sufficient to support operations for over 40 years, with an average head grade of approximately 19% TGC during the first 10 years.

Graphite concentrate will be transported to and shipped via the Port of Nacala which is located approximately 490 km by a sealed highway southeast of the project. The Port of Nacala is a major port in Mozambique and the deepest port in southern Africa.

The completion of the Feasibility Study represents a significant milestone in Syrah's progression to becoming one of the leading suppliers of high quality graphite to key industrial and technology markets.

Front End Engineering Design has also commenced to further optimise and de-risk the development plan as well as bringing greater certainty to the timing of procurement for key capital equipment.

The Balama Graphite Project is scheduled to commence ramp up of production 18 months after completion of financing discussions are well advanced.

View source version on businesswire.com: <http://www.businesswire.com/news/home/20150528006810/en/>

Contact

Media Contact:
Syrah Resources Ltd
Tolga Kumova, +61 3 9670 7264 (Office)
t.kumova@syrahresources.com.au
+61 421 707 155 (Mobile)