SYRAH RESOURCES

ASX Announcement / Media Release

25 July 2024

Quarterly Activities Report

FOR THE THREE MONTHS ENDING 30 JUNE 2024

Key Points

- Syrah Group Total Recordable Injury Frequency Rate ("TRIFR") of 1.4 at quarter end
- Global EV demand growth of 24% in the June 2024 quarter, compared with the June 2023 quarter, to 4.0 million units[1], biased to stronger growth in China
- Recent guidance on the US Inflation Reduction Act ("IRA") is affecting near-term ex-China anode demand for Balama natural graphite fines and qualification of Vidalia active anode material ("AAM") required for sales
- Clarification by the US Government on the "transition rules" for graphite sourcing prior to 1 January 2027 for US EVs to qualify for IRA consumer tax credits is imperative for Syrah's near-term sales into ex-China battery supply chains
- Oversupply of synthetic graphite AAM and unsustainable price competition in China is incentivising higher use of synthetic graphite AAM in the Chinese domestic battery market, reduced spherical graphite production and natural graphite fines consumption, and imports of low-cost China AAM into ex-China battery markets including in North America
- Balama campaign production of 24kt at 78% recovery with strong cost and ESG performance
- 10kt natural graphite sold and shipped to third-party customers at US$735 per tonne (CIF) weighted average sales price with a higher proportion of high-priced coarse flake sales and no fine flake sales to Chinese anode customers reflective of record low prices
- Operations at the 11.25ktpa AAM Vidalia facility ramping up with solid capacity utilisation demonstrated in all primary process areas
- Dispatched on-specification commercial-scale production samples to Tesla, Inc. ("Tesla") and other customers
- Vidalia AAM sales now expected from early 2025 as expanded qualification requirements and timelines are being introduced by customers concurrently with US Government policy changes and low-cost Chinese AAM import availability
- Progression of Vidalia's expansion to a 45ktpa AAM, inclusive of 11.25ktpa AAM, production capacity ("Vidalia Further Expansion") to a FID is awaiting Vidalia sales and dependent on customer and financing commitments
- Syrah is taking action to deal with the impacts of recent market, policy and customer developments on near-term cash flows
- Further cost saving initiatives are underway considering reduced Balama campaign production rate and curtailed Vidalia ramp-up operations pending market catalysts and customer purchasing intent
- Quarter end cash balance of US$82 million, including restricted cash of US$41 million of which US$27 million is available to fund Vidalia operating and capital costs[2]
- US$150 million binding loan agreement with United States International Development Finance Corporation will be finalised shortly to provide long-term working and sustaining capital support to Balama[3].

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[1] Source: GlobalData, China Passenger Car Association and CleanTechnica. June 2024 includes Syrah's estimate for EV sales in selected countries.
[2] Subject to US Department of Energy approval.
[3] Refer ASX release 11 September 2023.

US Inflation Reduction Act Guidance on Graphite Sourcing and Implications

Syrah Resources Limited (ASX: SYR) ("Syrah" or "Company") has been developing natural graphite AAM capacity in the US since 2018, before the risk of China's concentrated supply position became a geopolitical issue, and despite China's domination always being a major commercial and strategic risk to the Company.

For more than five years, there has been strong bipartisan support from the US Government for the development of critical minerals production capacity to supply the US battery supply chain. Through certain policies developed by the current US Administration, Syrah has benefited from funding and policy support as the US EV OEM and lithium-ion battery manufacturing capacity advanced supply chain capacity for natural graphite AAM. This was particularly evident with the requirement to source graphite AAM from non-Foreign Entities of Concern ("FEOC") (i.e. supply from outside China or suppliers not controlled by the Chinese Government or affiliated stakeholders) from 1 January 2025 for US EVs to potentially qualify for a consumer tax credit under Section 30D of the IRA.

On 3 May 2024, the US Government issued further guidance on the IRA that granted a transition period to EV OEMs by extending this deadline from 1 January 2025 to 1 January 2027 due to graphite being deemed an impracticable-to-trace battery material. This update has introduced uncertainty into the US supply chain regarding near-term non-FEOC graphite sourcing, given intense Chinese volume and price competition. Syrah believes that this transition period will be counterproductive to the US Government policy and customer supply diversification intent of critical minerals independence. It will allow China to further entrench its dominance of the global graphite supply chain, noting that China currently supplies more than 90% of graphite AAM globally.

The focus of the transition period allowing FEOC graphite supply to 1 January 2027 was to increase EV penetration over the next several years by increasing EVs eligible for the IRA consumer tax credit. Securing significant volumes of non-FEOC graphite over this timeframe was deemed to be not possible given the limited operating capacity that already exists or will exist beyond Syrah's business. However, there are clear impacts of this policy on non-FEOC graphite supply chain development, intensity of customer qualification processes already underway, and the graphite sourcing approach taken by customers. Customers have expanded requirements, extended timelines for qualification, and appear to be preferencing Chinese supply and delaying purchasing from Vidalia following the transition period being granted with the IRA guidance.

