SYRAH RESOURCES

ASX Announcement / Media Release

31 January 2024

Quarterly Activities Report

FOR THE THREE MONTHS ENDING 31 DECEMBER 2023

Key Points

- Syrah Group Total Recordable Injury Frequency Rate ("TRIFR") of 1.2 at quarter end
- Higher Chinese anode production with global electric vehicle ("EV") sales growing 37%, to ~14.7 million units, in 2023 compared to 2022[1]
- China export licensing controls implemented from 1 December 2023 severely limited natural graphite demand in China
  – licensing progress will determine near-term Balama sales profile
- Campaign production of 20kt at 77% recovery over December 2023 quarter
- Balama C1 costs (FOB Nacala/Pemba) of US$534 per tonne in operating periods and C1 fixed costs (FOB Nacala/Pemba) of US$4 million per month in the non-operating period
- Lower quarter on quarter natural graphite sales with lower demand from Chinese anode customers – ~17kt natural graphite sold and shipped to 3rd party customers and ~3kt shipped to Vidalia in USA
- Weighted average sales price of US$490 per tonne (CIF)[2] lower quarter on quarter due to China fines sales prices
- Syrah is commercially engaged with ten ex-China natural graphite anode projects for long-term natural graphite supply from Balama and aiming to execute further significant binding offtake in the March 2024 quarter
- Safely commissioning or operating all areas of the 11.25ktpa AAM Vidalia facility in Louisiana, USA ("Vidalia Initial Expansion") – total installed capital costs revised to US$209 million
- Ramping up AAM production from February 2024 to begin product qualification toward commercial AAM sales
- Progressing offtake and project readiness for Vidalia's expansion to a 45ktpa AAM, inclusive of 11.25ktpa AAM, production capacity ("Vidalia Further Expansion") – financing considerations will determine FID timing
- MOU signed with Tees Valley Graphite for joint venture development of a large-scale AAM facility in the United Kingdom
- Completed final ~US$32 million advance of US$102 million loan from US Department of Energy ("DOE") for the Vidalia Initial Expansion project[3] and potential US$350 million loan with DOE for the Vidalia Further Expansion project
- Targeting completion of US$150 million loan for Balama from US International Development Finance Corporation in H1 2024[4]
- A$50 million (US$34 million[5]) series of new convertible notes with AustralianSuper issued, following shareholder approval, on 23 October 2023[6]
- Quarter end cash balance of US$85 million, including restricted cash of US$38 million.

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[1] Source: GlobalData.
[2] Based on 3rd party customer sales.
[3] Refer ASX release 28 July 2022.
[4] Refer ASX release 11 September 2023.
[5] A$ amount converted into US$ based on the USD/AUD exchange rate of 0.68 as at 31 December 2023.
[6] Refer ASX release 9 October 2023.

Balama Graphite Operation ("Balama") – Mozambique

Syrah Resources Limited (ASX: SYR) ("Syrah" or "Company") recorded a TRIFR of 0.3 at quarter end for Balama.

Quarter Ending	Unit	31 December 2022	31 March 2023	30 June 2023	30 September 2023	31 December 2023
Plant Feed	Tonnes ('000)	214	280	95	130	138
Plant Feed Grade	TGC[7]	20%	20%	19%	18%	17%
Recovery	%	78%	71%	78%	73%	77%
Graphite Produced	**Tonnes ('000)**	**35**	**41**	**15**	**18**	**20**
Fine/Coarse Mix	-	87/13	91/9	91/9	88/12	87/13
Average Fixed Carbon	%	95%	95%	95%	95%	95%

Syrah completed production campaigns during October and December 2023 that produced 20kt natural graphite over the quarter. The latest campaign continued into January 2024 to manage finished product inventory positions against planned sales. Balama operations were otherwise paused through the middle of the quarter, awaiting improved market demand for Balama natural graphite products. Syrah is continuing all measures identified for the revised Balama operating mode outlined in the June 2023 quarterly activities report.

Operational performance was stable in the October 2023 production campaign, which continued from end of September 2023, with Balama producing at a 19kt per month average daily production rate. Production resumed in mid-December 2023 after a two-month non-operating period with stable operations running through into early January 2024 and recovery improving to above 80%. While operations were paused mid-quarter, Syrah completed inspections, brought forward planned equipment maintenance, commissioned newly installed minor equipment and changed out spares with reduced operating personnel onsite.

