

ASX Announcement / Media Release

18 July 2023

Quarterly Activities Report

FOR THE THREE MONTHS ENDING 30 JUNE 2023

Key Points

- Syrah Group Total Recordable Injury Frequency Rate ("TRIFR") of 1.3 at quarter end
- Volatile Chinese anode market conditions, resulting from apparent high cell and anode inventories, with global electric vehicle ("EV") sales growing 55% in June 2023 quarter compared to June 2022 quarter, to ~3.4 million units¹
- Lower quarter on quarter natural graphite sales with sales orders to Chinese anode customers being strategically limited – 15kt natural graphite sold and shipped to 3rd party customers and 2kt shipped to Vidalia
- Balama production constrained by maximum inventory positions and lower natural graphite sales – 15kt produced at Balama at 78% recovery in April 2023 and production paused in May and June 2023
- Balama C1 costs (FOB Nacala/Pemba) of US\$565 per tonne in April 2023, impacted by volume and diesel price
- Weighted average sales price of US\$688 per tonne (CIF)² with significantly higher coarse flake sales mix and higher coarse pricing quarter on quarter
- Progressing second binding AAM offtake agreement with Tesla, Inc. ("Tesla") concurrent with offtake negotiations with other potential customers
- Construction of the 11.25ktpa AAM Vidalia facility ("Vidalia Initial Expansion") is advancing – total installed capital cost estimate revised to US\$190 million and start of production in the December 2023 quarter
- Definitive Feasibility Study ("DFS") on expansion of Vidalia to a 45ktpa AAM, inclusive of 11.25ktpa AAM, production capacity ("Vidalia Further Expansion") confirms project is technically viable, financially robust and expected to generate significant value for Syrah³
- Commenced transition activity for Vidalia Further Expansion project to maintain readiness for a FID in H2 2023
- Second ~US\$44 million advance of US\$102 million loan from US Department of Energy ("DOE") completed to support financing for the Vidalia Initial Expansion⁴
- Progressing financing options, including with DOE, to fund a significant proportion of Vidalia Further Expansion capital costs
- Quarter end cash balance of US\$101 million, including restricted cash of US\$55 million
- Up to A\$150 million (US\$102 million⁵) in new convertible notes with AustralianSuper⁶ – first A\$50 million (US\$34 million⁵) series issued and second A\$50 million series to be issued in August 2023 with shareholder approval

¹ Source: LMC Automotive, China Passenger Car Association and CleanTechnica. June 2023 includes Syrah's estimate for EV sales in selected countries (~300k total).

² Based on 3rd party customer sales.

³ Refer ASX release 27 April 2023.

⁴ Refer ASX release 28 July 2022.

⁵ A\$ amount converted into US\$ based on the USD/AUD exchange rate of 0.68 as at 17 July 2023.

⁶ Refer ASX release 27 April 2023.

Balama Graphite Operation (“Balama”) – Mozambique

Syrah Resources Limited (ASX: SYR) (“Syrah” or “Company”) recorded a TRIFR of 0.6 at quarter end for Balama.

Quarter Ending	Unit	30 June 2022	30 September 2022	31 December 2022	31 March 2023	30 June 2023
Plant Feed	Tonnes ('000)	265	224	214	280	95
Plant Feed Grade	TGC ⁷	20%	20%	20%	20%	19%
Recovery	%	79%	80%	78%	71%	78%
Graphite Produced	Tonnes ('000)	44	38	35	41	15
Fine/Coarse Mix	-	83/17	86/14	87/13	91/9	91/9
Average Fixed Carbon	%	95%	95%	95%	95%	95%

Balama produced 15kt natural graphite during April 2023, with production constrained by maximum finished product inventory positions. Balama plant operations were paused, resulting in no production, in May and June 2023 due to volatile Chinese anode market conditions and good availability of finished product inventory. The decision to pause production was made to allow for downstream inventory consumption to occur and natural graphite demand conditions to improve. A production restart decision will be dependent on increasing sales from inventory, and new sales orders at prices above unit operating costs at production volumes averaging at least 10kt per month, in line with the Balama operating mode review. Sales orders and price bids for Balama natural graphite products have not yet reached this level.

Good operational performance was reported with an uninterrupted campaign through April 2023 despite the plant operating at approximately 50% capacity. Ore feed consistency improved, and processing instabilities reduced leading to higher recovery and quality compared to the March 2023 quarter.

Balama C1 costs (FOB Nacala/Pemba) for the operating period in April 2023 were US\$565 per tonne at 15kt production, impacted by lower production and fixed costs through the month (~US\$61 per tonne), as well increases in the diesel price since March 2022 (~US\$72 per tonne). Syrah and other industrial entities are engaged with authorities regarding the Government mandated wholesale diesel price, which is inconsistent with the Government reset to lower retail diesel and petrol prices in Mozambique.

