



Q1 2020 Quarterly Activities Report

22 April 2020

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SYRAH RESOURCES

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Company Overview



Picture: Balama Graphite Operation

Investment highlights

<p>Balama: A Tier 1 asset</p>	<ul style="list-style-type: none"> • Long life asset, with over 50 years of mine life¹ and 350kt per year of graphite concentrate production capability² • Balama is the largest integrated natural graphite mine and processing plant globally as measured by annual flake concentrate production capacity • Balama's large Reserve and Resource allows for future plant expansion, potentially representing a low capital intensity option to meet incremental future graphite demand
<p>Exposure to High Growth Lithium-ion Battery Markets</p>	<ul style="list-style-type: none"> • Graphite is a key component of lithium-ion batteries used in electric vehicles and energy storage, both rapidly growing markets • Balama's high quality product mix and product specifications are suited for use in these markets • Strategic importance of natural graphite as a critical battery mineral is recognised by major EV production regions (China, Europe, USA)
<p>Positive ESG Profile</p>	<ul style="list-style-type: none"> • Natural graphite has superior environmental credentials compared to synthetic graphite which is derived from oil refining and coal by-products • Leading practice standards applied with ISO:45001 Occupational Health and Safety Management Systems and ISO:14001 Environmental Management Systems certification at Balama
<p>Uniquely positioned to supply anode material to ex-Asia end user markets</p>	<ul style="list-style-type: none"> • Anode battery supply chain currently concentrated in Asia, with 100% of anode precursor material manufactured in China • BAM project value added processing of flake graphite to active anode material by Syrah is enabled by long mine life at Balama • Syrah's downstream processing site in Louisiana (USA) aims to provide an alternate to existing Asia supply chain for battery anode supply, able to serve growing USA and Europe markets
<p>Vanadium Optionality at Balama</p>	<ul style="list-style-type: none"> • Balama contains a significant vanadium by-product Resource which presents a potential value-accretive opportunity that Syrah will advance through Pre Feasibility Study • Vanadium, a by-product which is liberated during the graphite production process, could potentially be refined into a saleable product (V₂O₅)³ via processing of material currently reporting to tailings at Balama

1. Life of mine based on current 108Mt Graphite Ore Reserves being depleted at 2Mt throughput per annum. Refer to 2019 Annual report released to ASX 31 March 2020 for Reserve as at 31 December 2019

2. Refer to ASX announcements dated 29 May 2015

3. Refer ASX announcement dated 30 July 2014

Building a position in the anode supply chain

Leveraging the globally significant Balama asset to develop an integrated battery anode material and industrial products business



Balama a globally significant resource – leading practice ESG

Size of Balama ore Reserve, > 50 year mine life¹, and high Reserve grade (16% total graphitic carbon) enables participation in long term EV growth

Balama Open Pit Mining Operation



Vertical integration

Value added processing of flake graphite to active anode material by Syrah enabled by long mine life at Balama

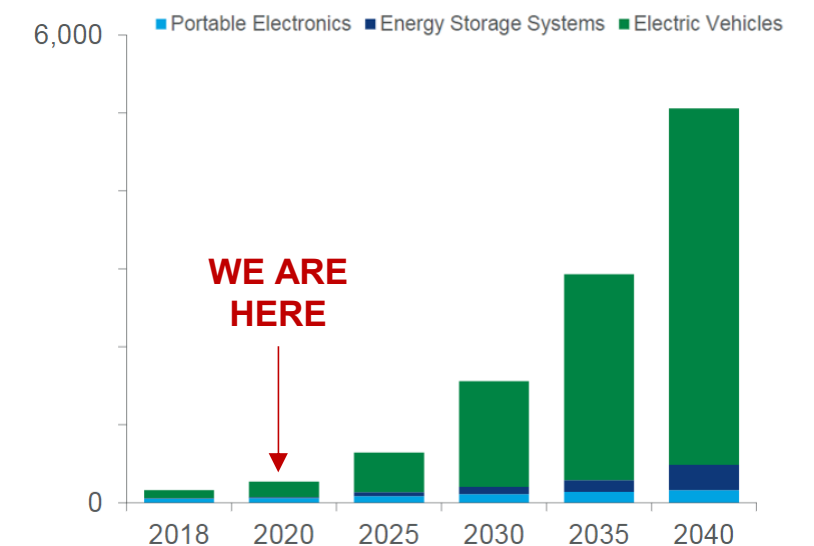
Syrah's downstream processing of flake graphite in Louisiana



Global mega trend

Decarbonisation of the transport sector, via Lithium-ion battery powered electric vehicles (EV), is gaining momentum

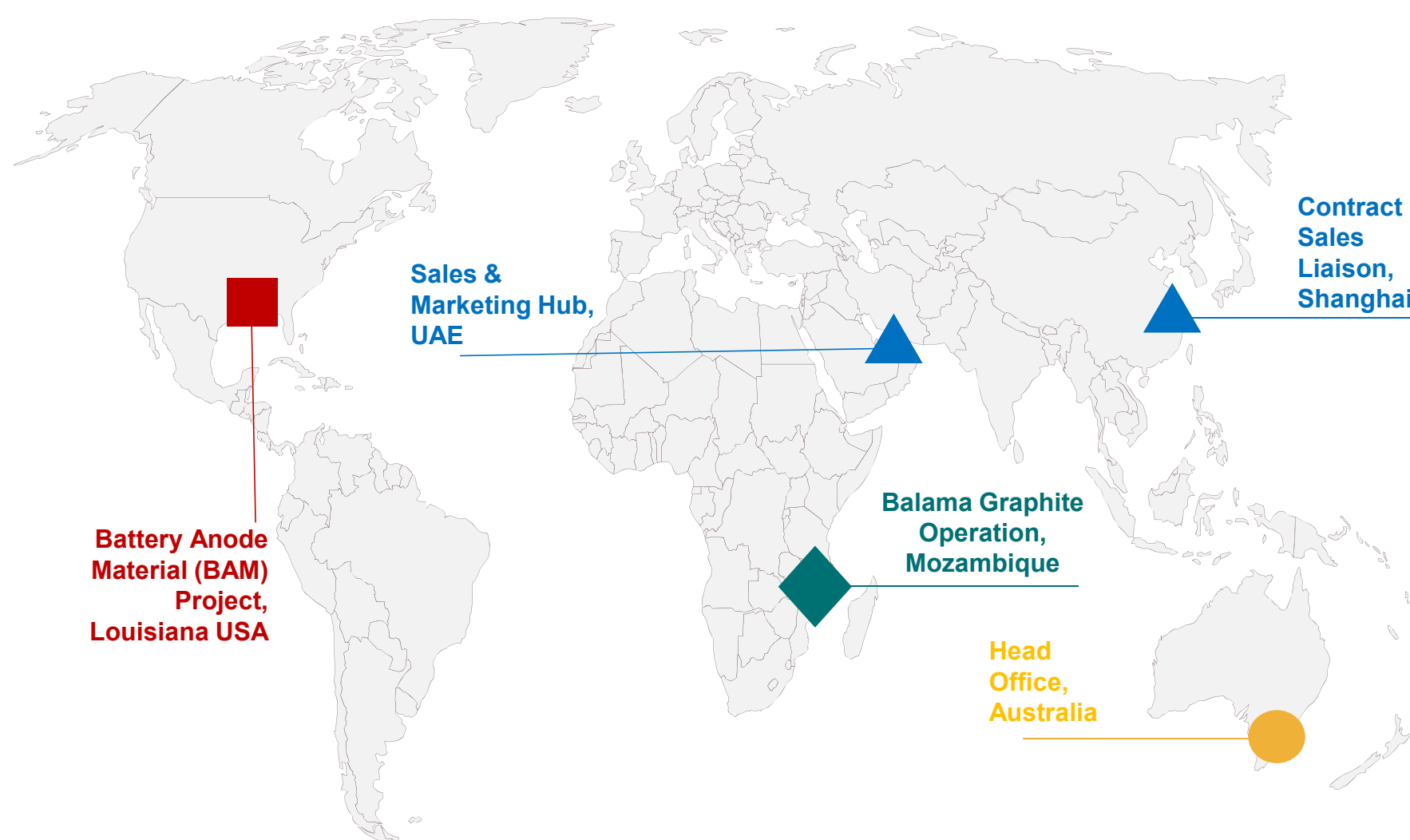
Global battery sector demand (GWh)²



1. Life of mine based on current 108Mt Graphite Ore Reserves being depleted at 2Mt throughput per annum. Refer to 2019 Annual report released to ASX 31 March 2020 for Reserve as at 31 December 2019. All material assumptions underpinning the Reserves and Resource statement in this announcement continue to apply, other than as updated in subsequent ASX announcements.
 2. Source: Wood Mackenzie (Jan 2020)

Where Syrah participates in the global anode supply chain

A global business to service the growing demand for natural graphite - a critical battery raw material



◆ : Balama Graphite Operation

- Ore Reserves 108Mt at 16% TGC¹ (17Mt of contained graphite)
- Simple open pit operation, low stripping ratio, design production capability 350kt flake graphite per annum
- Over 50 year mine life²
- Balama graphite product mix and specifications are suited for use in the lithium-ion battery market

■ : Battery Anode Material Project

- Capability to produce purified spherical graphite for product qualification in the lithium ion battery supply chain
- Existing plant/facility expandable to commercial scale

▲ : Sales & Marketing

- Global sales and marketing functions led from UAE
- Sales and marketing support provided by contract sales liaison in China

● : Corporate Office

1. TGC = Total Graphitic Carbon

2. Life of mine based on current 108Mt Graphite Ore Reserves being depleted at 2Mt throughput per annum. Refer to 2019 Annual report released to ASX 31 March 2020 for Reserve as at 31 December 2019.

Summary Q1 2020 Performance



Photo: Balama Graphite Operation Processing Plant

Q1 2020: Key Points

<p>Production suspended due to impacts from COVID 19, 2020 production guidance suspended</p>	<ul style="list-style-type: none"> • Natural flake graphite production guidance for 2020 suspended from 19 March due to operational and market uncertainty associated with impacts of COVID 19¹ • Production at Balama (Mozambique) and BAM (USA) temporarily suspended from 28 March due to impacts of COVID 19. Specifically due to: <ul style="list-style-type: none"> • Government imposed restrictions on the free movement of Balama workforce² • State-wide “Stay at Home Order” by the Governor of Louisiana, USA³
<p>Optionality maintained to promptly restart production</p>	<ul style="list-style-type: none"> • Operations suspended at Balama with focus on: <ul style="list-style-type: none"> • Supporting Mozambique to contain the advance of COVID 19 and maintaining a respectful relationship with all stakeholders including our employees and their families, Government, the community, contractors and suppliers • Maintaining health and safety of our employees, environmental controls and where possible the continuity of key community projects • Suspension of production in an orderly manner, retention of key personnel and capability to dispatch sales orders from Balama • Preserving cash and maintaining optionality to promptly restart operations
<p>Heightened focus on strategic importance of battery raw materials and supply chains</p>	<ul style="list-style-type: none"> • USA and European reliance on Asia battery raw material supply chains highlighted by supply side interruptions from COVID 19 • Continued government focus on policy support for Electric Vehicle adoption support in key regions (Asia, Europe and USA) • Continued commitments by supply chain participants for battery capacity build-out
<p>Company well capitalised to navigate near term uncertainty. Operational review in progress</p>	<ul style="list-style-type: none"> • Cash of US\$64.7m at end Q1 2020 • Available liquidity and the recently implemented companywide cost restructure positions the company well to manage an extended period of uncertainty • Operational review in progress to assess options to further preserve cash for a range of near term market demand and product pricing scenarios. • Syrah remains confident in the medium to long term value of its unique asset.

1. Refer to ASX announcements dated 19 March 2020
 2. Refer to ASX announcements dated 27 March 2020
 3. Refer to ASX announcements dated 24 March 2020

Coordinated response to date. Focused on near-term actions

Early preparedness and a coordinated initial response

- In January 2020, Syrah's Crisis and Emergency Management Teams were activated in a preventative manner to assess, manage and where possible, minimise the impact of COVID 19 on employees, the business and key stakeholders
- By the time the World Health Organisation subsequently declared COVID 19 a global pandemic on 11 March 2020, the Company had already implemented strict protocols and mitigation measures across the Group.
- The health, wellbeing and safety of employees and contractors remains Syrah's highest priority and the Company is committed to make decisions in conjunction with Government advice at a minimum, and further where we can, in order to mitigate the risk of COVID 19 transmission to our workplaces or the communities in which we operate.