Balama C1 costs (FOB Nacala/Pemba) in the operating periods of ~US$534 per tonne were higher than guidance in the campaign operating mode due to lower than targeted production rate and recovery. Balama C1 fixed costs (FOB Nacala/Pemba) for the non-operating period were ~US$4 million per month. The wholesale diesel price set by the Mozambique Government remained stable quarter on quarter.

Syrah is continuing to operate Balama in campaign operating mode in the March 2024 quarter, targeting ~30-day high-capacity utilisation production campaigns followed by curtailment periods determined by inventory levels and new sales demand. Further production campaigns will be dependent on sales from inventory and new sales orders at production volumes averaging at least 10kt per month, in line with the revised Balama operating mode. Syrah has the capability to return to higher capacity utilisation quickly should natural graphite demand increase. The Company is focussed on strengthening plant reliability and identifying and implementing operational efficiencies during the shutdown periods to ensure strong operational performance in future production periods.

Balama C1 cost (FOB Nacala/Pemba) guidance under the revised operating mode remains 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. This guidance assumes C1 costs of US$378-426 per tonne at 20kt production rate during 30-day production campaigns, with the lower end of the range again assuming the lower diesel price, and ~US$4 million per month in fixed costs during the non-operating periods. 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. 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.

Community and Security

Rates of Mozambican national employment, local host community and female employment were 97%, 40% and 18%, respectively, of Balama's total labour contingent excluding contractors. Value accruing to local employees, Mozambican

[7] TGC = Total Graphitic Carbon.

contractors and suppliers, and 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. Total Energies is expected to restart construction activities in 2024 for its US$20 billion Mozambique LNG project in the Afungi Peninsula. TotalEnergies put the Mozambique LNG project on hold in April 2021 due the security situation in the north of Cabo Delgado province.

Market Update

Global EV sales and penetration increased in the December 2023 quarter, compared with the September 2023 quarter, although the pace in EV sales growth was relatively lower in ex-China consumer markets. Global EV sales increased 30% in the December 2023 quarter versus the December 2022 quarter, to approximately 4.6 million units,[1] with record sales in December 2023. Chinese anode production decreased 8% in the December 2023 quarter from record high levels in the September 2023 quarter, but increased 19%, compared with the December 2022 quarter, with significant synthetic graphite AAM production[8]. With global EV sales increasing markedly during the quarter compared to the rest of 2023, AAM inventory drawdown is apparent.

There was a major immediate disruption to global natural graphite and anode material markets with the announcement and implementation by the Chinese Government of export licence controls for designated graphite products. Following this announcement in late October 2023 and ahead of implementation on 1 December 2023, there was a significant increase in exports of potentially impacted graphite products from China to clear supplier inventories and build ex-China stockpiles. Exports of natural graphite were more than three times normal monthly levels in November 2023, and exports of spherical graphite and anode materials were four and two times normal levels, respectively, significantly reducing stock of finished products in China. However, Chinese and global trade activity in these products evaporated in December 2023 to the lowest monthly levels in several years with uncertainty over the Chinese Government's intent, and lack of clarity on the licenses process and implementation. Limited export licences were granted for December 2023 shipments by significant AAM and anode precursor suppliers exporting to certain countries including South Korea but not US, Japan and most European countries. Customer feedback is that licences for shipments have been also denied for various reasons. Producers and consumers faced major concern about supply beyond inventory accumulated. Chinese customers tempered orders of imported natural graphite, including from Syrah, whilst awaiting progress in licences to export spherical graphite and anode material products from China to ex-China markets. Syrah expects Chinese exports of these products to be moderate in January 2024 and to increase from February 2024 assuming granting of licences continues to increase.