There remains a degree of uncertainty in US policy implementation with both positive and challenging implications for Syrah:

Positives	Challenges
• Requirement for OEMs to formulate a plan for non-FEOC graphite sourcing from 1 January 2027 through the transition period • Continuing commercial engagement from customers on large-scale offtake arrangements for existing production and expansion of capacity by 2027 • Development of ex-China natural graphite AAM production facilities requiring Balama natural graphite	• Uncertain or reduced near-term incentive for US customers to accelerate purchasing from non-FEOC graphite suppliers such as Syrah • Introduction of technical qualification hurdles to potentially extend timeframes • No clarity on the level of commitment that OEMs must demonstrate in their transition plans towards non-FEOC graphite supply from 1 January 2027 and consequences for OEMs prior to 1 January 2027 if they fail to satisfy US Government requirements during the transition period • Uncertainty over the timing of ex-China natural graphite AAM capacity, given the visibility investors require regarding government policy settings • Project funding and investment decisions on new non-FEOC graphite supply capacity (e.g. Vidalia Further Expansion project) to meet 2027 customer demand without near-term customers sales from existing non-FEOC supply

Syrah is seeking to navigate this period through:

- Maintaining close dialogue with customers and progressing qualification processes;
- Minimising working capital costs and inventory risk by carefully managing ramp up of its Vidalia AAM facility to preserve cash if customer purchasing is delayed;
- Diversifying sales options for existing and future capacity to ensure the highest commercial incentives for purchasing; and

- Working with government agencies to highlight policy impacts, advocate for implementation clarity, and manage funding impacts.

The investment decisions for Balama and Vidalia were made based on market views and economics without the existence of, nor requirement for, recent critical minerals policy support from the US Government. Syrah believes that the asset quality and operating cost position of its assets are highly competitive. Subsequent Chinese Government implementation of support for sub-economic, high-volume expansion of synthetic graphite AAM industry and graphite export licence controls, US Government critical minerals policy under the IRA, US import tariffs and other policy instruments impact the global market for EV batteries and battery materials such as graphite and AAM. Syrah notes that negative, unfair and/or distortive market impacts caused by policies from a government may need to be countered with policy responses from another government to create a level playing field and to ensure progress towards long-term objectives.

Syrah will work within the relevant Government policy and ensure its assets are globally competitive, independent of Government policy wherever possible, to ensure the long-term viability of the business. In the nearer term, the Company's objective is retaining future value for shareholders via management of cash and maintaining independence.

Balama Graphite Operation ("Balama") – Mozambique

Syrah recorded a TRIFR of 0.3 at quarter end for Balama with no recordable injuries sustained in the 12 months preceding quarter end.

Quarter Ending	*Unit*	30 June 2023	30 September 2023	31 December 2023	31 March 2024	30 June 2024
Plant Feed	*Tonnes ('000)*	95	130	138	75	145
Plant Feed Grade	*TGC[4]*	19%	18%	17%	18%	20%
Recovery	*%*	78%	73%	77%	78%	78%
Graphite Produced	***Tonnes ('000)***	**15**	**18**	**20**	**11**	**24**
Fine/Coarse Mix	-	91/9	88/12	87/13	86/14	88/12
Average Fixed Carbon	*%*	95%	95%	95%	95%	95%

Syrah undertook campaign operations in the June 2024 quarter, producing 24kt natural graphite. Balama operations were otherwise paused, awaiting improved market demand. This approach necessitated longer run times with lower throughput. Syrah is now seeking to further increase efficiency and manage costs through the current market conditions.

The operating team at Balama demonstrated adept plant management whilst running in campaign mode. Recovery trended positively through the campaign, with longer continuous run times and processing stability. When not operating, Syrah completed inspections and planned equipment maintenance, and changed out spares with reduced operating personnel onsite.

Balama C1 costs (FOB Nacala/Pemba) were US$460 per tonne in the operating period benefiting from a higher production rate compared with last quarter. Balama C1 fixed costs (FOB Nacala/Pemba) were below US$4 million per month during the non-operating period. The wholesale diesel price set by the Mozambique Government was stable quarter on quarter.

Syrah is continuing to operate Balama in campaign mode, targeting high-capacity utilisation production campaigns followed by non-operating periods determined by inventory levels and new sales demand. Further structural, contract and campaign cost saving measures are being evaluated with the objective of materially lowering standby costs during non-operating periods. Syrah will seek to preserve Balama's capability to return to higher capacity utilisation as quickly as possible should natural graphite fines demand increase. The Company will maintain its commitments to social development, community and governance. C1 operating and standby cash cost guidance under this revised operating strategy will be provided in the September 2024 quarter.

Balama C1 cost (FOB Nacala/Pemba) medium-term guidance remains US$430-480 per tonne at a 20kt per month production rate, with the lower end of the range assuming a normalisation of diesel price to historical levels. Balama's

[4] TGC = Total Graphitic Carbon.

operating costs are expected to reduce as the production rate increases with maximum capacity utilisation targeting C1 costs (FOB Nacala/Pemba) of US$350-390 per tonne.

Community and Security

Rates of Mozambican national employment, local host community and female employment were 97%, 40% and 18%, respectively, of Balama's total labour contingent excluding contractors. Value accruing to local employees, Mozambican contractors, and suppliers, and eight local host communities from Balama's operations and community development programs is significant, and having a positive impact on local stakeholders remains a key priority for the Company.

There were no security issues that affected Balama operations, employees, or contractors during the quarter.

Natural Graphite Sales and Marketing

Quarter Ending	*Unit*	30 June 2023	30 September 2023	31 December 2023	31 March 2024	30 June 2024
Graphite Sold and Shipped[5]	*kt*	15	23	17	20	10
Graphite Shipped to Vidalia	*kt*	2	4	3	1	0
Fine/Coarse Sales Mix[5]	*% sold*	19%	87%	85%	81%	75%
Average Sales Price (CIF Destination Port)[5]	*US$ per tonne*	688	515	490	607	735
Average Implied Sales Price (FOB Nacala/Pemba)[5]	*US$ per tonne*	559	437	413	522	615
Finished Product Inventory[6]	*kt*	28	20	19	9	23

Natural graphite sales to third-party customers for the quarter were 10kt with no sales to China. Intense competition in the Chinese domestic AAM market from synthetic graphite AAM is maintaining pressure on natural graphite fines demand and spot prices in the China market. Global coarse flake demand strengthened further with limited apparent availability from Chinese exports and other suppliers. Syrah's coarse flake availability for sales is constrained by overall production, as demand for campaigned production of fines is the driver of coarse flake by-product volumes.

