24 April 2024

SYRAH RESOURCES LIMITED - ANNUAL GENERAL MEETING OF SHAREHOLDERS – 24 MAY 2024

Notice is hereby given that the Annual General Meeting of Shareholders of Syrah Resources Limited ("Syrah" or the "Company") will be held at 10:00am (AEST) on Friday, 24 May 2024 at Oaks Melbourne on Market Hotel, Market Room 3, Level 1, 60 Market Street, Melbourne VIC 3000 ("AGM"). Notice is also given that the Company's Annual Report for the year ended 31 December 2023 ("Annual Report") is available.

Recent legislative changes to the *Corporations Act 2001* (Cth) means there are new options available to shareholders as to how the communication from the Company can be received. The Company will not be dispatching physical copies of the meeting documents and notices, including the Notice of Meeting for the AGM, unless you request a physical copy to be posted to you.

The Notice of Meeting, accompanying explanatory statement and Annual Report (**Meeting Materials**) are being made available to shareholders electronically. This means that:

- You can access the Meeting Materials online at the Company's website: https://www.syrahresources.com.au/ or at the Company's share registry's website www.investorvote.com.au.
- A complete copy of the Meeting Materials has been posted to the Company's ASX Market announcements page at www.asx.com.au under the Company's ASX code "SYR".
- If you have provided an email address and have elected to receive electronic communications from the Company, you will have received or will receive an email to your nominated email address with a link to an electronic copy of the Meeting Materials and the voting instruction form.

Shareholders can still elect to receive some or all of their communications in physical or electronic form or elect not to receive certain documents such as annual reports. To review your communications preferences or sign up to receive your shareholder communications via email, please update your details at https://www.computershare.com/au. If you have not yet registered, you will need your shareholder information including SRN/HIN details.

If you are unable to access the Meeting Materials online at the above website links please contact our share registry Computershare Investor Services Pty Limited https://www.computershare.com/au or by phone on +61 3 9415 4000 (outside Australia) or 1300 850 505 (within Australia) to obtain a copy.

Yours sincerely,

Melanie Leydin
Company Secretary
Syrah Resources Limited

Syrah Resources Limited
ABN 77 125 242 284

Registered Office
c/– Vistra Australia (Melbourne) Pty Ltd
Level 4, 96-100 Albert Road South Melbourne, VIC 3205

www.syrahresources.com.au
T +61 3 9670 7264

Notice of Annual General Meeting and Explanatory Memorandum

The Annual General Meeting of

SYRAH RESOURCES LIMITED

ACN 125 242 284

Will be held at

10.00AM (AEST) on Friday, 24 May 2024

at

Oaks Melbourne on Market Hotel

Market Room 3, Level 1, 60 Market Street

Melbourne VIC 3000

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor, or other professional advisor without delay.

Independent Expert Report: Shareholders should carefully consider the Independent Expert Report prepared by KPMG Corporate Finance, a division of KPMG Financial Advisory Services (Australia) Pty Ltd for the purposes of the Shareholder approvals required under item 7 of section 611 of the Corporations Act (see Resolution 7). The Independent Expert Report is set out in Annexure B of the Explanatory Memorandum. The Independent Expert has concluded that the conversion of the Series 1 and 3 Convertible Notes is not fair but is reasonable, and therefore in the best interests of Non-Associated Shareholders in the absence of a superior alternative.

SYRAH RESOURCES LIMITED
ACN 125 242 284

Registered Office: c/- Vistra Australia (Melbourne) Pty Ltd Level 4, 96-100 Albert Road, South Melbourne VIC 3205

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (**General Meeting**) of shareholders of Syrah Resources Limited (**Syrah** or the **Company**) will be held at:

Venue: Oaks Melbourne on Market Hotel, Market Room 3, Level 1, 60 Market Street, Melbourne VIC 3000

Date: Friday, 24 May 2024

Time: 10.00am (AEST)

Chairman's letter

24 April 2024

Dear Syrah Shareholders

On behalf of the Syrah Board, I am pleased to present this Explanatory Memorandum for the 2024 Annual General Meeting including important information in relation to various resolutions to be proposed including in relation to some of the Company's Convertible Notes held by AustralianSuper.

1. Business overview

A business update on the Company's operations was provided to Shareholders in conjunction with the announcement of Syrah's recent Equity Raising on 13 March 2024, the release of the 2023 Annual Report on 25 March 2024 and subsequent ASX releases, which can be accessed at: www.syrahresources.com.au. Shareholders should also note that the Company's March 2024 quarterly activities and cashflow report is expected to be lodged with ASX on or around 30 April 2024 and which will also be accessible on: www.syrahresources.com.au. Such business updates and the quarterly activities and cashflow report provide an overview of key matters in respect of Balama Graphite Operation (**Balama**), Vidalia Active Anode Material Facility (**Vidalia**) and the Company's financial position.