As noted throughout 2023, synthetic graphite AAM production capacity growth in China has been significant and misaligned with demand. Aggressive pricing as new entrants seek market share to allow production continuity continued to cause intense domestic competition amongst new and incumbent synthetic graphite AAM producers. The sustainability of current prices (which for low density synthetic graphite AAM, in some cases, remain at or below the cost of production) appears challenging and is most prevalent in the Chinese domestic market, rather than ex-China export markets, where customers continue to demand a broadly unchanged blend of natural and synthetic AAM products. The ongoing convergence of prices for low-end synthetic graphite AAM and natural graphite AAM appears to be unsustainable, and any increase in power, graphitisation, or coke costs from present levels is expected to immediately drive higher synthetic graphite AAM prices. Syrah continues to expect that underutilisation of expanded synthetic graphite AAM capacity and loss-making prices caused by intense competition will ultimately lead to consolidation or rationalisation of marginal synthetic graphite AAM supply capacity, which will ultimately support higher pricing for both synthetic graphite and natural graphite AAM.

The export inventory liquidation from China in November 2023 and weak replacement orders driven by uncertainty in export licensing kept pressure on Chinese natural graphite fines demand and spot prices were weak during the quarter. The continued drawdown of anode material inventory through price discounting from synthetic graphite AAM suppliers in China maintained pressure on natural graphite AAM prices, and drove low utilisation of spherical graphite processing capacity as input for natural graphite AAM production. The traditional winter period of lower supply availability due to Chinese natural graphite production closures did not see a corresponding rise in natural graphite prices given the market disruption driven by export licensing uncertainty. Inventory of natural graphite has declined in China as low prices are not inducing supply,

[8] Source: ICCSino.

larger volumes were exported, and imports have declined through the quarter. Coarse flake prices ex-China remained relatively strong due to stable demand and ongoing supply disruptions from Ukraine, Russia and China (given the export licensing implementation).

Chinese natural graphite production from the top 10 producers increased ~7% in 2023 compared to 2022, primarily due to the commissioning of Minmetals new Luobei mining operation. Benchmark Mineral Intelligence continues to report that domestic natural graphite producers are under cost pressure from a combination of lower grade ore, poorer recoveries and other factors, requiring prices to rise for profitability. Given lower seasonal natural graphite production, reduced inventory and imports, any increase in Chinese demand as export licences are granted may result in a relatively swift improvement in both prices and import demand.

Global EV sales increased 37% in 2023, compared with 2022, to 14.7 million units with monthly sales records in November and December 2023[1]. This extraordinary growth was primarily driven by Chinese sales, and Tesla as the major EV producer outside China. Forecast continuing strength in global EV sales combined with the announcement of the China export licensing controls, and the US Government definition of foreign entity of concern ("FEOC") product restrictions on eligibility for various tax incentives and funding options underpins a very strong medium and long-term outlook for ex-China AAM demand, boding well for Balama and Vidalia sales opportunities.

Robust global EV production and sales growth is expected to result in high demand for AAM globally, and is ultimately expected to require significantly higher imported natural graphite into China and emerging anode supply hubs outside of China. 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 is challenging. With cost exceeding price at a number of points across the anode supply chain however, increased AAM demand, driven by continuing growth in EV sales, will require higher prices to incentivise increased production, with higher natural graphite supply required from ex-China sources in order to diversify the sourcing options for ex-China OEMs and battery manufacturers.

As evidenced by recent Chinese domestic price-driven substitution, synthetic and natural 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, especially to buyers outside China. 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 fine flake. Syrah is the only major ex-China supplier advanced and operating in both upstream natural graphite and downstream AAM markets, and current operating capability provides a significant advantage in supplying into emerging demand, given that current prices are not incentivising the progress of development of other upstream projects. However, the near-term practical implementation of China's export licensing controls for graphite products will be the primary determinant of Syrah's 2024 natural graphite sales volumes and operating cash flows.

Natural Graphite Sales and Marketing

Quarter Ending	Unit	31 December 2022	31 March 2023	30 June 2023	30 September 2023	31 December 2023
Graphite Sold and Shipped	kt	28	30	15	23	17
Graphite Shipped to Vidalia	kt	0	0	2	4	3
Weighted Average Price (CIF)[2]	US$ per tonne	716	636	688	528	490
Finished Product Inventory[9]	kt	20	30	28	20	19

[9] Finished product inventory includes saleable inventory at Balama, Nacala, Pemba, China and USA (excluding Vidalia).