Ongoing near term operational actions / focus areas

- **Operational review** is in progress to assess options to further preserve cash for a range of ongoing market demand and product pricing scenarios. Focus on trade-offs of retaining option to promptly re-start production against maximising cash preservation
- **Cost reduction** beyond the recently implemented company wide cost restructure ongoing, including assessment of power, labour, transport and procurement options for structural cost reductions
- **Natural graphite market development**, including increasing market share and product range outside China, value in use premiums and market balance inside China
- **BAM product and technology development**, ongoing focus on product cost reduction and performance specifications
- **Supply chain engagement** with project developers, anode producers, battery cell manufacturers, and auto manufacturers – partnership development focus ongoing

Summary Q1 2020 business performance

Balama

- Total Recordable Injury Frequency Rate (“TRIFR”) of 0.6 at Balama at the end of Q1 2020
- Production of 12kt natural graphite (prior quarter: 15kt), driven by prevailing market demand which was negatively impacted by COVID 19 supply chain disruptions
- Temporary suspension of operations from 28 March due to impact of COVID 19 on the domestic and international mobility of the Balama workforce¹
- Pre-existing target of 20% to 25% cost reduction (at 15kt per month production rate)² achieved, with reductions of 20% implemented and realised
- Options to further reduce cash outflows during period of temporary suspension of production and for a range of ongoing market scenarios are being assessed

Sales and Marketing

- Graphite sold and shipped of 7kt (prior quarter: 17kt), lower quarter on quarter sales predominately due to supply chain disruptions in China due to COVID 19
- Quarter end finished product inventory 19kt³
- Weighted average selling price (CIF) of US\$478/t (prior quarter: US\$458/t), increase versus prior quarter predominately due to geographic split of sales

BAM

- Dispatch of qualification samples to potential end customers during the quarter impacted by longer than planned process and product specification optimisation
- Feasibility Study for the scale-up of the Vidalia facility post product qualification remains ongoing during period of suspended operations

Cash

- Cash balance at 31 March 2020 US\$64.7m versus forecast of US\$64.6m⁴

Metric	Units	Q1 2020 31 Mar 2020	Q4 2019 31 Dec 2019	Q3 2019 30 Sep 2019	Q2 2019 30 Jun 2019	Q1 2019 31 Mar 2019
TRIFR		0.6	0.6	0.3	0.3	0.6
Plant Feed	Tonnes ('000)	96	115	326	335	378
Plant Feed Grade	TGC ⁵	18%	19%	19%	19%	18%
Recovery	%	67%	68%	69%	66%	69%
Graphite Produced	Tonnes ('000)	12	15	45	44	48
Fines/Coarse Mix	-	86/14	91/9	84/16	88/12	86/14
Average Fixed Carbon	%	96%	96%	96%	95%	95%
Graphite Sold and Shipped	kt	7	17	45	53	48
Sales Revenue	US\$ million	3	8	18	24	23
Weighted Average Price (CIF)	US\$/tonne	478	458	391	457	469

5: TGC = Total Graphitic Carbon

1: See ASX announcement 24 March 2020

3: Includes saleable inventory at Balama, Nacala and USA

2: See ASX announcement 18 October 2019

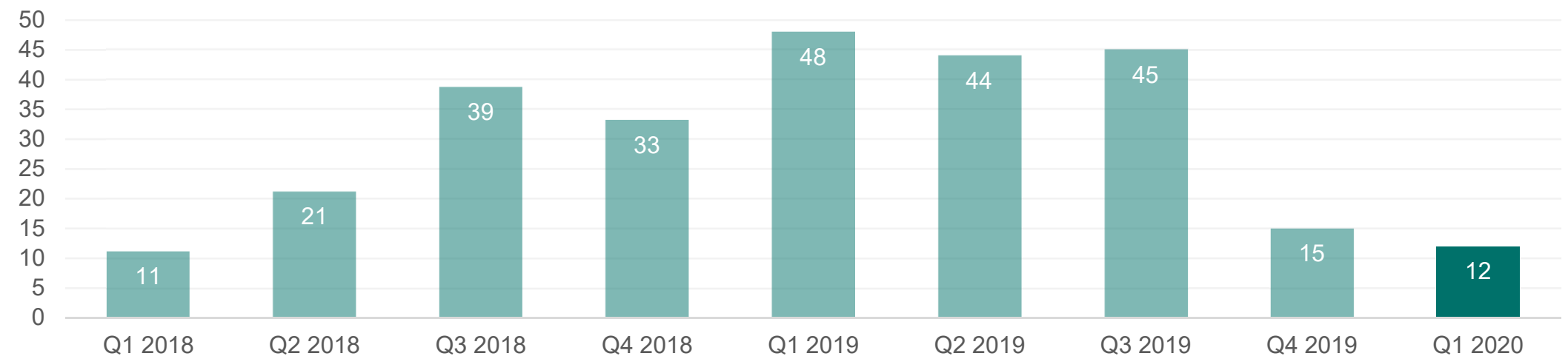
4: See ASX announcement 22 January 2020

Ongoing production moderation, product quality maintained

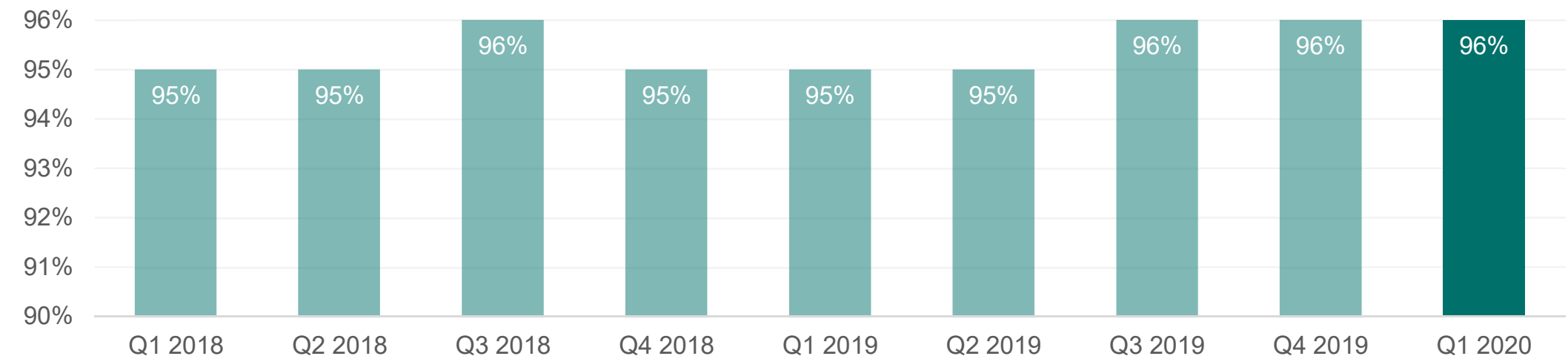
Production at Balama temporarily suspended with optionality retained to promptly restart operations, operational review in-progress

- Production of 12kt of natural graphite during the quarter (prior quarter: 15kt), driven by prevailing market demand which was negatively impacted by COVID 19 supply chain disruptions
- Average fixed carbon levels of production of 96% maintained during Q1 2020 (prior quarter: 96%)
- Production guidance withdrawn during the quarter due to the near-term demand and supply shock impacts of COVID 19¹
- Within Mozambique, international and domestic travel restrictions due to COVID 19 constrained mobility of the Balama workforce during the quarter, leading to temporary suspension of production from 28 March 2020²
- Production has been suspended with the optionality maintained to promptly restart operations

Flake Graphite Production (kt)



Average Product Quality (% Fixed Carbon)



1. Refer to ASX announcements dated 19 March 2020

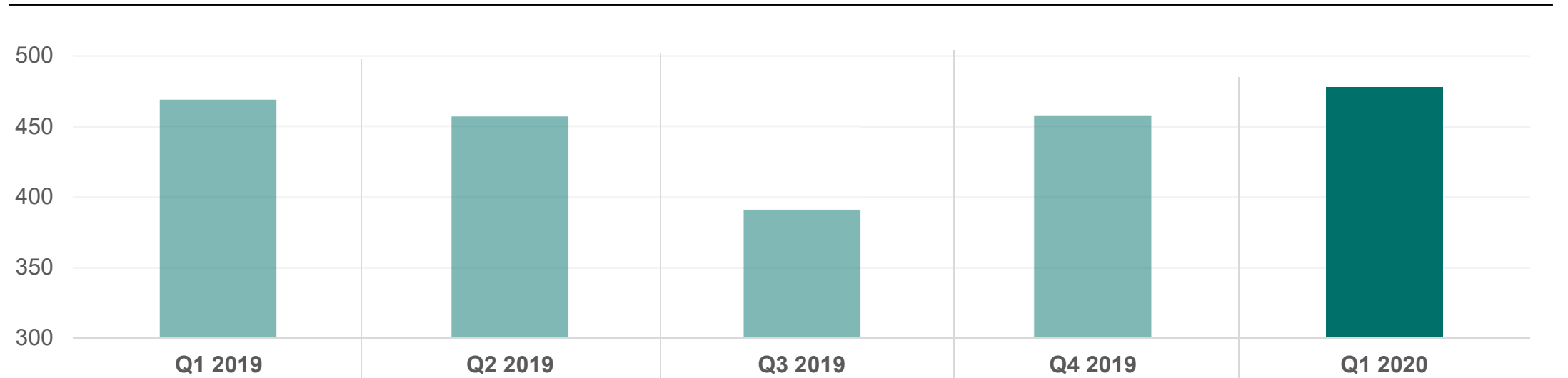
2. Refer to ASX announcements dated 27 March 2020

Natural flake graphite prices and sales

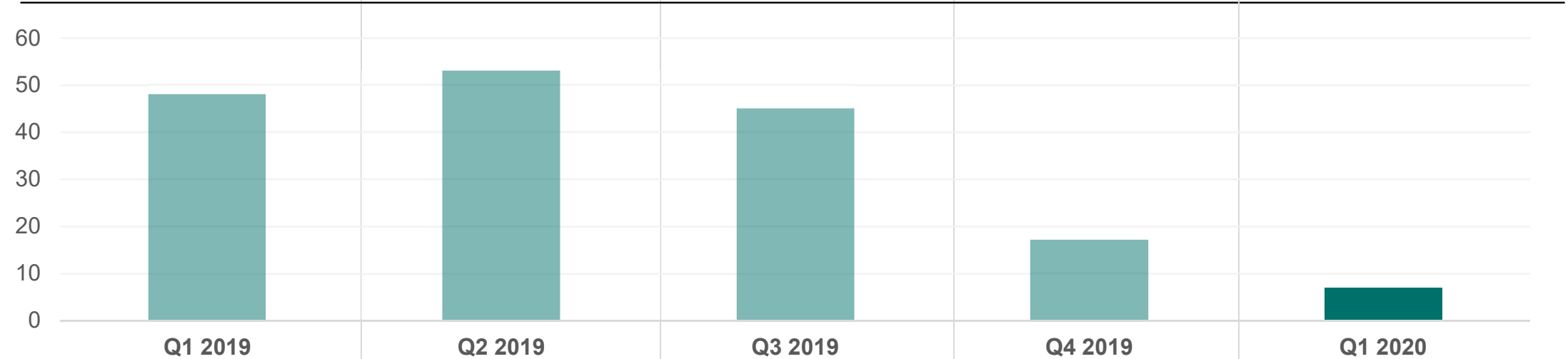
Lower Q1 2020 sales in line with moderated production strategy and impacted by China supply chain shut downs due to COVID 19

- Q1 2020 average price was US\$478 per tonne versus Q4 2019 US\$458 per tonne.
- Higher Q1 2020 versus Q4 2019 price driven by positive price impact from geographic mix of sales
- Q1 2020 natural graphite sales of 7kt versus Q4 2019 17kt
- Lower Q1 2020 versus Q4 2019 sales in-line with strategy for prevailing demand to drive Q1 2020 production and sales. Demand negatively impacted by supply chain disruptions and end user demand impacts of COVID 19
- Sales from finished product inventory will continue to the extent product movements up to and through the Port of Nacala remain possible

Weighted Average Price (CIF US\$/t)

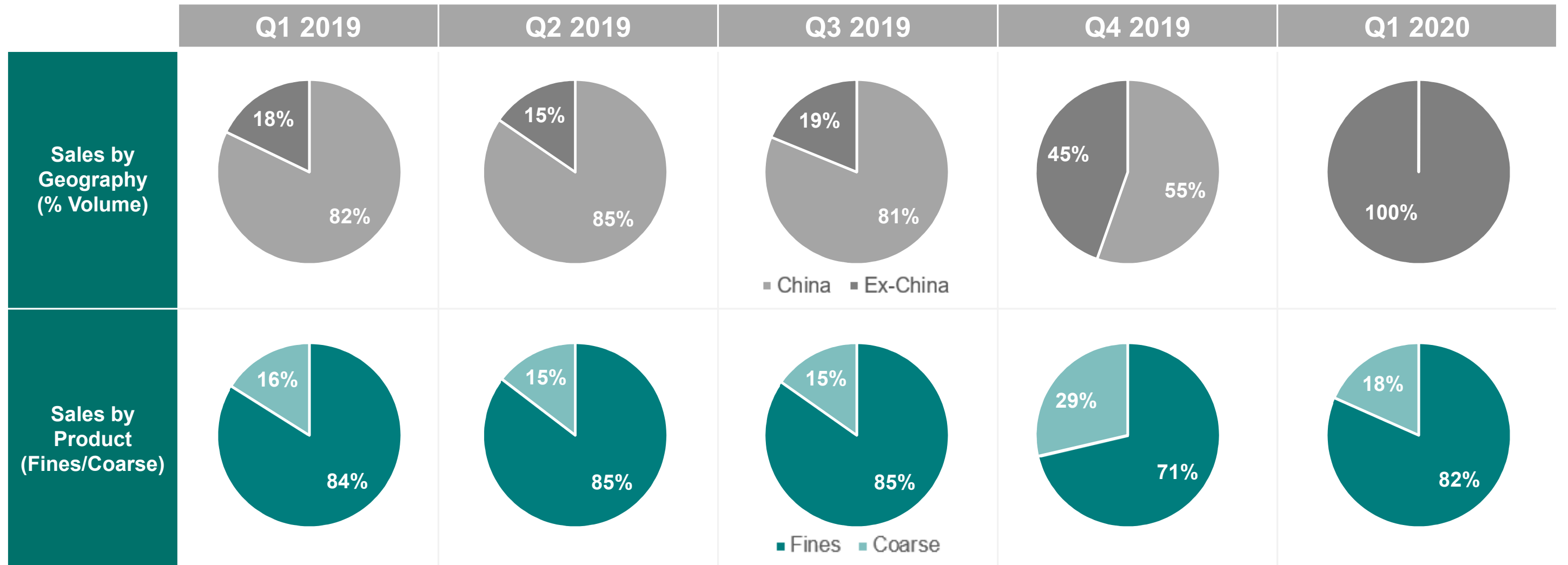


Natural Graphite Sales (kt)