Whilst Syrah paused production through May and June 2023, Syrah completed inspections and brought forward planned processing plant equipment maintenance with reduced operating personnel onsite. The Company is focusing on strengthening plant reliability and identifying and implementing operational efficiencies during the production pause.

Balama Operating Mode Review

Syrah completed a deep review of more dynamic Balama operating scenarios at lower production volumes during the quarter, to better position Syrah to match periods of volatile customer demand, with more sustainable operating cost and cash flow outcomes. In these operating scenarios, Syrah has preserved Balama's capability to quickly return to higher capacity utilisation as the market balances and natural graphite demand increases. The Company has implemented measures identified in this review progressively to be fully available during the September 2023 quarter.

A key driver has been the implementation of fixed 30-day high-capacity utilisation production campaigns followed by shutdown periods determined by inventory levels to improve cost efficiency. Other initiatives include renegotiating key operating contracts, freezing hiring, optimising workforce rostering for campaign operations, and maximising the use of solar energy to reduce diesel consumption and costs. Implementation of these cost saving initiatives is expected to improve Balama C1 cost (FOB Nacala/Pemba) guidance to US\$580-620 per tonne at a 10kt per month average production rate, with the lower end of the range assuming a lower than current diesel price. During the 30-day production campaigns, Balama C1 costs (FOB Nacala/Pemba) guidance is US\$378-426 per tonne at 20kt production rate, with the lower end of the range again assuming the lower diesel price. During the shutdown periods, Balama C1 costs (FOB Nacala/Pemba) are expected to be ~US\$4 million per month. Implementation of this operating mode will have no impact on employment levels

⁷ TGC = Total Graphitic Carbon.

beyond the hiring freeze, will ensure ongoing high standards of health and safety, and maintains Syrah's commitments to community. The Company has also reviewed an operating mode where sales and inventory constraints on production extend beyond the end of 2023 to further conserve cash if required.

Balama C1 cost (FOB Nacala/Pemba) medium-term guidance remains US\$430-480 per tonne at a 20kt per month production rate, with the lower end of the range assuming a normalisation of diesel price to historical levels and the Solar & Battery System operating at full capacity. Balama's operating costs are expected to reduce as the production rate increases with maximum capacity utilisation targeting C1 costs (FOB Nacala/Pemba) of US\$350-390 per tonne.

Solar & Battery System Completion

Construction of the 11.25 MWp solar photovoltaic array over 19 hectares combined with an 8.5 MW/MWh battery energy storage system ("Solar & Battery System") and its integration with the 15MW diesel power generation plant at Balama is complete. The Solar & Battery System is being operationally tested to confirm continuous supply of power from the system to site and commercial operation is expected to be achieved in August 2023.



Figure 1: Balama Solar & Battery System.

Syrah partnered with Solar Century Africa Limited in engineering, procurement and construction, and commissioning of the Solar & Battery System. The Solar & Battery System is under a build-own-operate-transfer (“BOOT”) arrangement, comprising a 10-year operating lease and an operating and maintenance contract with a Mozambique incorporated project company wholly-owned by CrossBoundary Energy (“CBE”)⁸, the project financier. Operations and ownership of the Solar & Battery System will be transferred to Syrah at nil cost at the end of the 10-year BOOT term. The Solar & Battery System will supply approximately 35% of Balama’s site power requirements, reducing diesel consumption for power generation and providing associated cost savings. During peak daylight times and/or paused plant operations, the Solar & Battery System will be able to supply a significantly higher proportion of Balama’s power requirements. The Solar & Battery System will reduce the Global Warming Potential (“GWP”), or product carbon equivalent emissions, of Balama natural graphite products. Syrah’s independent lifecycle assessment estimated that the Solar & Battery System would reduce the GWP of producing natural graphite from Balama mine and transporting it to Nacala port from 0.48kg to 0.42kg CO₂ equivalent per 1kg natural graphite. The Solar & Battery System is estimated to reduce Balama’s GWP by 18kt CO₂ equivalent per annum, on average, over the life of the operation.

Rates of Mozambican national employment, local host community and female employment were 96%, 39% and 18%, respectively, of Balama’s total labour contingent excluding contractors. Value accruing to local employees, Mozambican contractors and suppliers, and the eight local host communities from Balama operations is significant, and having a positive impact on local stakeholders remains a key priority for the Company.

There were no security issues that affected operations, employees or contractors at Balama during the quarter and the security environment in Cabo Delgado province has remained stable since the start of the December 2022 quarter.

Market Update

EV sales and penetration has strengthened in the June 2023 quarter, compared with the weaker March 2023 quarter. Global EV sales grew 55% in the June 2023 quarter versus the June 2022 quarter, to approximately 3.4 million units¹ with demand growth in China and ex-China consumer markets. Industry participants and analysts report that inventory of lithium-ion battery cells has reduced considerably since the beginning of 2022, and production orders are increasing. Chinese anode production in the June 2023 quarter increased 9%, compared to the March 2023 quarter, and grew 23%, compared with the June 2022 quarter, with significant additional synthetic graphite AAM production⁹.