Natural graphite sales to 3rd party customers for the quarter totalled 17kt. Sales decreased from the September 2023 quarter, with significantly higher natural graphite exports from China and illiquidity in the Chinese customer market due to the announcement and implementation of Chinese graphite export licencing controls. Coarse flake demand was strong, however, considering inventory and campaigned production, availability of coarse flake for sales was constrained. Approximately 19kt of finished product inventory remained at quarter end[9]. Low demand from Chinese anode customers limited overall natural graphite sales during the quarter. Syrah also shipped 3kt of fines to Vidalia during the quarter for internal AAM production and to build stockpiles. A breakbulk shipment from Pemba was completed in December 2023 and container shipping capacity at Nacala was sufficient.

The weighted average sales price of natural graphite sales to 3rd party customers for the quarter was US$490 per tonne (CIF), lower compared to the September 2023 quarter due to lower fines prices for sales to Chinese customers. Fines sales accounted for approximately 85% of product sales to 3rd party customers in the quarter, which was marginally below the September 2023 quarter and consistent with the historical average of 85%.

Syrah's near-term sales strategy continues to be to sell from inventory and, subject to customer demand and price levels, undertake Balama production campaigns to achieve a production volume of at least 10kt per month, on average, over a quarter.

Medium-term natural graphite sales strategy

Syrah's medium-term natural graphite sales strategy is to balance integrated consumption through Vidalia, with an increasing proportion of sales volume ex-China, and residual sales volumes to China.

Ex-China demand for diversification of AAM sourcing to mitigate geopolitical risk, reduce sole reliance on China, and achieve financial incentives from Government policy programs is accelerating. To meet such demand there is a growing pipeline of ex-China merchant (non-integrated) natural graphite AAM facilities seeking long-term supply of ex-China natural graphite feed to underpin investment in capital intensive development. AAM facility projects are in various stages of progress in the US, Canada, South Korea, Finland, Indonesia, and India. Furthermore, there is increasing interest from battery manufacturers and auto OEMs in directly contracting sustainable upstream supply of ex-China natural graphite to direct through anode processing partners. Balama is the only major, independent source of high quality, large volume capacity production able to underpin the near-term development of new spherical and AAM production capacity outside China. Accordingly, increasing interaction on long-term supply agreements for Balama has been underway regarding offtake support for incumbent AAM producers' expansion plans, and new project developments.

Syrah is currently engaged commercially with ten ex-China natural graphite anode projects for long-term natural graphite supply from Balama. The Company has executed offtake agreements for Balama natural graphite supply with Graphex Group Limited (NYSE American: GRFX | HKSE: 6128) and Westwater Resources, Inc. (NYSE American: WWR) ("Westwater")[10], and is aiming to execute further significant binding offtake in the March 2024 quarter.

Shipping market

The global container shipping market was stable, quarter on quarter. In January 2024, attacks on commercial ships in the Red Sea by reported Houthi rebels forced shipping lines to pause shipping via the Suez canal and divert ships around the Cape of Good Hope to and from Europe adding voyage distance and increasing costs. Suez canal transits accounts for up to 16% of global trade and sustained disruption may result in delayed voyages, congestion at ports and increased shipping rates. East Africa vessel services and container availability is good, with exports from and imports to Nacala being 29% and 27% higher, respectively, in 2023 compared with 2022. The average freight rate for Syrah's natural graphite cargoes from Nacala and Pemba for the quarter, excluding Vidalia shipments, was ~US$80 per tonne, with a greater proportion of higher cost ex-China shipments compared to previous quarters.

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

Syrah recorded a TRIFR of 4.7 at quarter end for Vidalia and no lost time injuries were sustained through the quarter, with construction completion and commissioning underway at the Vidalia Initial Expansion project.

[10] Refer ASX release 3 August 2023.

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, Inc. ("Tesla") to supply natural graphite AAM from the 11.25ktpa AAM Vidalia facility in December 2021[11]. New facility qualification processes will begin following start of production of the 11.25ktpa AAM Vidalia facility. Offtake sales timing will be determined by commercial considerations and completion of product qualification, to Tesla's satisfaction, to confirm that the product is aligned with contractual requirements as well as the achievement of threshold production rates. The Company has planned for working capital funding to be available to facilitate production ramp-up, the qualification process, and transition to sales from Vidalia. The offtake agreement with Tesla may be terminated by either party if final qualification is not achieved by 31 May 2025.