Finished product inventory at quarter end was 23kt[6]. Syrah is holding fines inventory and any further production until the fines price improves.

The US$735 per tonne (CIF) weighted average sales price of natural graphite sales to third-party customers for the quarter was 21% higher compared to the March 2024 quarter due to higher coarse flake prices and a higher proportion of coarse sales. Towards the end of the quarter, Syrah achieved average coarse flake prices well above US$1,000 per tonne.

Syrah's future Balama production volume and sales plan will be dependent on adequate fines demand at improved prices.

Shipping market

During the quarter, Syrah's average freight rate for natural graphite shipments from Nacala and Pemba, excluding Vidalia shipments, averaged US$120 per tonne across relatively low container shipment and no breakbulk shipment volumes. The proportion of container shipments to destinations ex-China increased compared to the March 2024 quarter. Shipping rates remained generally stable quarter-on-quarter for most destinations, though rates to the United States were relatively higher.

Medium-term natural graphite sales strategy

Syrah's medium-term natural graphite sales strategy is to balance integrated consumption through Vidalia, with an increasing proportion of sales volume ex-China, and residual sales volumes to China. Robust global EV production and

[5] Based on third-party customer sales.
[6] Finished product inventory includes saleable inventory at Balama, Nacala, Pemba, China and USA (excluding Vidalia).

sales growth is expected to result in high demand for AAM globally and is expected to require significantly higher imported natural graphite into emerging non-integrated anode processing facilities outside China.

Sales contracts to the two most significant ex-China AAM capacity developments demonstrate the importance of Balama in supporting incumbent AAM producers' expansion plans and new project developments. Following an initial large volume sale to Indonesia earlier this year[7], the Company is targeting further natural graphite fines breakbulk sales to PT Indonesia BTR New Energy Materials as its facility increases utilisation later this year. Syrah's contract with Posco Future M Co., Ltd (KRX: 003670) ("Posco Future M")[8], the largest ex-China AAM producer, is a six-year large-volume floating-price offtake agreement for supply to an AAM facility in South Korea that is expected to require deliveries of natural graphite from late 2025. The Company has executed offtake agreements or is engaged commercially with nine other ex-China natural graphite anode project companies, as well as auto OEMs and battery manufacturers, for long-term natural graphite supply from Balama. The recent guidance on the IRA and non-FEOC requirements has not impacted commissioning of already sanctioned ex-China anode supply developments but has led to a cautious approach in future staged development of ex-China anode supply.

Prioritising ex-China natural graphite supply remains strategically imperative to such suppliers to sustain qualification processes to sell into ex-China customer markets, for supply chain independence and to help qualify customers for various incentive programs in ex-China markets. Balama is the only major independent source of high quality, large volume capacity production able to underpin the near-term development of new spherical and AAM production capacity outside China.

Vidalia Active Anode Material Facility ("Vidalia") – USA

Syrah recorded a TRIFR of 6.1 at quarter end for Vidalia and no lost time injuries were sustained through the quarter, with operations ramping up at the 11.25ktpa AAM Vidalia facility.

Vidalia 11.25ktpa AAM Facility (Phase 2)

Earlier in the June 2024 quarter, Syrah was focussed on ramp up of Vidalia production volumes across the three main processing areas, improved process consistency and high quality AAM production. As the potential impacts of US Government policy changes became apparent later in the quarter, building inventory prior to qualification risked significant cost and working capital build, with less apparent customer urgency on purchasing Vidalia AAM.

Ramp up of the Vidalia AAM facility has since focussed on ensuring product quality and safely operating the first integrated natural graphite AAM plant outside China. Capacity utilisation in each segment has been demonstrated at 24% in the milling area (60% in a single milling line), 30% in the purification area (70% peak through discrete purification stages) and 40% in the carbonisation area (80% in a single furnace line), highlighting solid ramp-up progress in primary process areas of the facility. The milling area was the key bottleneck process areas and hampered the demonstration of higher integrated capacity utilisation across the facility. Milling yield and furnace line capacity and automation will be the key determinants of integrated production capacity utilisation ahead.

Substantially all product from the facility was consistent with Syrah's targeted specifications. The minimal product volumes that were initially slightly outside target specifications were reprocessed to target specifications successfully.

During the quarter, the operations team focused on processing documentation, quality assurance and packaging, various non-contractual testing requirements for qualification, as well as contamination risk controls. This focus will continue in the second half of 2024. The Vidalia operations team is building significant operating experience through plant ramp up and qualification. Commercial qualification processes include higher levels of detailed technical interaction and customer site visits, providing Syrah with further opportunities to ensure best practice across various customer requirements.

Considering the impact of US Government policy changes on changing customer qualification processes and potential timing of AAM sales, Syrah will ramp up the Vidalia 11.25ktpa AAM facility in the September 2024 quarter to the level only necessary to progress customer qualifications processes in order to reduce operations costs and inventory working capital. Working capital requirements in transitioning through qualification processes to enable commercial operations, including for fixed operating costs, are expected to be fully funded by restricted cash held by the Company[2].

Accordingly, Syrah will commence reporting relevant production statistics and unit operating costs from Vidalia once

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[7] Refer ASX release 8 April 2024.
[8] Refer ASX release 1 March 2024.

capacity utilisation sustainability achieves commercial levels.

Syrah Vidalia's steady state operating cost estimate for the 11.25ktpa AAM Vidalia facility once producing at capacity remains at US$3.64/kg AAM[9], which includes US$15 million per annum (US$1.34/kg AAM at capacity) in fixed costs.

Approximately 8kt of Balama natural graphite inventory was stored at Vidalia site, proximate to Vidalia or being transported from Mozambique to Vidalia at quarter end.