In the high growth lithium-ion battery cell and electric vehicle supply chain that Syrah supplies, short-term demand and supply imbalances can occur, driven by downstream demand order levels, competing supply volumes, and the volume of domestic natural graphite production. With minimal visibility of AAM inventory levels in China, the impact of such imbalances can be sudden and unanticipated. This situation evolved in the natural graphite supply chain through the early months of 2023, leading to the production pause at Balama from May 2023, and has taken time to rebalance, given the overhang of AAM inventory and increased synthetic graphite AAM production volumes.

Synthetic graphite AAM production capacity growth in China over the past year has been significant. Aggressive pricing saw synthetic graphite AAM volumes increase in the second half of 2022 into 2023 as new entrants sought market share to allow production continuity to demonstrate product quality and operating reliability to customers. The intensive competition amongst new and incumbent synthetic graphite AAM producers has driven the utilisation of higher sulfur input materials and shortened graphitisation processing cycle times leading to concerns from battery manufacturers over some product quality, and questions regarding the sustainability of current prices (which for low density synthetic graphite AAM are, in some cases, at or below the cost of production). The current convergence of prices for synthetic graphite AAM and natural graphite AAM therefore appears to be unsustainable, and any increase in power, graphitisation, or coke costs from present cyclical low points is expected to immediately drive higher synthetic graphite AAM prices. Syrah expects that underutilisation of expanded synthetic graphite AAM capacity and loss-making prices caused by intense competition will lead to consolidation of marginal synthetic graphite AAM supply capacity, which will ultimately support higher pricing for both synthetic graphite and natural graphite AAM beyond the near-term.

In the natural graphite markets, spherical graphite processors and natural graphite AAM suppliers increased production capacity utilisation in the June 2023 quarter as orders from lithium-ion battery cell producers recovered, but pricing pressure caused by lower synthetic graphite AAM prices is still significant. Prices that natural graphite AAM producers are prepared

⁸ Refer ASX release 6 April 2022.

⁹ Source: ICCSino.

to pay for purified spherical graphite in China have forced spherical processors to consume lower carbon-grade domestic natural graphite fines. Utilisation of this material requires high grade product for blending and introduces impurity concerns into final natural graphite AAM product.

Domestic natural graphite production in China increased seasonally in the June 2023 quarter, resulting in reported natural graphite prices in China falling by ~20% since the beginning of 2023. However, Benchmark Mineral Intelligence reports that lower grade ore, poorer recoveries and other factors have driven domestic natural graphite production costs to parity with current market pricing. Natural graphite supply chain inventories are reported to have increased slightly with domestic production commencing, offset by both reduced imports from Madagascar due to challenges associated with the imposition of a 10% export tariff, and increased sales from previously warehoused stock.

Given the combination of: pressure on synthetic graphite AAM price versus production cost; low spherical graphite processing capacity utilisation due to cost exceeding price; and production cost pressures on Chinese domestic natural graphite production, the Chinese AAM supply chain appears to be at an unsustainably low price point across various product segments. Increased AAM demand, driven by recovering EV sales, will require higher prices to incentivise increased production.

The medium and long-term outlook for ex-China AAM demand and Vidalia sales opportunity remains strong. Robust global EV production and sales growth is expected to result in high demand for locally-processed AAM in North America, and is ultimately expected to require significantly higher imported natural graphite into China and emerging anode supply hubs. Whilst such market conditions are expected to drive strong demand and supportive pricing from Chinese customers for Balama sales orders and from customers for Vidalia AAM over the medium to long-term, the short-term volatility of China customer demand remains challenging.

Natural graphite AAM and synthetic graphite AAM are analogous battery anode materials. However, technical characteristics, environmental impacts, structure of the supply chain and customer preferences differentiate their supply and demand fundamentals. Despite near-term volatility, Syrah's existing production capacity at Balama and forthcoming Vidalia AAM capacity growth uniquely position the company to benefit from the medium and long-term growth outlook. Global natural graphite demand is expected to exceed supply this decade with strong growth in the AAM market, and challenging investment and operating conditions for new supply from Chinese operations. This potential supply deficit is likely to be more acute in natural graphite products suitable for the AAM market, specifically fines flake. Syrah is the only major ex-China supplier advanced and operating in both upstream natural graphite and downstream AAM markets.