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 AAM[12]. The Company is working towards finalising a second binding offtake agreement with Tesla for this additional volume, concurrent with offtake negotiations with other major battery manufacturers and auto OEMs.

Syrah also has non-binding MOUs with Ford Motor Company and SK On Ltd[13], LG Energy Solution[14] and Samsung SDI[15] to evaluate AAM supply from Vidalia. Syrah is advancing commercial and technical engagement with further customers and supply chain participants.

The Company is engaging with target customers for uncontracted AAM from Vidalia with clear imperative created by recent Government policy developments in China, USA and the European Union ("EU"). 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), policy support (e.g. US Inflation Reduction Act ("IRA") and FEOC requirements) and Syrah's forecast competitive cost structure are benefitting Syrah's commercial position in customer engagement.

Vidalia Initial Expansion (Phase 2)

Syrah expects start of AAM production from its 11.25ktpa AAM facility in February 2024, making the Company the first commercial-scale, vertically integrated natural graphite AAM supplier outside China.

Major project activities in the December 2023 quarter were installation of filter presses in the purification plant, completion of the second power distribution centre, substantial completion of the initial furnace line, and completion of the nitrogen plant. Construction resourcing onsite reduced over the quarter as mechanical and electrical installations were completed. The work programme focused on electrical loop tests, pre-start up safety reviews, and commissioning activities. Commissioning and production through the various process areas at Vidalia was completed over the quarter, with extensive involvement from Syrah's operations team and a focus on safety as each area of the plant became available for handover. Syrah has produced unpurified spherical graphite from the front-end milling area since October 2023 to build inventory of precursor value-added material in preparation for commissioning of the purification and furnace areas. Commissioning of the purification area, including the introduction of reagents into the circuit, has progressed following a delay due to commissioning of the press filtration system and the longest hard freeze conditions in Louisiana for 30 years in January 2024. First purified spherical graphite material was produced in late January 2024. The heating cycle for the first furnace line commenced in early January 2024 and first carbonisation of pitch coated purified spherical graphite will be completed to produce first finished AAM product from the facility imminently.

The total installed capital cost of the Vidalia Initial Expansion project to start of production is expected to be approximately US$209 million, representing a ~5% increase from the previous total installed capital cost guidance of US$198 million and

[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.
[15] Refer ASX release 9 August 2023.

a ~19% increase from the total installed capital cost estimate at FID[16]. Capital cost escalation was associated with unplanned indirect costs on equipment purchases and additional commissioning costs. At quarter end, installed capital costs, excluding Syrah owner's team costs, operational readiness costs and DOE loan related costs, of US$196 million had been spent on the Vidalia Initial Expansion project.

The Vidalia operations team is fully staffed with 101 employees engaged in the commissioning process and ramping up operations and production at Vidalia. Syrah Vidalia's steady state operating cost estimate for the 11.25ktpa AAM Vidalia facility once producing at capacity remains at US$3.64/kg AAM[17].

Vidalia Further Expansion (Phase 3)

In April 2023, Syrah announced the completion of a Definitive Feasibility Study on the expansion of Vidalia's production capacity to 45ktpa AAM, inclusive of the 11.25ktpa AAM facility[18], which confirmed that the project is technically viable, financially robust and is expected to deliver significant value for Syrah shareholders and other stakeholders. Whilst focussing on cost management, Syrah is progressing transition engineering, permitting and other long lead procurement activities for the expansion of Vidalia's production capacity to 45ktpa AAM, inclusive of 11.25ktpa AAM ("Vidalia Further Expansion") ahead of a FID to be considered by the Syrah Board. The Company is progressing offtake agreements and preparing the project for FID readiness. Financing considerations will determine FID timing. Detailed engineering, long-lead items and other procurement, and construction activities will follow a Syrah Board approved FID sequentially.

European and/or Middle East Downstream Strategy

Syrah continued its engagement with several counterparties on a potential partnership for an AAM production facility to supply AAM into the European battery manufacturing industry, including reviewing potential options in England and the Middle East, given battery material and EV supply chain development in these regions.