Natural graphite AAM customer arrangements

Syrah executed an offtake agreement with Tesla to supply natural graphite AAM from the 11.25ktpa AAM Vidalia facility in December 2021[10]. Timing of offtake commencement and other product sales will be determined by commercial considerations and completion of qualification, to Tesla's and other customers' satisfaction, to confirm consistent production of quality AAM aligned with contractual and technical requirements such as specification as well as the achievement of threshold production rates. Syrah now expects that Vidalia AAM sales will commence from early 2025. The Company will continue to work towards achieving earlier revenue from Vidalia and Syrah has materially progressed three potential arrangements for near-term sales to further customers.

New facility qualification processes for the 11.25ktpa AAM Vidalia facility is progressing with testing of commercial scale production samples underway with seven customers and positive initial stage qualification feedback received from three tier 1 battery manufacturers.

Lower priority to produce ramp up inventory has provided the opportunity for Syrah to produce additional AAM product streams from Vidalia to broaden its product offering and commence further qualification processes with customers.

Further to the 8ktpa AAM offtake obligation from the 11.25ktpa AAM Vidalia facility, Tesla exercised an option in December 2022 to offtake an additional 17ktpa AAM from Vidalia at a fixed price and for an initial term of no less than four years, subject to the further expansion of Vidalia's production capacity to 45ktpa AAM[11]. Finalisation of a binding offtake agreement with Tesla for this additional volume is subject to Syrah's agreement on qualification and sales terms and will be influenced by progress towards sales to Tesla from the 11.25ktpa AAM Vidalia facility.

Syrah has completed commercial negotiations for a significant offtake agreement with another tier 1 US-based customer for AAM supply from a 45ktpa AAM Vidalia facility. The Company expects to announce a binding offtake agreement shortly, pending finalisation of legal documentation and approvals processes.

Furthermore, the Company is in various stages of commercial discussions with seven customers for multi-year AAM supply from Vidalia and has entered non-binding MOUs with Ford Motor Company and SK On Ltd[12], LG Energy Solution[13] and Samsung SDI[14] towards this objective. Syrah is advancing qualification processes with a number of these customers. Market growth, sourcing diversification (e.g. localisation / ESG), policy support (e.g. IRA and non-FEOC requirements) and Syrah's forecast competitive cost structure are underpinning Syrah's commercial position in customer engagement.

Commercial sales from the 11.25ktpa AAM Vidalia facility and additional offtake agreements are pivotal for a final investment decision ("FID") on the Vidalia Further Expansion project and will anchor the lead time to more significant Vidalia AAM supply becoming available for customers. Investment decisions for non-FEOC supply expansions need to be made now to meet customer requirements under the IRA from 2027, considering development and customer qualification lead times. Customer commitments must be made before a potential Vidalia Further Expansion project FID is considered. Strategic alignment with US Governmental policy and customer demand is fundamental to Syrah's commitment to existing supply capacity, and further expansion. Resolution of uncertainties associated with near-term non-FEOC graphite sourcing requirements for EV consumer tax credits under the IRA and/or policy support for extension of US manufacturing capacity is required. Syrah strongly believes that policy levers and transition rules under the IRA should incentivise soonest possible purchasing under existing customer offtake arrangements, disincentivise support for sub-economic subsidised supply, and

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[9] Includes cost of US$425/t (FOB Nacala) for Balama natural graphite, reflecting an approximate all-in cost of production at Balama at full plant utilisation. Includes costs of transporting Balama natural graphite from Nacala to Vidalia and maintenance costs.
[10] Refer ASX releases 23 December 2021 and 29 December 2021.
[11] Refer ASX release 23 December 2022.
[12] Refer ASX release 22 July 2022.
[13] Refer ASX release 20 October 2022.
[14] Refer ASX release 9 August 2023.

encourage execution of new offtake agreements to support the longer-term objectives of the US Government and customers for non-FEOC graphite supply.

Vidalia Further Expansion (Phase 3)

In April 2023, Syrah announced the completion of a Definitive Feasibility Study on the expansion of Vidalia's production capacity to 45ktpa AAM, inclusive of the 11.25ktpa AAM facility[15], which confirmed that the project is technically viable, financially robust and is expected to deliver significant value for Syrah shareholders and other stakeholders. Whilst focussing on cost management, Syrah is progressing transition engineering, permitting and other long lead procurement activities for the expansion of Vidalia's production capacity to 45ktpa AAM, inclusive of 11.25ktpa AAM ("Vidalia Further Expansion") ahead of an FID to be considered by the Syrah Board. The Company is progressing offtake agreements and preparing the project for FID readiness. Commercial AAM sales from the 11.25ktpa AAM Vidalia facility and significant customer commitments are vital for the Company to finalise project financing and will determine FID timing. Detailed engineering, long-lead items and other procurement, and construction activities will follow a Syrah Board approved FID sequentially.

Community

Rate of local "Miss-Lou" region[16] and female employment were 77% and 19% of Vidalia's total labour contingent excluding contractors. The Company has a strong focus on stakeholder engagement at Vidalia and continuing to build strong relationships with local education and training institutions.

European Downstream Strategy

Syrah has executed a non-binding MOU with Tees Valley Graphite Limited ("TVG"), a wholly owned subsidiary of Alkemy Capital Investments plc ("Alkemy") (ALK:LSE) (JV2:FRA), for the establishment of a joint venture for a large-scale natural graphite AAM facility in the United Kingdom. Syrah and TVG are jointly evaluating the development of a 20ktpa AAM facility at Wilton International Chemicals Park ("Wilton") in Teesside Freeport in north-east England ("Wilton AAM Facility") to supply AAM to the European market.