Natural Graphite Sales and Marketing

Quarter Ending	Unit	30 June 2022	30 September 2022	31 December 2022	31 March 2023	30 June 2023
Graphite Sold and Shipped	kt	44	55	28	30	15
Graphite Shipped to Vidalia	kt	0	0	0	0	2
Weighted Average Price (CIF) ²	US\$ per tonne	662	688	716	636	688
Finished Product Inventory ¹⁰	kt	30	14	20	30	28

Natural graphite sales to 3rd party customers for the quarter were 15kt, with significantly lower product sales due to AAM inventory overhang. Coarse flake demand remained strong, and Syrah prioritised fines sales from inventory later in the quarter. Approximately 28kt of finished product inventory remained at quarter end¹⁰, roughly equivalent to normal operating levels. Low demand into Chinese anode customers led to lower overall natural graphite sales during the quarter. No breakbulk shipments were completed during the quarter, and container shipping capacity was available. Syrah shipped 2kt of fines to Vidalia during the quarter.

The weighted average sales price of natural graphite sales to 3rd party customers for the quarter was US\$688 per tonne (CIF), impacted by a higher proportion of coarse flake sales and prices, offset by lower fines prices and demand, compared

¹⁰ Finished product inventory includes saleable inventory at Balama, Nacala, Pemba, China and USA (excluding for Vidalia).

to the March 2023 quarter. Fines sales accounted for approximately 19% of product sales to 3rd party customers in the quarter compared with 89% in the March 2023 quarter.

Fines demand, liquidity and spot prices were weak due to continued consumption of anode material inventory positions, and aggressive production volumes with price discounting from synthetic graphite AAM suppliers in China. Direct customer feedback and recent purchase bids indicate fines market demand in China is slowly improving. Coarse flake prices ex-China remained strong due to stable demand and supply disruptions from Ukraine, Russia and Madagascar (implementation of export tariff). Chinese natural graphite production in 2023 year to date has increased marginally compared to 2022 although is significantly lower than prior years' seasonal peak production levels.

Syrah's sales strategy is to sell from inventory until customer demand and price levels warrant sustainable Balama production campaigns, averaging at least 10kt per month production volume, for re-stocking and/or direct shipment sales.

USA and European demand for diversification of AAM sourcing to mitigate geopolitical risk, reduce sole reliance on China, and achieve financial incentives from Government policy programs, has seen announcements of ex-China natural graphite AAM facility capital projects over the past 12 months. Projects to develop merchant anode processing facilities in the US (3), South Korea (2), Europe (2), and in Indonesia, India and Africa, will result in greater demand for natural graphite in new markets in future years. Syrah's marketing strategy will balance integrated consumption through Vidalia, an increasing proportion of sales volume ex-China from 2024 onward, and sales volumes to China. Commercial arrangements for Syrah's future ex-China supply of natural graphite are already in place with two ex-China anode projects, and negotiations continue with others.

The global container shipping market has stabilised to pre-Covid pandemic conditions, with further growth in the global vessel fleet, cleared port congestion, good scheduling reliability, weaker trade demand and softer macroeconomic trends. East Africa vessel services and container availability continues to improve from Nacala. Global container freight rates are generally below typical pre-Covid pandemic levels. However, freight rates for Syrah's Nacala container cargoes in the June 2023 quarter remained at approximately double the long-term average.

Vidalia Active Anode Material Facility ("Vidalia") – USA

Syrah recorded a TRIFR of 6.5 at quarter end for Vidalia and no lost time injuries were sustained through the quarter with significant construction hours completed on the Vidalia Initial Expansion project.

The Company continues to progress toward becoming a vertically integrated natural graphite AAM supply alternative for USA and European battery supply chain participants and OEM customers.

Natural graphite AAM customer arrangements

Syrah executed an offtake agreement with Tesla to supply natural graphite AAM from the 11.25ktpa AAM Vidalia facility in December 2021¹¹. Further to the 8ktpa AAM offtake obligation from the 11.25ktpa AAM Vidalia facility, Tesla exercised an option in December 2022 to offtake an additional 17ktpa AAM from Vidalia at a fixed price and for an initial term of no less than four years, subject to the further expansion of Vidalia's production capacity to 45ktpa AAM¹². The Company is working towards finalising a second binding offtake agreement with Tesla for this option volume, concurrent with other offtake negotiations.

Syrah has non-binding MOUs with Ford Motor Company and SK On Ltd¹³ and LG Energy Solution¹⁴ to evaluate AAM supply from Vidalia. The Company is receiving strong engagement from target customers for uncontracted AAM from Vidalia. Syrah is focused on finalising binding offtake terms that maximise the value of Vidalia and is engaged in iterative testing programs for qualification and ongoing commercial discussions with potential customers. Market growth, sourcing diversification (e.g. localisation / ESG) and policy support (e.g. US Inflation Reduction Act ("IRA")) are benefitting Syrah's commercial position in customer engagement. Syrah is also advancing commercial and technical engagement with further customers and supply chain participants.

¹¹ Refer ASX releases 23 December 2021 and 29 December 2021.

¹² Refer ASX release 23 December 2022.

¹³ Refer ASX release 22 July 2022.

¹⁴ Refer ASX release 20 October 2022.

