Q2 2020 Quarterly Activities Report

23 July 2020

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SYRAH RESOURCES

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Company Overview

Picture: Balama Graphite Operation

Investment highlights

Balama: A Tier 1 asset	• Long life asset, with over 50 years of mine life[1] and 350kt per year of graphite concentrate production capability[2] • Balama is the largest integrated natural graphite mine and processing plant globally as measured by annual flake concentrate production capacity • Balama's large Reserve and Resource allows for future plant expansion, potentially representing a low capital intensity option to meet incremental future graphite demand
Exposure to High Growth Lithium-ion Battery Markets	• Graphite is a key component of lithium-ion batteries used in electric vehicles and energy storage, both rapidly growing markets • Balama's high quality product mix and product specifications are suited for use in these markets • Strategic importance of natural graphite as a critical battery mineral is recognised by major EV production regions (China, Europe, USA)
Positive ESG Profile	• Natural graphite has superior environmental credentials compared to synthetic graphite which is derived from oil refining and coal by-products • Leading practice ESG standards applied at Balama, certified ISO:45001 Occupational Health and Safety Management Systems and ISO:14001 Environmental Management Systems
Uniquely positioned to supply anode material to ex-Asia end user markets	• Anode battery supply chain currently concentrated in Asia, with 100% of anode precursor material manufactured in China • Value added processing of natural graphite to Active Anode Material at Syrah's BAM project in Louisiana (USA) is enabled by long mine life at Balama • Syrah's downstream processing site in Louisiana (USA) aims to provide an alternate to existing Asia supply chain for battery anode supply, able to serve growing USA and Europe markets
Vanadium Optionality at Balama	• Balama contains a significant vanadium by-product Resource which presents a potential value-accretive opportunity that Syrah will advance through Pre Feasibility Study • Vanadium, a by-product which is liberated during the graphite production process, could potentially be refined into a saleable product (V_2O_5)[3] via processing of material currently reporting to tailings at Balama

1. Life of mine based on current 108Mt Graphite Ore Reserves being depleted at 2Mt throughput per annum. Refer to 2019 Annual report released to ASX 31 March 2020 for Reserve as at 31 December 2019. All material assumptions underpinning the Reserves and Resource statement in this announcement continue to apply, other than as updated in subsequent ASX announcements.
2. Refer to ASX announcements dated 29 May 2015
3. Refer ASX announcement dated 30 July 2014

Balama is a globally significant asset with increasing strategic importance

Leveraging the globally significant Balama asset to develop an integrated battery anode material and industrial products business

Balama a globally significant resource – leading practice ESG

Size of Balama natural graphite ore Reserve (> 50 year mine life[1]) and high Reserve grade (16% total graphitic carbon) enables participation in long-term EV growth

Balama Open Pit Mining Operation

Vertical integration

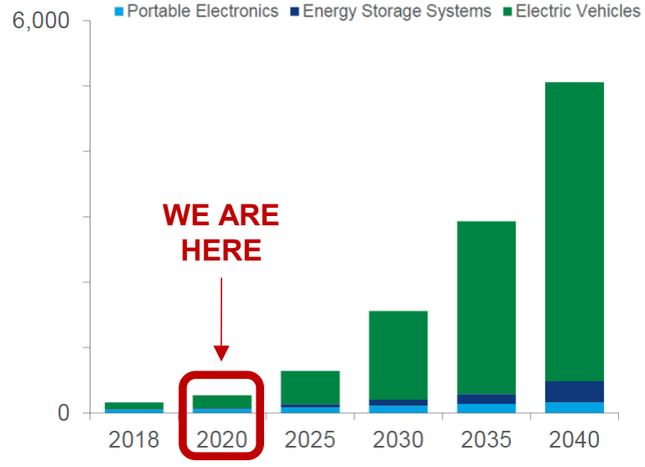
Value added processing of natural graphite to Active Anode Material by Syrah enabled by long mine life at Balama

Syrah's downstream processing of flake graphite in Louisiana

Global mega trend

Decarbonisation of the transport sector, via Lithium-ion battery powered electric vehicles (EV), is gaining momentum

Global battery sector demand (GWh)[2]



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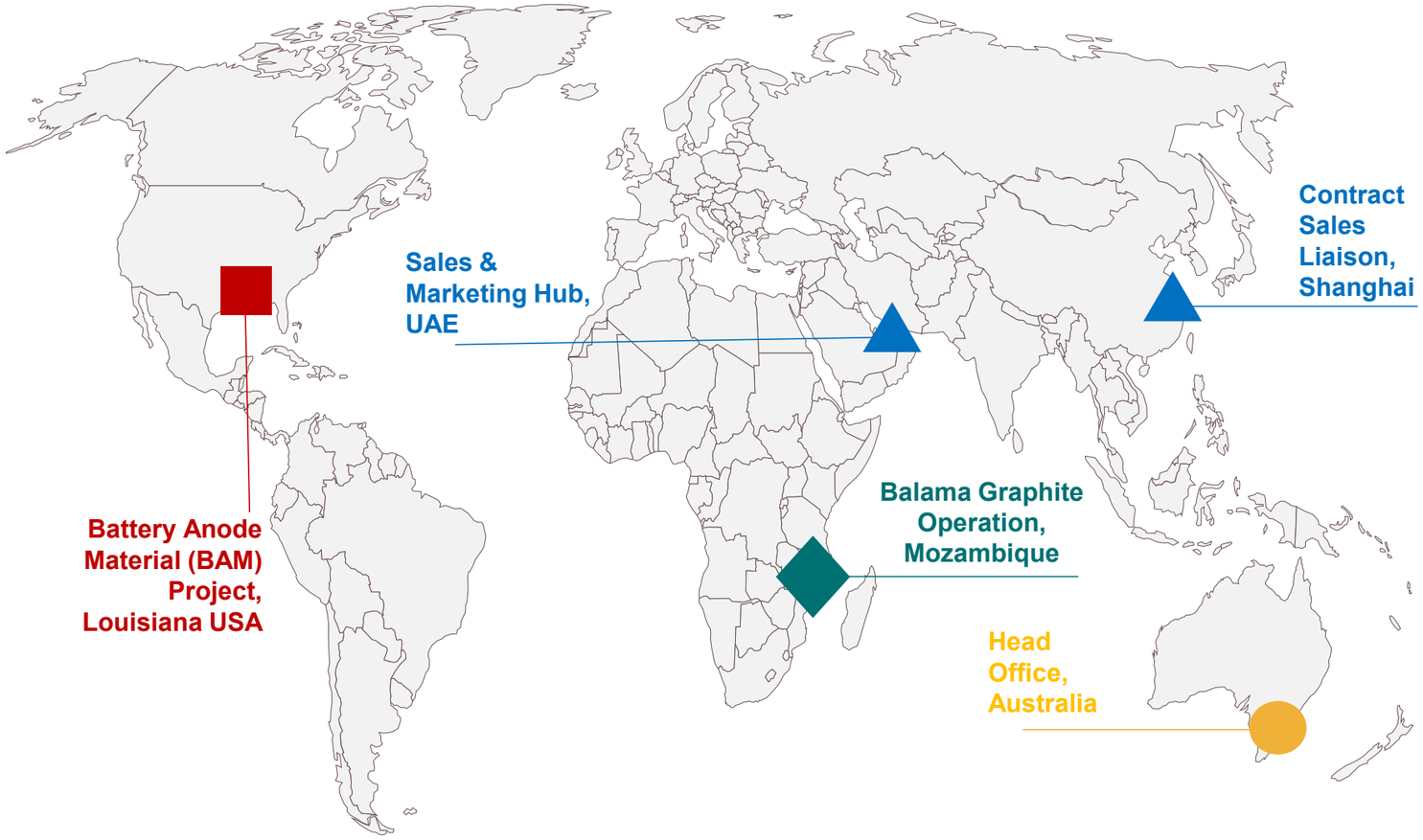
2. Source: Wood Mackenzie (Jan 2020)