Natural graphite geographic and product sales mix summary

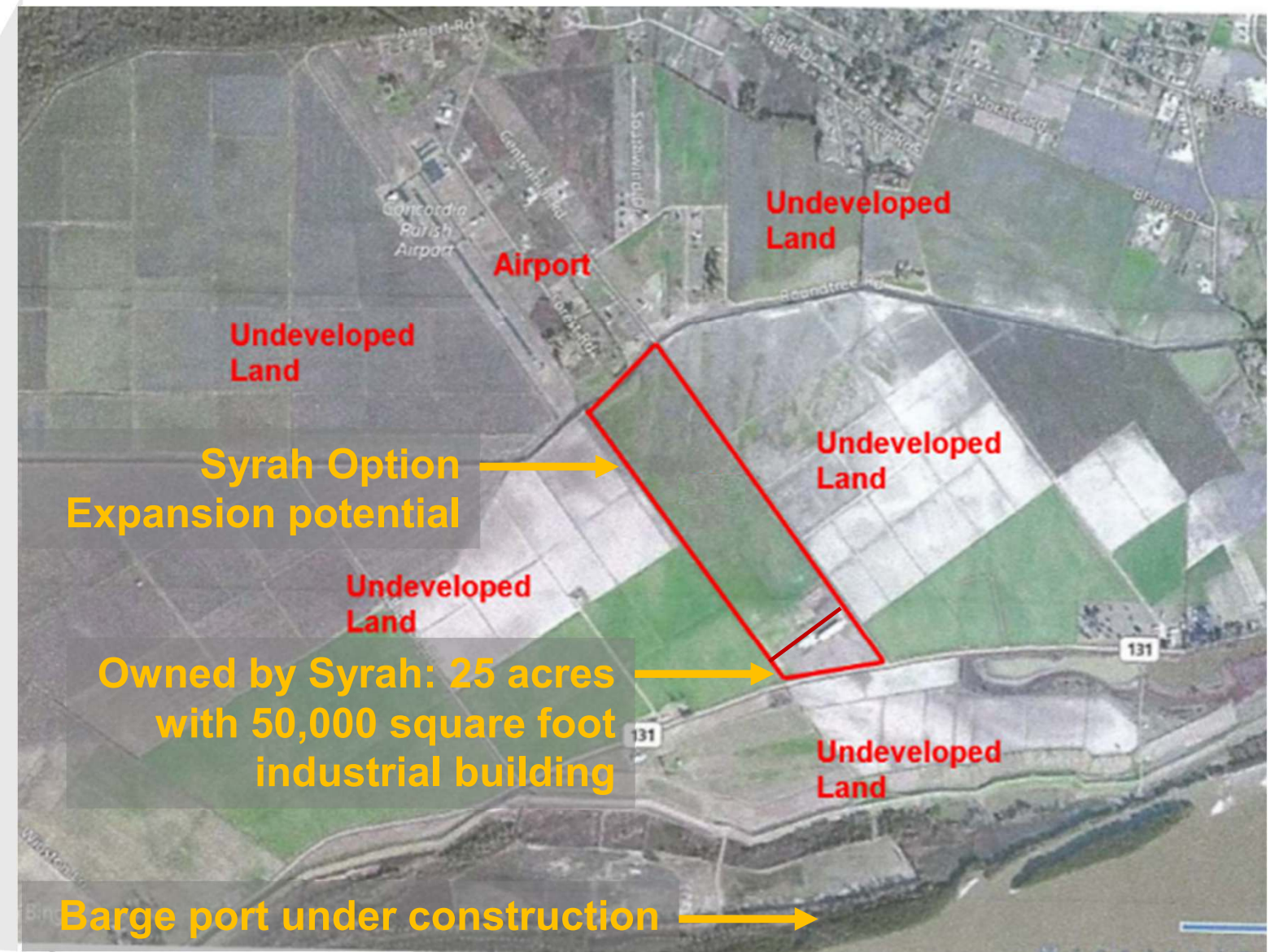
Sales into the China fines battery market in Q1 2020 impacted by COVID 19



Syrah's site in Vidalia (USA) is de-risked for anode material production

Vidalia site owned by Syrah has all the key requirements for large scale Active Anode Material production

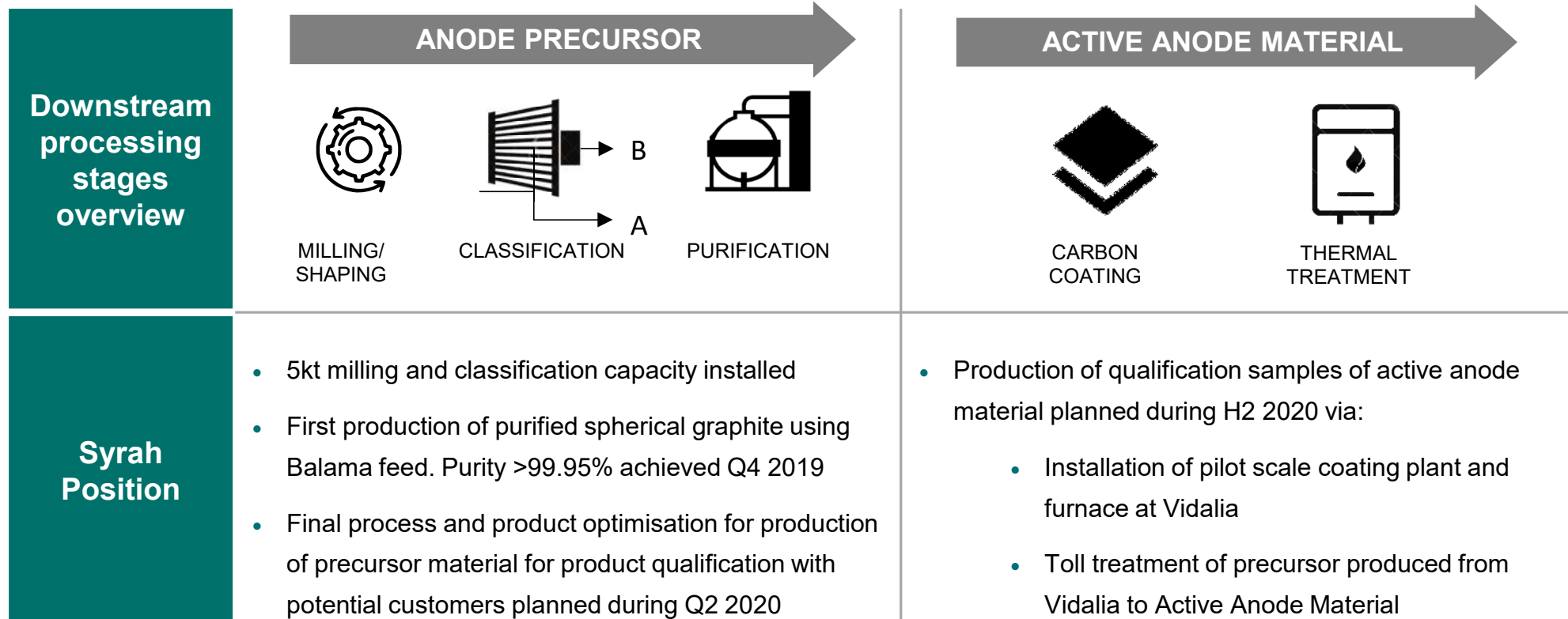
- ✓ Access to key utilities (Water/Gas/Power)
- ✓ Confirmed compliance with water and air discharge requirement from large scale commercial facility
- ✓ Options to expand facility size
- ✓ Direct barge/port access to Mississippi river
- ✓ Supportive government relations
- ✓ Access to key consumables (HF, HCL, Caustic)
- ✓ Capable workforce – initial production team in place and proximity to skilled workforce from petrochemical industries



Battery Anode Material (BAM) plant in Vidalia (Louisiana, USA)

Aiming to be the first major integrated ex-China producer of natural graphite active anode material

- Operations at Vidalia suspended during Q1 2020 due to State-wide “Stay at Home Order” by the Governor of Louisiana, USA.¹
- Dispatch of qualification samples from Vidalia to potential end customers during the quarter impacted by minor equipment issues during process optimisation. Rectification of equipment issues were in progress prior to suspension of operations and completion is subject to re-commencement of operations, currently scheduled for the beginning of May
- Assuming re-commencement of operations at the beginning of May, final process and product optimisation for production of precursor material for product qualification with potential customers is planned during Q2 2020
- Feasibility Study for the scale-up of the Vidalia facility post product qualification remains ongoing during period of suspended operations



1. Refer to ASX announcements dated 24 March 2020

Outlook

Near term market impact of COVID 19 remains uncertain, review of options to further preserve cash is ongoing

<p>Balama</p>	<ul style="list-style-type: none"> • Production at Balama likely suspended for duration Q2 2020, accounting for ongoing disruptions to global battery supply chains, Balama workforce travel restrictions and end user demand impacts of COVID 19 • Initial focus in Q2 2020 on preserving cash whilst also maintaining optionality to promptly restart production • Operational and market review in progress to assess options to preserve cash in a range of ongoing market demand and product pricing scenarios
<p>BAM</p>	<ul style="list-style-type: none"> • State-wide “Stay at Home Order” by the Governor of Louisiana currently earmarked to be lifted at the beginning of May 2020 • Assuming Syrah operations in Vidalia (Louisiana) re-commence at the beginning of May 2020: <ul style="list-style-type: none"> • final process and product optimisation for production of precursor material for qualification with potential customers is planned during Q2 2020; and, • production of qualification samples of active anode material planned during H2 2020. Initially via toll treatment of precursor produced from Vidalia to Active Anode Material and later from installation of pilot scale coating plant and furnace at Vidalia. • Feasibility Study for the scale-up of the Vidalia facility post product qualification remains ongoing during period of suspended operations
<p>Corporate</p>	<ul style="list-style-type: none"> • Forecast Q2 2020 group net cash outflow is ~US\$12 million for the quarter, down from US\$16 million cash outflows in Q1, which includes: <ul style="list-style-type: none"> • Balama net operating expenditure and sustaining capital outflows of US\$9.1m, down from US\$12.5 million in the prior quarter; • BAM cash outflows of US\$1.9 million, down from US\$2.0 million in the prior quarter; and, • cash outflows from general corporate and administration activities net of interest income of US\$1.0 million, down from 1.5 million in the prior quarter. • Forecast cash balance as at end of Q2 2020 is ~ US\$53 million • Operational scenarios being considered could significantly reduce cash outflows in subsequent quarters depending on market conditions

Environmental, Social, and Governance (ESG)



Syrah remains focused on positively contributing to our community

Supporting the Economy

>US \$54M paid in salaries in Mozambique to date

Employment & Training

~1,018 direct and contract roles for Mozambicans

Balama Health Program

Improving workforce and community health and wellbeing

Local Development Programs

Delivering sustainable development initiatives across our Host Communities



Mozambique significant exporter award recipient



96% of Syrah's direct employees at Balama are Mozambican



Mental health awareness

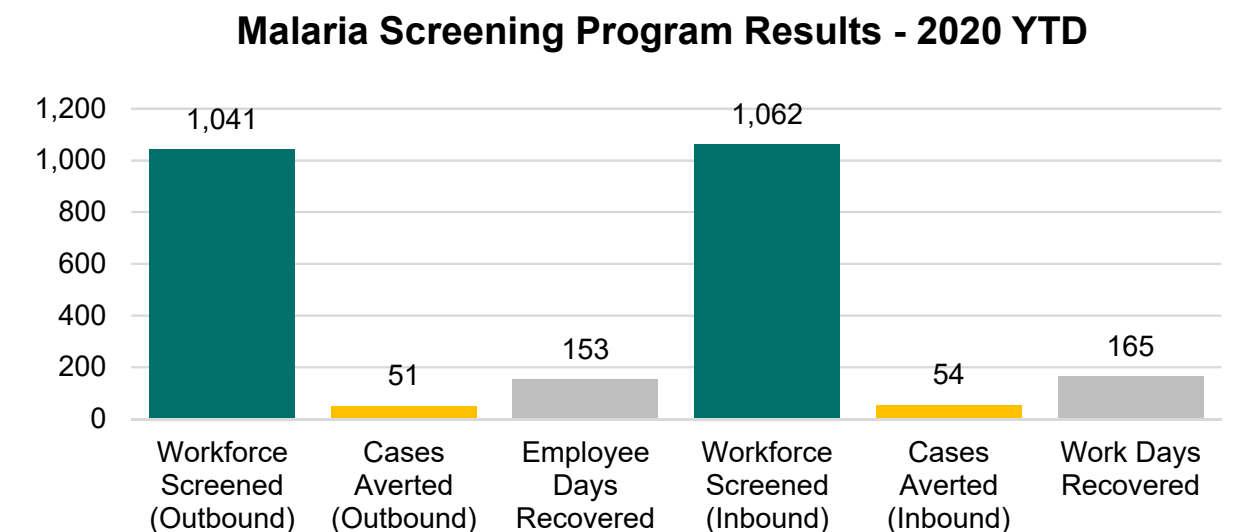
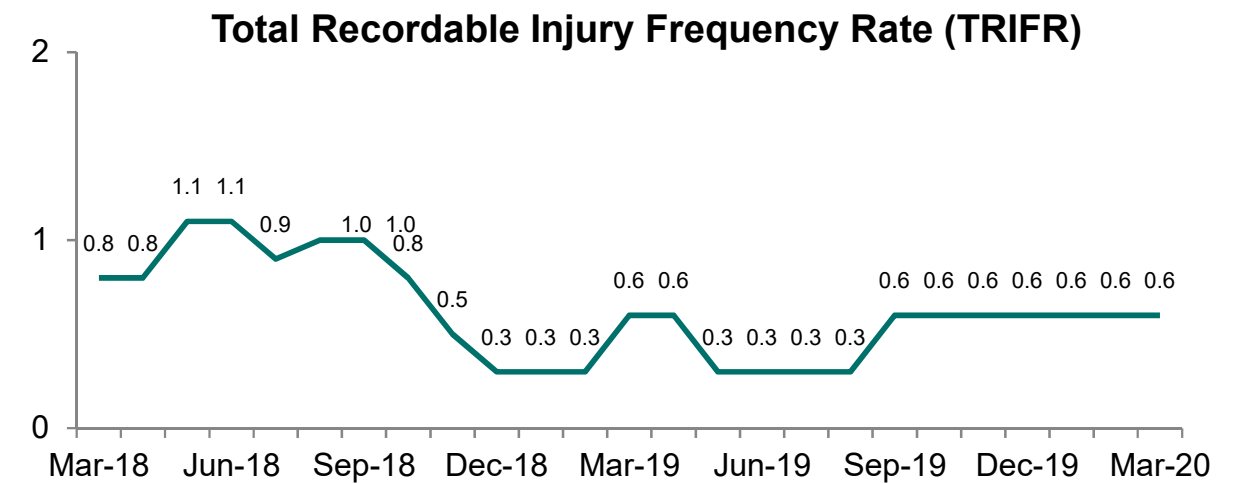