Vidalia Initial Expansion (Phase 2)

In February 2022, Syrah's Board approved the initial expansion of Vidalia to 11.25ktpa AAM production capacity¹⁵. Construction of the Vidalia Initial Expansion project is progressing under the management of an integrated Syrah and Worley Group team. Structural steel erection and mechanical equipment installation is well progressed. Piping and electrical & instrumentation work is proceeding at high intensity across all areas of the facility with the on-site contractor work force approaching 350 people. All overseas fabricated equipment has been delivered and all permanent buildings have been completed.



Figure 2: Construction of 11.25ktpa AAM Vidalia facility.

¹⁵ Refer ASX release 7 February 2022.

Construction activities in the June 2023 quarter included structural steel erection, ducting assembly & equipment installation in the milling and furnace buildings, field fabrication of process tanks and piping installation for the purification area, and delivery and mounting of the second power distribution centre. Milling and furnace operating areas and all support infrastructure are expected to be mechanically completed, and ready for staggered commissioning and commencement of operations in the September 2023 quarter. However, mechanical completion of the purification area has been affected by the late domestic supply of specialty piping due to storm impacts at Oklahoma manufacturing location. Final mechanical completion and commissioning of the facility has been delayed into the December 2023 quarter and start of AAM production is also expected within the December 2023 quarter. Operational readiness for the 11.25ktpa AAM Vidalia facility, which includes preparing business and maintenance systems and operating teams to move from commissioning to operations, remains on track to support the planned commissioning schedule and activities. Total Vidalia employees were 78 at quarter end with recruitment confirmed for the majority of the further ~25 roles prior to start of production.

Syrah revised the total installed capital cost estimate of the Vidalia Initial Expansion project during the June 2023 quarter to US\$190 million assuming full utilisation of the project contingency, representing a 5% increase from the previous total installed capital cost estimate of US\$180 million and an 8% increase from the total installed capital cost estimate at FID¹⁶. Capital cost escalation is associated with unanticipated labour-intensive construction costs to maintain the project schedule and higher than expected costs for certain materials. At quarter end, installed capital costs, excluding Syrah owner's team costs and DOE loan related costs, of US\$127 million had been spent on the Vidalia Initial Expansion project.

Vidalia Further Expansion (Phase 3)

In April 2023, Syrah announced the completion of the DFS on the expansion of Vidalia's production capacity to 45ktpa AAM, inclusive of 11.25ktpa AAM facility³, which confirmed that the project is technically viable, financially robust and is expected to deliver significant value for Syrah shareholders and other stakeholders. Syrah has commenced transition activities, permitting, acquisition of adjacent land and other early activities ahead of a FID proposal on the Vidalia Further Expansion project to be considered by the Syrah Board. Syrah is targeting readiness for a FID during the second half of 2023. Timing of a FID will be determined by customer and financing commitments, as well as consideration of equity market conditions. Detailed engineering, long-lead items and other procurement, and construction activities will follow a Syrah Board approved FID sequentially.

Vidalia qualification facility (Phase 1)

Syrah's wholly-owned and integrated spherical, purification and furnace operation at Vidalia, utilising product from Balama, is the only vertically integrated and commercial scale natural graphite AAM supply source outside China. The facility produces 18-micron and 12-micron AAM as required for customer testing and qualification processes.

Syrah believes it is the most progressed vertically integrated natural graphite AAM supply alternative for US and European markets. Auto OEMs and battery manufacturers are currently highly reliant on China for their supply of anode products. Progress at Vidalia and its vertical integration with Balama is a unique value proposition to Governments, and battery supply chain participants, specifically: scale; independence and co-location with North American battery production; critical mineral security; qualification for clean vehicle tax credits under the US IRA; and ESG auditability back to the source.

Government policy and tax support

Government and private sector recognition of the strategic importance of battery raw material supply chains is significant, particularly in the US. Government policy in the US is supporting ex-China sources of supply for natural graphite, which is designated as a critical mineral. Syrah's engagement with key stakeholders continues to increase, bilaterally and via industry group participation, highlighting the relevance of Vidalia in achieving policy objectives and building support for Vidalia's potential further expansion to 45ktpa AAM capacity, with offtake negotiations progressing strongly.

The US IRA offers significant tax credits and financial support to mobilise the development of domestic battery and critical mineral supply chains and to accelerate the adoption of EVs in the US. In March 2023, the US Department of Treasury released further guidance on the requirements for sourcing of critical minerals, such as graphite, in batteries to qualify EVs for a tax credit under Section 30D of the IRA. This guidance substantiates Syrah's view that Vidalia AAM using Balama natural graphite is a qualified critical mineral, which will contribute towards the critical minerals requirement for the Section

¹⁶ Includes all actual and estimated engineering, equipment, materials, construction, construction-related capitalised costs from 1 December 2020 to commissioning of the 11.25ktpa AAM Vidalia facility and excludes Syrah owner's team costs and DOE loan related costs.

