

Initial Project Summary – Syrah Balama Graphite Mine

Project Location: Namuno District, Cabo Delgado Province, Mozambique

Name of Applicant: Syrah Resources Ltd.

Name of Project: Syrah Balama Graphite Mine

Project Description: The Project is a brownfield mine operation located in the district of Namuno in Cabo Delgado Province of northern Mozambique, approximately 265 km by road west of the port town of Pemba. The Project consists of an open pit graphite mine, with a mine life of approximately 50 years, and an onsite processing facility, which includes crushing, grinding, flotation, filtration, drying, screening, and bagging. Syrah plans to upgrade the operation in 2022 to achieve production of up to 350,000 tpa of graphite concentrate. Proceeds from the DFC support would be used to finance (i) expansion of the tailings storage facility (the “TSF”), (ii) working and sustaining capital, and (iii) studies related to the construction and development of a vanadium (another critical mineral) processing facility from the mine tailings in the U.S. The Project required the acquisition of approximately 400 hectares of mostly agricultural lands (*machambas*).

Environmental and Social Categorization and Rationale: The Project has been reviewed against DFC’s categorical prohibitions and determined to be eligible. The Project is screened as Category A because it involves operation of an open pit mine. Primary environmental and social issues of concern include the potential to impact groundwater quality downstream of the TSF; the potential for acid mine drainage; water ingress into open pits; security risks; ongoing management of economic displacement impacts; workforce relations and health and safety concerns related to future stability of the TSF. The TSF is currently classified as a high hazard dam and the mining accommodation camp and two communities are located downstream of the TSF. Additional studies are required to confirm TSF stability prior to future raises.

Environmental and Social Standards. DFC’s preliminary environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following of the International Finance Corporation’s (IFC) 2012 Performance Standards:

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts;
- PS 2: Labor and Working Conditions;
- PS 3: Resource Efficiency and Pollution Prevention;
- PS 4: Community Health, Safety, and Security;
- PS 5: Land Acquisition and Involuntary Resettlement;
- PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and
- PS 8: Cultural Heritage

In addition to the Performance Standards listed above, the following IFC Environmental, Health and Safety Guidelines are applicable to the Project:

- IFC EHS General Guidelines (April 30, 2007);
- IFC EHS Guidelines for Mining (December 10, 2007); and
- IFC/EBRD Worker Accommodation Processes and Standards guidance note (2009).

Location of Local Access to Project Information: The ESIA for the mine is available for review at:

1. Balama Graphite Operation
Address: Balama Mine Camp Administration Building, Balama, Cabo Delgado, Mozambique
2. Provincial Department of Environment- Serviços Provinciais do Ambiente
Address: 3 R Jeronimo Romero, Pemba, Cabo Delgado, Mozambique
3. National Directorate of Environment
Address: Rua de Resistência no 1746/7, Maputo, Mozambique