Making Syrah an important part of the EV value chain

Set to provide much needed supply chain independence to Europe and US in a post COVID 19 world



◆: Balama Graphite Operation

- Ore Reserves 108Mt at 16% TGC[1] (17Mt of contained graphite)
- Simple open pit operation, low stripping ratio, design production capability 350kt flake graphite per annum
- Over 50 year mine life[2]
- Balama graphite product mix and specifications are suited for use in the lithium-ion battery market

■: Battery Anode Material Project

- Capability to produce purified spherical graphite for product qualification in the lithium ion battery supply chain
- Existing plant/facility expandable to commercial scale

▲: Sales & Marketing

- Global sales and marketing functions led from UAE
- Sales and marketing support provided by contract sales liaison in China

●: Corporate Office

- Finance, Legal, Human Resources, Investor Relations

1. TGC = Total Graphitic Carbon
2. Life of mine based on current 108Mt Graphite Ore Reserves being depleted at 2Mt throughput per annum. Refer to 2019 Annual report released to ASX 31 March 2020 for Reserve as at 31 December 2019. All material assumptions underpinning the Reserves and Resource statement in this announcement continue to apply, other than as updated in subsequent ASX announcements.

Q2 2020 Update

Photo: Balama Graphite Operation Processing Plant

Q2 2020: Key Points

Ongoing focus on health and safety	• Quarter end Total Recordable Injury Frequency Rate ("TRIFR") was 0.8 • Ongoing focus on compliance with government directives and internal COVID 19 protocols. No cases of COVID 19 have been identified at any of Syrah's global operations to date

Positioning Balama for return of EV sales growth	• No production in Q2 2020 at Balama due to ongoing impacts of COVID 19, specifically:
	  • Ongoing travel restrictions, limiting the mobility of the Balama workforce; and,
	  • Weak end user demand due to lockdowns, mobility restrictions and economic uncertainty negatively impacting year-to-date EV sales
	• Increasing certainty of medium to long-term growth in natural graphite demand, driven by growth EV sales. However, immediate term market conditions remain weak, timing of re-commencement of production at Balama uncertain
	• A labour restructure at Balama (65% headcount reduction) and other actions are being implemented to further preserve cash during the current period of suspended production, whilst also retaining operating and marketing capability to restart production - restart lead time is expected to be 2 to 3 months post implementation of planned cash preservation measures
	• Cost reduction measures expected to reduce Balama cash outflow to ~US$7m per quarter once implemented, with one-off implementation cost of ~US$1m to be incurred in Q3 2020
	• Commitment maintained to all in-progress sustainable development and community activities

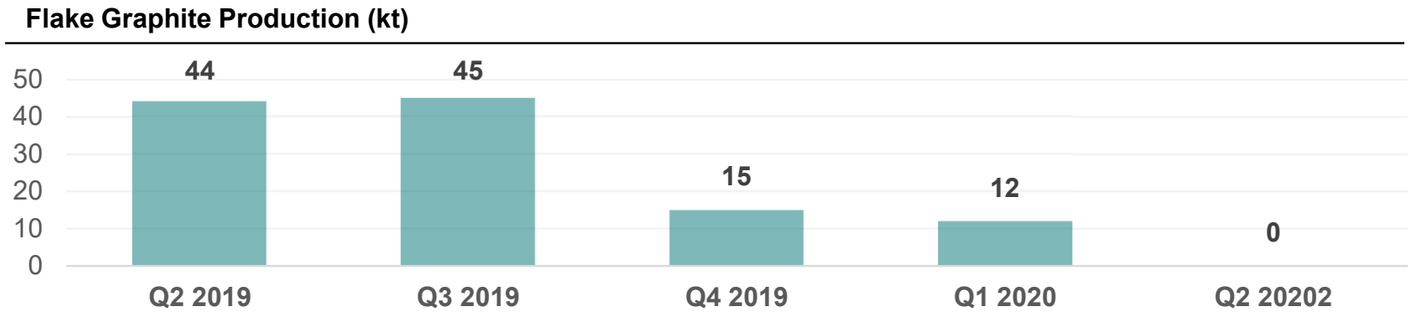
BAM project progressing	• Production of battery specification anode precursor has been demonstrated at commercial scale at Vidalia (achieved post quarter end), uniquely positioning Syrah as a credible and advanced potential supplier of battery anode material ex-Asia • China currently produces 100% of the natural graphite anode precursor material used for production of lithium-ion batteries in Electric Vehicles ("EV"), as well as other applications. Syrah believes the Vidalia operation is the farthest progressed alternate source of natural graphite anode precursor material ex-China • Anode precursor from Vidalia will be further processed to Active Anode Material via toll treatment and from a furnace to be installed at Vidalia over the coming quarters, which will further facilitate ongoing strategic, financial partnership, and end-customer interactions
Company well capitalised to navigate near term uncertainty	• Cash balance at 30 June 2020 was US$53m, in line with forecast[1] • Available liquidity and measures taken to minimise fixed costs positions the company to manage an extended period of market uncertainty