30D clean vehicle credit. Syrah is confirming the direct tax credits under the IRA that are available to Syrah Technologies LLC (“Syrah Technologies”), Syrah’s wholly-owned US subsidiary. The Company’s assessment is that Syrah Technologies can claim the Advanced Manufacturing Production Credit (Section 45X) and is qualified to apply for the Manufacturers’ Tax Credit (Section 48C).

European and/or Middle East Downstream Strategy

Syrah is continuing its engagement with several counterparties on a potential partnership for an AAM production facility in Europe, and has extended this review to include potential options in the Middle East, given increasing battery material and EV supply chain development focus in this region. Considering the Company’s commitment to progressing downstream capacity growth in the USA, and the funding requirements for such development, Syrah is taking a cautious approach to the development of large-scale AAM production capacity outside of the USA. Accordingly, the Company is focusing on potential partnerships to undertake capital light early-stage project activities in connection to future potential development of AAM production capacity in Europe or the Middle East. The Company has not set a definitive timeline for any such partnership being finalised or capital commitments in connection with such development.

Finance and Corporate

Syrah’s cash balance at 30 June 2023 was US\$101 million. This amount included restricted cash of US\$55 million for reserves associated with the DOE loan and proceeds in Syrah restricted project and operating accounts, which will be used to fund operational and construction costs. Net cash flows from operating activities for the quarter was weighed down by the Balama production pause in May and June 2023 and relatively high working capital. Net cash outflows from investing activities of US\$31 million was principally for the Vidalia Initial Expansion project and expansion of the tailings storage facility at Balama. Net cash inflows from financing activities of US\$77 million was associated with the second advance from the DOE loan to support funding of the Vidalia Initial Expansion project and the issue of a new convertible note series.

AustralianSuper convertible notes

Syrah announced a new convertible note deed with AustralianSuper Pty Ltd as trustee for AustralianSuper (“AustralianSuper”) for up to A\$150 million (US\$102 million⁵) in convertible notes issuable to AustralianSuper in three equal series. Syrah issued the first A\$50 million (US\$34 million⁵) series of the new convertible notes (“Series 4 Note”) on 12 May 2023⁶.

Syrah is seeking shareholder approval of the issuance of the new convertible notes as required by ASX Listing Rules and conversion of all series of the new and existing convertible notes under item 7 of section 611 of the Corporations Act (together the “Shareholder Resolutions”) at a General Meeting on 28 July 2023.

As there has been no material improvement in natural graphite market conditions in the June 2023 quarter and subsequent to quarter end, and considering the US\$10 million increase in the total installed capital cost estimate for the Vidalia Initial Expansion project, Syrah will issue the second A\$50 million (US\$34 million⁵) series of the new convertible notes in early August 2023 if the Shareholder Resolutions are approved.

AustralianSuper intends to convert its existing convertible notes in full into Syrah fully paid ordinary shares prior to maturity in October 2024, subject to approval of the Shareholder Resolutions. Conversion of the existing convertible notes is expected to increase AustralianSuper’s shareholding in Syrah from ~17% to up to ~30%.

Details of the terms and conditions of the new convertible notes and conversion of the convertible notes, the Shareholder Resolutions and the General Meeting, are in the Notice of General Meeting that was lodged with ASX on 26 June 2023 and has been despatched to Syrah shareholders. This Notice of General Meeting includes an Explanatory Memorandum and Independent Expert Report.

US DOE debt financing for the Vidalia Initial Expansion project

Syrah signed binding documentation for a loan facility up to US\$102 million from the DOE to Syrah Technologies to support the financing of the Vidalia Initial Expansion project³. The DOE loan is under DOE’s Advanced Technology Vehicles Manufacturing (“ATVM”) loan program, which is a loan authority to support the manufacture of eligible advanced technology vehicles including EVs, and qualifying components and materials, in the USA. The DOE loan closed in December 2022, and the second advance of US\$44 million was completed in the June 2023 quarter. The remaining available loan principal

is expected to be fully drawn in the September 2023 quarter. Syrah cash is deposited in restricted project accounts to satisfy reserve requirements for the DOE loan and for cash disbursements for the Vidalia Initial Expansion project.

US DOE financing for the Vidalia Further Expansion project

Syrah Technologies was selected for a Bipartisan Infrastructure Law Battery Materials Processing and Battery Manufacturing grant of approximately US\$220 million from DOE to fund a significant proportion of capital costs of the Vidalia Further Expansion project ("DOE Grant")¹⁷. Syrah has engaged with DOE on alternative funding for the Vidalia Further Expansion project and has applied for a further DOE loan, of significantly higher amount than the DOE Grant, under the ATVM loan program. While there are benefits associated with a DOE Grant, debt funding options are expected to provide higher cash proceeds compared with a DOE Grant. The Company is also evaluating other funding options for the Vidalia Further Expansion project including commercial bank funding and equity partnerships.