Local Development Committee meeting with Community, District & Provincial Government representatives

Health, Safety and Environment

Syrah continues to commit to leading practice standards with ISO:45001 Occupational Health and Safety Management Systems and ISO:14001 Environmental Management Systems certification

- In January 2020, Syrah's Crisis and Emergency Management Teams were activated in a preventative manner to assess, manage and where possible, minimise the impact of COVID 19 on employees, the business and key stakeholders
- The World Health Organisation subsequently declared COVID 19 a global pandemic on 11 March 2020, the Company had already implemented strict protocols and mitigation measures across the Group
- Continued strong safety record during the quarter with TRIFR of 0.6 at quarter end
- 5 year Environmental Licence renewal obtained, with continued Environmental Monitoring Program in line with over 200 licence conditions with zero significant environmental incidents to date
- Malaria Screening Program continued with 2,103 inbound and outbound tests conducted, 105 pre-symptomatic malaria cases treated / averted and 318 days recovered throughout the quarter
- Ongoing focus on water stewardship with total raw water consumption at Balama below 30% of monthly average licenced volumes in Q1
- 1,600 native seedlings cultivated at the Balama Nursery donated to Host Communities to commemorate International Day of Forests and promote reforestation in the Balama District
- The Company continues to monitor the security situation in Cabo Delgado province. There has been no impact on Syrah's operations, movement of people, or transport, and appropriate security protocols are in place
- Post quarter end, Syrah donated 15 beds and other supplies to the local community to assist in their response to COVID 19



People Community and Stakeholder Engagement

Stakeholder engagement is central to open communication and mutual benefit

- At quarter end, 96% of Balama's direct employees are Mozambican nationals with 49% employed from the local Host Communities and 21% female employment
- Construction commenced to build a primary school in Host Community in line with local development commitments
- Livelihood Development Program continued throughout the quarter in partnership with Mozambique's Institute of Agricultural Research to improve crop yields and promote food security in Host Communities
- Mine Open Doors Program affords local stakeholders an opportunity to visit Balama to better understand mine operations and to gain insights into the Company's sustainable development programs



Sustainability & Community

Local Development Committee provides a framework to ensure Syrah is deploying resources responsibly and efficiently

- Syrah adopts a risk and opportunities based approach to managing material sustainability matters across the business, with all relevant information captured under the Company's Risk Management Framework
- Asset-level sustainability reporting is guided by the Global Reporting Initiative (GRI), the United Nations Sustainable Development Goals, the International Council on Mining & Metals (ICMM) 10 Principles for Sustainable Development and other internationally recognised standards to assess and report sustainability performance in line with industry benchmarks
- In June 2017 Syrah established a Local Development Agreement ("LDA") with the Company's eight Host Communities and the Balama District Administration.
- The LDA required the formation of a Local Development Committee ("LDC") consisting of Company, Host Community, District and Provincial Government representatives to ensure fair and transparent stakeholder oversight / input into local development projects and associated expenditure.
- LDC provides a frame work for defining and deploying contributions from Syrah to the local community. Significant LDC sanctioned initiatives to date include:
 - Grain storage unit construction;
 - Visits from Agriculture specialists from Mapupulo Agrarian Research Centre (CIAM) to the Vegetable Project to provide advice in relation to soil management and pest control techniques; and,
 - The Beekeeping Project, with more hives being built using recycled materials from the Balama Graphite Operation.



Grain storage units being handed over to community members



Beekeeper training with the Host Communities

Balama Professional Training Centre (BPTC)

Syrah aiming to maintain commitment to BPTC and other community programs through period of temporary suspension of production

- Syrah built and runs the Balama Professional Training Centre
- Purpose to provide technical training to community to enable employment opportunities – not necessarily by Syrah
- Training commenced at the BPTC in January 2019. Syrah has prepared all training material in conjunction with the National Institute of Professional Training & Labour Studies (“IFPELAC”) and will continue to develop the BPTC training curriculum over the coming years in line with community needs
- 110 Host Community members were successfully trained at the BPTC in 2019. This is consistent with Syrah’s commitment to train a minimum of 500 members of the local community over the five years to the end of 2023 in areas of health and work readiness and basic mechanical and electrical disciplines. BPTC selection criteria requires that women hold a minimum representation of 30% on each training cohort
- Syrah was named AAMEG Africa Awards 2019 Winner - Best Innovation in Corporate Social Development for the design, construction and operation of the BPTC



BPTC Graduation Ceremony



BPTC Sewing Association

Battery Anode Material Market Overview

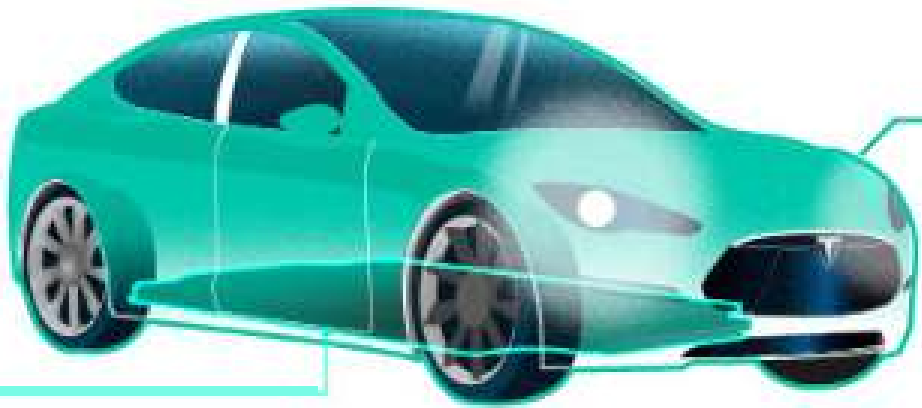


Batteries are the largest cost driver of an electric vehicle

The cost of critical raw materials account for 79% of the total battery cost¹

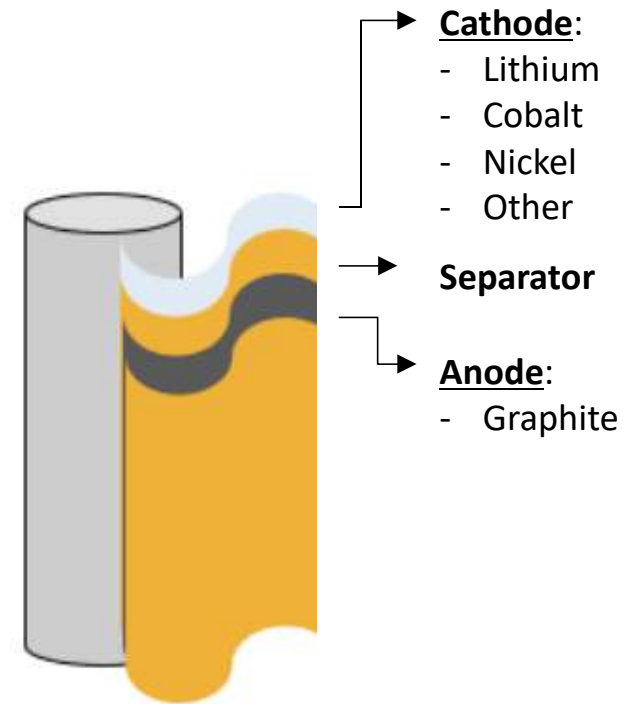
Cost drivers of electric vehicle production

79%
Of the cost of producing a lithium-ion battery is the raw material

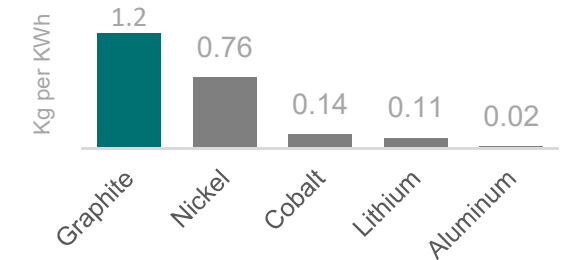


25%
of the cost of manufacturing a Tesla Model 3 is the raw materials of the battery

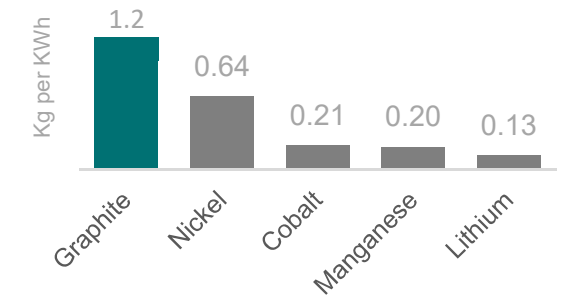
Summary of critical raw materials



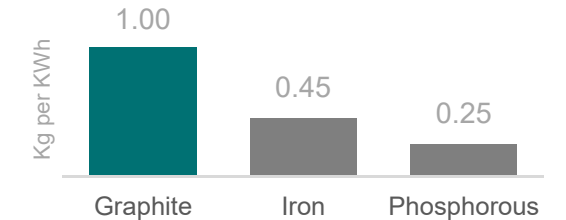
Nickel Cobalt Aluminium (NCA)²



Nickel Manganese Cobalt (NMC 622)²



Lithium Iron Phosphate (LFP)

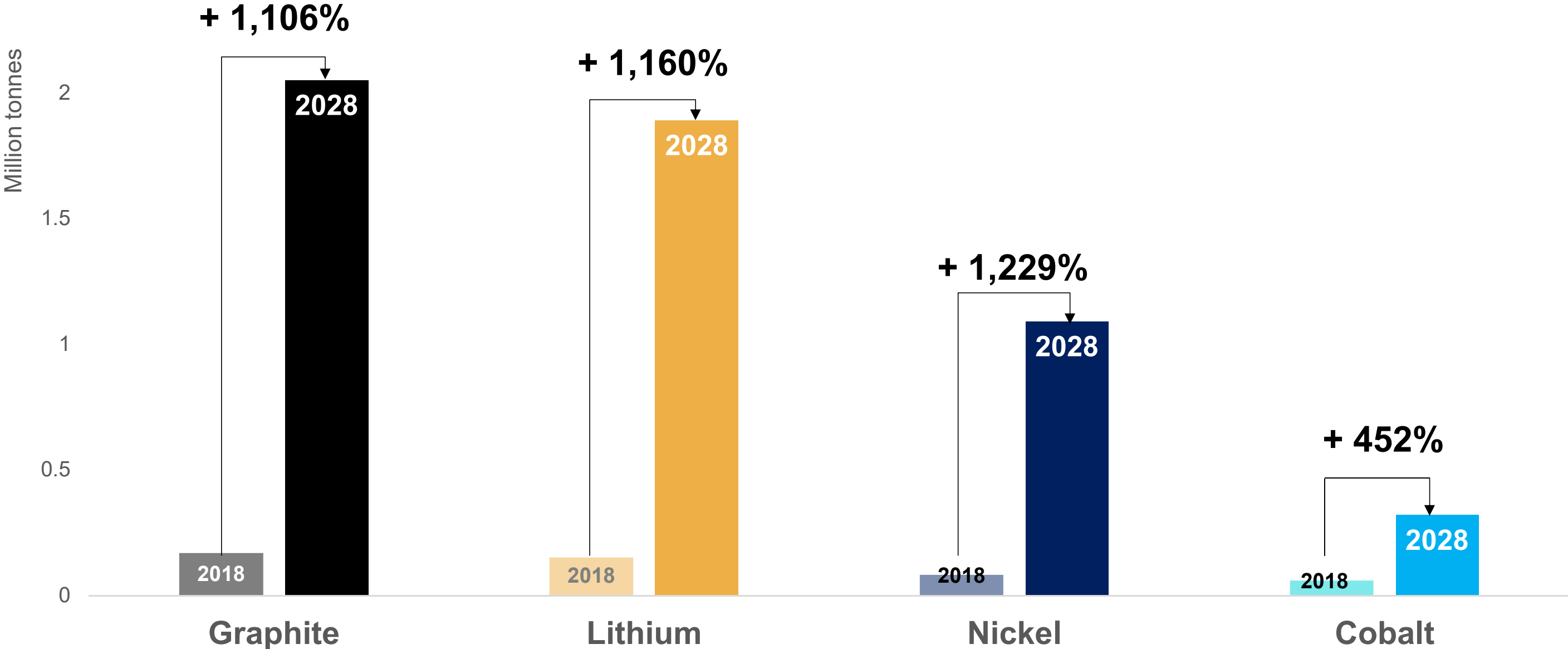


1. Source: Benchmark Minerals/Visual Capitalist (<https://www.visualcapitalist.com/the-new-energy-era-the-lithium-ion-supply-chain/>)

2. Source: Syrah Resources analysis, data from Olivetti et al. (2017) Lithium-Ion Battery Supply Chain Considerations: Analysis of Potential Bottlenecks in Critical Metals.