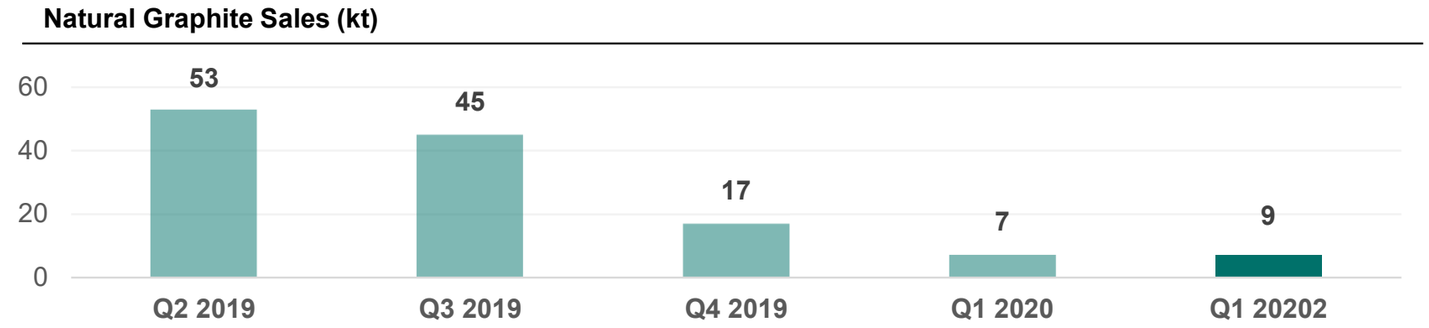
1. See ASX announcement 22 April 2020

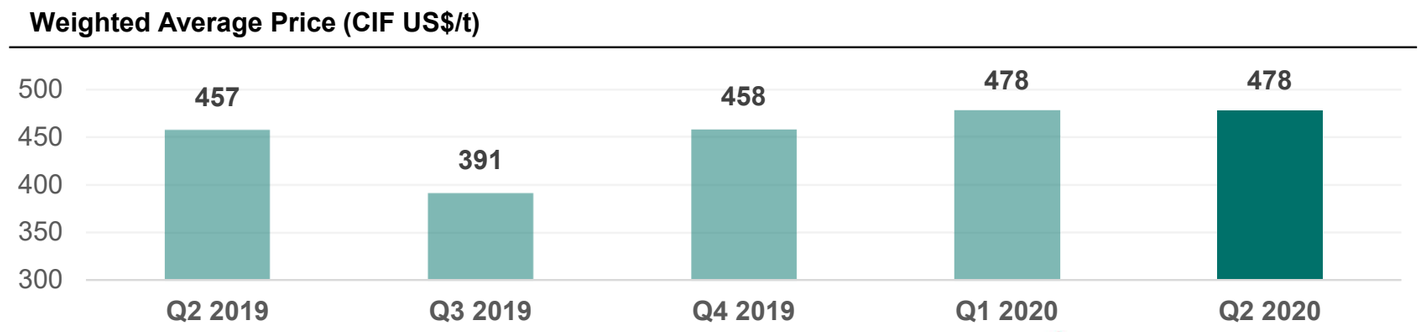
Q2 2020 Balama operations summary

Production at Balama remained suspended through Q2 2020

- Total Recordable Injury Frequency Rate (“TRIFR”) of 0.8 at Balama at the end of Q2 2020
- No natural graphite production during Q2 2020 (prior quarter: 12kt). Production fully suspended due to ongoing impacts of COVID 19, specifically:
  - Ongoing travel restrictions, limiting the mobility of the Balama workforce; and,
  - Weak end user demand
- Natural graphite sales of 9kt (prior quarter: 7kt)
- Average selling price of US$478 per tonne (prior quarter US$478 per tonne). Some weakness in prices during the quarter offset by a higher proportion of coarse flake in the sales mix
- Finished product natural graphite inventory at Balama and the Port of Nacala was 8kt and finished product natural graphite inventory at USA was 2kt at 30 June 2020
- Within Mozambique, international and domestic travel restrictions are in the early stages of easing. However, end user demand currently remains unsupportive for restart of production







Battery market: Near-term stumble, long-term growth increasingly certain

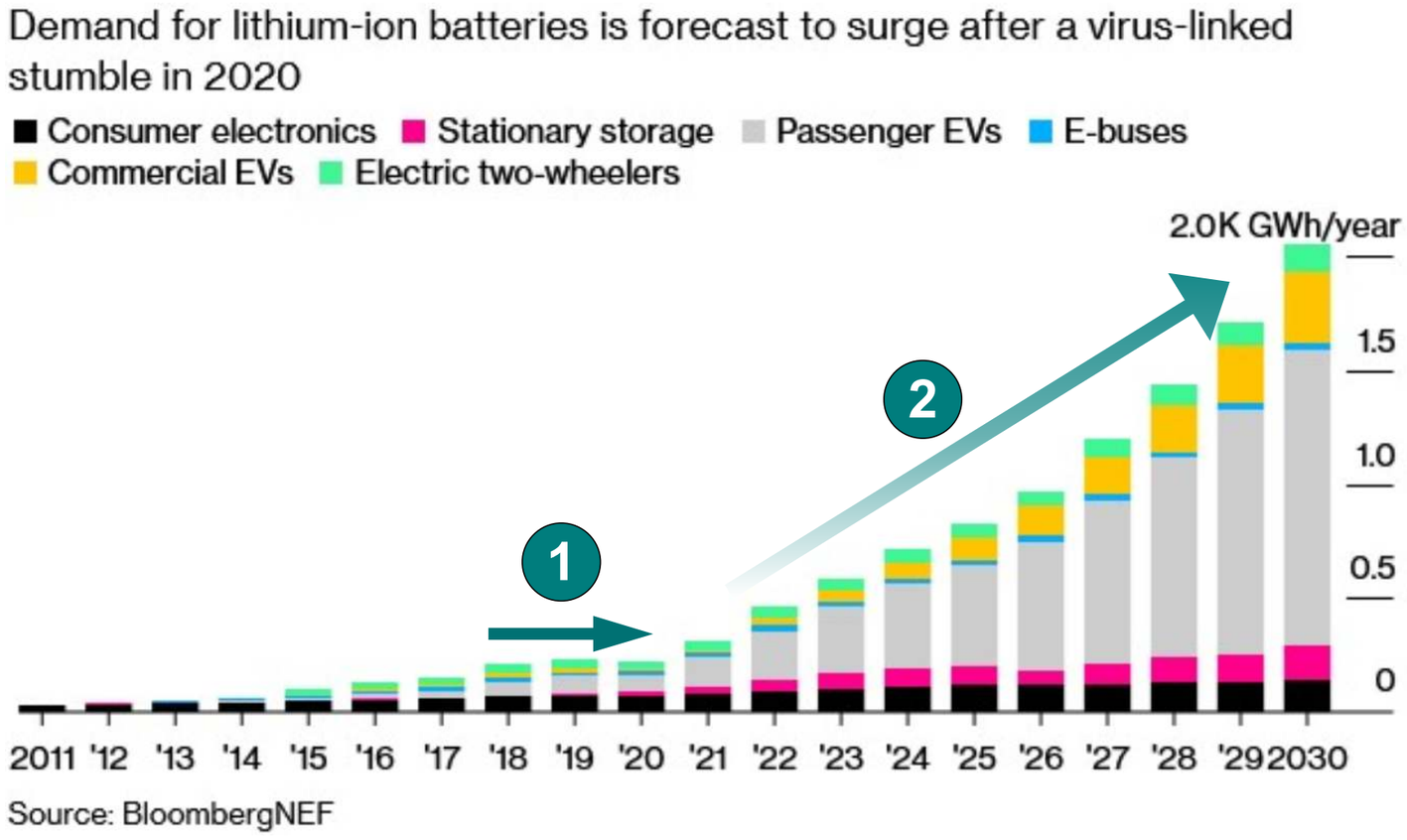
High conviction of return to growth in lithium-ion battery demand, driven by EV sales growth, although timing uncertain

1 Outlook for rest of 2020 challenged

- Potential for approx. flat annual EV sales 2018 through 2020
- Syrah market interactions imply market imbalance likely to be sustained for much of H2
- Potential for COVID 19 second wave lock downs adds additional market uncertainty

2 High conviction of return to growth – although timing uncertain

- EV sales more resilient than ICE vehicles through period of recent market weakness. To the end of May, EV sales in 2020 are down 15% compared to ICE sales down 30% versus the same period in 2019
- COVID 19 economic stimulus measures by governments have been implemented to accelerate the decarbonisation of the transport sector whilst also stimulating the economy[1], which provides additional support for the expected strong medium to long-term growth outlook for natural graphite
- Syrah's interactions with government, OEMs and battery supply chain participants indicate increased focus on localised supply chains and supply security of critical battery minerals



1. https://mobile-reuters-com.cdn.ampproject.org/c/s/mobile.reuters.com/article/amp/idUSKBN23B0XG