US DFC debt financing

In June 2021, Syrah applied to the United States International Development Finance Corporation ("DFC") for debt financing to fund: (i) initial working and sustaining capital, (ii) expansion of the Balama tailings storage facility, and (iii) feasibility studies for development of Balama's vanadium resource. Following quarter end, the Company received a further updated, indicative and non-binding term sheet for up to US\$150 million in debt financing, including a US\$50 million tranche for future development of tailings storage facilities at Balama. Commercial engagement with DFC on the debt financing is progressing. Finalisation of a binding loan commitment, and its terms, from DFC remains subject to completion of due diligence, negotiation of financing terms and legal documentation, and DFC's credit and policy approvals, including approval by DFC's Board of Directors.

There is no certainty that DOE financing for the Vidalia Further Expansion or DFC debt financing for Balama will be extended to Syrah or in Syrah's targeted timeframe. These matters remain subject to ongoing negotiation and/or conditions.

Licences

The following table lists the current licences held by Syrah Resources Limited and its subsidiaries at 30 June 2023:

Project	Licence Number	Licence Type	Country	Interest acquired/ farm-in during the quarter	Interest disposed/ farm-out during the quarter	Interest held as at 30 June 2023
Balama	6432C	Mining Concession	Mozambique	-	-	95%

Notes in relation to Appendix 5B

Payments to related parties and their associates during the quarter as outlined in Section 6 of the accompanying Appendix 5B to this quarter's activities report were US\$196,108. These payments are related to salaries, superannuation, advisory and consultancy fees paid to directors and/or director related entities during the quarter ended 30 June 2023, including amounts paid to Sal & Caldeira Advogados, a related party of José Caldeira (Non-Executive Director).

This release was authorised on behalf of the Syrah Board by

Shaun Verner, Managing Director

Investor Relations Contact:

Viren Hira

T: +61 3 9670 7264

E: v.hira@syrahresources.com.au

Media Enquiries Contact:

Nathan Ryan

T: +61 420 582 887

E: nathan.ryan@nwrcommunications.com.au

¹⁷ Refer ASX release 20 October 2022.

About Syrah

Syrah (ASX code: SYR) is an Australian Securities Exchange listed industrial minerals and technology company with its flagship Balama Graphite Operation in Mozambique and a downstream Active Anode Material Facility in the United States. Syrah's vision is to be the world's leading supplier of superior quality graphite and anode material products, working closely with customers and the supply chain to add value in battery and industrial markets.

Forward Looking Statement

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. 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. About Syrah Resources Syrah Resources (ASX code: SYR) is an Australian Securities Exchange listed industrial minerals and technology company with its flagship Balama Graphite Operation in Mozambique and a downstream Active Anode Material Facility in the United States. Syrah's vision is to be the world's leading supplier of superior quality graphite and anode material products, working closely with customers and the supply chain to add value in battery and industrial markets.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

SYRAH RESOURCES LIMITED

ABN

77 125 242 284

Quarter ended ("current quarter")

30 JUNE 2023

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	9,579	35,218
1.2	Payments for		
	(a) exploration & evaluation		
	(b) development		
	(c) production	(31,884)	(57,540)
	(d) staff costs ⁽¹⁾	(6,570)	(13,090)
	(e) administration and corporate costs	(1,148)	(1,711)
1.3	Dividends received (see note 3)		
1.4	Interest received	503	1,289
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other – VAT recoveries	-	315
1.9	Net cash from / (used in) operating activities	(29,520)	(35,519)

(1) Includes staff costs in relation to Balama Graphite Operation, Vidalia and Corporate & Administration functions

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) Entities	-	-
	(b) Tenements	-	-
	(c) property, plant and equipment	(30,752)	(59,813)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (6 months) US\$'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Receipts from environmental bond deposit release	-	8,431
2.6	Other – Payment for environmental bond deposit release	-	-
2.7	Other – Payment for security deposit	-	-
2.8	Other – Release of security deposit		
2.9	Net cash from / (used in) investing activities	(30,752)	(51,382)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	33,150	33,150
3.5	Proceeds from borrowings	44,432	65,807
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – payment for interest and principal on lease liabilities	(853)	(1,687)
3.10	Net cash from / (used in) financing activities	76,729	97,270

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	84,231	90,376
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(29,520)	(35,519)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (6 months) US\$'000
4.3	Net cash from / (used in) investing activities (item 2.8 above)	(30,752)	(51,382)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	76,729	97,270
4.5	Effect of movement in exchange rates on cash held	(50)	(107)
4.6	Cash and cash equivalents at end of period	100,638	100,638

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	8,551	17,786
5.2	Call deposits	37,435	30,099
5.3	Bank overdrafts	-	-
5.4	Other – Restricted cash	54,652	36,346
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	100,638	84,231