Syrah signed a non-binding MOU with Tees Valley Graphite Limited ("TVG"), a wholly owned subsidiary of Alkemy Capital Investments plc ("Alkemy") (ALK:LSE) (JV2:FRA), for the establishment of a joint venture for a large-scale natural graphite AAM facility in the United Kingdom. Syrah and TVG will jointly evaluate the development of a 20ktpa AAM facility at Wilton International Chemicals Park ("Wilton") in Teesside Freeport in north-east England ("Wilton AAM Facility") to supply AAM to the European market. Syrah and Alkemy intend to enter into a binding joint venture agreement in the near-term, which will govern feasibility and permitting workplans and schedules, budget and relevant milestones associated with the Wilton AAM Facility. Ultimately, development of the Wilton AAM facility is planned to be subject to a FID being unanimously approved by Syrah and TVG following the completion of further technical studies, receipt of approvals, entry into a shareholders' agreement, incorporation of a project company, and financing and offtake commitments. Syrah and TVG will each initially have a 50% interest in the joint venture.

Alkemy has completed development work for a lithium hydroxide refining facility at Wilton and has significant local knowledge that will be valuable for the Wilton AAM Facility. The Wilton AAM Facility is proposed to replicate the technology and design used at Vidalia, with modifications for siting at Wilton, and use Balama natural graphite feed. Wilton is a 2,000-acre, multi-occupancy manufacturing site, with one of the United Kingdom's leading process manufacturing clusters and access to infrastructure, logistics systems and key input materials and utilities such as water, gas, steam and electricity. A direct connection between Wilton and Dogger Bank wind farm, one the world's largest offshore wind farm projects, is planned, which will provide the Wilton AAM Facility access to certified renewable low-cost electricity.

Strategic minority equity, green bonds, and domestic and international grant programmes are potential funding options that will be evaluated to support the development of the Wilton AAM Facility.

Government policy support

Government and private sector recognition of the strategic importance of battery raw material supply chains is significant. Government policy in the US, Europe and China 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

[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, operational readiness costs and DOE loan related costs.
[17] Includes cost of US$425/t (FOB Nacala) for Balama natural graphite, reflecting an approximate all-in cost of production at Balama at full plant utilisation. Includes costs of transporting Balama natural graphite from Nacala to Vidalia and maintenance costs.
[18] Refer ASX release 27 April 2023.

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.

China export licensing controls

On 20 October 2023 the Ministry of Commerce ("MOFCOM") and General Administration of Customs ("GACC") in China announced the introduction of export licensing controls for designated "dual-use" graphite products citing safeguarding of natural security and interests and implemented these controls on 1 December 2023. The export licensing controls apply to all consignments of natural graphite and its products from China, including uncoated spherical graphite, coated spherical graphite and expandable graphite, from 1 December 2023. Under the graphite export licensing controls, Chinese exporters may not export the designated graphite products outside China, irrespective of destination, without a licence. Export licensing procedures require submission of an application and detailed supporting documentation such as key commercial terms of sale, technical product specifications, details of customers and end uses, and an introduction to customers. Syrah understands that Chinese regulators are not approving licences for export to trading companies. Exporting designated graphite materials without a licence will result in the imposition of administrative penalties to the exporter in accordance with relevant laws and regulations and may potentially result in criminal liability.

These licensing controls introduce significantly higher uncertainty, increased administrative barriers and delays in export supply of the designated graphite materials from China and heightens the criticality of ex-China supply of graphite materials for the lithium-ion battery chain in particular. Near-term dislocation of existing graphite supply to higher priced alternatives may disrupt trade-flows and product segments. The introduction of a discretionary export licensing process increases the control that the Chinese Government has over China graphite supply to ex-China customers.

US Inflation Reduction Act

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 December 2023, the US Department of Treasury ("DOT") 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 and the definition of foreign entity of concern, including a 25% limit in Board representation, voting rights or equity interests with covered nation Governments (including Chinese Government) in critical minerals production facilities located outside of China. The guidance substantiates Syrah's view that Vidalia AAM using Balama natural graphite is a qualified critical mineral that will contribute towards the critical minerals requirement for the section 30D clean vehicle credit and that use of natural graphite AAM from incumbent supply chains will prevent a significant proportion of EVs sold in the US from receiving the $3,750 critical minerals component of the Section 30D clean vehicle credit from 1 January 2025.