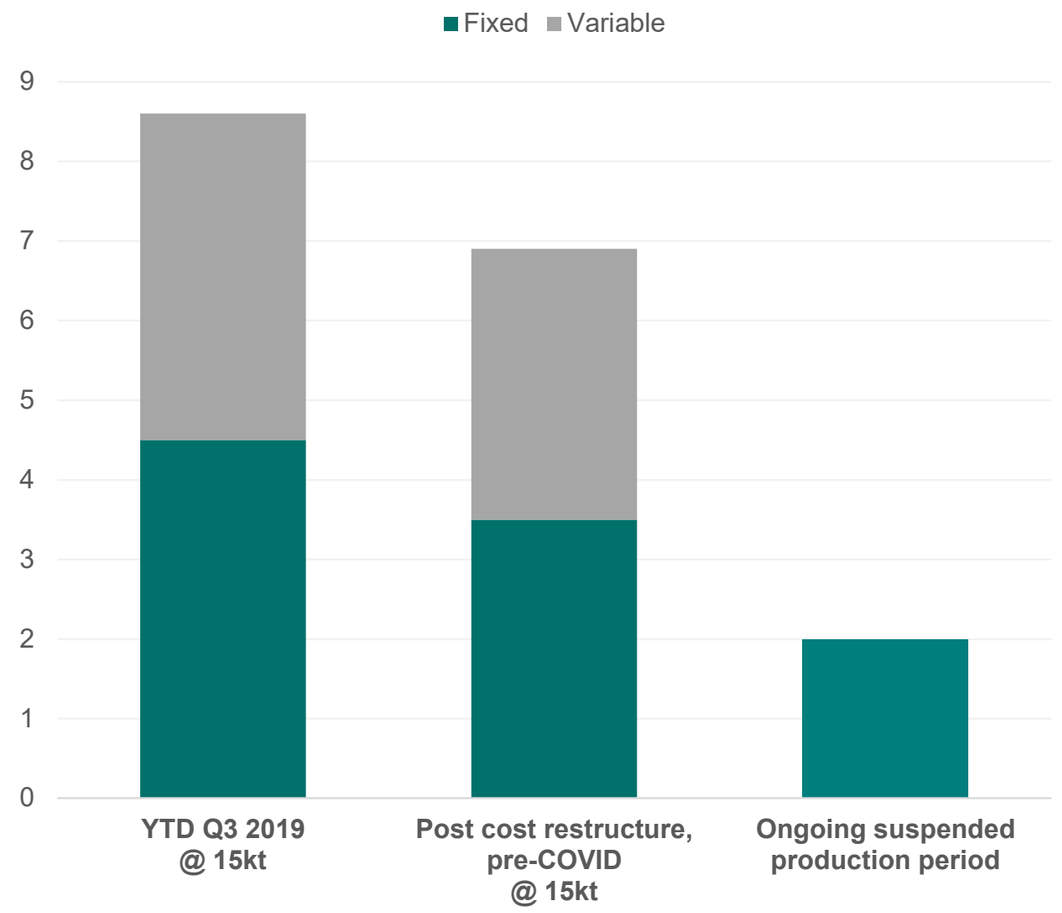
Positioning Balama for return of EV sales growth

Measures taken to preserve cash whilst retaining operational and marketing capability to support production re-start

Key outcomes of operational review

- An operational review was undertaken in the context of:
  - high conviction in resumption of demand growth; but,
  - challenging immediate term market conditions
- The review identified further actions to preserve cash in the immediate term whilst also maintaining operational and marketing capability to restart production relatively promptly once travel restrictions are eased and improved end user demand is observed
- Key initiatives implemented to minimise costs during ongoing period of suspended production include:
  - Negotiation of all contracts to minimise costs during period of no production
  - Minimisation or deferral of capital works
  - 65% head count reduction at Balama, with retention of core team to maintain operational expertise and to support recommencement of production. 220 roles will be retained, of which 93% are national and local personnel
- The lead time to recommence production post implementation of the labour restructure is expected to be 2 to 3 months, which reflects the time required to re-establish a full complement of labour to operate Balama
- Remaining Balama workforce will be focused on preparing for and implementing sustained cost reductions to be embedded upon restart of production:
  - Process plant maintenance and improvements
  - Ongoing contract reviews to seek contract improvements (cost and performance)
  - Lower cost procurement
  - Readiness to implement lower cost power options
- Commitment to ongoing community projects under the Livelihood Development Program will be maintained during period of suspended production

Balama C1 Monthly Cost Base ($m)



Ongoing commitment to sustainability & community

Ongoing commitment to existing HSE standards and community projects

- In June 2017, Syrah established a Local Development Agreement (“LDA”) with the Company’s eight Host Communities and the Balama District Administration
- The LDA required the formation of a Local Development Committee (“LDC”) consisting of Company, Host Community, and District and Provincial Government representatives to ensure fair and transparent stakeholder oversight / input into local development projects and associated expenditure
- All existing commitments agreed via the LDC are planned to be maintained through the current period of suspended production, including ongoing operation of the Balama Training Centre
- 220 jobs will be retained at Balama to ensure preservation of operational capability to support re-start of operations – retained workforce 93% national and local personnel
- Capability and resources will be maintained for ongoing best practice health, safety and environment management systems, in-line with existing ISO:45001 Occupational Health and Safety Management Systems and ISO:14001 Environmental Management Systems certifications

