



3 June 2013

## BALAMA GRAPHITE PROJECT – SUBSTANTIAL INFRASTRUCTURE PROGRESS

### Highlights:

- Syrah has made substantial progress on key Balama infrastructure requirements to fast track project development
- The road from MontePuez to Balama township will be sealed this year. This will mean the entire distance from the Port of Pemba to Balama can be travelled on tarred road in less than 3 hours
- The Mozambique Water Authority has offered water rights from Chipembe Dam located just 10 km from the proposed site of the Balama processing plant
- The Mozambique Electricity Authority has confirmed that Balama is to be connected to the National Grid this year providing competitive power at less than 5 cents per kilowatt hour. Construction is underway
- These advancements confirm the potential of Balama to be one of the lowest cost graphite producers globally.

### INFRASTRUCTURE UPDATE

Syrah Resources Ltd (ASX: SYR) is pleased to provide an update on some of the key infrastructure requirements for the potential development the Balama Graphite and Vanadium Project. Syrah is fast tracking the development of the Balama Graphite Project and has made further progress on identifying and securing key infrastructure such as power, water, road and port to ensure that the Project will be one of the lowest cost producers globally.

### Background

The Balama Graphite and Vanadium Project is situated on a 106km<sup>2</sup> granted prospecting licence located within the Cabo Delgado province in the district of Namuno in northern Mozambique (Figure 1).

ASX Code SYR

### Current Corporate Structure

#### Ordinary Shares

Issued Shares: 147,767,623

#### Options

Exercisable at \$0.26: 3,101,967

Exercisable at \$2.21: 500,000

Exercisable at \$3.87: 1,000,000

#### Major Shareholders

Basapa PL 9.55%

National Nom Ltd 7.74%

Copper Strike Ltd 7.44%

Kitara Inv PL 6.91%

#### Board of Directors

Mr Tom Eadie

*Non-Executive Chairman*

Mr Paul Kehoe

*Managing Director*

Mr Tolga Kumova

*Executive Director*

Mr Michael Chester

*Non-Executive Director*

Ms Melanie Leydin

*Company Secretary*

#### Key Projects

##### Balama Graphite Project (Mozambique) and Nachingwea Graphite Project (Tanzania)

Balama is the largest and one of the highest grade flake graphite and vanadium projects globally. Balama is mainly medium to coarse flake and Nachingwea is fine to coarse flake.

##### Tanzania Mineral Sands

A very prospective portfolio of mineral sands licence areas, some of which have drill results up to 28% heavy minerals.

#### Website

[www.syrahresources.com.au](http://www.syrahresources.com.au)



**Figure 1 – Map showing location of the Balama Graphite and Vanadium Project**

### Road

Balama is situated about 240 km west of the Port Town of Pemba. This distance can currently be travelled in approximately 3 hours by motor vehicle.

A modern, well maintained road is sealed to the regional town of Monte Puez, which is located approximately 200 kilometres west of Pemba (Figure 2). The remaining distance is currently unsealed with construction underway and expected to be complete this calendar year.



**Figure 2 - Sealed road from Pemba to MontePuez (40km distance from Balama)**



**Figure 3 – Road upgrading works between MontePuez and Balama**

## Water

Chipembe Dam is located approximately 10 km from the proposed site of the Balama processing plant. The Mozambique Water Authority responsible for the management of Chipembe Dam has confirmed that there is suitable available capacity and allocation for Syrah to obtain over 1,000,000m<sup>3</sup> annually. In consultation with the Authority, Syrah is confident there is additional capacity over and above this amount to accommodate future plant expansion.



**Figure 4 –Google Earth satellite image showing distance between Chipembe Dam and the proposed site of the Balama processing plant.**



**Figure 5 –Along the banks of Chipembe Dam**

### **Power**

Power lines are currently being installed between Balama town and Monte Puez, thus connecting the region to the National Grid (Figure 6). The Mozambique Electricity Authority has offered to connect the Balama Project to the National Grid. About 86% of Mozambique’s power is generated from hydroelectricity and thus is very cost competitive. The typical cost is approximately the equivalent of 5 cents per kilowatt hour.



**Figure 6 – Power lines being installed along the road from MontePuez to Balama**

## Port

Balama is planning to use the Pemba Port for shipments (Figure 7). Pemba is a deep-water container port, and the third largest port in Mozambique. The road from Balama goes directly to the Port of Pemba. As mentioned, the distance can be travelled in 3 hours by motor vehicle currently and less once the road from MontePuez to Balama is completed later this year.

Syrah will continue to work closely with the Government of Mozambique together with the Pemba Port Authority to ensure the long term partnership development of shipping via Pemba. Ports of Africa have undertaken a transport and logistics study on behalf of Syrah and have confirmed that transport of graphite product to the Port of Pemba is a compelling option.



**Figure 7 – Ship loading containers at Port of Pemba**



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### **About Syrah Resources**

*Syrah Resources (ASX code: SYR) is an Australian resource company with a diversified exploration portfolio located in southeast Africa. The Company is rapidly progressing its core Balama Graphite and Vanadium Project in Mozambique to production. Balama is a 106km<sup>2</sup> granted prospecting licence located within the Cabo Delgado province in the district of Namuno in northern Mozambique. The project is approximately 265km by road west of the port town of Pemba. Pemba Port is a deep-water container port, and the third largest in Mozambique. The Balama project site is accessible by a sealed, main road, running directly from the airport and Pemba Port. The main road is located 1km from the airport.*

*Syrah's exploration portfolio also includes a strategic mineral sands portfolio in Tanzania, comprising eight tenement areas, some with high grade heavy mineral intersections, and the Nachingwea graphite project in Tanzania.*