2. Overview of business of the Annual General Meeting other than relating to the Convertible Notes (Resolutions 1 to 6)

The Board is seeking Shareholder approvals for a number of matters which are commonly proposed at our Annual General Meeting including the adoption of the Remuneration Report as well as resolutions in relation to the re-election of directors, issue of securities as part of the Managing Director and CEO's incentive arrangements and the refresh of the employee share plan known as the "Equity Incentive Plan".

3. Overview of Series 1 and 3 Convertible Notes and Equity Raising resolutions (Resolutions 7, 8 and 9)

The Board is also seeking Shareholder approvals in relation to the proposed revision to the conversion price and conversion of Series 1 and Series 3 Convertible Notes.

The Company has issued five series of convertible notes to AustralianSuper, who as a long-term and active investor, has been, and continues to be, a significant and supportive investor in Syrah since first acquiring fully paid ordinary shares in the capital of the Company (**Shares**) in 2015. In particular, the Company has issued the Series 1 Convertible Note (which matures on 28 October 2024), the Series 3 Convertible Note (which matures on 28 October 2024), the Series 4 Convertible Note, the Series 5 Convertible Note and the Series 6 Convertible Note (each of the Series 4, 5 and 6 Convertible Notes mature on 12 May 2028). The Series 2 Convertible Note was not issued and is no longer available for issue.

a) Series 1 and 3 Convertible Notes Conversion

On 13 March 2024, the Company and AustralianSuper agreed to revise the conversion price for, and that AustralianSuper will convert, the Series 1 and 3 Convertible Notes into Shares (**Series 1 and 3 Convertible Notes Conversion**) five business days after the conversion of the Series 1 and 3 Convertible Notes is approved by Shareholders other than AustralianSuper and its associates (**Non-Associated Shareholders)**. The new Shares to be issued on the Series 1 and 3 Convertible Notes Conversion are defined as the **New Shares**.

Subject to approval of Resolution 7 by Non-Associated Shareholders, the conversion price for the Series 1 and 3 Convertible Notes will be revised to A$0.6688 per Share and AustralianSuper will convert the Series 1 and 3 Convertible Notes into New Shares five days after the General Meeting.

Based on the revised conversion price and a conversion date five business days after the date of the General Meeting, approximately 176.3 million New Shares will be issued to AustralianSuper upon the Series 1 and 3 Convertible Notes Conversion.

Following the Series 1 and 3 Convertible Notes Conversion, AustralianSuper's shareholding is expected to increase from approximately 19.2% to approximately 33.0%.

As the Series 1 and 3 Convertible Notes Conversion will result in AustralianSuper acquiring a relevant interest in the New Shares and AustralianSuper's voting power in Syrah increasing to more than 20%, Shareholder approval is required for the acquisition of the New Shares. Shareholder approval was previously sought, and obtained in July 2023, for the conversion of the Series 1 and 3 Convertible Notes by AustralianSuper. However, given the amendment of the conversion price agreed by the Company and AustralianSuper in March 2024, it is considered prudent for Shareholder approval to be sought again at this time.

The Series 1 and 3 Convertible Notes Conversion will simplify Syrah's capital structure and removes a material potential redemption requirement for the Company.

If Resolution 7 is not approved by Non-Associated Shareholders AustralianSuper may elect to convert the Series 1 and 3 Convertible Notes into New Shares prior to 28 October 2024 at a A$0.9318 per Share conversion price but if it does not, Syrah must redeem the principal outstanding and accrued but unpaid interest of up to approximately A$121.8 million (assuming interest accruing is capitalised to the maturity date), which would require the Company to obtain significant alternative cash funding for such a redemption.

The terms and conditions associated with the Series 4, 5 and 6 Convertible Notes are not being revised.

Independent Expert Report

Syrah has appointed KPMG Corporate Finance as the Independent Expert to provide a report on whether Resolution 7 associated with the conversion of the Convertible Notes are fair and reasonable, and therefore in the best interests of Non-Associated Shareholders. In its report, the Independent Expert has concluded that the Series 1 and 3 Convertible Notes Conversion is not fair but is reasonable, and therefore in the best interests of Non-Associated Shareholders in the absence of a superior alternative. The Independent Expert Report is included as Annexure B to this Explanatory Memorandum. You are encouraged to read the Independent Expert Report in its entirety.