Local Development Committee Meeting

Primary school construction ground breaking ceremony

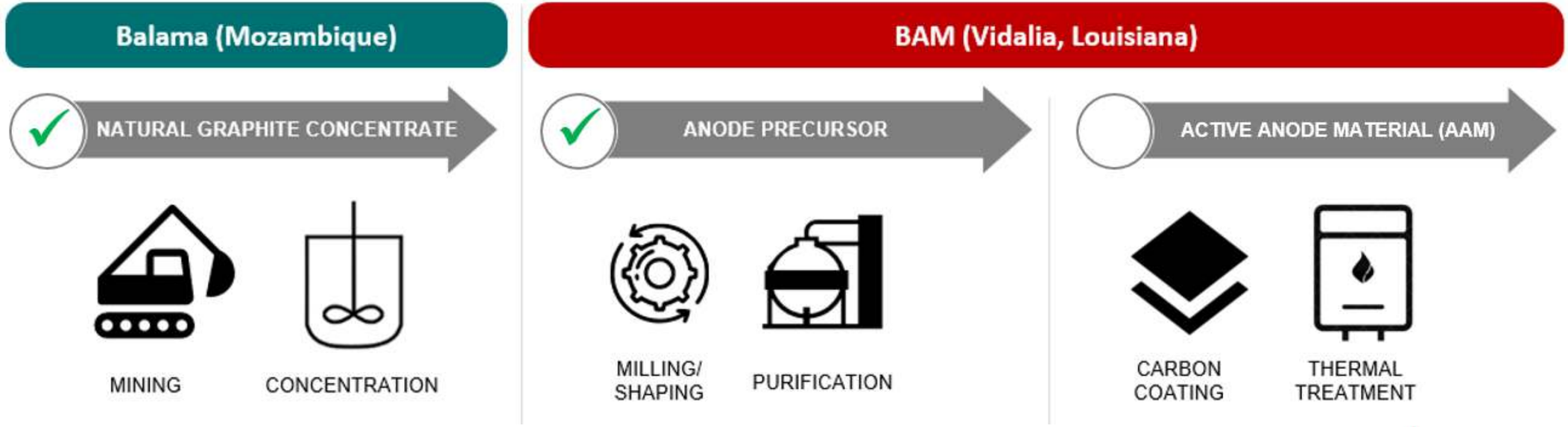
BPTC Graduation Ceremony

BPTC Sewing Association

BAM project de-risking towards commercial Active Anode Material production

Anode precursor production at commercial scale demonstrated at Vidalia

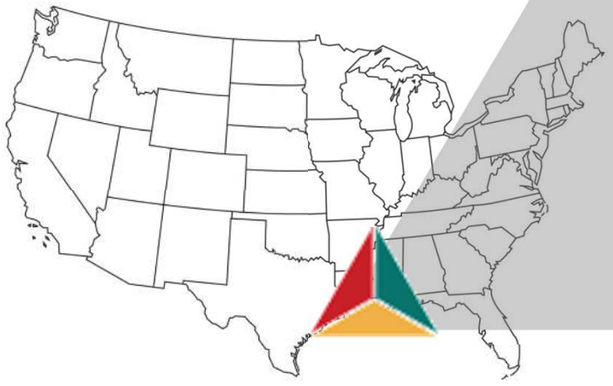
- Anode precursor to battery specification has been produced at Vidalia and will be dispatched to potential customers and supply chain partners for testing and qualification.
- China currently produces 100% of the natural graphite anode precursor material used for production of lithium-ion batteries in Electric Vehicles, as well as other applications. Syrah believes the Vidalia operation is the farthest progressed alternate source of natural graphite anode precursor material ex-China.
- Anode precursor from Vidalia will be further processed to Active Anode Material via toll treatment and from a furnace to be installed at Vidalia over the coming quarters, which will further facilitate ongoing strategic, financial partnership, and end-customer interactions.
- Current installed plant at Vidalia is capable of 5kt per annum milling and commercial qualification scale of 200t per annum purification. An in-progress Bankable Feasibility Study is assessing the economics of expanding the capacity of the existing facility to 10kt per annum of Active Anode Material production capability initially, and then scale up to 40kt per annum.

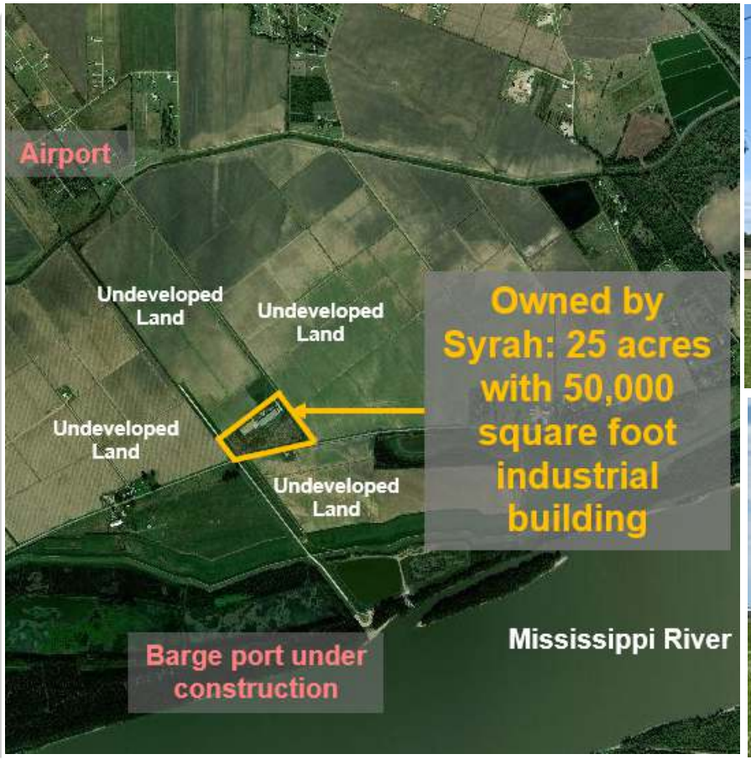


Syrah's site in USA is significantly de-risked for anode material production

Site owned by Syrah in Vidalia (Louisiana, USA) has all the key requirements for large scale Active Anode Material production

- ✓ Access to key utilities (Water/Gas/Power)
- ✓ Confirmed compliance with water and air discharge requirement from large scale commercial facility
- ✓ Options to expand facility size
- ✓ Direct barge/port access to Mississippi river
- ✓ Supportive government relations
- ✓ Access to key consumables (HF, HCL, Caustic)
- ✓ Capable workforce – initial production team in place and proximity to skilled workforce from petrochemical industries





Uniquely positioned to supply the ex-Asia anode supply chain

Significantly progressed in demonstrating capability to supply anode material at commercial scale

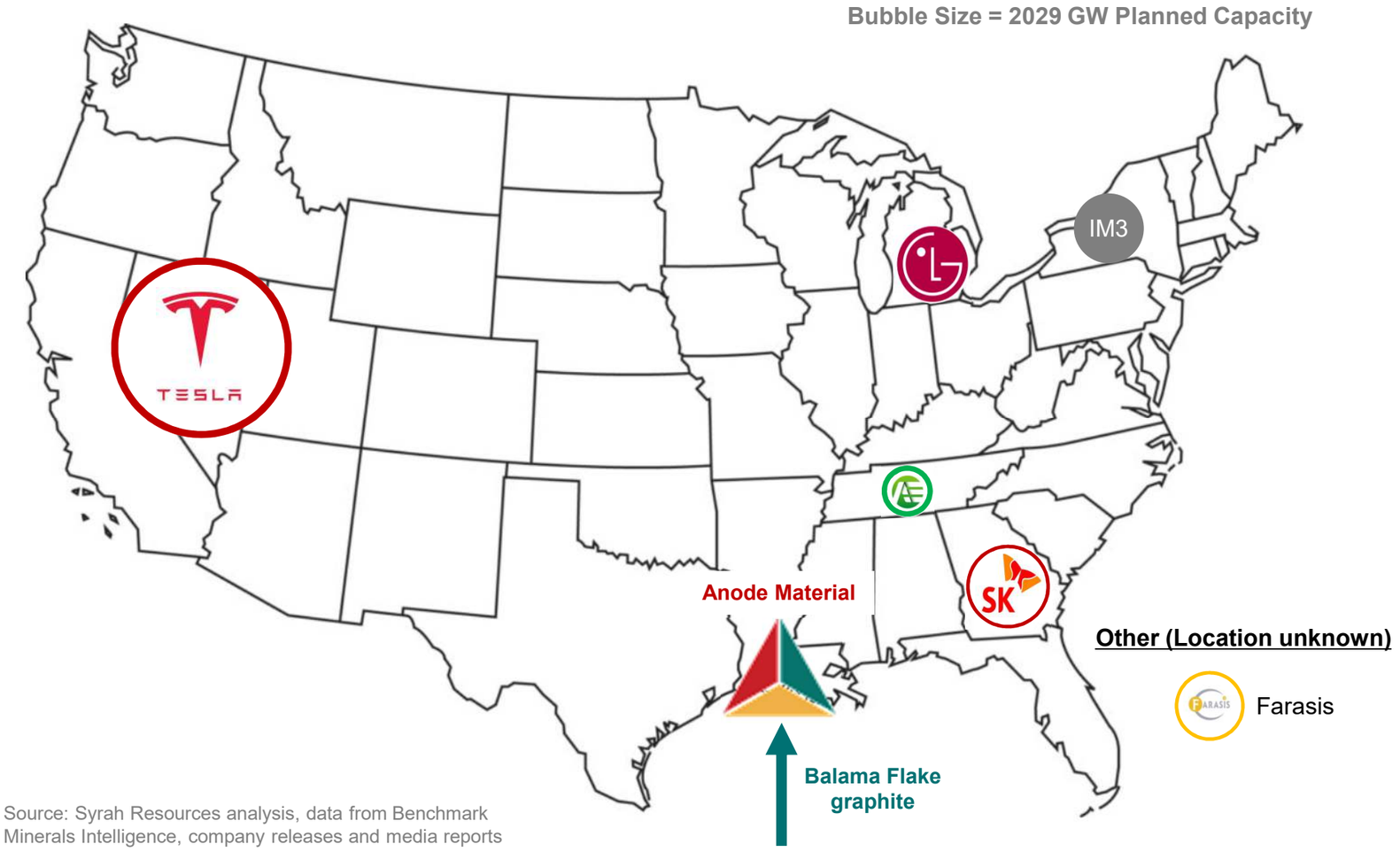
Focus to date on establishing production lines that are of adequate commercial scale to demonstrate Syrah's capability to supply ex-Asia markets (USA and Europe) with Active Anode Material that:

- has equivalent or superior physical and electrochemical properties to currently available material;
- is cost competitive with incumbent supply (currently 100% based in Asia); and,
- provides an environmentally superior alterative to existing production.

Co-location with planned USA battery factories

Syrah plans to provide a co-located and ESG verifiable source of anode material supply to the USA battery supply chain

Planned 2029 GW Planned Capacity in USA



Source: Syrah Resources analysis, data from Benchmark Minerals Intelligence, company releases and media reports

Benefits of co-location:

- ✓ Increased security of critical battery materials
- ✓ Security of supply from localised supply chain
- ✓ Optimisation of supply chain management
- ✓ Ease of co-development or partnerships with potential local partners (governments, other supply chain participants)

Syrah an alternate supply option for USA and Europe battery supply chains

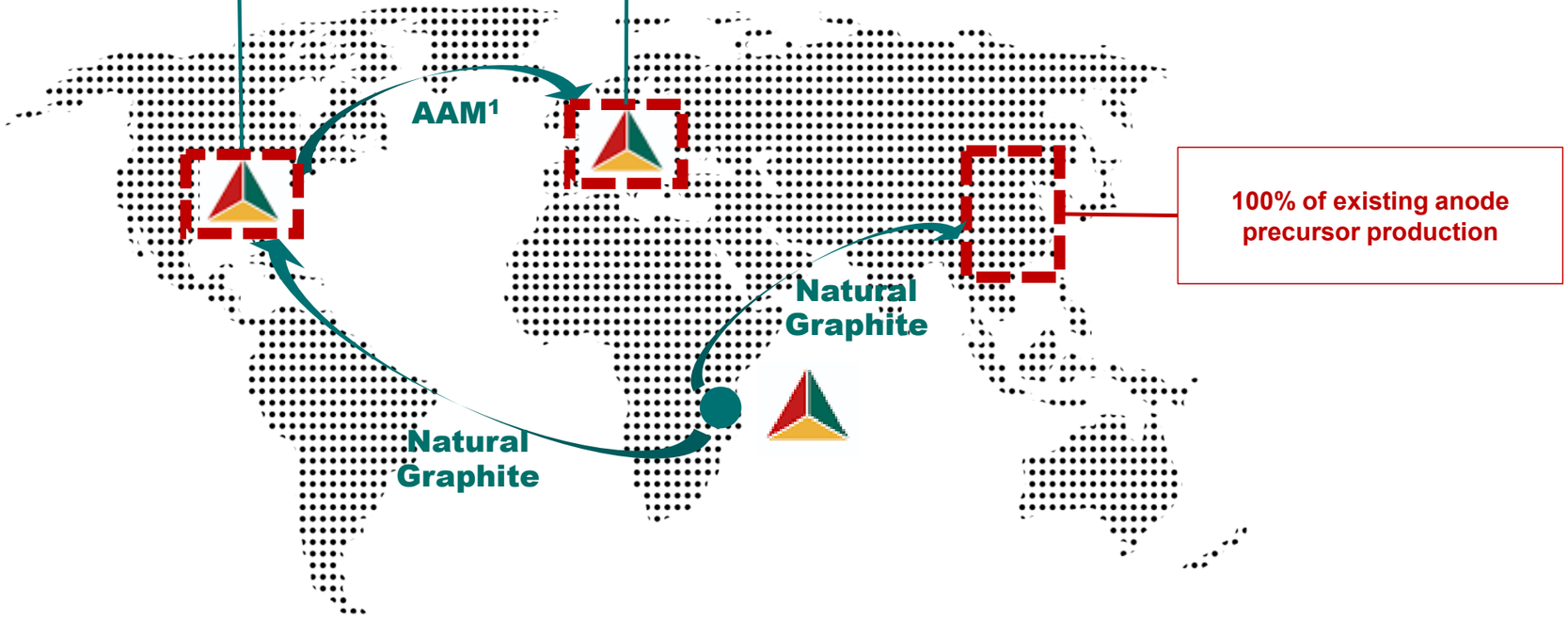
Syrah aims to provide a complementary and alternate supply proposition to existing domestic China supply to meet growing demand

Battery Anode Material Project

- Planning to establish USA based anode material production vertically integrated with the Balama Graphite Operation

Export Markets

- Potential for Syrah to export from USA to ex-USA markets. Potentially providing ex-China supply chains with alternate and complimentary source of anode material versus existing sources



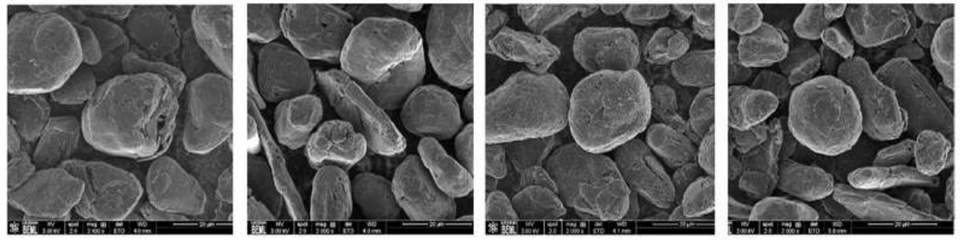
1. AAM: Active Anode Material

Benchmarking of anode material produced with natural graphite from Balama

Syrah anode material benchmarks favourably against comparable material available from existing major incumbent industry participants

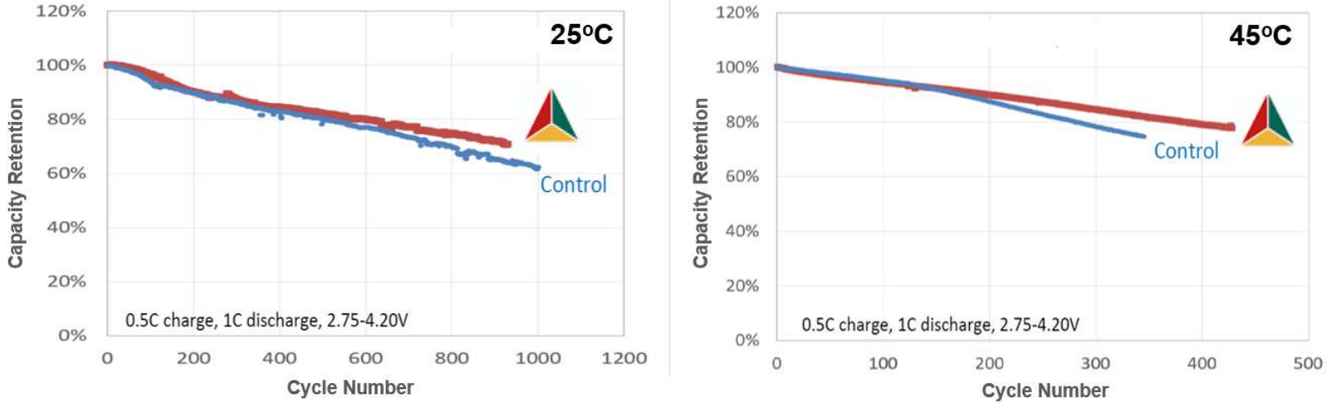
Benchmarking of the physical and electrochemical properties of the planned products from Syrah's BAM provides comfort that Active Anode Material planned to be produced at scale at Vidalia will deliver equivalent or superior physical and electrochemical performance as material supplied by major incumbent industry participants