A major increase in battery raw material production volume is required in future

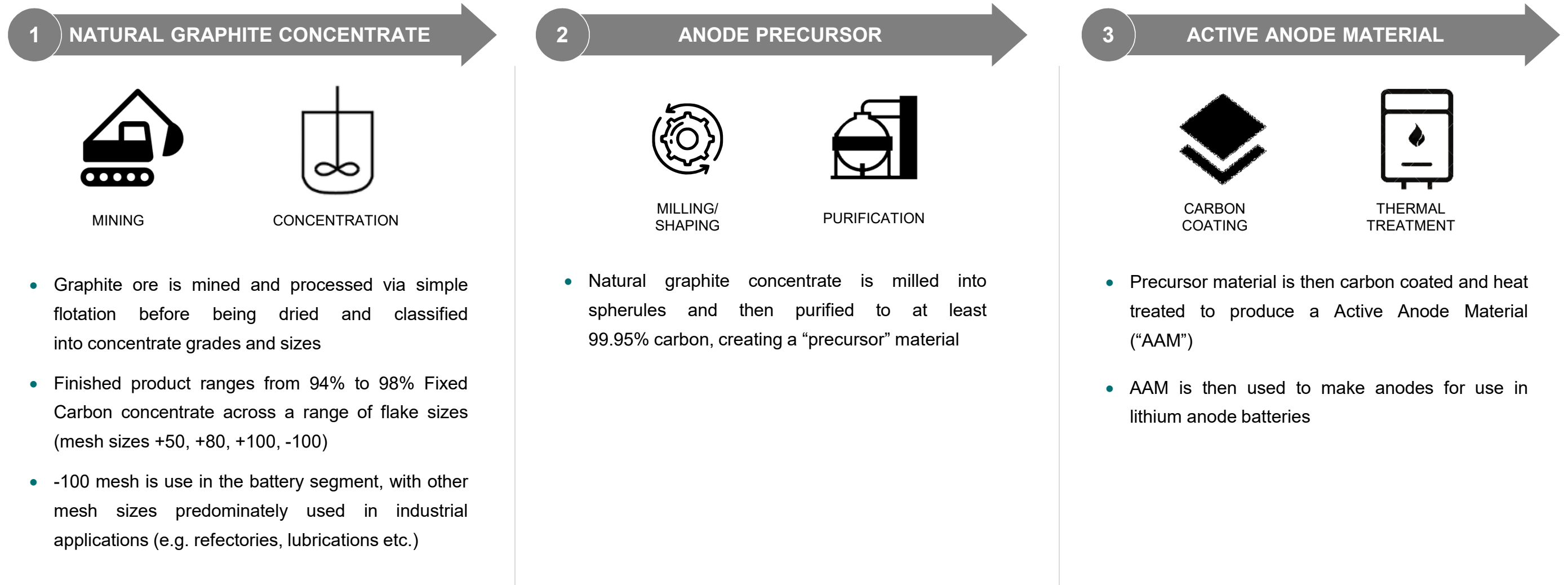
Demand for critical raw materials for battery manufacture will grow significantly over the next ten years; multiple sources needed



Source: Syrah Resources analysis, data from Benchmark Minerals/Visual Capitalist (<https://www.visualcapitalist.com/the-new-energy-era-the-lithium-ion-supply-chain/>)

Stages of anode material production from natural graphite

Syrah is aiming to be the first major integrated ex-China producer of natural graphite active anode material



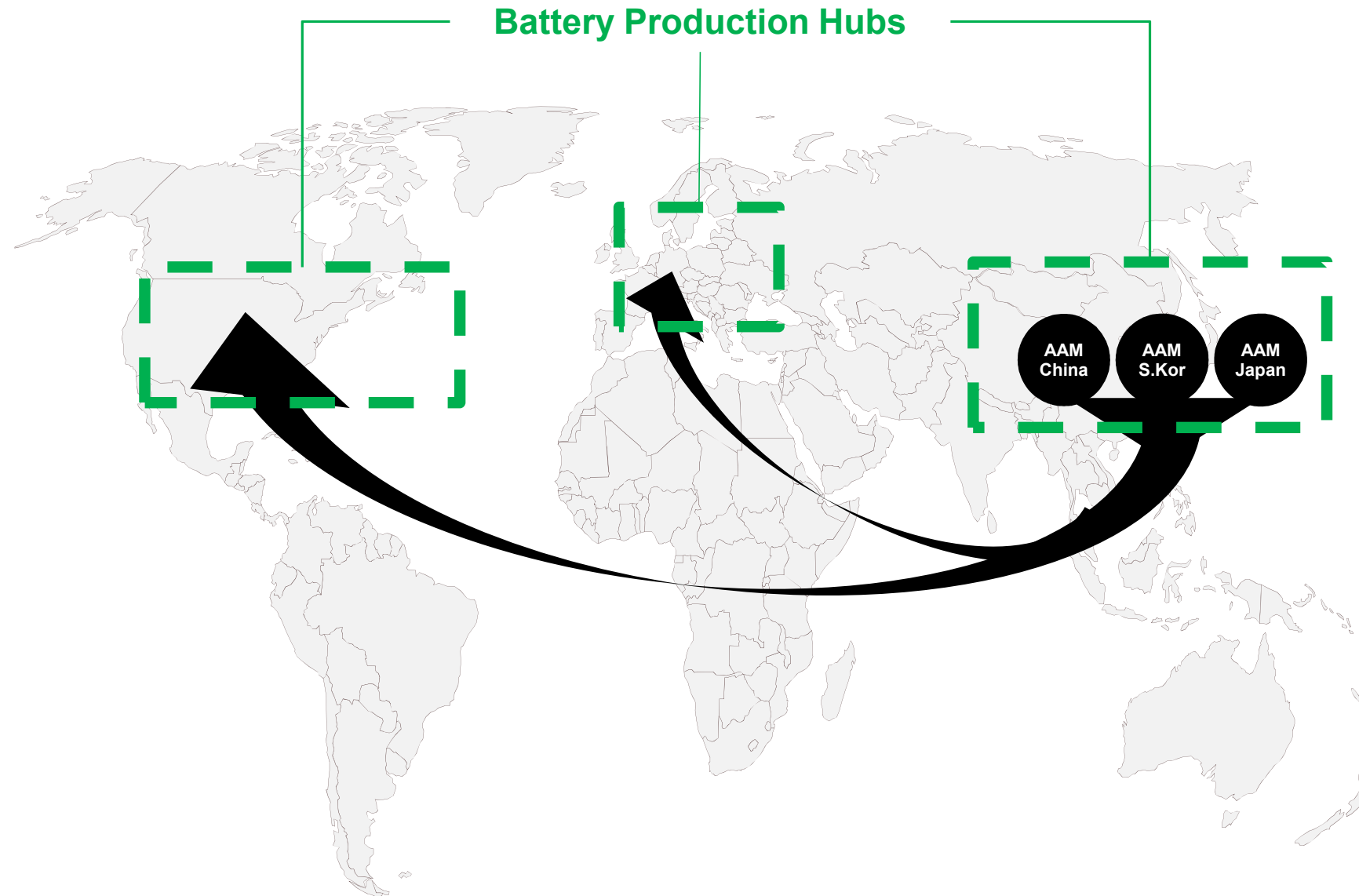
Notes

- The mesh size refers to the number of openings in a one inch screen. A 100 mesh screen has 100 openings etc. Minus (-) and plus (+) signs refer to particle size with reference to a mesh size. For example, -100# means that all particles have passed through 100 mesh, +100# means all particles have been retained over 100 mesh
- The above is a simplified representation of the anode production stages from natural graphite. Anodes can also be produced from needle coke or coal tar pitch which are by-products of oil refining and coal coking process respectively

Trade flows are reliant on Asia for Active Anode Material (AAM)



USA and European battery production supply chains are currently 100% reliant on supply of AAM from Asia

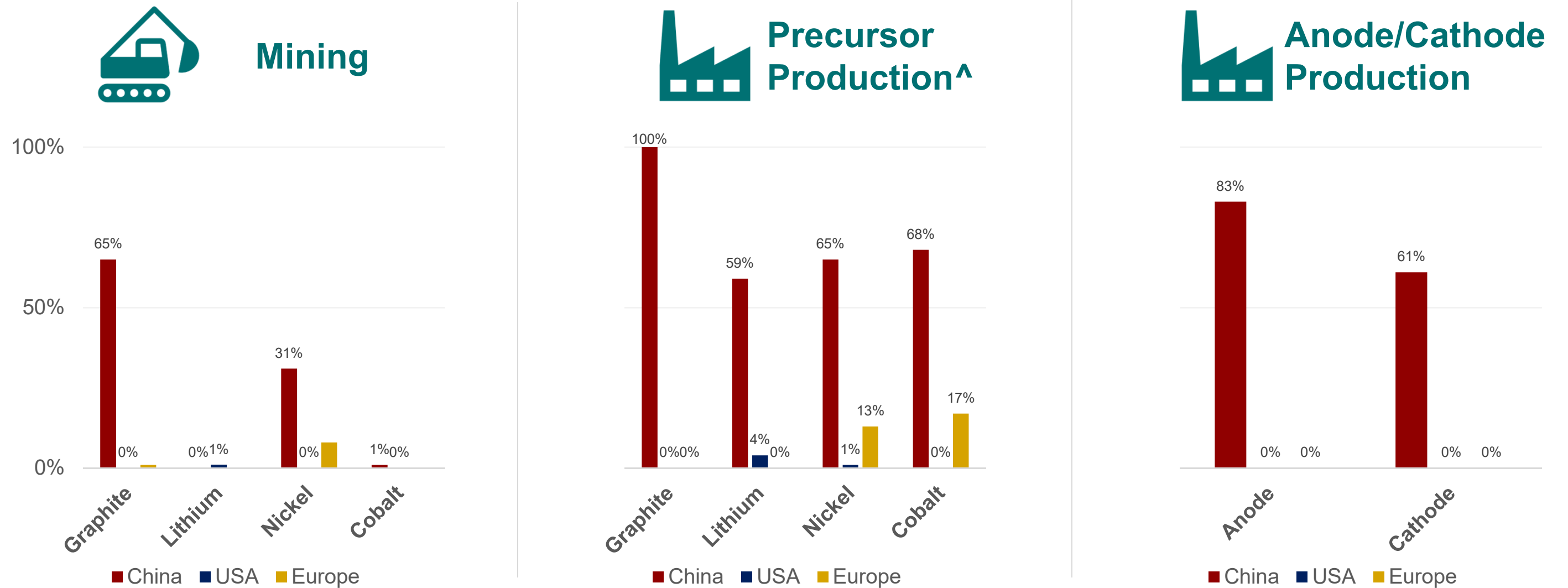


Source: Syrah Resources Internal Analysis

Global battery supply chain overly exposed to China supply – EU and USA diversification important for independence and risk mitigation

Syrah vertically integrated Vidalia facility plans to provide emerging USA battery cell manufacturers with a domestic source of anode material supply

Summary of current China, USA and Europe anode and cathode supply chain position



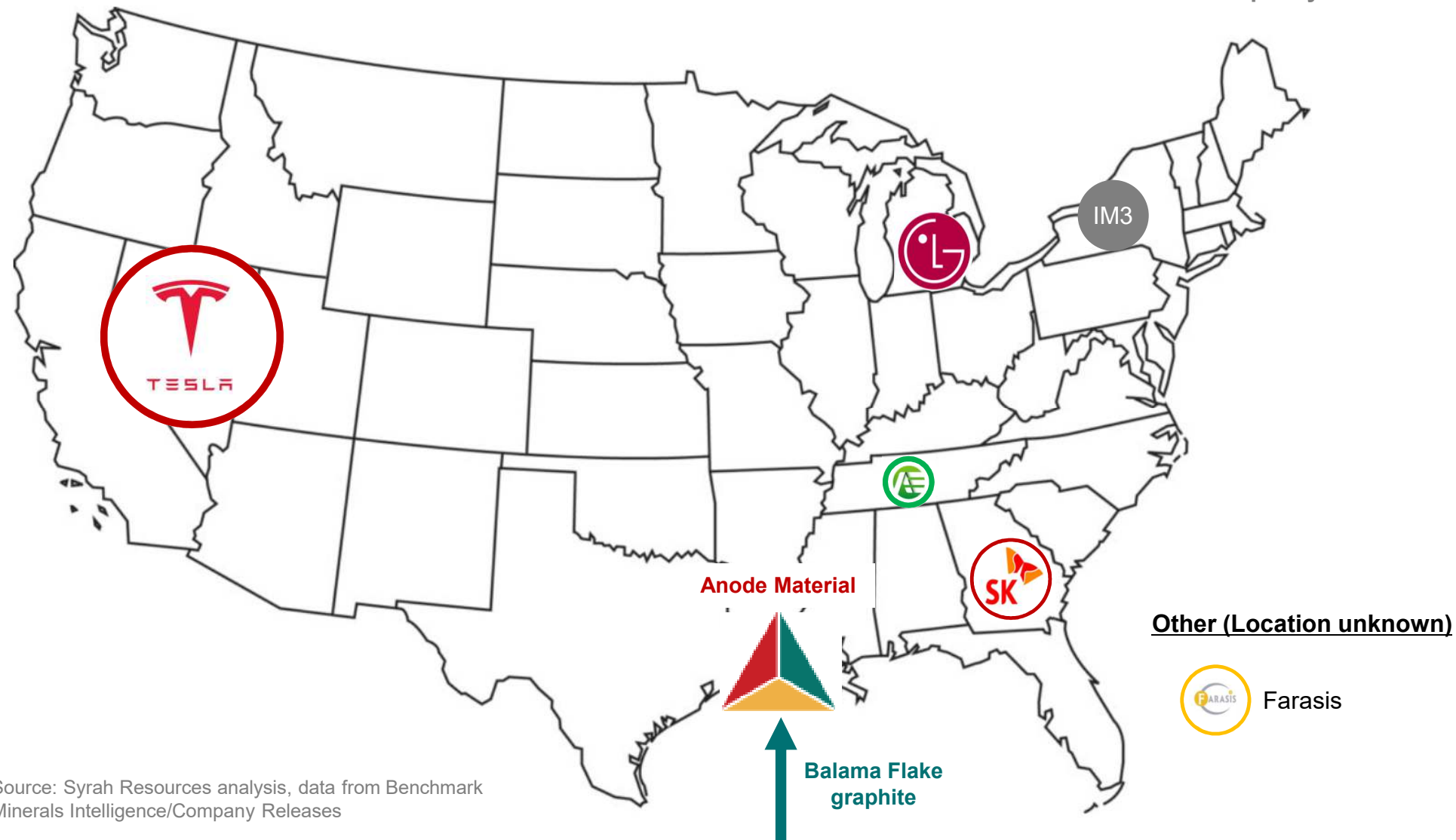
Source: Syrah Resources analysis, data from Benchmark Minerals Intelligence
[^]: Chemical processing or refining