Syrah progressed the joint venture agreement for the Wilton AAM Facility during the quarter. The execution of a joint venture agreement, and incurrence of project costs, will be carefully considered by Syrah based on regional market development, customer support and funding options.

Market Update

The synthetic graphite AAM market in China continues to face oversupply issues which is dampening overall natural graphite demand. Domestically, natural graphite production remains modest, aligning with current subdued demand levels, and demand for imported natural graphite remains very low. Current bid prices, both domestically and for imports, are below the cost thresholds for all producers involved. Export volumes for both AAM and spherical graphite are back to levels in the period prior to announcement of the China export license controls.

Conversely, prices in the coarse flake market remain robust, benefitting Syrah significantly. However, these gains have not proven sufficient to stimulate fines production. Beyond China, import demand for fines from markets such as Indonesia, South Korea, Vietnam, and the USA is expected to drive growth moving forward. Nevertheless, without substantial improvement in China import demand, expectations for the second half of the year fall short of the minimum levels required to incentivise production under the current operational framework.

Global EV sales increased in the June 2024 quarter, compared with the March 2024 quarter with stronger China EV sales growth particularly in plug-in hybrid models. Global EV sales increased 24% in the June 2024 quarter compared with the June 2023 quarter, to approximately 4.0 million units[1]. Anode production in China increased 33% in the June 2024 quarter compared to the March 2024 quarter and increased 41% compared with the June 2023 quarter.

As noted in previous quarters, synthetic graphite AAM production capacity in China has expanded significantly, creating a notable imbalance with market demand. This growth has intensified competition within China, prompting aggressive pricing strategies among new market entrants and a corresponding reaction from established suppliers. As a result, prices for

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[15] Refer ASX release 27 April 2023.
[16] Miss-Lou region refers to Concordia Parish, Louisiana and Adams County, Mississippi.

synthetic graphite AAM, especially low-density products, have remained below average production costs and synthetic graphite AAM is dominating supply into the Chinese domestic battery market. This market dynamic continues to anchor down natural graphite AAM demand and prices in the China domestic market. Prevailing natural graphite and AAM pricing in China appear to be unsustainable and Syrah believes that any increase in power, graphitisation, or coke costs from present levels would immediately drive higher synthetic graphite AAM prices. Underutilisation of expanded synthetic graphite AAM capacity and sustained loss-making prices caused by intense competition will ultimately lead to consolidation or rationalisation of marginal synthetic graphite AAM supply capacity and will support higher pricing for both synthetic and natural graphite AAM.

Natural graphite prices remained weak due to market disruptions caused by synthetic graphite AAM domestically and with increasing Chinese natural graphite production. Natural graphite fines demand was fulfilled from Chinese inventory and domestic production with natural graphite imports into China reducing significantly. Outside of China, fine flake natural graphite sales have achieved strongly differentiated pricing, while prices for coarse flake varieties strengthened further due to stable demand and ongoing supply disruptions from regions such as Ukraine, Russia, and China, influenced by export licensing issues and quality concerns in Madagascar.

China export volumes for natural graphite, purified spherical graphite and finished AAM continued without apparent constraint from licensing controls.

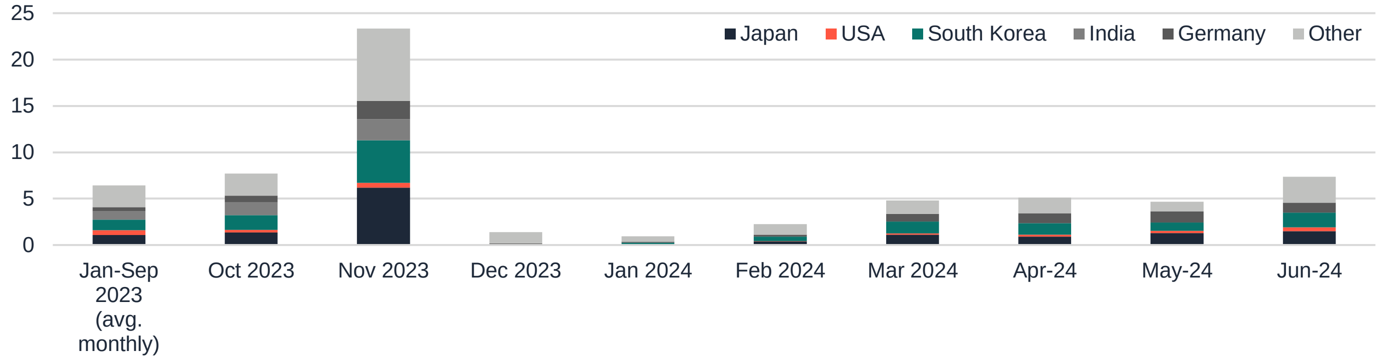

Figure 1: China natural graphite exports (kt)[17]

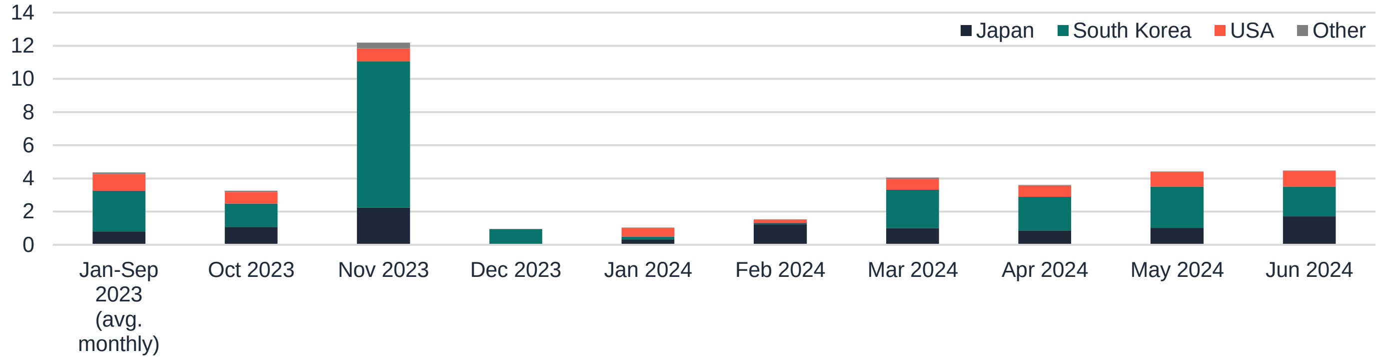

Figure 2: China spherical graphite exports (kt)[17]