Particle Shape Benchmarking



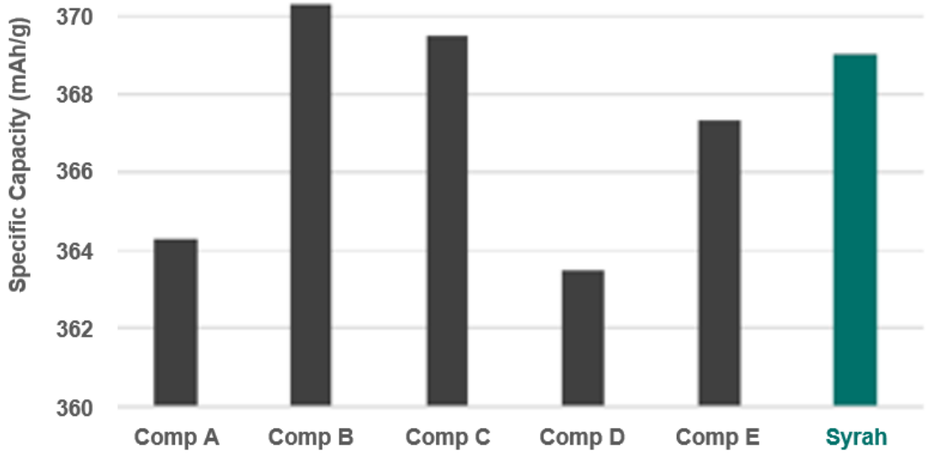
Spherical Natural Graphite Comp A | Spherical Natural Graphite Comp B | Spherical Natural Graphite Comp C | Spherical Natural Graphite Syrah

Cycle life at 25°C and 45°C



Note: 2.75 Ah 18650 cells using NCM 811 cathode; Syrah anode vs. commercial source

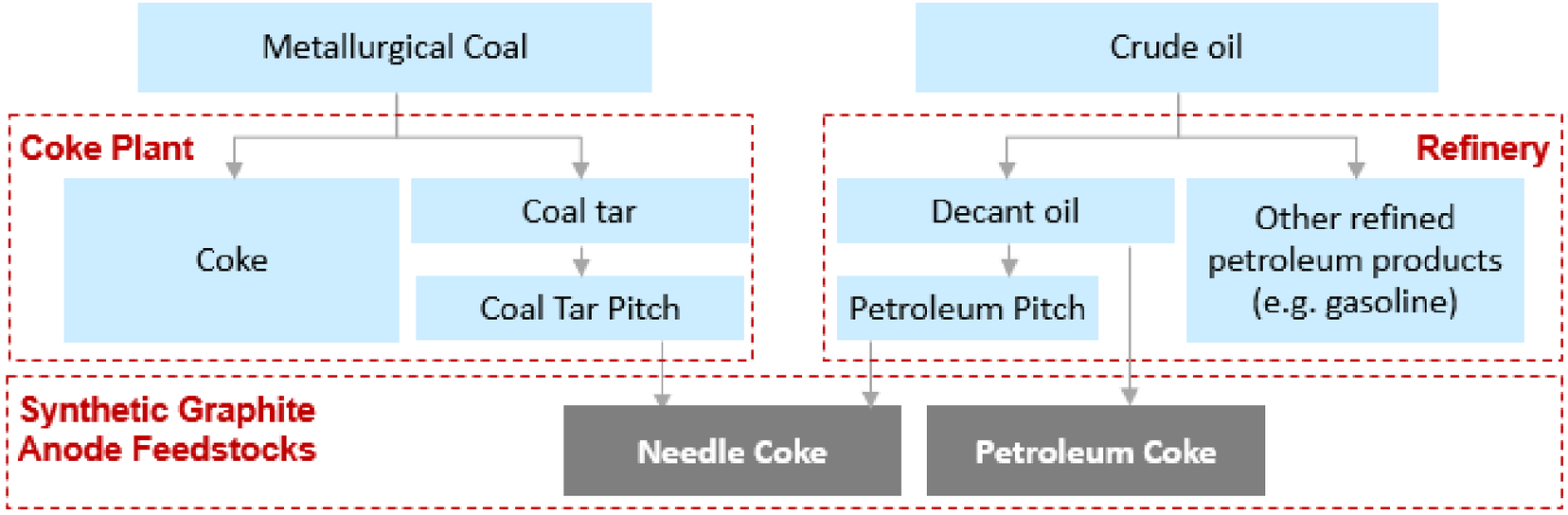
Specific Capacity Benchmarking



ESG and cost considerations are growing issues for synthetic graphite

Natural graphite has superior environmental and cost credentials compared to synthetic graphite

Synthetic graphite is made from the by-product of energy intensive coking and oil refinery processes



(1): Syrah Resources simplified flow sheet of synthetic graphite feedstock origins

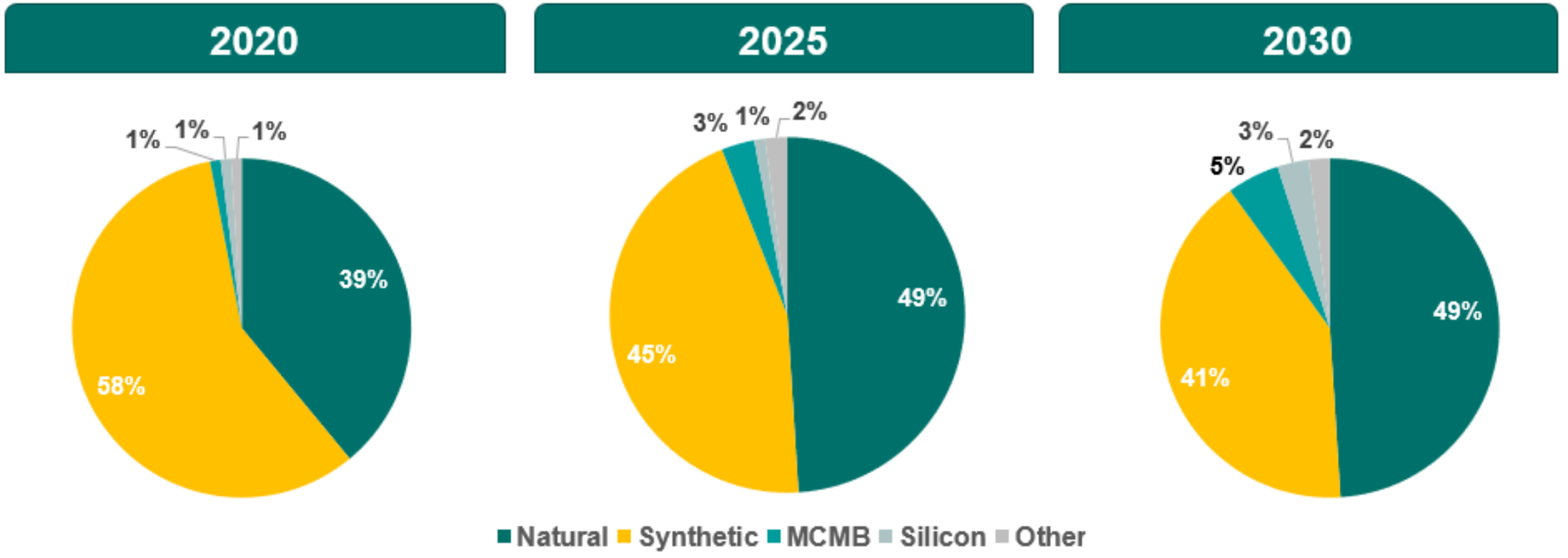
Cost and LCA/ESG considerations a growing issue for synthetic:

- Origin – Primarily pet coke from the oil industry
- Process is highly energy intensive - 3x natural graphite[1]
- Feedstock cost – subject to oil production

(1): Benchmark Minerals Intelligence

Natural graphite expected to gain share versus synthetic graphite

Environmental credentials and cost to drive increased share of natural versus synthetic graphite in the anode

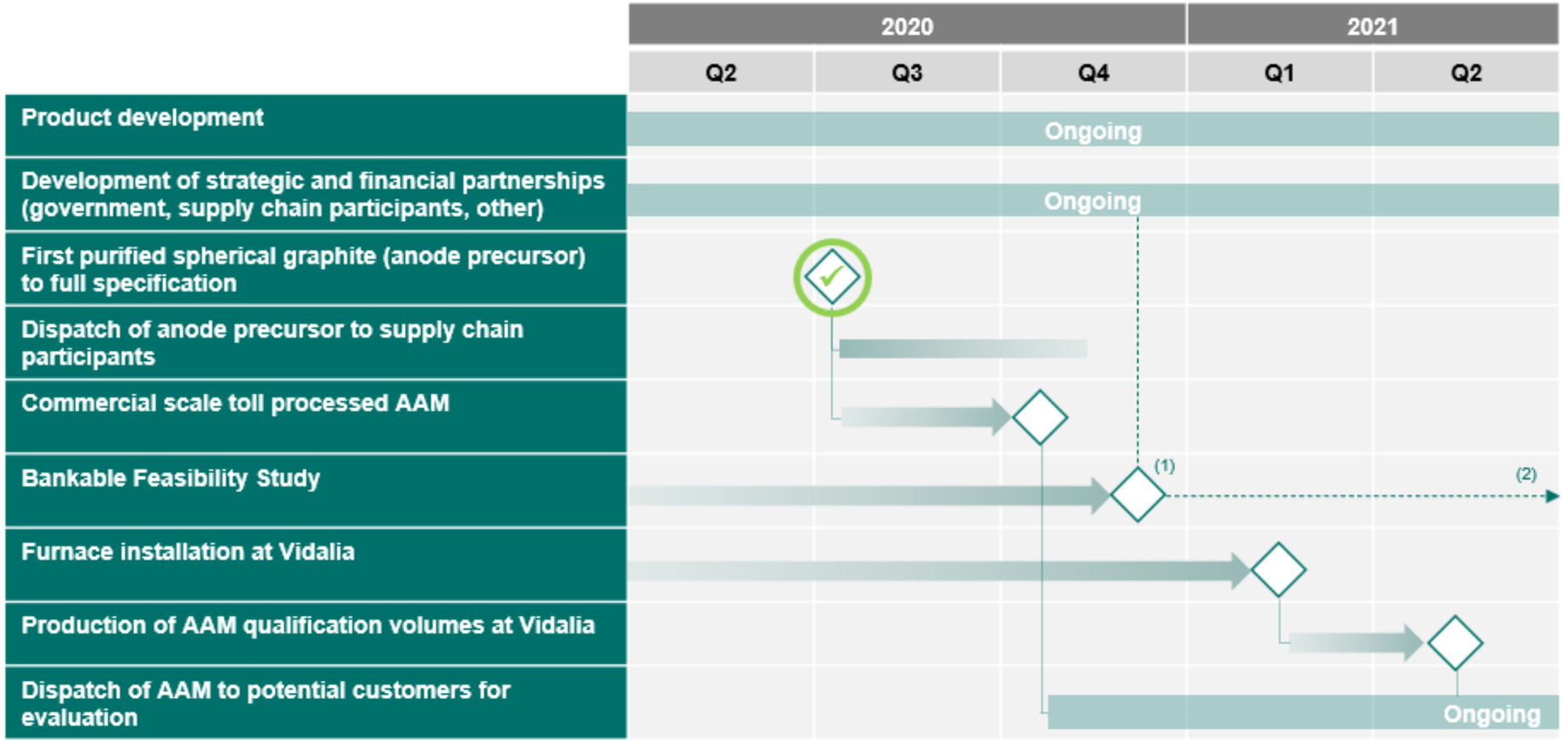


Natural Graphite Demand for LiB (tonnes)	199,830	979,813	2,558,928

Source: Benchmark Minerals Intelligence

Near term BAM project milestones

Rapidly progressing to become the first vertically integrated natural graphite anode material producer ex-Asia



(1): Potential for government/strategic/financial partnership to facilitate project post feasibility study

(2): Project development pathway beyond completion of feasibility study to be informed by strategic and financial partnerships and end customer commitments

Note: AAM = Active Anode Material

Summary and outlook

BAM progressing towards project milestones. Balama production to remain suspended, with the asset being positioned to preserve cash whilst also retaining capability to respond when market conditions improve

Important BAM milestones expected H2 2020	• Anode precursor material to battery specification has been produced at Vidalia and will be dispatched to potential customers and supply chain partners through Q3 2020 • Anode precursor from Vidalia will be further processed to Active Anode Material via toll treatment and from a furnace to be installed at Vidalia over the coming quarters, which will further facilitate ongoing strategic, financial partnership, and end-customer interactions • A Bankable Feasibility Study due for completion in Q4 2020 is assessing the economics of expanding the capacity of the existing facility to 10kt per annum of Active Anode Material production capability initially, and then scale up to 40kt per annum
Positioning Balama for return of EV sales growth	• Production at Balama remains suspended due to ongoing impacts of COVID 19. Specifically, ongoing travel restrictions that limit the mobility of the Balama workforce and weak end user demand due to lockdowns, mobility restrictions and economic uncertainty which have negatively impacted year-to-date EV sales • High conviction of return to natural graphite demand growth, although timing uncertain • Given immediate term uncertainty, the Balama cost base will be further positioned through Q3 to best preserve cash whilst also retaining operating and marketing capability to restart production. Restart lead time is expected to be 2 to 3 months
Available liquidity to manage an extended period of market uncertainty	• Cash balance at 30 June 2020 was US$53m, in line with forecast[1] • Implementation cost of further measures to preserve cash at Balama will be approximately US$1m, to be incurred through Q3 2020. Post implementation, cash outflow will reduce to approximately US$7m per quarter at Balama • Near term cash outflows for BAM and corporate will be approximate to year-to-date 2020 expenditures of US$2m and US$1m per quarter respectively

1. See ASX announcement 22 April 2020