Syrah is evaluating the direct tax credits that are available to Syrah Technologies LLC ("Syrah Technologies"), Syrah's wholly-owned US subsidiary, under the IRA, as a supplier of critical minerals. Syrah Technologies is qualified to claim the Advanced Manufacturing Production Credit (Section 45X). In December 2023, DOT released proposed regulations under Section 45X providing definitions and rules relating to eligible components, qualified and nonqualified production activities, costs included and excluded as production costs and interactions with the Section 48C tax credit. During the quarter, Syrah Technologies applied to claim the Manufacturers' Tax Credit (Section 48C) for the Vidalia Further Expansion project. Either Section 48C or Section 45X may be claimed by Syrah Technologies but not both.

EU Critical Raw Materials Act

In November 2023, the EU reached a provisional agreement on the European Critical Raw Materials Act ("CRMA"), which will be enacted in early 2024, to diversify supply of critical raw materials for the EU. The CRMA will strengthen self-reliance of critical raw materials by setting an objective of extracting 10% of the EU's annual consumption of critical minerals within the EU, processing 40% of the EU's annual consumption of processed critical materials within the EU and sourcing no more than 65% of the EU's annual consumption of any strategic raw material at any stage of processing from any single non-EU member country by 2020. Natural graphite is one of 17 strategic raw materials and 34 critical raw materials identified in the CRMA due to its economic importance and risk of supply disruption. The CRMA also encourages greater co-ordination across EU Member States in the development of strategic partnerships with non-EU member countries to source critical raw materials and to simplify, as well as accelerate, permitting of critical raw material mining and processing projects.

ESG

Syrah is undertaking varied environmental, social and governance initiatives to meet internal improvement and compliance objectives and to significantly differentiate its production from Chinese natural graphite and AAM production. These initiatives provide assurance to customers and stakeholders that Syrah's natural graphite and AAM products, are being produced in a responsible manner targeting compliance with key international frameworks. The Company is working towards improving customer understanding of the incremental costs of these initiatives and the corresponding price premiums required to achieve ESG assurances being sought.

ESG element	Syrah	Major Chinese producers
Responsible Mining Assurance	IRMA certification assessment underway	No published commitments
Tailings Storage Assurance	ICMM GISTM commitment underway	No published commitments
Audited Lifecycle Assessment ("LCA")	LCA completed with Minviro and independently reviewed; GWP of ~7.2kg CO2 equivalent per kg AAM	No published company assessments
Human Rights and Modern Slavery analysis	Published Modern Slavery Statement and action plan	No published commitments

Syrah will continue to engage customer, government and stakeholder to communicate the importance and value of key ESG elements, relative to competing products.

Finance and Corporate

Syrah's cash balance at 31 December 2023 was US$85 million. This amount included restricted cash of US$38 million for reserves associated with the DOE loan and proceeds in Syrah restricted project and operating accounts, which are intended to be used to fund operational and remaining construction costs. Net cash flows from operating activities for the quarter was weighed down by relatively low Balama cash receipts from sales and payment of fixed operating costs. Net cash outflows from investing activities of US$37 million was principally for the Vidalia Initial Expansion project. Net cash inflows from financing activities of US$66 million was associated with the issue of a new convertible note series to AustralianSuper and the final DOE loan advance.

US DOE debt financing for the Vidalia Initial Expansion project

Syrah has received a loan facility of up to US$102 million from DOE to Syrah Technologies to support the financing of the Vidalia Initial Expansion project[3]. 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 final advance of US$32 million from the DOE loan was completed during the quarter. Syrah cash is deposited in restricted project accounts to satisfy current 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 has applied for an additional US$350 million ATVM loan from DOE to Syrah Technologies to support funding of the Vidalia Further Expansion project and DOE is progressing due diligence. 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

The United States International Development Finance Corporation ("DFC") signed a US$150 million conditional loan commitment to the Company's subsidiary, Twigg Exploration and Mining Limitada ("Twigg") to fund: (i) feasibility studies for the development of Balama's vanadium resource; (ii) current and future expansion of Balama's tailings storage facility ("TSF"); and (iii) working and sustaining capital in Balama operations[4]. Syrah and DFC are completing due diligence and legal documentation, and the Company is targeting completion of the DFC loan in H1 2024. The DFC loan is subject to DFC management approval, Syrah and Twigg Board approvals and signing of binding loan documentation.