Syrah Directors' Recommendation

The Directors have carefully considered the Series 1 and 3 Convertible Notes Conversion and determined that it is in the best interests of Non-Associated Shareholders in the absence of a superior alternative. Accordingly, the Directors unanimously recommend that you vote in favour of Resolution 7 subject to there being no superior alternative and the Independent Expert continuing to conclude that the Series 1 and 3 Convertible Notes Conversion (and other related matters) are in the best interests of Non-Associated Shareholders. Each member of the Syrah Board intends to vote, or cause to be voted, all Shares which they control in favour of Resolution 7.

In reaching the unanimous decision to recommend to Shareholders to vote in favour of Resolution 7, subject to the qualifications described above, the Directors considered the Company's capital structure, the near-term maturity date and potential redemption requirement for the Series 1 and 3 Convertible Notes and the prospects of various funding alternatives to meet this redemption considering the timeframe. The Directors formed the view that, on balance, considering these factors, the Series 1 and 3 Convertible Notes Conversion ensures a superior outcome for Shareholders, from the perspective of dilution and value maximisation, compared to what would be the case with the alternatives.

Reasons to vote in favour of Resolution 7 are set out in detail in the Explanatory Memorandum. While the Directors unanimously recommend that Shareholders vote in favour of Resolution 7, they also recognise there are reasons why some Shareholders may choose to vote against it, having regard to their own particular circumstances or views. These reasons are also set out in the Explanatory Memorandum. The Directors unanimously believe that the benefits of the Series 1 and 3 Convertible Notes Conversion outweigh the potential disadvantages and risks. The Directors' recommendation and voting intention in respect of Resolution 7 are at all times subject to their fiduciary duties and obligations and the Independent Expert continuing to conclude that the matters the subject of such resolutions are in the best interests of Non-Associated Shareholders in the absence of a superior alternative.

b) Refreshment of placement capacity

ASX Listing Rule 7.1 provides that a company must not, within a 12-month period, issue or agree to issue Equity Securities (which includes convertible securities) representing more than 15% of its total shares at the commencement of that 12-month period unless a specified exception applies or the issue is made with the prior approval of that company's shareholders.

While the issue of the Series 1 and 3 Convertible Notes (and any conversion of such notes into Shares) was previously approved by Shareholders for the purposes of ASX Listing Rule 7.1, given the revised conversion price, the conversion of the Series 1 and 3 Convertible Notes may result in more New Shares being issued than anticipated when the original Shareholder approval for Listing Rule 7.1 purposes was obtained.

While such additional New Shares will not result in the Company exceeding the 15% placement capacity limit, Shareholder approval is now sought in accordance with Listing Rule 7.1 in order to preserve the Company's maximum placement capacity under Listing Rule 7.1.

In addition, as also announced on 13 March 2024, the Company carried out an Equity Raising consisting of:

i. a placement of Shares to institutional Shareholders which raised approximately A$61 million (**Placement**); and

ii. a pro rata non-renounceable entitlement offer of Shares which raised approximately A$37 million (**Entitlement Offer**).

While the Entitlement Offer falls within an exception to ASX Listing Rule 7.1 for the 15% limit, the Placement does not. Accordingly, the Company seeks Shareholder approval to approve the issue of Shares under the Placement to refresh the Company's ability to issue up to 15% of its Shares in any 12 month period in Resolution 9.

How to Vote

The Resolutions can only be passed if they are approved by the requisite majority of Shareholders at the General Meeting being by a simple majority (i.e. more than 50%) of Shareholders present and voting at the General Meeting (whether in person, by proxy, by attorney or in the case of corporate Shareholders by a corporate representative). Voting exclusions apply to each Resolution. The Company will disregard any votes by AustralianSuper and its associates in favour of Resolutions 7 and 8.

Your vote is important in determining whether or not the Resolutions are passed. You may vote on the Resolutions by attending the General Meeting in person, or by appointing a proxy, attorney or body corporate representative to attend the General Meeting and vote on your behalf. If you do not wish to, or are unable to, attend the General Meeting in person, I encourage you to vote on the Resolutions by completing the personalised proxy form accompanying this Explanatory Memorandum and returning it to the Registry so that it is received no later than 10.00am (AEST) on Wednesday, 22 May 2024.

The General Meeting is scheduled to be held at 10.00am (AEST) on Friday, 24 May 2024 at Oaks Melbourne on Market Hotel, Market Room 3, Level 1, 60 Market Street, Melbourne VIC 3000. Shareholders, authorised proxies, attorneys and corporate representatives attending the General Meeting in person will be able to watch, ask questions and vote on the Resolutions.

