

# ASX Announcement / Media Release

24 May 2024

## 2024 Annual General Meeting Chairman's Address

Syrah Resources Limited (ASX: SYR) ("Syrah" or "Company") provides a copy of the Chairman's Address, which will be delivered at the Company's Annual General Meeting today.

### ADDRESS BY THE CHAIRMAN, JIM ASKEW

Good morning and welcome to Syrah Resources' 2024 Annual General Meeting.

Unforeseen graphite market developments over 2023 both cast a shadow on Balama sales and production momentum, countered by shining a light on the Company's strategic position in global battery anode and natural graphite markets. Syrah's lower Balama production, natural graphite sales, and weighted average prices in 2023 compared with 2022 were impacted by synthetic graphite capacity expansion and government policy influence on the Chinese anode customer market, inhibiting Balama from achieving its world-class potential. These market conditions have continued in 2024 year to date making for a hugely challenging backdrop to support Balama sales and production. Positively, China's exports of value-added graphite products have returned to normal levels from February and March 2024 with licences being granted.

In 2023, Balama operated in campaign plant operations through most of the year. Measures under this operating mode better positioned the Company from an inventory management and cash flow perspective, considering volatile Chinese customer demand. Although Balama operations were adapted, operating costs were higher than breakeven levels. Operational performance was stable with good product quality and grade, however, processing instabilities in stop-start plant operations impacted graphite recoveries. One of the largest on-site solar and battery systems in Africa commenced operations at Balama during the year, representing an important first step in abating the environmental impacts of our operations. Syrah completed four Pemba breakbulk shipments during the year with each shipment, highlighting opportunities for future logistics efficiencies as there were no constraints on sales caused by shipping from Mozambique.

Production is being moderated from Balama until demand and price conditions warrant increased production levels, and natural graphite sales are being made from our inventory positions. We are ready to quickly increase operational activity and production should end-market conditions necessitate it. A sustainable cost position at Balama can be achieved as production rates increase, with uninterrupted operations underpinned by higher product sales. US, EU, and China policy developments have resulted in much greater interest in Balama product purchases from ex-China anode customers and greater access to supply from battery manufacturers and auto OEMs over the medium-term. We are increasingly optimistic about the demonstration of the tier one potential of Balama as these higher volume and margin sales opportunities are progressed as global penetration of EVs increases and the strategic upstream position we hold in Balama is fully recognised.

Enormous progress was made towards completing the Vidalia AAM facility in Louisiana, the foundation of Syrah's downstream strategy. Off-site equipment fabrication and on-site construction activities ramped up to peak intensity throughout 2023, with a focus on safety by the project team and our contractors. Our operations team was fully established, focused on high local employment, in readiness for operations. Commissioning and operations of various process areas in the facility were completed through the latter part of 2023 and in January 2024. In early February 2024, the Company made a huge step forward with the commencement of commissioning AAM production from the commercial scale facility. It is the

culmination of over seven years of downstream technology development and over five years of product and facility development at Vidalia by Syrah. We completed a definitive feasibility study on a significantly larger expansion at Vidalia and are progressing development steps towards a final investment decision on this expansion. High demand for Vidalia AAM is underpinned by Syrah being a first-mover in commercial development for US integrated supply, progress in customer qualification processes, cost and quality advantages in vertical integration with Balama, and a leading ESG position. Importantly, strong recognition of the need for US and European auto OEMs and battery manufacturers to have access to local independent supply has led to significant US Government agency support for Syrah in delivering our vision and growth strategy - delivering mutual benefit through potential funding opportunities and direct and indirect tax incentives under the US Inflation Reduction Act. The extraordinary battery manufacturing capacity buildout in North America, strong market and government support for Syrah's AAM capacity expansion present significant opportunities for our downstream business. Additionally, the slow pace of anode capacity development in Western regions provides an increasingly positive market position for Syrah as an ex-China AAM supplier.

This year, Syrah completed a A\$98 million equity raising and reached an agreement with AustralianSuper, a long-term shareholder in Syrah, to convert certain convertible notes maturing in October 2024 into shares. Our significant cash reserves and targeted funding for Balama from US Development Finance Corporation provides significant liquidity to move through near-term volatile conditions in China towards sustainable cash flow operations at Balama underpinned by increased ex-China natural graphite sales and commercial operations at Vidalia. The Board will carefully consider a possible investment to expand Vidalia's capacity and this decision will only be undertaken with an appropriate funding structure and attractive business case.

Syrah's deep understanding of the operating environment and stakeholders relevant to the Balama operation in Mozambique has seen strong support, despite challenging market conditions. Our workforce, who are predominantly local, continue to develop well and are supportive of the flexibility that has been required. The security environment in Cabo Delgado province has been good with no issues affecting the Company's operations. Syrah's environmental, social and governance activities are fundamental to our operating strategy for both Balama and Vidalia and have underpinned our activities since the first planning of the Balama mine. The Company is committed to being an exemplary corporate citizen in Mozambique and to the host communities, with commitments to local employment and development, with ongoing community projects under the Livelihood Development Program, sustainable income generation in the district, and alignment to leading practice ESG frameworks. The Vidalia production facility and expansion project is providing clear economic benefits to Concordia Parish in Louisiana and Syrah is proactively engaging with its community to ensure this project and operations remain well supported.

Corporate KPIs during a challenging year, along with moderate performance against personal KPIs, resulted in a meaningfully lower Short Term Incentive grant being awarded for 2023 compared with 2022. Regarding the Long-Term Incentive plan, it is designed to align with shareholder value creation, and consequently no Long Term Incentives vested at the end of 2023. In 2020, the Board of Directors implemented a Five-Year Performance and Retention Incentive ("5YPRI"), designed to consider the operational review and restructure in late 2019 and to ensure that selected personnel are remunerated in a manner which encourages high performance in driving shareholder value creation. 60% of the Year 4 tranche of the 5YPRI vested for Key Management Personnel and 780,000 performance rights under the 5YPRI lapsed at the end of 2023, reflecting the balance of the achievement of Year 4 KPIs. Rewarding, motivating and retaining the Executive and Senior Leadership teams through market competitive remuneration and benefits is critical to support future success of the Company's businesses, particularly given the unique knowledge and experience required to operate in this specialised market.

The Board thanks the Syrah management team for its commitment to the Company's strategy and working through continued and unforeseen external challenges. Syrah has a great future opportunity with its first mover strategic position at Vidalia and the globally significant graphite resource and operation at Balama providing a marked lead time advantage. 2024 will be a year of transition and milestones for the Company – with future leverage toward ex-China markets and higher Balama capacity utilisation under long-term offtake commitments, ramp-up of operations and commercial sales from the 11.25ktpa AAM Vidalia facility, advancing the Vidalia Further Expansion project and pursuing commercial opportunities resulting from Syrah's leading market position to create shareholder value.

**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.

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 market