

ASX Announcement / Media Release

27 April 2023

New Convertible Notes with AustralianSuper

Highlights

- **New Convertible Notes** issuable to AustralianSuper, at Syrah's option, in three equal series, for up to A\$150 million (US\$99 million¹)
- **First A\$50 million (US\$33 million) series** to be issued by 12 May 2023. Proceeds will be used to fund: 1) US\$6 million transition detailed & long-lead items engineering and other early activities on the Vidalia Further Expansion project to prepare for a FID proposal; and 2) US\$27 million Balama working capital, TSF expansion and sustaining capital as well as for general corporate purposes
- **Subject to shareholders approving the Shareholder Resolutions**, remaining A\$100 million (US\$66 million) provides funding options for operating strategy and project development
- **AustralianSuper intends to convert its Existing Convertible Notes into Syrah Shares**, subject to Syrah shareholder approval.

Syrah Resources Limited (ASX: SYR) ("Syrah" or the "Company") announces the execution of a new convertible note deed with AustralianSuper Pty Ltd as trustee for AustralianSuper ("AustralianSuper") for up to A\$150 million (US\$99 million¹) convertible notes, in three series (together, the "New Convertible Notes"):

- A\$50 million (US\$33 million¹) face value ("Series 4 Note") to be issued by 12 May 2023;
- A\$50 million (US\$33 million¹) maximum face value issuable at Syrah's option before 31 December 2023, subject to Syrah shareholders approving the Shareholder Resolutions ("Series 5 Note"); and
- A\$50 million (US\$33 million¹) maximum face value issuable at Syrah's option before 30 June 2024, subject to Syrah shareholders approving the Shareholder Resolutions ("Series 6 Note").

The Chinese anode market conditions are expected to be volatile over the near-term and forward sales orders for Balama products have weakened in this market from the higher levels in 2022. This, and the availability of significant finished product inventory, has led Syrah to announce today that it will moderate production from Balama until demand conditions and sales orders at economic prices warrant higher capacity utilisation². The Company's cash balance at 31 March 2023 was US\$84 million, which included unrestricted cash of US\$48 million and restricted cash of US\$36 million. The New Convertible Notes will provide the Company with additional liquidity to manage near-term demand volatility for Balama natural graphite and optimise its sales and operations strategy to achieve improved commercial outcomes for Syrah, and support the continuous progression of its downstream strategy. Importantly, the New Convertible Notes will provide Syrah with the flexibility to assess the development of Balama forward sales orders and production, and pursue alternative financing options, if necessary, before potentially issuing the Series 5 and/or Series 6 Notes.

¹ A\$ proceeds converted into US\$ based on the USD/AUD exchange rate of 0.66 as at 26 April 2023.

² See Syrah's March 2023 Quarterly Activities Report 27 April 2023.

Key Terms of the New Convertible Notes

Syrah will issue and AustralianSuper will subscribe for the Series 4 Note by 12 May 2023. Syrah may elect, at its sole discretion, to issue the Series 5 Note at any time before 31 December 2023 and the Series 6 Note at any time before 30 June 2024 subject to Syrah shareholder approval of:

- issuance of the Series 5 and Series 6 Notes for the purposes of ASX Listing Rule 7.1;
- conversion of the Series 4 Note for the purposes of item 7 of section 611 of the Corporations Act;
- conversion of the Series 5 and Series 6 Notes for the purposes of item 7 of section 611 of the Corporations Act; and
- conversion of the existing Series 1 and Series 3 Notes (together the “Existing Convertible Notes”) for the purposes of item 7 of section 611 of the Corporations Act,

by 31 August 2023 (together the “Shareholder Resolutions”).

A break fee, equal to 1% of the face value of the applicable New Convertible Notes not issued, is payable in cash by Syrah to AustralianSuper if Syrah decides not to issue the Series 5 and/or Series 6 Note, defaults on its obligation to issue the New Convertible Notes or elects to reduce the face value of the Series 5 and/or Series 6 Notes, but not if Syrah shareholders do not approve the Shareholder Resolutions and Syrah has complied with its obligations in seeking shareholder approval. An establishment fee, equal to 2% of the face value of the New Convertible Notes will be capitalised and will accrue to the principal outstanding upon issuance of any New Convertible Notes.

Until Syrah shareholders approve all Shareholder Resolutions, interest will accrue on the principal outstanding under the Series 4 Note, and will be capitalised quarterly in arrears and added to the face value of the Series 4 Note at a rate of 14.0% per annum, unless Syrah elects to make interest payments in cash, in which case the relevant interest will be calculated at a rate of 13.5% per annum. If Syrah shareholders approve the Shareholder Resolutions, interest will subsequently accrue on the principal outstanding under the New Convertible Notes issued (including the Series 4 Note), and will be capitalised quarterly in arrears and added to the face value of the New Convertible Notes issued at a rate of 11.0% per annum, unless Syrah elects to make interest payments in cash, in which case the relevant interest will be calculated at a rate of 10.5% per annum.