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

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 in convertible notes issuable to AustralianSuper in three equal series[6]. Syrah issued the first A$50 million series of the new convertible notes ("Series 4 Note") on 12 May 2023 and issued the second A$50 million of the new convertible notes ("Series 5 Note") on 11 August 2023 following shareholder approval of the issuance of all the new convertible notes. The Company issued the third A$50 million (US$38 million[5]) series of the new convertible notes ("Series 6 Note") on 23 October 2023[6].

Mining licences

The following table lists the current mining licences held by Syrah Resources Limited and its subsidiaries at 31 December 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 31 December 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$234,651. These payments are related to salaries, superannuation, advisory and consultancy fees paid to directors and/or director related entities during the quarter ended 31 December 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

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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	Quarter ended ("current quarter")
77 125 242 284	31 DECEMBER 2023

	Consolidated statement of cash flows	Current quarter US$'000	Year to date (12 months) US$'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	6,346	56,462
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(19,922)	(98,132)
	(d) staff costs(1)	(8,438)	(28,803)
	(e) administration and corporate costs	(1,289)	(4,475)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	540	2,529
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	49	364
1.9	**Net cash from / (used in) operating activities**	**(22,714)**	**(72,055)**

(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	(36,960)	(133,981)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter US$'000	Year to date (12 months) US$'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**	**(36,960)**	**(125,550)**

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 notes	34,200	99,640
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	32,193	98,000
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	(772)	(3,169)
3.10	**Net cash from / (used in) financing activities**	**65,621**	**194,471**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	80,886	90,376
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(22,714)	(72,055)

Consolidated statement of cash flows		Current quarter US$'000	Year to date (12 months) US$'000
4.3	Net cash from / (used in) investing activities (item 2.8 above)	(36,960)	(125,550)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	65,621	194,471
4.5	Effect of movement in exchange rates on cash held	(1,944)	(2,353)
4.6	**Cash and cash equivalents at end of period**	**84,889**	**84,889**

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	34,892	49,366
5.2	Call deposits	11,787	132
5.3	Bank overdrafts	-	-
5.4	Other – Restricted cash	38,210	31,388
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**84,889**	**80,886**

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	235
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

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end US$'000**	**Amount drawn at quarter end US$'000**
7.1	Loan facilities	100,189	100,189
7.2	Credit standby arrangements		
7.3	Other - convertible notes	186,122	186,122
7.4	**Total financing facilities**	**286,311**	**286,311**
7.5	**Unused financing facilities available at quarter end**		-
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 all three advances from the US Department of Energy loan facility (DOE Loan) on 15 February 2023, 25 April 2023 and 3 October 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 amount reflected in 7.1 is the loan advance plus the capitalised and accrued interest for the three advances as at end Dec-23. 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 principal per series). Syrah shareholders approved the issue of the Series 5 and 6 Convertible Notes, as well as other related resolutions (Shareholder Resolutions), in a General Meeting held on 28 July 2023. The Series 4, 5 and 6 Convertible Notes were issued in full to AustralianSuper on 12 May 2023, 8 August 2023 and 23 October 2023, respectively.

Prior to approval of the Shareholder Resolutions, interest accrued on the Series 4 Convertible Note principal outstanding at a rate of 14% per annum, compounded daily, capitalised quarterly in arrears and added to principal outstanding. Following approval of the Shareholder Resolutions on 28 July 2023, interest has accrued and will accrue on the Series 4, 5 and 6 Convertible Notes 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, 5 and 6 Convertible Notes matures on 12 May 2028 unless redeemed or converted earlier. A summary of key terms of the Series 4, 5 and 6 Convertible Notes is in Syrah's ASX release dated 27 April 2023.

The value provided in 7.3 includes the Series 1, Series 3, Series 4, Series 5 and Series 6 Convertible Notes 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 0.6840 (Q3 2023: 0.6458)

With reference to item 7.5, the unused financing facility that relates to the remaining DOE Loan commitment after deducting the advances described in item 7.1 has now been exhausted.

8.	**Estimated cash available for future operating activities**	**US$'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(22,714)
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)	(22,714)
8.4	Cash and cash equivalents at quarter end (item 4.6)	84,889
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	84,889
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	3.7

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.

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.

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.

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: ....31 January 2024...

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

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.