Co-location with planned USA battery factories

Syrah plans to provide a co-located and ESG verifiable source of anode material supply to the USA battery supply chain

Planned 2029 GW Planned Capacity in USA

Bubble Size = 2029 GW Planned Capacity *

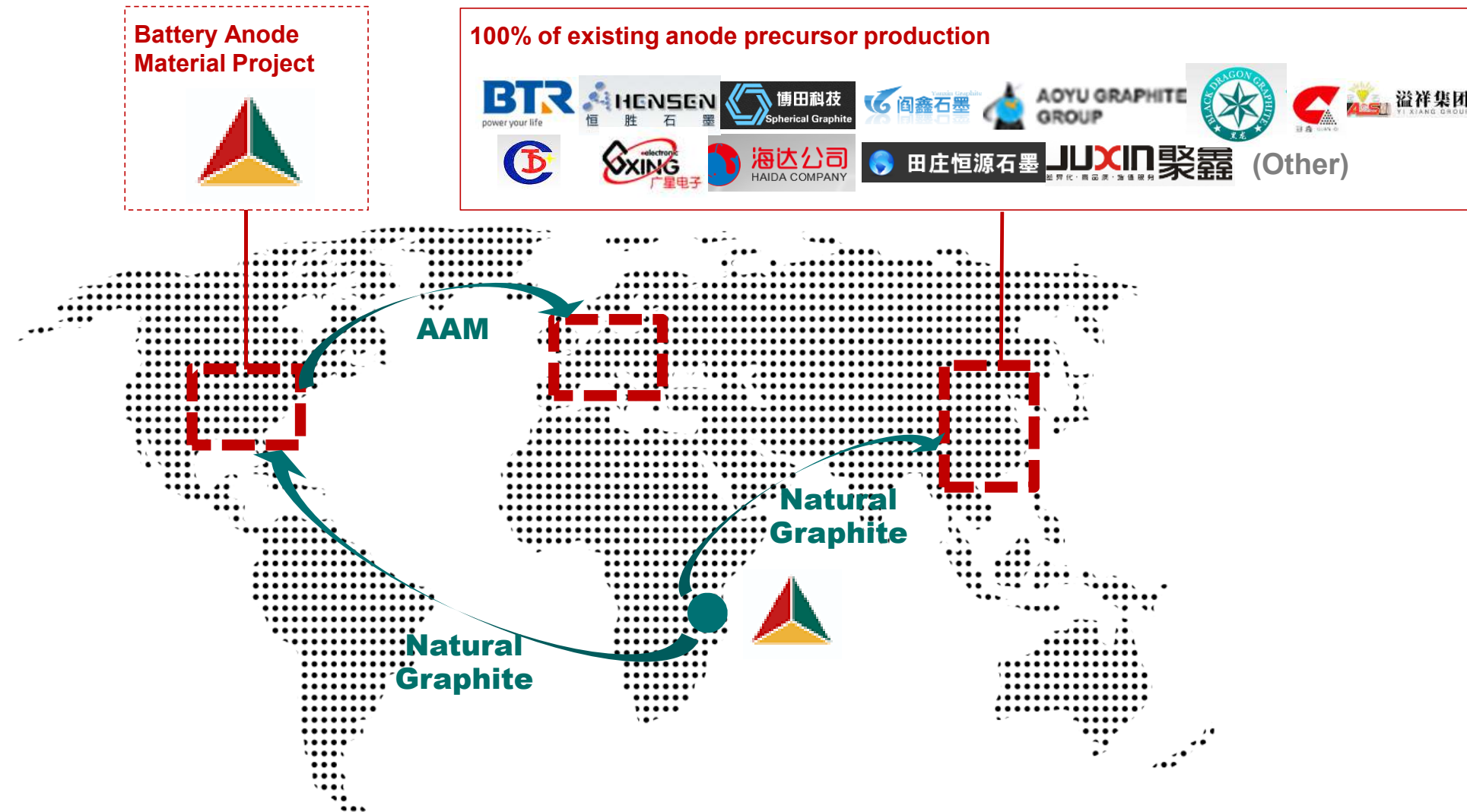


Why Louisiana for Anode Material Production

- ✓ Access to key utilities (Water/Gas/Power)
- ✓ Confirmed compliance with water and air discharge requirement from large scale commercial facility
- ✓ Options to expand facility size
- ✓ Direct barge/port access to Mississippi river
- ✓ Supportive government relations
- ✓ Access to key consumables (HF, HCL, Caustic)
- ✓ Capable workforce – initial production team in place and proximity to skilled workforce from petrochemical industries

Syrah an alternate supply proposition for battery supply chain participants

Syrah aims to provide a complementary and alternate supply proposition to existing domestic China supply to meet growing demand



Governments recognise the strategic importance of battery raw materials



The Central People's Government of the People's Republic of China¹

“Accelerating the cultivation and development of energy-saving vehicles ... a strategic measure to accelerate the transformation and upgrading of the automobile industry, foster new economic growth points and international competitive advantages”



European Commission, Brussels, 9.4.2019 COM (2019) 176 final

“Driven by the ongoing clean energy transition, demand for batteries is expected to grow very rapidly in the coming years, making this market an increasingly strategic one at global level”






Office of Energy Efficiency & Renewable Energy²

“As we look to the opportunity of domestic battery manufacturing as this market grows, one challenge for the United States is that the United States is not a large producer of minerals such as lithium, manganese, cobalt, or graphite—all important components of today's lithium-ion batteries”

1. Source: Notice of the State Council on Printing and Distributing the Development Plan for Energy Saving and New Energy Vehicle Industry (2012-2020) Guofa [2012] No. 22
2. Source: <https://www.energy.gov/eere/articles/advancing-us-battery-manufacturing-and-domestic-critical-minerals-supply-chains>

Government policy continue to be supportive of EV adoption





Regions	2025/2030 Targets	Policies
	25% EV penetration by 2025	<ul style="list-style-type: none"> • Direct subsidies for passenger vehicle and tax exemptions for manufacturers to be extended till 2022¹ • Guangzhou and 3 other cities announces extended subsidy for 2020 EV sales², in addition to national subsidies
 German policy only ³	35% EV + PHEV penetration by 2030	<ul style="list-style-type: none"> • 2020: <ul style="list-style-type: none"> • 4,000 EUR (4,348 USD) for EV • 3,000 EUR (3,262 USD) for PHEV • 2021 till 2025: <ul style="list-style-type: none"> • 6,000 EUR for EV costing < 40k EUR 50% Increase on 2020 subsidies • 5,000 EUR (5,441 USD) for EV costing ≥ 40k EUR 25% Increase on 2020 subsidies • 4,500 EUR (4,897 USD) for PHEV 50% Increase on 2020 subsidies • 2030: <ul style="list-style-type: none"> • 1mn charging stations
	(California) 15% EV penetration by 2025	<ul style="list-style-type: none"> • \$7,500 consumer tax break each for the first 200,000 vehicles an automaker sells. After which the tax credit halves every 6 months

1. Source: https://www.spglobal.com/China_extends_subsidies
 2. Source: <https://www.electrive.com/2020/03/17/four-chinese-cities-are-offering-their-very-own-ev-grants/>
 3. Source: Government websites

Chinese firms commit US\$26 billion to battery value chain investments¹

Several examples of China public market capital raisings during Q1 2020 with use of proceeds for ongoing build-out of battery supply chains

Selected Cases

Company	Capital Raise	Use of Proceeds
	2.5bn RMB (350mn USD) Private Placement	<ul style="list-style-type: none"> • 150mn USD towards TWS earphone batteries • 42mn USD towards li-manganese batteries to be used for TPMS • 64mn USD towards capacity expansion and R&D • 99mn USD towards working capital
	20bn RMB (2.8bn USD) Private Placement	<ul style="list-style-type: none"> • 570mn USD towards Huxi plant expansion (16GWh) • 780mn USD towards JV plant construction (24GWh) • 420mn USD towards Sichuan plant construction (12GWh) • 280mn USD towards battery chemistry R&D • 780mn USD towards working capital
	10.4bn RMB (1.5bn USD) Direct Investment	<ul style="list-style-type: none"> • 20GWh capacity li-ion battery project • Construction begin in Jiashan, Zhejiang in March
	5bn RMB (710mn USD) Private Placement	<ul style="list-style-type: none"> • 210mn USD towards Jiangxi separator plant expansion • 280mn USD towards Wuxi new material plant expansion • 210mn USDn towards working capital

1: Gaogong Industry research Institute (GGII) <https://www.gg-lb.com/art-40275.html>

Battery supply chain investment ex-China ongoing

Significant commitments to build-out of battery supply chains in Europe and USA during Q1 2020



5bn EUR (5.44bn USD) investment into 64GWh of battery capacity by PSA and SAFT.



3.2bn EUR (3.53bn USD) for battery tech R&D approved by European Commission.



2.2bn USD investment for Detroit factory over 4 years to make electric trucks, SUVs.

SAMSUNG SDI

917mn EUR (994mn USD) investment into Hungary Gigafactory by 2030.



480mn EUR (520mn USD) loan to expand Polish battery plant. Est. overall cost at 1.5bn EUR.

inoBat

100mn EUR (108.6mn USD) from Slovakian government for first phase of a 10GWh Gigafactory.



Begin production of their first pure electric car (XC40 Recharge) at 5000m² Belgian plant.

COVID 19 caused global supply chain shutdowns

First China then US and Europe, shutdowns highlight the importance of diversification in creating resilient supply chains

Ex-China OEMs remain disrupted end of Q, duration of shutdowns not yet clear

OEM Remain Shutdown	 Euro and US from March 19	 US from March 19	 Euro and US from March 20	 Euro and US from March 17	 US from March 18	 US from March 17
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China OEMs now back online

OEM Out of Shutdown	 Geely	 FAW	 Changan Motor	 BYD	 BAIC Motor	 Dongfeng Motor
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Major battery makers also impacted

EV Value Chain Shutdown	    From March 23
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Comments

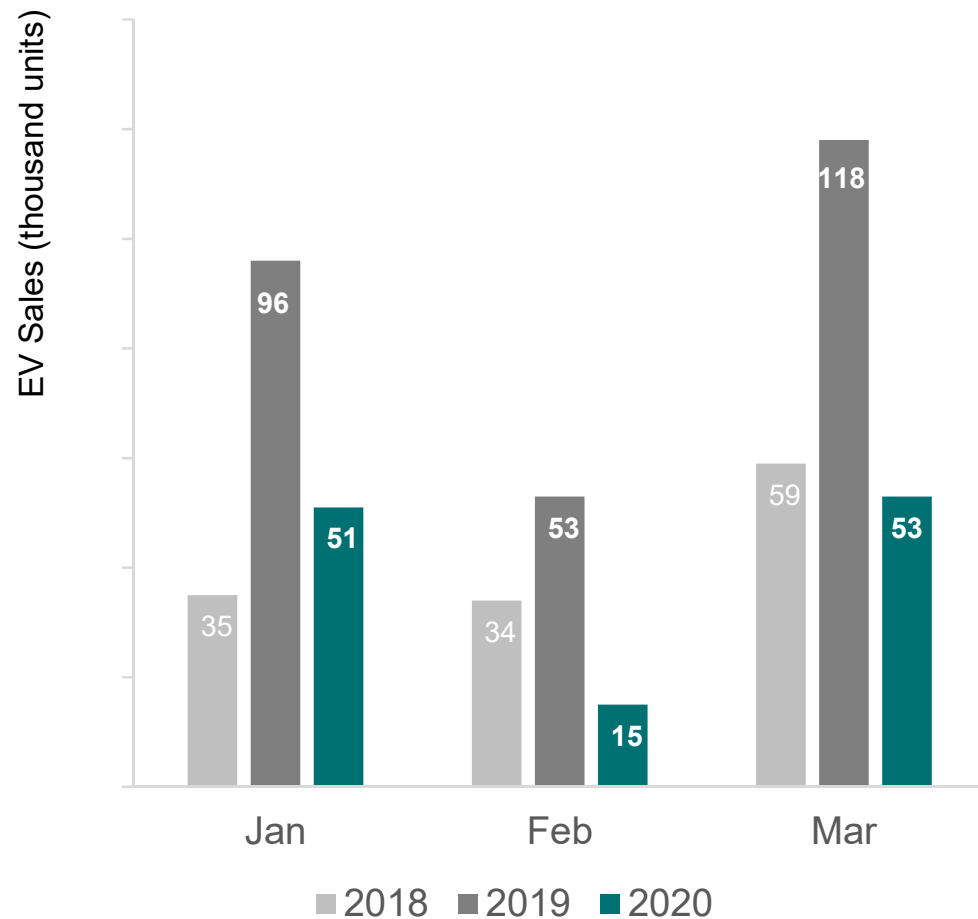
- Initial China supply shutdowns impacted entire supply chain as 80%+ of world's auto supply chain is connected to China¹. Jaguar, Audi, and Mercedes paused EV production as early as Feb due to LG Chem battery bottleneck².
- By mid March 36.59% of Chinese EV value chain had fully returned to operations, 56.1% partially and 7.32% not yet returned³.
- As China returned to work from COVID 19 related lockdowns the rest of world initiated lockdowns to manage the spread of the virus, negatively impacting global end user demand for battery raw materials.