The initial conversion price of the New Convertible Notes will be A\$1.536 per share, representing Syrah’s 10-day volume weighted average share price (“VWAP”) up to and including the close of trading on 26 April 2023.

The maturity date of the New Convertible Notes will be 12 May 2028 (unless redeemed or converted earlier). At any time after 12 November 2025 up to the maturity date, AustralianSuper may elect to convert New Convertible Notes issued into fully paid ordinary shares of Syrah (“Syrah Shares”), at the conversion price. After 12 November 2025, if AustralianSuper elects to convert any series of the New Convertible Notes or Existing Convertible Notes (whether one or several series at the same time) it must wait at least six months before it can elect to convert another series of the New Convertible Notes or Existing Convertible Notes. This six-month requirement does not apply in the one month before the maturity date or if an event of default or a change of control in Syrah has occurred.

Subject to shareholders approving the conversion of the New Convertible Notes for the purposes of item 7 of section 611 of the Corporations Act and such shareholder approval remaining valid at the time of conversion³, on conversion of the New Convertible Notes, AustralianSuper’s voting power would be permitted to exceed 20% or increase from a position above 20% and below 90% without needing to rely on another exception in the Corporations Act (e.g. creep provisions). If such shareholder approval needs to be refreshed for the conversion of a New Convertible Notes or Existing Convertible Notes series and conversion would result in AustralianSuper breaching section 606 of the Corporations Act, then Syrah will seek refreshed shareholder approval. If such refreshed shareholder approval is not obtained, Syrah will only convert such proportion of the principal outstanding of the New Convertible Notes or Existing Convertible Notes series into Syrah Shares as permitted by the Corporations Act and will redeem the remaining principal outstanding of the New Convertible Notes or

³ If there is some time between the time of shareholder approval and conversion and there is a change in circumstances from that which formed the basis of shareholder approval and the circumstances prior to conversion, the initial shareholder approval may no longer be valid and shareholder approval would need to be refreshed.

Existing Convertible Notes series for a cash payment at a value based on the number of Syrah Shares that would otherwise have been issued to AustralianSuper on conversion multiplied by the 30-day VWAP of Syrah's shares up to five business days prior to the last date for obtaining such shareholder approval. If refreshed shareholder approval is obtained, Syrah will convert the remaining principal outstanding of the New Convertible Notes and Existing Convertible Notes series into Syrah Shares following such shareholder approval.

If AustralianSuper has not elected to convert any New Convertible Notes series on or before the maturity date, then such New Convertible Notes series are redeemable in cash at the face value upon maturity. They are also redeemable if AustralianSuper has not made a conversion election and a third party acquires control of Syrah including via a scheme of arrangement or a takeover offer for Syrah, which has become unconditional and the bidder making a takeover offer has a relevant interest of at least 50% in Syrah, or if AustralianSuper elects to redeem instead of convert the New Convertible Notes in connection with an event of default. In addition, in the context of a takeover offer of Syrah, if AustralianSuper requires a refreshed Syrah shareholder approval to convert the New Convertible Notes or Existing Convertible Notes and there is not sufficient time to do so 14 days before the end of the takeover offer period, and the takeover has become unconditional and the bidder has a relevant interest of at least 50% in Syrah, redemption of the New Convertible Notes will be on a value based on the number of Syrah Shares that would otherwise have been issued to AustralianSuper on conversion multiplied by the 30-day VWAP of Syrah's shares up to five business days prior to the last date for obtaining such shareholder approval.

The New Convertible Notes will be unsecured and rank equally with the Existing Convertible Notes. The Conversion Price is subject to adjustment mechanisms in the event of future share issues, capital reductions, share consolidations and other corporate actions in accordance with customary adjustment rules. Other key terms of the New Convertible Notes are largely consistent with the Existing Convertible Notes.

Issue of Series 4 Note and Use of Proceeds

Syrah will issue the full A\$50 million (US\$33 million¹) face value of the Series 4 Note, as permitted under ASX Listing Rule 7.1 without Syrah shareholder approval. Cash proceeds from the issue of the Series 4 Note are expected to be received by the Company by 12 May 2023.

Cash proceeds of the Series 4 Note will be used to fund:

- US\$6 million in transition detailed & long-lead items engineering, permitting, acquisition of adjacent land and other early activities associated with the expansion of Vidalia to a 45ktpa AAM, inclusive of 11.25ktpa AAM, production capacity ("Vidalia Further Expansion") to maintain project momentum ahead of a potential final investment decision ("FID") proposal; and
- US\$27 million in working capital, tailings storage facility ("TSF") expansion capital and other sustaining capital for the Balama Graphite Operation ("Balama") as well as for general corporate purposes.

