



Syrah offered a Conditional Commitment¹ from the US Department of Energy following finalisation of a non-binding term sheet for US\$107 million loan

Highlights

- **Non-binding term sheet finalised with the US Department of Energy (“DOE”) for a US\$107 million loan for the initial expansion of Syrah’s Vidalia AAM facility in Louisiana, USA**
- **Conditional Commitment¹ offered by DOE to Syrah represents a significant step in its process, and follows detailed market, technical and legal due diligence on Syrah since July 2021, and an extensive approvals process**
- **Syrah and DOE are targeting financial close of the loan by the end of June 2022 and first advance of the loan in the September 2022 quarter**
- **DOE loan will allow Syrah to use surplus existing cash to accelerate its growth strategy.**

Syrah Resources Limited (ASX: SYR) (“Syrah” or the “Company”) announces its wholly owned subsidiary, Syrah Technologies, LLC (“Syrah Technologies”), has finalised a non-binding term sheet and been offered a Conditional Commitment¹ for a US\$107 million² loan from the US Department of Energy to fund the initial expansion of its Vidalia active anode material (“AAM”) facility in Louisiana, USA (“Vidalia”) to 11.25ktpa AAM production capacity (“Vidalia Initial Expansion”).

The proposed loan is to be made under DOE’s Advanced Technology Vehicles Manufacturing (“ATVM”) loan program in support of the Biden Administration’s critical minerals strategy. DOE has US\$17.7 billion in uncommitted loan authority under the ATVM program to support the manufacture of eligible advanced technology vehicles including electric vehicles (“EVs”), and qualifying components and materials, in the USA. Domestic processing of critical minerals, such as graphite, for use in EV batteries qualifies for the ATVM loan program³. Syrah is a first mover in developing a large-scale vertically integrated natural graphite AAM supply option in the USA. If finalised, the loan to Syrah Technologies would be the first from the ATVM loan program since 2011 and the first ever from the ATVM loan program to a materials processing facility. Other recipients of funding from the ATVM loan program include Ford, Nissan and Tesla.

In June 2021, Syrah applied to DOE’s Loans Programs Office for the ATVM loan with due diligence commencing in July 2021. The Loans Programs Office has subsequently undertaken detailed market,

¹ A Conditional Commitment is offered by DOE prior to issuing a loan and indicates that DOE expects to support the Vidalia Initial Expansion project, subject to the satisfaction of certain conditions including fulfilling remaining legal, contractual, and financial requirements.

² Includes estimated capitalised interest costs. Approximately US\$104 million in advances from DOE loan is proposed to be available to fund eligible costs of the Vidalia Initial Expansion project.

³ Further information about the ATVM loan program is available at <https://www.energy.gov/lpo/products-services/advanced-technology-vehicles-manufacturing-loan-program>.

technical and legal due diligence on Syrah, Vidalia and the Vidalia Initial Expansion project using US Government expertise and external specialist consultants.

Under the term sheet, the loan is for a maximum amount of US\$107 million² with a term of up to approximately 10 years from financial close. Interest on the loan will be fixed from the date of advance for the term of the loan at applicable long-dated US Treasury rates. The term sheet and Conditional Commitment¹ have been approved by DOE. While the term sheet and Conditional Commitment¹ demonstrates DOE's intent to support the Vidalia Initial Expansion project, there is no certainty that a loan financing from DOE will be ultimately committed to Syrah Technologies, or if committed, on terms and conditions consistent with the term sheet. A binding loan agreement from DOE is subject to the satisfactory completion of due diligence by DOE, satisfaction of conditions precedent specified in the term sheet, approval of the Syrah Board, receipt of all material governmental and third-party consents necessary for the loan and the negotiation and execution of binding loan documents. Once binding loan documents have been signed, Syrah and Syrah Technologies will need to satisfy certain conditions precedent before the loan commitment from DOE becomes effective and funds can be advanced. The Company and DOE are targeting financial close of the loan by the end of June 2022 and first advance of the loan in the September 2022 quarter.

Proceeds from Syrah's fully underwritten institutional placement and pro rata accelerated non-renounceable entitlement offer ("Equity Raising") completed earlier this year are sufficient to fully fund the remaining US\$165 million⁴ of estimated installed capital costs of the Vidalia Initial Expansion project. To the extent the DOE loan is drawn, Syrah will use surplus proceeds from the Equity Raising to accelerate studies and detailed engineering of a potential larger expansion of Vidalia, fund construction of such a potential expanded AAM facility at Vidalia, to provide additional balance sheet flexibility to Syrah and/or for capital management initiatives.

Director of DOE's Loans Programs Office Jigar Shah said, "The Conditional Commitment¹ offered to Syrah would be for the first ever ATVM loan to support a supply chain manufacturing project and further demonstrates DOE's commitment to building a strong domestic supply chain for zero emission transportation solutions. This reiterates President Biden's commitment to strengthening US critical mineral supply chains and growing the US workforce to support domestic battery manufacturing for EVs. Moreover, the Vidalia Initial Expansion project provides a socially and environmentally responsible US supply chain for graphite, which is critical to accelerating the deployment of batteries to power EVs."

Syrah Managing Director and CEO Shaun Verner said, "The finalisation of a term sheet and offer of a Conditional Commitment¹ from DOE for a loan under the ATVM program highlights Vidalia's strategic position in the USA and provides strong validation of Syrah, Vidalia and the Vidalia Initial Expansion. Importantly, the loan will allow Syrah to accelerate its growth strategy in its downstream business and support the rapidly growing EV and battery supply chain in the USA."

Syrah Chief Financial Officer Stephen Wells said, "Syrah is committed to diversifying its sources of

⁴ Includes all estimated engineering, equipment, materials, construction, construction-related capitalised costs from 1 January 2022 and an unutilised ~US\$12 million contingency informed by detailed engineering and capital spend to date.

funding. The due diligence process has been extensive and thorough, and we are pleased to have been offered a Conditional Commitment¹ by DOE. If concluded successfully, the DOE loan will be highly attractive to the Company and will reflect the importance of Syrah to US critical minerals supply chains. Syrah and DOE are focused on completing negotiations and finalising the loan, such that loan advances are well aligned with the capital spending program for the Vidalia Initial Expansion project. Surplus proceeds from the Equity Raising will be deployed to valuable growth focused initiatives.”

DOE’s media release in connection with its Conditional Commitment to Syrah Technologies is on the Loans Programs Office website (www.energy.gov/lpo/articles/lpo-offers-first-conditional-commitment-critical-materials-project-syrah-vidalia).

Greenhill & Co is acting as financial adviser to Syrah. White & Case is acting as legal adviser to Syrah.

This release was authorised on behalf of the Syrah Board by

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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.

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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