1. Source: KPMG, <https://home.kpmg/xx/en/blogs/home/posts/2020/03/covid-19-impact-on-the-automotive-sector.html>
 2. Source: <https://www.electrive.com/2020/02/10/lack-of-batteries-hinders-mercedes-and-halts-i-pace-production-at-jaguar/>
 3. Source: Survey by China Industrial Association of Power Sources (CIAPS)

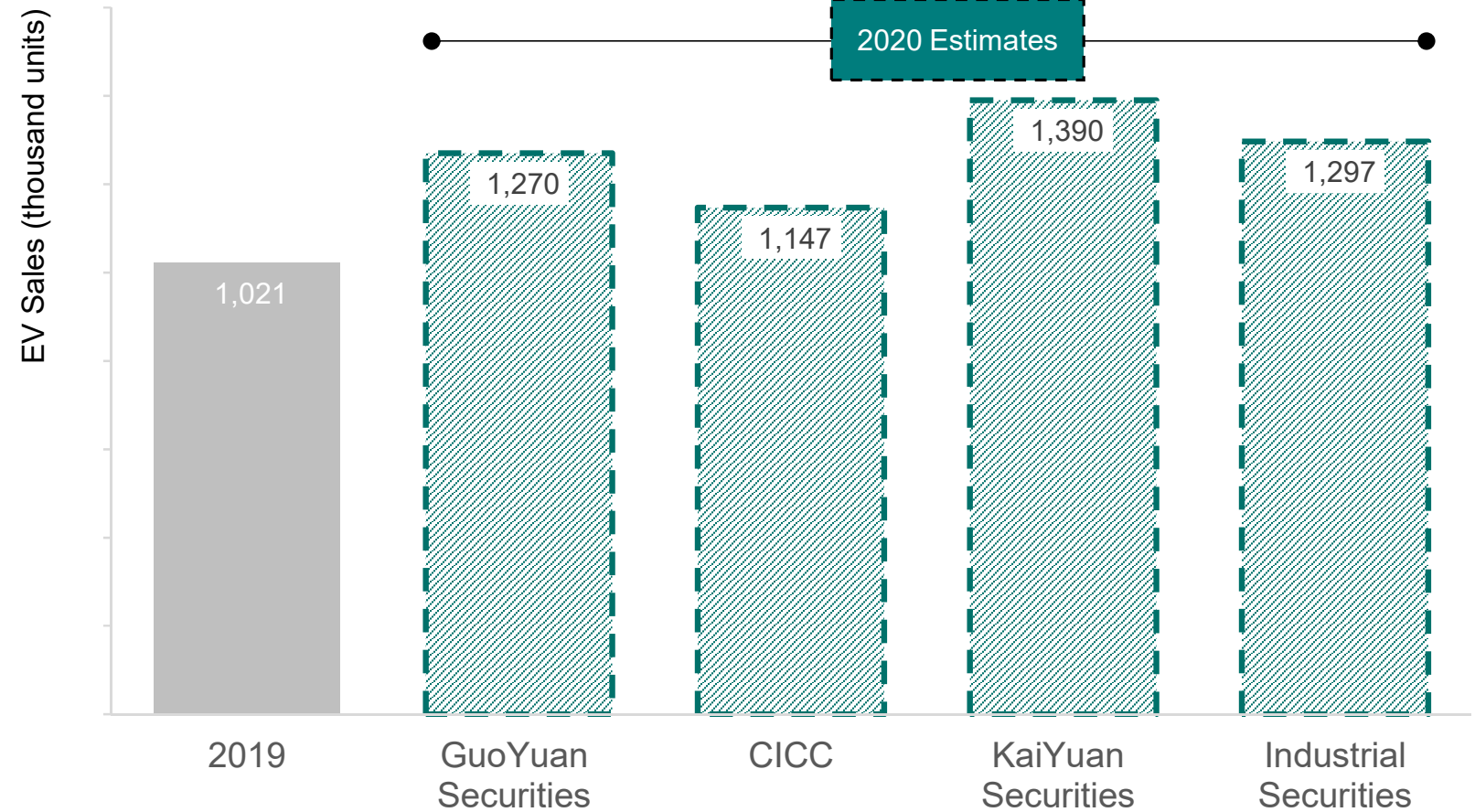
China EV sales summary: Q1 2020 actuals and FY2020 forecasts

China Q1 2020 EV sales significantly impacted by COVID 19. Many analysts currently forecasting a catch-up in sales through 2020

China Q1 2020 sales negatively impacted by COVID 19



Full year Passenger EV[^] sales growth in China expected to average 25.0% YoY



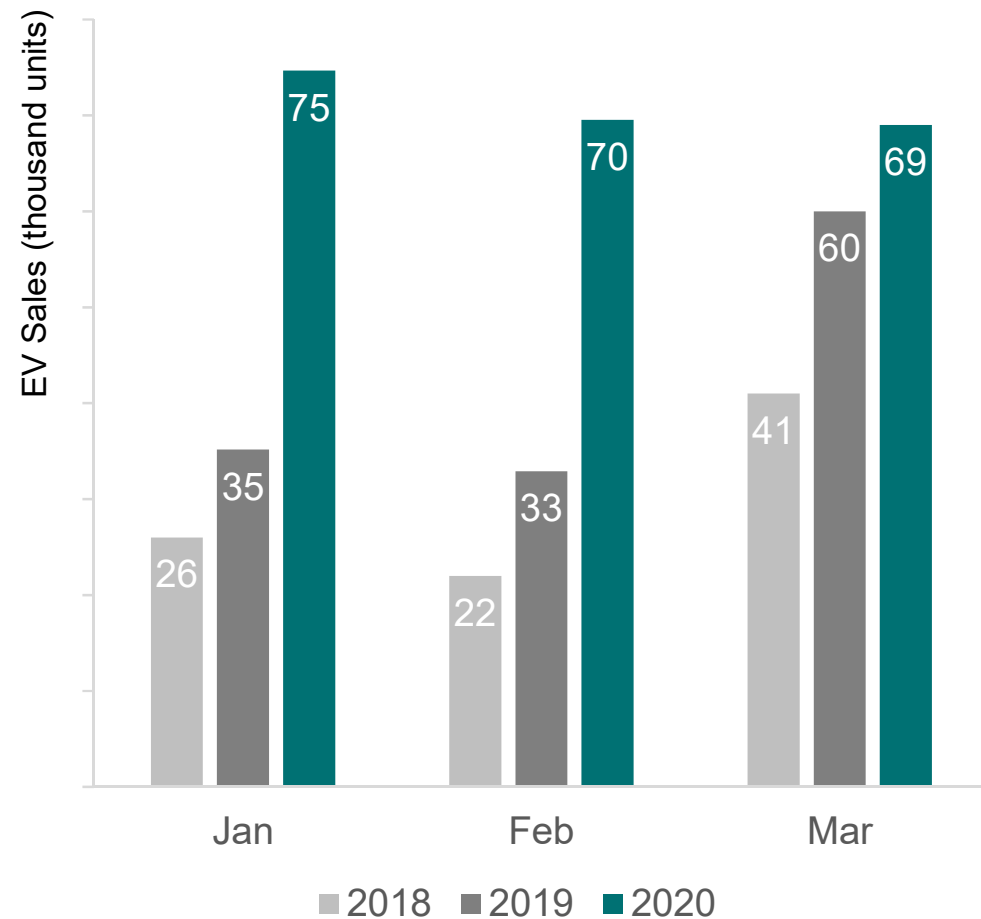
Source (all except March 2020): Data from EV Sales
Source (just March 2020): Data from CAAM,

Source 2019 Actual: GGII
Source Forecasts: GuoYuan Securities 2 April 2020, CICC 26 March 2020, KaiYuan Securities 1 April 2020, Industrial Securities 13 April 2020
[^]: passenger BEV and PHEV only

Europe EV sales summary: Q1 2020 actuals and FY2020 forecasts

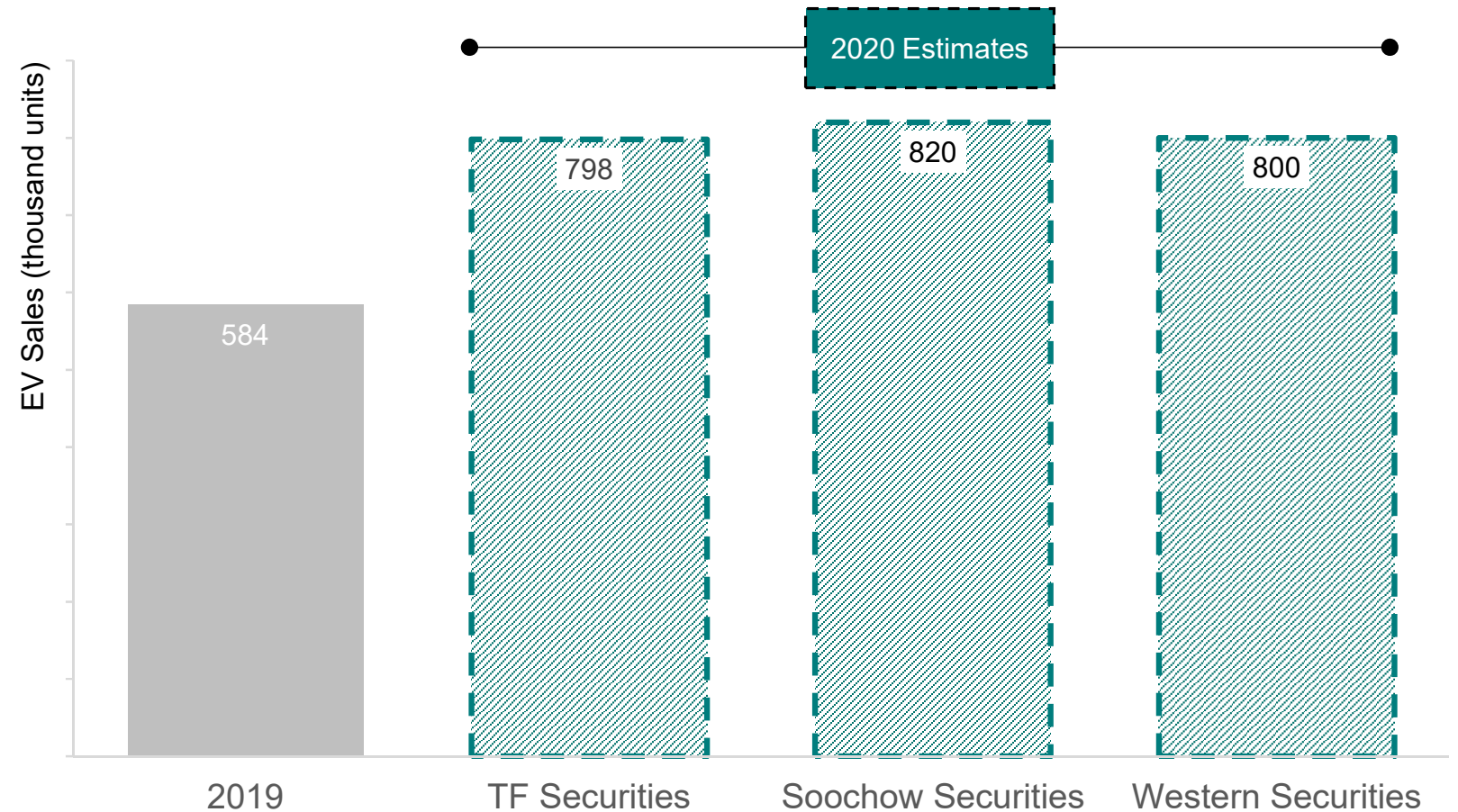
Europe EV sales growth in Q1 2020 pre COVID 19 impacts. Full year uncertain, some analysts maintaining YoY growth for full year

Strong EV Sales Growth in Europe Q1 2020



Source (all except March 2020): Data from EV Sales
Source (just March 2020): Data from Marklines

Potential for full year EV sales growth in Europe remains, although uncertainty exists