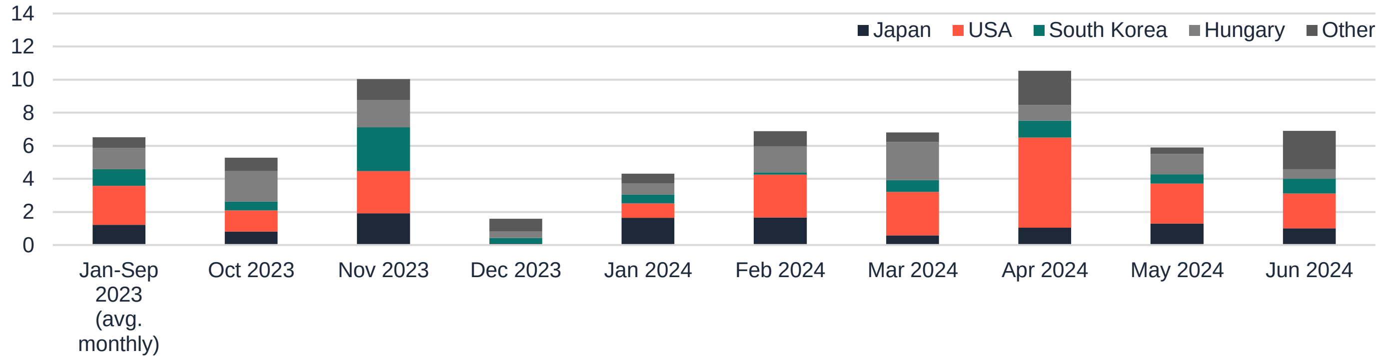

Figure 3: China natural graphite AAM exports (kt)[17]

[17] Source: Datamyne and Chinese customs data. Natural graphite includes high purity and expandable graphite.

Concern about the continuity of supply and export licence approvals has lifted for the time being with significant ordering and exports of value-added graphite products apparent in China's recent trade statistics. The Company expects that continued Chinese exports of these value-added products will lead to a gradual increase in spherical graphite production and natural graphite consumption in China.

Government Policy Update

Government and private sector recognise the strategic importance of battery raw material supply chains. Government policies in the US, Europe and China are supporting ex-China sources of supply for natural graphite, which is designated as a critical mineral, and AAM. Syrah's engagement with key stakeholders continues to increase, bilaterally and via industry group participation, highlighting the relevance of Balama and Vidalia in achieving policy objectives and building support for Vidalia's potential further expansion to 45ktpa AAM capacity.

US Inflation Reduction Act

The IRA offers significant tax credits and financial support to mobilise the development of domestic battery and critical mineral supply chains and to accelerate the adoption of EVs in the US. North American battery manufacturers and auto OEMs are continuing to focus on sourcing large volumes of AAM that do not contain any graphite which are extracted, processed, or recycled by a FEOC to comply with Section 30D requirements from 1 January 2027. 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 deemed to be non-compliant and any EV that uses it in the battery will be disqualified for the Section 30D consumer tax credits from 1 January 2027. Accordingly, ex-China and non-FEOC incumbent and new anode processing companies that are aiming to supply North American battery manufacturers and auto OEMs remain focussed 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.

The May 2023 final regulations reaffirmed the definition of a FEOC and the 25% limit on Board representation, voting rights, or equity interests involving governments of covered nations (including the Chinese Government) in critical minerals production facilities located outside of China and introduced more detailed tracing requirements for critical minerals on the battery supply chain to comply with the requirements of the Section 30D consumer tax credit.

Syrah Technologies LLC ("Syrah Technologies"), Syrah's wholly owned US subsidiary, is qualified to claim the Advanced Manufacturing Production Credit (Section 45X) under the IRA. In December 2023, the US Government released proposed regulations under Section 45X providing definitions and rules relating to eligible components, qualified and nonqualified production activities, costs included and excluded as production costs and interactions with the Section 48C tax credit. The US Government has subsequently engaged extensively with supply chain participants, and it is expected further clarifications pertaining to regulations under Section 45X will be released in due course. Syrah Technologies has not received an allocation of the Manufacturers' Tax Credit (Section 48C) under the IRA to date. Either Section 48C or Section 45X may be claimed by Syrah Technologies, but not both.

US tariffs on Chinese graphite imports

Following a four-year review process, the US Trade Representative ("USTR") announced the reinstatement of a 25% tariff under Section 301 on:

- Natural and synthetic graphite AAM products from China imported into the US from 15 June 2024[18]; and
- Natural graphite flake and uncoated powder products, including uncoated purified spherical graphite, from China imported into the US from 1 January 2026[19],

to counter unfair and market distortive trade practices by Chinese suppliers and support efforts to shift sourcing of these products outside of China.

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[18] USTR Federal Register Notice detailing Biden Administration new tariff announcement.
[19] USTR Federal Register Notice detailing Section 301 tariff changes.