6.	Payments to related parties of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	196
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
7.1	Loan facilities	65,807	65,807
7.2	Credit standby arrangements		
7.3	Other - convertible notes	106,152	106,152
7.4	Total financing facilities	171,959	171,959
7.5	Unused financing facilities available at quarter end		32,193
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

With reference to item 7.1, Syrah completed the first two advances from the US Department of Energy loan facility (DOE Loan) on 15 February 2023 and 25 April 2023. Syrah signed binding documentation for a loan from the US Department of Energy to Syrah Technologies LLC, Syrah's wholly owned subsidiary, to support the financing of the initial expansion of the Vidalia active anode material facility in Louisiana, USA. The DOE Loan is for up to US\$102 million including US\$98 million in loan advances and approximately US\$4 million in maximum capitalised interest. Interest is fixed from the date of each loan advance at applicable long-dated US Treasury rates and is capitalised in arrears prior to 20 October 2024 up to the maximum amount. The DOE Loan matures on 20 April 2032 unless repaid earlier. A summary of the key terms of the DOE Loan is in Syrah's ASX release dated 28 July 2022. The DOE Loan became effective on 27 December 2022.

With reference to item 7.3, Syrah issued an unsecured convertible note to AustralianSuper Pty Ltd as trustee for AustralianSuper (AustralianSuper) in October 2019 to raise A\$55.8 million (Series 1 Convertible Note). Interest to accrue on principal outstanding at a rate of (at the Company's discretion): 8% per annum, capitalised quarterly in arrears and added to principal outstanding; or 7.5% per annum if Syrah elects to make interest payments in cash. The Series 1 Convertible Note matures on 28 October 2024 unless redeemed or converted earlier. A summary of the key terms of the Series 1 Convertible Note is in Syrah's ASX release dated 19 June 2019.

Syrah issued an unsecured convertible note to AustralianSuper in June 2021 to raise A\$28.0 million (Series 3 Convertible Note). Interest to accrue on principal outstanding at a rate of (at the Company's discretion): 8% per annum, capitalised quarterly in arrears and added to principal outstanding; or 7.5% per annum if Syrah elects to make interest payments in cash. The Series 3 Convertible Note matures on 28 October 2024 unless redeemed or converted earlier. A summary of key terms of the Series 3 Convertible Note is in Syrah's ASX release dated 10 December 2020.

Syrah announced the execution of a new convertible note deed with AustralianSuper for up to A\$150 million unsecured convertible notes, in three equal series (Series 4, 5 and 6 Convertible Notes at A\$50 million per series). Series 4 Convertible Note was issued to AustralianSuper in May 2023 as described below. Syrah is seeking shareholder approval for the potential issuance of Series 5 and 6 Convertible Notes and conversion of all series of the new and existing AustralianSuper convertible notes (together the "Shareholder Resolutions") at a General Meeting on 28 July 2023.

The Series 4 Convertible Note was issued to AustralianSuper on 12 May 2023 to raise A\$50.0 million. Interest has and will accrue prior to approval of the Shareholder Resolutions on principal outstanding at a rate of (at the Company's discretion): 14% per annum, compounded daily, capitalised quarterly in arrears and added to principal outstanding; or 13.5% per annum if Syrah elects to make interest payments in cash. After, and subject to, approval of the Shareholder Resolutions, interest will accrue on principal outstanding at a rate of (at the Company's discretion): 11% per annum, compounded daily, capitalised quarterly in arrears and added to principal outstanding; or 10.5% per annum if Syrah elects to make interest payments in cash. The Series 4 Convertible Note matures on 12 May 2028 unless redeemed or converted earlier. A summary of key terms of the Series 4 Convertible Note is in Syrah's ASX release dated 27 April 2023.

The value provided in 7.3 includes the Series 1, Series 3 and Series 4 Convertible Note face value, interest accrued and capitalised establishment fee. The amount is converted from Australian Dollars to United States dollars at an AUDUSD exchange rate of 0.6630 (Q1 2023: 0.6712)

With reference to item 7.5, the unused financing facility relates to the remaining DOE Loan commitment after deducting the advances described in item 7.1. While Syrah satisfied the conditions for the first two advances from the DOE Loan, subsequent advances are subject to ongoing satisfaction of various conditions.

8.	Estimated cash available for future operating activities	US\$'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(29,520)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(29,520)
8.4	Cash and cash equivalents at quarter end (item 4.6)	100,638
8.5	Unused finance facilities available at quarter end (item 7.5)	32,193
8.6	Total available funding (item 8.4 + item 8.5)	132,831
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3) <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	4.5
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions: 8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? Answer: Not applicable as item 8.7 is greater than 2. 8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? Answer: Not applicable as item 8.7 is greater than 2. 8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? Answer: Not applicable as item 8.7 is greater than 2. <i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

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.

Date:18 July 2023.....

Authorised by:The Board.....

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.