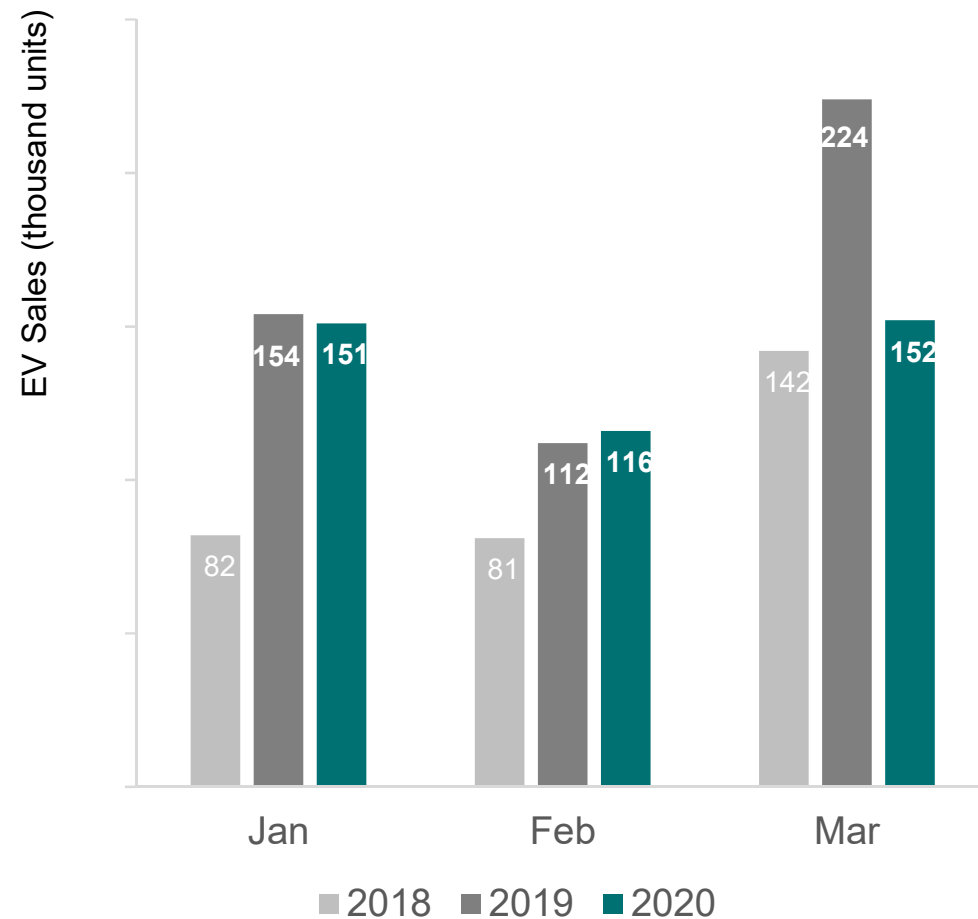


Source 2019 Actual: SNE
Source Forecasts: TF Securities 18 March 2020, Soochow Securities 6 April 2020, Western Securities 7 April 2020

Global EV sales summary: Q1 2020 actuals and FY2020 forecasts

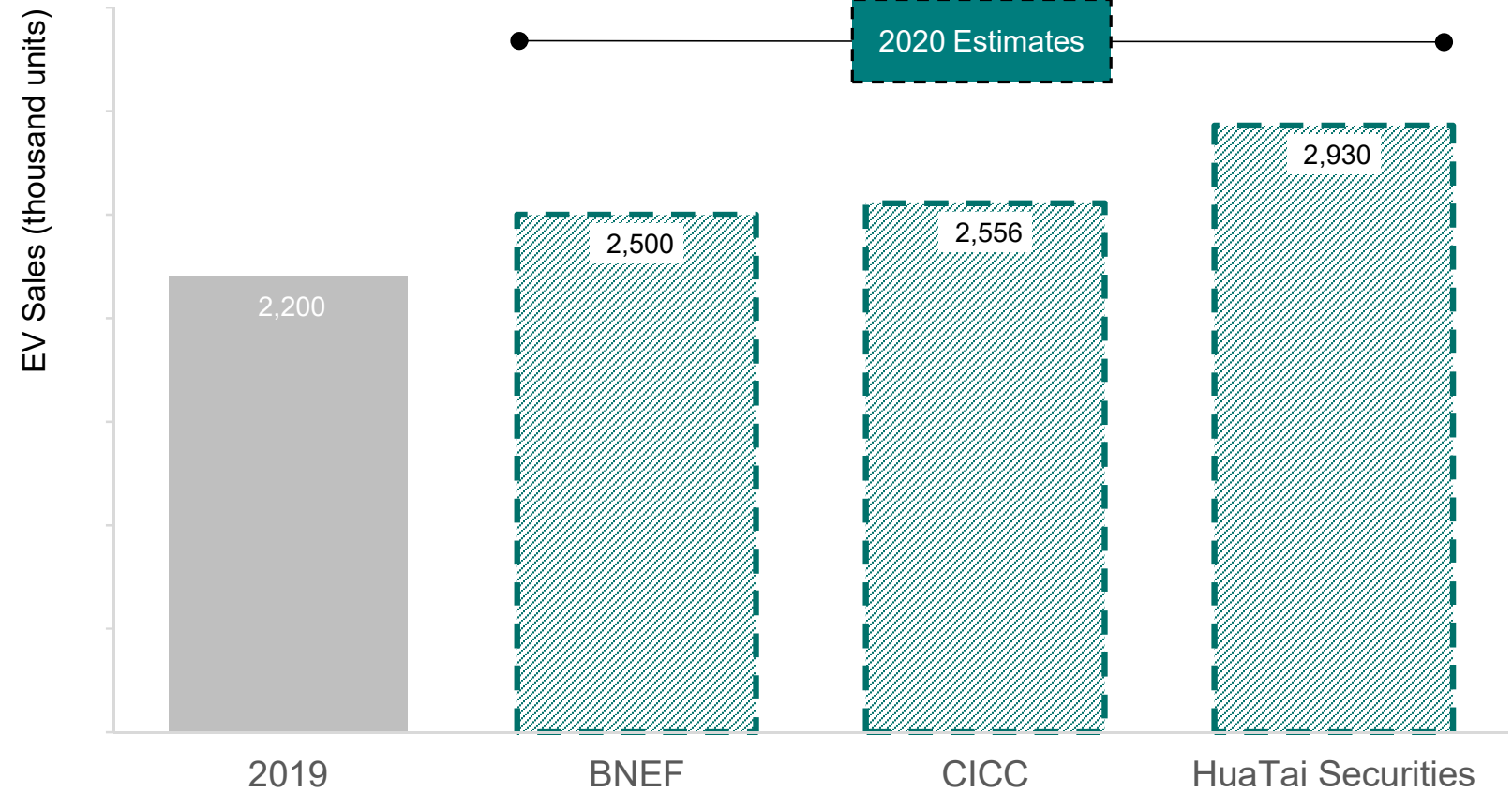
Some analysts maintaining YoY EV sales growth for 2020

European sales helped out in Q1



Source (all except March 2020): Data from EV Sales
Source (just March 2020): Syrah Resources estimate

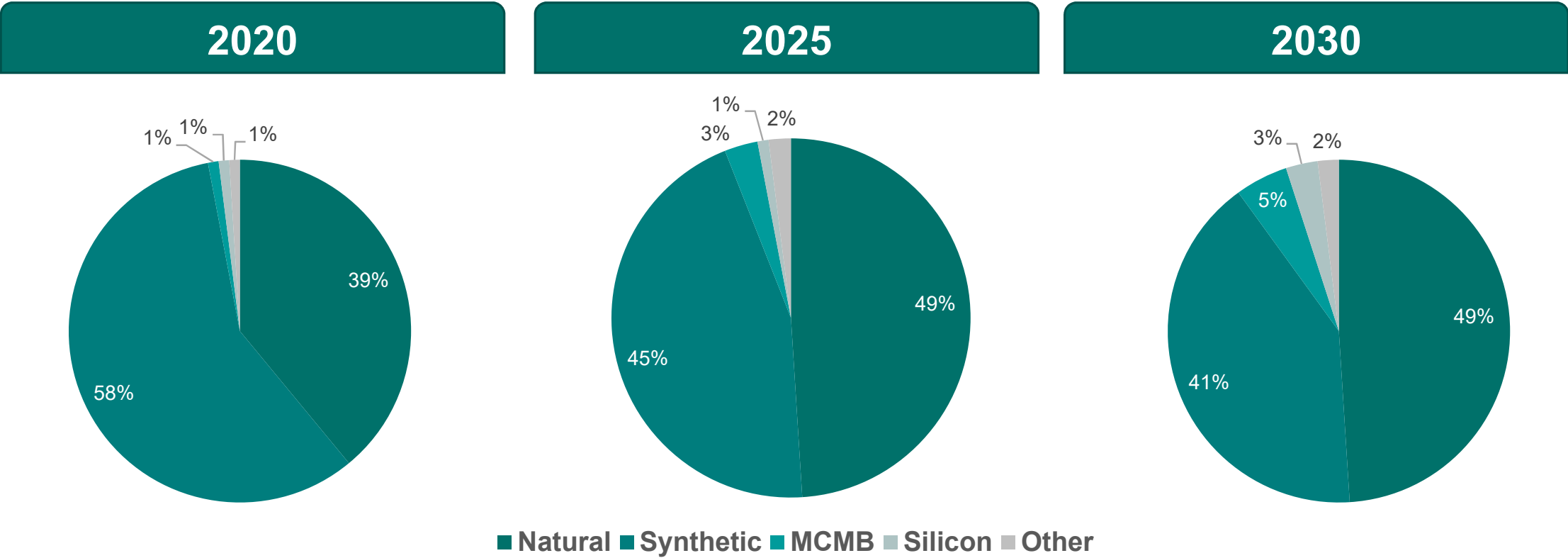
Full year global EV sales growth expected to average 20% YoY



Source 2019 Actual: GGII
Source Forecasts: BNEF 16 January 2020, CICC 26 March 2020, HuaTai Securities 17 March 2020

Anode Evolution

Significant expected long term growth in natural graphite driven by Electric Vehicles and an increasing share of the anode mix



■ Natural ■ Synthetic ■ MCMB ■ Silicon ■ Other

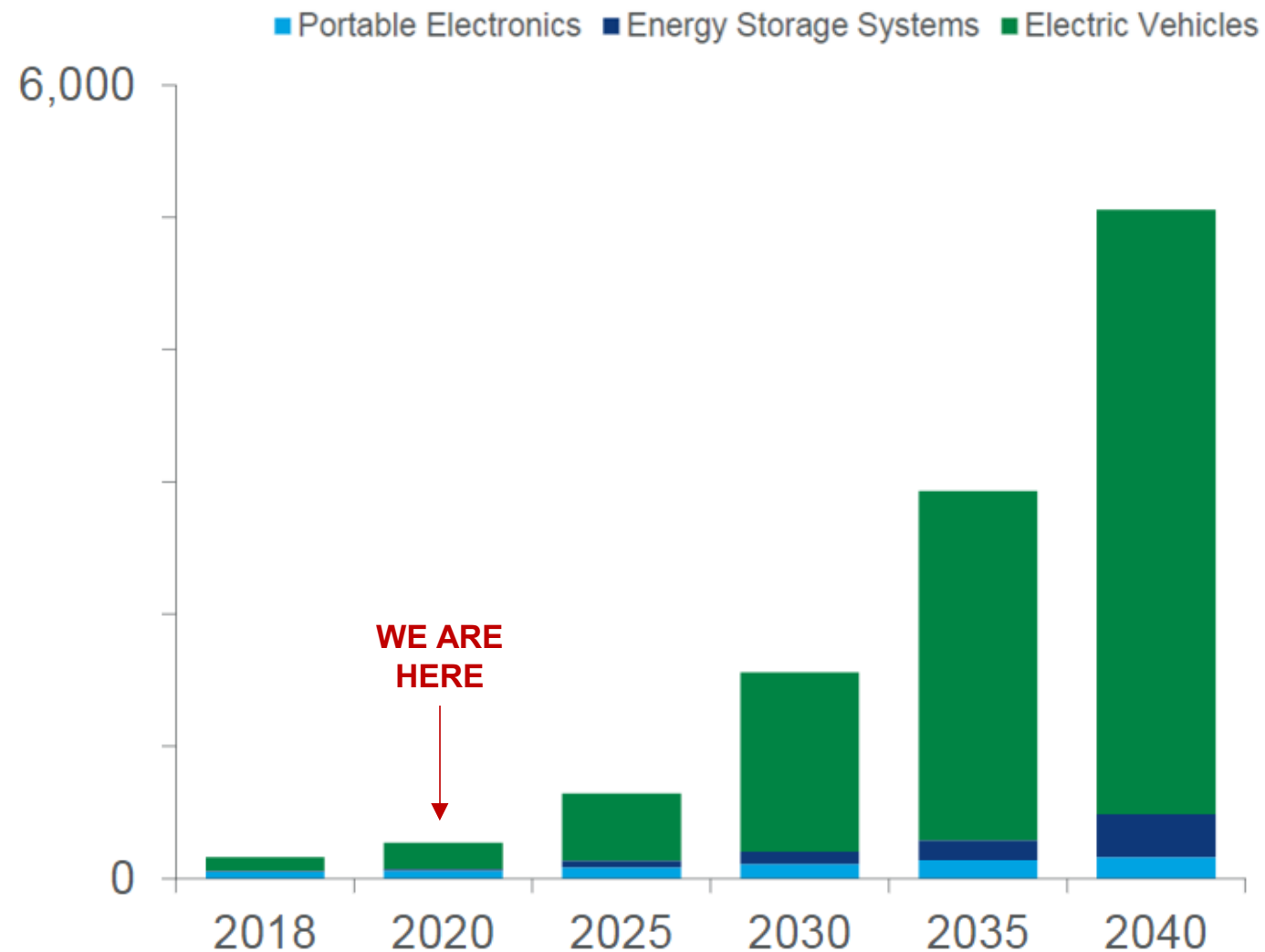
Flake Graphite Demand for LiB (tonnes)	2020	2025	2030
	199,830	979,813	2,558,928

Source: Benchmark Minerals Intelligence

Long term of growth in EVs remains intact, COVID 19 a near term challenge

Decarbonisation of the transport sector, via battery powered EV remains ongoing – near term growth will be impacted by COVID 19

Long Term global battery sector demand (GWh)



Source: Wood Mackenzie (January 2020)

Comments

- Natural graphite is a key component of lithium-ion batteries used in electric vehicles and energy storage, both rapidly growing markets
- Near term uncertainty exists due to supply and demand impacts of COVID 19
- Medium to longer term, the trend of decarbonisation of the transport sector, via battery powered EV remains intact - EV adoption remains in its early stages of growth
- Significantly more battery raw materials is expected to be required to meet long term end user demand from EVs
- COVID 19 has heightened the awareness of the strategic importance of battery supply chains and the current reliance on China
- Syrah aims to provide a complementary and alternate supply proposition to existing domestic China supply to meet growing demand
- The long mine life and high grade of deposit at Syrah's Balama Graphite Operation allows enables Syrah to take a long term view in participating downstream in the battery supply chain