China export licensing controls

On 20 October 2023, the Ministry of Commerce ("MOFCOM") and General Administration of Customs ("GACC") in China announced the introduction of export licensing controls for designated "dual-use" graphite products, citing safeguarding of national security and interests and implemented these controls on 1 December 2023. Whilst exports of affected graphite products appear to be now unconstrained, these licensing controls introduce significantly higher uncertainty and increased administrative barriers 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. The introduction of a discretionary export licensing process increases the control that the Chinese Government has over China graphite supply to ex-China customers.

EU Critical Raw Materials Act

In May 2024, the European Critical Raw Materials Act ("CRMA") came into force to ensure a secure and sustainable supply of critical raw materials for the European Union ("EU"). The CRMA will strengthen self-reliance of critical raw materials by setting an objective of extracting 10% of the EU's annual consumption of critical minerals within the EU, processing 40% of the EU's annual consumption of processed critical materials within the EU and sourcing no more than 65% of the EU's annual consumption of any strategic raw material at any stage of processing from any single non-EU member country by 2030.

Natural graphite is one of 17 strategic raw materials and 34 critical raw materials identified in the CRMA due to its economic importance and risk of supply disruption. The CRMA also mandates greater co-ordination across EU Member States in the development of strategic partnerships with non-EU member countries to source critical raw materials and introduces accelerated timeframes for permitting of critical raw material extraction and processing projects in the EU. Under the Trade and Cooperation Agreement between the UK and the EU, goods originating or that have been sufficiently processed in the UK and imported into the EU are entitled to benefit from preferential treatment such as zero tariffs.

ESG

Syrah is undertaking varied environmental, social and governance ("ESG") initiatives to meet internal continuous improvement and compliance objectives and to significantly differentiate its production from Chinese natural graphite and AAM production. These initiatives provide assurance to customers and stakeholders that Syrah's natural graphite and AAM products are being produced in a responsible manner targeting compliance with key international leading practice ESG frameworks. The Company is working towards improving customer understanding of the incremental costs of these initiatives and the corresponding price premiums required to achieve ESG assurances being sought.

Syrah progressed significantly in its assessment of Balama against the Initiative for Responsible Mining Assurance ("IRMA") Standard for Responsible Mining, which is one of the most comprehensive and rigorous mining standards in the world. Syrah's independent auditor is nearing completion of its third-party audit of Balama against IRMA's Standard. IRMA's assessment of Balama will be finalised with publication of the audit report on IRMA's website (https://responsiblemining.net) in the September 2024 quarter.

ESG element	Syrah	Major Chinese producers
Responsible Mining Assurance	IRMA independent audit nearing completion	No published commitments
Tailings Storage Assurance	ICMM GISTM alignment underway	No published commitments
Audited Lifecycle Assessment ("LCA")	LCA completed with Minviro and independently reviewed; GWP of ~7.3kg CO_2 equivalent per kg AAM	No published company assessments
Human Rights and Modern Slavery analysis	Published Modern Slavery Statement and action plan	No published commitments

Syrah will continue to engage customers, governments, and other stakeholders to communicate the importance and value of key ESG elements, relative to competing products.

Finance and Corporate

Syrah's cash balance on 30 June 2024 was US$82 million. This amount included restricted cash of US$41 million for reserves associated with the US Department of Energy ("DOE") loan and proceeds in Syrah restricted project and operating accounts of which US$27 million is available to fund Vidalia operating and capital costs[3]. Net cash flows from operating activities for the quarter was weighed down by low Balama cash receipts from sales and the payment of operating costs at Balama and Vidalia. Net cash outflows from investing activities of US$4 million was for sustaining capital expenditure at Balama and Vidalia. Net cash inflows from financing activities of US$12 million was associated with proceeds from the retail component of the 1 for 10.2 pro rata accelerated non-renounceable entitlement offer.

US DOE debt financing for the Vidalia Initial Expansion project

Syrah's loan facility from DOE for Vidalia[20], has been advanced up to the US$98 million limit and loan advances have been fully invested in eligible capital costs.

The first loan interest payment was paid in July 2024, with capitalised loan interest reaching the ~US$4.1 million maximum limit during the quarter prior to this date. Quarterly loan interest and principal payments will commence from October 2024. The weighted average fixed interest rate of loan advances is 3.98% and the maturity date of the loan is 20 April 2032.

Syrah is working closely with DOE to use funded loan reserves for working capital and debt service payments considering its current expectations for timing for revenue and free cash flow generation.

US DOE financing for the Vidalia Further Expansion project

Syrah has applied for an additional US$350 million ATVM loan from DOE to Syrah Technologies to support funding of the Vidalia Further Expansion project, and DOE is progressing due diligence. AAM sales from the 11.25ktpa AAM Vidalia facility and additional offtake agreements are fundamental requirements to progress this DOE loan. The Company is also evaluating other funding options for the Vidalia Further Expansion project including commercial bank funding, equity partnership and joint venturing.

US DFC debt financing

Syrah expects to shortly finalise a loan facility of US$150 million from the United States International Development Finance Corporation ("DFC") to the Company's subsidiary, Twigg Exploration and Mining Limitada ("Twigg") to support Balama[4]. Signing of binding DFC loan documentation is awaiting final approvals from Syrah, DFC, and Mozambique Government entities.

Mining licences

The following table lists the current mining licences held by Syrah Resources Limited and its subsidiaries at 30 June 2024:

Project	Licence Number	Licence Type	Country	Interest acquired/ farm-in during the quarter	Interest disposed/ farm-out during the quarter	Interest held as at 30 June 2024
Balama	6432C	Mining Concession	Mozambique	-	-	95%

Notes in relation to Appendix 5B

Payments to related parties and their associates during the quarter as outlined in Section 6 of the accompanying Appendix 5B to this quarter's activities report were US$264,088. These payments are related to salaries, superannuation, advisory and consultancy fees paid to directors and/or director-related entities during the quarter ended 30 June 2024, including amounts paid to Sal & Caldeira Advogados, a related party of José Caldeira (Non-Executive Director).

