



## Syrah receives US\$102 million binding loan from US Department of Energy

### Highlights

- Syrah receives US\$102 million (A\$146 million) binding loan from US Department of Energy (“DOE”) for the initial expansion of Syrah’s Vidalia facility in Louisiana, USA to a 11.25ktpa AAM production capacity
- Loan represents strong validation of Syrah and Vidalia following detailed due diligence and an extensive negotiation and approvals process
- Syrah and DOE targeting first loan advance in the December 2022 quarter, subject to satisfaction of customary conditions
- DOE loan allows Syrah to use surplus existing cash to accelerate its growth strategy.

Syrah Resources Limited (ASX: SYR) (“Syrah” or the “Company”) announces it has entered into binding documentation for a loan facility up to US\$102 million (A\$146 million) from the US Department of Energy to Syrah Technologies, LLC (“Syrah Technologies”), Syrah’s wholly owned subsidiary, to support the financing of the initial expansion of its Vidalia active anode material (“AAM”) facility in Louisiana, USA (“Vidalia”) to 11.25ktpa AAM production capacity (“Vidalia Initial Expansion”). Finalisation of the binding loan follows a Conditional Commitment from DOE in April 2022<sup>1</sup>.

The DOE loan will be made under DOE’s Advanced Technology Vehicles Manufacturing (“ATVM”) loan program, which has US\$15.1 billion in uncommitted loan authority to support the manufacture of eligible advanced technology vehicles including electric vehicles (“EVs”), and qualifying components and materials, in the USA. The DOE loan to Syrah Technologies is the first from the ATVM loan program since 2011 and the first ever from the ATVM loan program to a materials processing facility. Other recipients of funding from the ATVM loan program include Ford, Nissan and Tesla.

Finalisation of the DOE loan follows a 12-month process with the DOE’s Loan Programs Office, which included detailed market, technical and legal due diligence on the Vidalia Initial Expansion and extensive negotiation of loan documentation. The DOE loan has been approved by the Syrah Board, the Secretary of DOE and US Secretary of Energy Jennifer M. Granholm.

Key terms and conditions of the DOE loan are:

- US\$102 million maximum loan amount, including up to US\$98 million in loan advances to fund eligible capital costs for the Vidalia Initial Expansion, and approximately \$4 million in maximum capitalised interest.

<sup>1</sup> Refer ASX release 19 April 2022.

- Interest fixed from the date of each loan advance for the term of the loan at applicable long-dated US Treasury rates. The current US 10-year Treasury rate is 2.8%<sup>2</sup>.
- Quarterly loan interest and principal repayments commencing from 20 October 2024, with loan interest capitalised prior to that date, up to the maximum amount, to accommodate construction and production ramp-up of the 11.25ktpa AAM facility.
- 20 April 2032 maturity date.
- Repayment of the DOE loan allowed at any time subject to conditions and with a market-based make-whole mechanism.
- First priority ranking security over the assets of Syrah Technologies with the loan subject to a parent company guarantee from Syrah Resources Limited.
- Customary covenants and events of defaults for a project loan facility, including a parent change of control event of default.
- Customary conditions precedent to loan effectiveness and advances for a project loan facility, including completion of due diligence and funding of cash reserve accounts, which must be satisfied or waived by DOE.

The Company and DOE are targeting the loan to be effective by the end of the September 2022 quarter with the first advance from the loan within the December 2022 quarter, aligned with the capital spending program for the Vidalia Initial Expansion project.

Proceeds from Syrah's equity raising completed earlier this year are sufficient to fully fund the remaining capital costs of the Vidalia Initial Expansion project. With advances commencing from the DOE loan, Syrah will use surplus proceeds from the equity raising for a definitive feasibility study ("DFS") on the further expansion of Vidalia's production capacity to at least 45ktpa AAM and, if such expansion is approved, detailed engineering and construction of an expanded AAM facility as well as to provide additional balance sheet flexibility to Syrah.

U.S. Secretary of Energy Jennifer M. Granholm said, "Securing critical materials, such as lithium and graphite, is essential to increasing domestic production of batteries to power the growing number of EVs on our roadways. DOE's investment in the Vidalia Initial Expansion builds on President Biden's goals to secure our clean transportation future and grow the United States' electric vehicle and advanced battery manufacturing workforce."

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

Syrah Chief Financial Officer Stephen Wells said, "We are pleased to have finalised this loan with the DOE after extensive due diligence and negotiation. The DOE loan diversifies Syrah's existing sources of funding and creates further opportunities to access non-dilutive funding for future growth orientated

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<sup>2</sup> As at 27 July 2022 (United States Eastern Time).

capital programs at Vidalia. Syrah and DOE are focused on satisfying remaining customary conditions to closing and to commence loan advances to align with scheduled capital spending at Vidalia. Syrah will use surplus proceeds from the equity raising to progress valuable growth focused initiatives.”

DOE’s media release in connection with the DOE loan to Syrah Technologies’ is on the Loans Programs Office website (<https://www.energy.gov/lpo/syrah-vidalia>).

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

### **This release was authorised on behalf of the Syrah Board by**

Shaun Verner, Managing Director

#### **Investor Relations Contact:**

Viren Hira

Contact: +61 3 9670 7264

Email: [v.hira@syrahresources.com.au](mailto:v.hira@syrahresources.com.au)

#### **Media Enquiries Contact:**

Nathan Ryan

Contact: 0420 582 887

Email: [nathan.ryan@nwrcommunications.com.au](mailto:nathan.ryan@nwrcommunications.com.au)

### **About Syrah Resources**

*Syrah Resources (ASX code: SYR) is an Australian Securities Exchange listed industrial minerals and technology company with its flagship Balama Graphite Operation in Mozambique and a downstream Active Anode Material Facility in the United States. Syrah’s vision is to be the world’s leading supplier of superior quality graphite and anode material products, working closely with customers and the supply chain to add value in battery and industrial markets.*

### **Forward Looking Statement**

*This document contains certain forward looking statements. The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan", "targets" and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Forward looking statements, opinions and estimates provided in this document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.*

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