

ASX Announcement / Media Release

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Syrah signs Balama binding offtake with Posco Future M

Highlights

- **Binding long-term offtake agreement signed with Posco Future M for Balama natural graphite product**
- **Agreement highlights increasing demand for Balama natural graphite from ex-China anode and battery supply chain**
- **Posco Future M is one of the largest active anode material (“AAM”) producers globally and is planning to significantly increase its natural graphite AAM production capacity this decade**

Syrah Resources Limited (ASX: SYR) (“Syrah” or the “Company”) is pleased to announce a binding offtake agreement with Posco Future M Co., Ltd (KRX: 003670) (“Posco Future M”) for natural graphite fines from Syrah’s Balama Graphite Operations (“Balama”) in Mozambique. The offtake agreement is an important development in the Company’s sales strategy to transition Balama natural graphite sales to a more geographically diversified and commercially aligned customer base and highlights Syrah’s unique position in natural graphite and AAM supply outside of China.

Key terms of the offtake agreement include:

- **Volume:** Up to 2kt per month (24kt) in the year following commissioning, and from 2kt per month (24kt per annum) to 5kt per month (60kt per annum) at the option of Posco Future M with at least six months’ notice, from the second year to the end of the Term.
- **Term:** Six years commencing upon notification from Posco Future M.
- **Price:** Mutually negotiated on a quarterly basis over Term, referencing independently reported price indices for natural graphite fines, with adjustment for product grade and volume.
- **Conditions:** Notification of commencement from Posco Future M must occur on or before 31 December 2025.
- **Delivery location:** South Korea.

Posco Future M (previously Posco Chemical) is a major battery materials business, producing cathode active materials and AAM. Posco Future M is one of the largest AAM producers globally. Posco Future M is planning to significantly grow its natural graphite AAM production capability, principally from processing facilities in South Korea, from ~74kt per annum in 2023 to 154kt per annum and 182kt per annum in 2026 and 2030, respectively¹, for supply to tier 1 battery manufacturers globally.

Posco Future M currently consumes purified spherical graphite from China for production of AAM in South Korea.

¹ POSCO Holdings battery materials value day presentation, 11 July 2023.

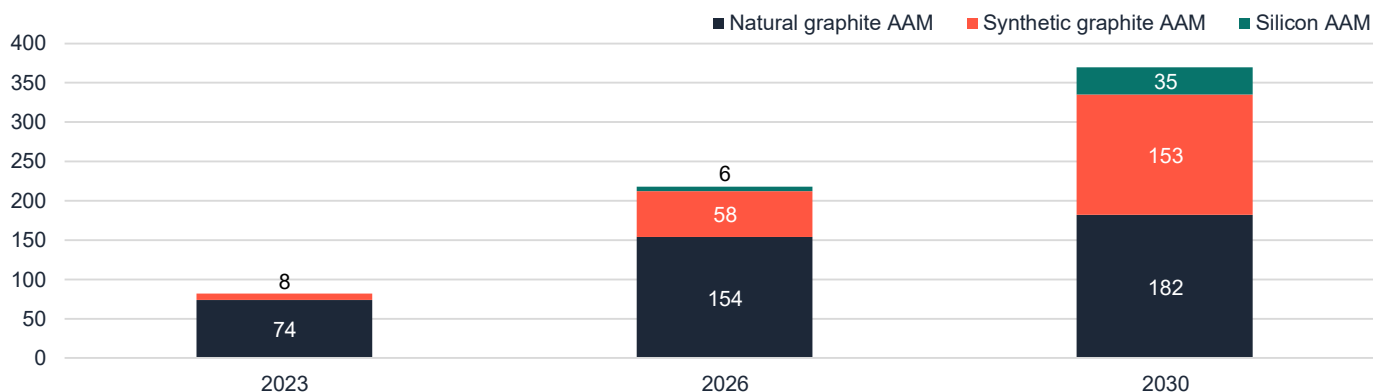


Figure 1: Posco Future M target AAM production capacity.

Syrah's natural graphite sales strategy

- Syrah is negotiating further Balama natural graphite commercial supply arrangements with ex-China anode processing and downstream companies

Syrah is targeting geographic diversification in Balama natural graphite sales to AAM and battery markets from 2024, aiming to sell at least 100ktpa fines to ex-China AAM customers from 2026.

Syrah's offtake agreement with Posco Future M, in addition to offtake agreements with Graphex Group Limited (NYSE American: GRFX | HKSE: 6128) and Westwater Resources, Inc. (NYSE American: WWR) ("Westwater")², for Balama natural graphite supply fully align with Syrah's medium-term natural graphite sales strategy to balance integrated consumption through its Vidalia AAM facility in the USA, with an increasing proportion of sales volume ex-China, and residual sales volumes to China. Besides the offtake agreements already executed, Syrah is currently engaged commercially with seven additional ex-China natural graphite anode projects for long-term natural graphite supply from Balama. AAM facility projects are in various stages of progress in the US, Canada, South Korea, Europe, South East Asia, and India. Syrah has also concluded a spot contract for trial shipment for an AAM facility in Indonesia, which is under construction and expected to commence operations later this year.

Furthermore, there is increasing interest from battery manufacturers and auto OEMs in directly contracting sustainable upstream supply of ex-China natural graphite for anode processing partners. The Balama natural graphite offtake agreements with ex-China anode customers and Government policy developments highlight the strategic importance of Syrah to the global battery and anode supply chain, offering customers a large volume, reliable source of natural graphite supply outside of China, which is significantly differentiated in quality and ESG standards in production.

On 1 December 2023, China's the Ministry of Commerce ("MOFCOM")³ and General Administration of Customs ("GACC") implemented export controls for designated "dual-use" graphite products used in commercial and defense applications, including for batteries, citing safeguarding of natural security and interests. Export licensing controls apply to all consignments of natural graphite and its products, including uncoated spherical graphite, coated spherical graphite and expandable graphite, from China to all export destinations. Ex-China AAM and battery supply chains are currently largely reliant on Chinese natural graphite and AAM exports. These licensing controls introduce greater 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.

North American battery manufacturers and auto OEMs are focused on sourcing large volumes of AAM that do not contain any critical minerals, such as graphite, which are extracted, processed or recycled by Foreign Entities of Concern ("FEOC"). This aims to maximise the number of batteries and EVs that can qualify for the critical mineral component of the Section 30D credit. FEOC includes entities incorporated, with headquarters or performing activities in covered nations, such as China, and entities outside of covered nations with a 25% or more Board representation, voting rights or look through equity interests with Governments of FEOC covered nations (including the Chinese Government). If any step in the production of natural graphite AAM, from extraction to final processing into high purity material in the cell, is completed by a FEOC, it is

² Refer ASX release 3 August 2023.

³ <http://www.mofcom.gov.cn/article/zcfb/zcblgg/202310/20231003447368.shtml>.

deemed to be non-complaint and any EVs that uses it in the battery will be disqualified for the Section 30D credit from 1 January 2025. Accordingly, ex-China and non-FEOC incumbent and new anode processing companies that are aiming to supply North American battery manufacturers and auto OEMs are highly focused on sourcing long-term ex-China natural graphite feedstock. Balama is the only major, independent source of high quality, large volume supply alternative to meet these requirements.

This release was authorised on behalf of the Syrah Board by

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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.

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