[20] Refer ASX release 28 July 2022.

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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

SYRAH RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
77 125 242 284	30 JUNE 2024

	Consolidated statement of cash flows		Current quarter US$'000	Year to date (6 months) US$'000
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		12,484	17,610
1.2	Payments for			
	(a)	exploration & evaluation	-	-
	(b)	development	-	-
	(c)	production	(29,353)	(43,072)
	(d)	staff costs[(1)]	(7,737)	(15,674)
	(e)	administration and corporate costs	(2,653)	(4,046)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		958	1,598
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		-	-
1.8	Other – VAT recoveries		171	171
1.9	**Net cash from / (used in) operating activities**		**(26,130)**	**(43,413)**

(1) Includes staff costs in relation to Balama Graphite Operation, Vidalia and Corporate & Administration functions

2.	**Cash flows from investing activities**			
2.1	Payments to acquire or for:			
	(a)	Entities	-	-
	(b)	Tenements	-	-
	(c)	property, plant and equipment	(3,951)	(20,333)
	(d)	exploration & evaluation	-	-
	(e)	investments	-	-
	(f)	other non-current assets	-	-

Consolidated statement of cash flows		Current quarter US$'000	Year to date (6 months) US$'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Receipts from environmental bond deposit release	-	-
2.6	Other – Payment for environmental bond deposit release	-	-
2.7	Other – Payment for security deposit	-	-
2.8	Other – Release of security deposit	-	-
2.9	**Net cash from / (used in) investing activities**	**(3,951)**	**(20,333)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	13,627	64,146
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(742)	(2,004)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – payment for interest and principal on lease liabilities	(705)	(1,476)
3.10	**Net cash from / (used in) financing activities**	**12,180**	**60,666**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	99,108	84,889
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(26,130)	(43,413)

Consolidated statement of cash flows		**Current quarter US$'000**	**Year to date (6 months) US$'000**
4.3	Net cash from / (used in) investing activities (item 2.8 above)	(3,951)	(20,333)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,180	60,666
4.5	Effect of movement in exchange rates on cash held	401	(201)
4.6	**Cash and cash equivalents at end of period**	**81,608**	**81,608**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter US$'000**	**Previous quarter US$'000**
5.1	Bank balances	28,904	49,340
5.2	Call deposits	11,674	11,394
5.3	Bank overdrafts	-	-
5.4	Other – Restricted cash	41,030	38,374
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**81,608**	**99,108**

6.	**Payments to related parties of the entity and their associates**	**Current quarter US$'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	264
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end US$'000**	**Amount drawn at quarter end US$'000**
7.1	Loan facilities	96,708	96,708
7.2	Credit standby arrangements	-	-
7.3	Other - convertible notes	110,595	110,595
7.4	**Total financing facilities**	**207,303**	**207,303**

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

With reference to item 7.1, Syrah completed all three advances from the US Department of Energy loan facility (DOE Loan) on 15 February 2023, 25 April 2023 and 3 October 2023. Syrah signed binding documentation for a loan from the US Department of Energy to Syrah Technologies LLC, Syrah's wholly owned subsidiary, to support the financing of the initial expansion of the Vidalia active anode material facility in Louisiana, USA. The DOE Loan is for up to US$102 million including US$98 million in loan advances and approximately US$4 million in maximum capitalised interest. Interest was fixed from the date of each loan advance at then applicable long-dated US Treasury rates and is capitalised in arrears up to the maximum amount. The amount reflected in 7.1 comprises the loan advance, accumulated interest for the three loan advances up to 30 June 2024, and is adjusted for loan origination costs. The DOE Loan matures on 20 April 2032 unless repaid earlier. A summary of the key terms of the DOE Loan is in Syrah's ASX release dated 28 July 2022.

With reference to item 7.3, Syrah issued A$150 million unsecured convertible notes to AustralianSuper in three equal series (Series 4, 5 and 6 Convertible Notes at A$50 million principal per series).

Prior to approval of the Shareholder Resolutions, interest accrued on the Series 4 Convertible Note principal outstanding at a rate of 14% per annum, compounded daily, capitalised quarterly in arrears and added to principal outstanding. Following approval of the Shareholder Resolutions on 28 July 2023, interest has accrued and will accrue on the Series 4, 5 and 6 Convertible Notes principal outstanding at a rate of (at the Company's discretion): 11% per annum, compounded daily, capitalised quarterly in arrears and added to principal outstanding; or 10.5% per annum if Syrah elects to make interest payments in cash. The Series 4, 5 and 6 Convertible Notes matures on 12 May 2028 unless redeemed or converted earlier. A summary of key terms of the Series 4, 5 and 6 Convertible Notes is in Syrah's ASX release dated 27 April 2023.

The value provided in 7.3 includes the Series 4, 5 and 6 Convertible Notes face value, interest accrued and capitalised establishment fee. The amount is converted from Australian Dollars to United States dollars at an AUDUSD exchange rate of 0.6624 (Q1 2024: 0.6532)

On 31 May 2024, following approval by shareholders at the Company's Annual General Meeting held on 24 May 2024, the Company issued a total of 176,296,803 fully paid ordinary shares in relation to the conversion of the Series 1 and Series 3 Convertible Notes by AustralianSuper at a conversion price of A$0.6688 per share.

8.	**Estimated cash available for future operating activities**	**US$'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(26,130)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(26,130)
8.4	Cash and cash equivalents at quarter end (item 4.6)	81,608
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	81,608
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	3.1

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable as item 8.7 is greater than 2.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable as item 8.7 is greater than 2.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable as item 8.7 is greater than 2.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: ....25 July 2024...

Authorised by: ....The Board..

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An

entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.