Intention to Convert Existing Convertible Notes

AustralianSuper previously subscribed to the Existing Convertible Notes, in two tranches:

- A\$55.8 million (US\$37 million¹) face value, which has accreted to A\$75.1 million (US\$50 million¹) principal as at 31 January 2023 plus accrued interest since that date to 26 April 2023 ("Series 1 Note")⁴; and
- A\$28.0 million (US\$18 million¹) face value, which has accreted to A\$33.0 million (US\$22 million¹) principal as at 31 January 2023 plus accrued interest since that date to 26 April 2023 ("Series 3 Note")⁵.

The Existing Convertible Notes may be converted into Syrah Shares by AustralianSuper, in accordance with the terms and conditions of the Existing Convertible Notes deed, prior to the maturity date of 28 October 2024^{4,5}.

AustralianSuper intends to convert the Existing Convertible Notes in full into Syrah Shares, subject to Syrah shareholder approval of the Shareholder Resolutions, prior to the maturity date. Syrah and AustralianSuper have agreed to Series 1

⁴ See ASX releases 19 June 2019 and 14 October 2019. All interest on the Series 1 Note has been capitalised since issue.

⁵ See ASX releases 10 December 2020 and 11 June 2021. All interest on the Series 3 Note has been capitalised since issue.

and Series 3 Notes being potentially concurrently converted prior to the maturity date and no portion of the Existing Convertible Notes will be converted into Syrah Shares until Syrah shareholders approve the Shareholder Resolution in relation to conversion of the Existing Convertible Notes. Conversion of the Existing Convertible Notes is expected to result in AustralianSuper's shareholding in Syrah increasing from ~17% currently to no more than ~30%⁶.

Syrah's Board has determined that it will seek Syrah shareholder approval pursuant to item 7 of section 611 of the Corporations Act to allow for AustralianSuper to convert the Existing Convertible Notes in full into Syrah Shares. If such conversion is not approved by Syrah shareholders, the Existing Convertible Notes will not be converted into Syrah Shares and the Series 5 and Series 6 Notes will not be issuable.

AustralianSuper Senior Portfolio Manager Australian Equities, Luke Smith said, "AustralianSuper is a long-term active investor, having established its first investments in the critical minerals sector, including Syrah, in 2015. We consider Syrah and its asset base as globally significant for the lithium-ion battery supply chain. AustralianSuper welcomes the opportunity to commit to subscribing for new 5-year convertible notes to be issued by Syrah, subject to certain conditions, as the transition to electric vehicles continues to become mainstream. This commitment should provide liquidity for Syrah to manage near-term market volatility and to progress the expansion of its downstream businesses.

"In parallel with subscribing for the three new series of convertible notes, AustralianSuper intends to issue Syrah a notice to convert the existing Series 1 and 3 Notes into Syrah Shares before those Notes mature and, as a result, increase our shareholding in Syrah to more than 20% (subject to shareholder approval)."

Timetable

A Syrah General Meeting is proposed to be held in mid to late July 2023 to vote on the Shareholder Resolutions. It is expected that the Notice of General Meeting (together with explanatory materials which will include an independent expert's report) will be dispatched to Syrah shareholders in mid to late June 2023. AustralianSuper will be excluded from voting on all Shareholder Resolutions.

The directors of Syrah intend to recommend to shareholders that they vote in favour of all Shareholder Resolutions (in the case of the resolutions relating to conversion this recommendation is subject to their directors' fiduciary duties and subject to the independent expert concluding (and continuing to conclude) that the resolutions relating to conversion are in the best interests of Syrah shareholders).

Further details of the terms and conditions of the New Convertible Notes and conversion of the Existing Convertible Notes, and the independent expert's report, will be included in the Notice of General Meeting expected to be dispatched to Syrah shareholders in mid to late June 2023.

Event	Date
Execution and announcement of New Convertible Note Deed	27 April 2023
Series 4 Note issued and subscribed for	By 12 May 2023
Notice of Syrah General Meeting dispatched	Mid to late June 2023
Syrah General Meeting	Mid to late July 2023
Conversion of Series 1 and/or Series 3 Notes into Syrah Shares	Following conversion notice from AustralianSuper prior to 28 October 2024 (subject to shareholder approval)
Delivery of issue notice in respect of Series 5 Note ⁷	At Syrah's discretion but not later than 31 December 2023 (subject to shareholder approval)
Delivery of issue notice in respect of Series 6 Note ⁸	At Syrah's discretion but not later than 30 June 2024 (subject to shareholder approval)
Series 5 and Series 6 Notes issued	10 to 15 business days after date of issue notice

⁶ Based on the forecast Existing Convertible Notes principal and accrued interest at 28 October 2024, conversion of the Existing Convertible Notes on 28 October 2024 and an adjusted conversion price of A\$0.9686 per share. Interest on the Existing Convertible Notes accrues up to conversion. The conversion price for the Existing Convertible Notes was adjusted for the equity raising announced by Syrah on 7 February 2022. See ASX release 7 February 2022.

⁷ Issue notice may be delivered by Syrah at any time after all condition precedent are satisfied or waived.

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.