Further Information

This Explanatory Memorandum sets out important information relating to the Resolutions, including the reasons for your Directors' recommendation and the Independent Expert Report. It also sets out some reasons why you may wish to vote against the Resolutions.

I encourage you to read this Explanatory Memorandum carefully and in its entirety. You should also seek independent legal, financial, tax or other professional advice before making an investment decision in relation to your Shares.

If you have any questions regarding the Resolutions or this Explanatory Memorandum you should contact the Syrah Shareholder Information Line on **1300 850 505** (within Australia) or **+61 3 9415 4000** (outside Australia) any time between 8.30am and 5.00pm (Melbourne time) on Monday to Friday (excluding public holidays).

On behalf of the Syrah Board, I thank you for your ongoing support. I look forward to your participation at the General Meeting and encourage you to vote in favour of all the Resolutions.

Yours sincerely,

Jim Askew

Non-Executive Chairman

Agenda

The Explanatory Memorandum and Proxy Form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Memorandum and the Proxy Form in their entirety.

Capitalised terms not otherwise defined in this Notice have the meaning given in the Explanatory Memorandum which accompanies this Notice.

ORDINARY BUSINESS

Receipt and consideration of Accounts and Reports

To receive and consider the Financial Report of the Company, together with the Directors' Report and Auditor's Report as set out in the Company's Annual Report for the year ended 31 December 2023.

Note: Except as set out in Resolution 1, there is no requirement for Shareholders to approve these reports. Accordingly, no resolution will be put to Shareholders on this item of business.

Resolution 1 Adoption of Remuneration Report

To consider and, if thought fit, pass the following non-binding resolution as an **ordinary resolution**:

"That the Company's Remuneration Report for the financial year ended 31 December 2023 be adopted."

The Remuneration Report is set out on pages 50 – 76 of the Company's Annual Report. Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

A voting exclusion applies to this Resolution as outlined in the Explanatory Memorandum.

Resolution 2 Re-election of Mr James Askew as a Director of the Company

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That Mr James Askew, being a Director of the Company who retires by rotation in accordance with the Company's constitution be re-elected as a Director of the Company."

Resolution 3 Re-election of Mr John Beevers as a Director of the Company

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That Mr John Beevers, being a Director of the Company who retires by rotation in accordance with the Company's constitution be re-elected as a Director of the Company."

Resolution 4 Approval to grant 1,011,389 performance rights to Mr Shaun Verner (or his nominee) as a 2024 Long Term Incentive

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, approval be given to grant 1,011,389 Performance Rights to Mr Shaun Verner (or his nominee), a Director of the Company, as Mr Verner's 2024 Long Term Incentive, and issue any Shares on vesting and exercise of those Performance Rights, under the Equity Incentive Plan and on the terms described in the Explanatory Memorandum."

A voting exclusion applies to this Resolution as outlined in the Explanatory Memorandum.

Resolution 5 Approval to issue 660,609 Shares to Mr Shaun Verner (or his nominee) as his 2023 Short Term Incentive

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.14 and for all other purposes, approval be given to the issue of 660,609 Shares to Mr Shaun Verner (or his nominee), a Director of the Company, as Mr Verner's 2023 Short Term Incentive under the Equity Incentive Plan and on terms described in the Explanatory Memorandum."

A voting exclusion applies to this Resolution as outlined in the Explanatory Memorandum.

Resolution 6 Refresh of Equity Incentive Plan

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That the Company's employee share scheme known as the "Equity Incentive Plan" (**EIP**), a summary of which is included in the Explanatory Memorandum, be approved for all purposes under the Corporations Act and Listing Rules, including:*

(a) approval of the issue of securities under the EIP for the purposes of Listing Rule 7.2 exception 13(b);

(b) approval for the Company to take security over its own shares under the EIP for the purposes of section 259B(2) of the Corporations Act; and

(c) approval for the Company or any of its subsidiaries giving financial assistance (as defined in the Corporations Act) under the EIP for the purposes of section 260C(4) of the Corporations Act; and

(d) approval for the giving of all benefits to current or future Key Management Personnel of the Company or persons who hold a managerial or executive office in the Company or a related body corporate, in connection with the person ceasing to hold an office or position of employment in the Company or a related body corporate for the purposes of sections 200B and 200E of the Corporations Act,

as described in the Explanatory Memorandum which accompanies and forms part of this Notice of General Meeting."

A voting exclusion applies to this Resolution as outlined in the Explanatory Memorandum.

Resolution 7 Approval of acquisition of relevant interest in New Shares by AustralianSuper on conversion of the Series 1 and Series 3 Convertible Notes

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

That for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, approval be given for the acquisition by AustralianSuper of a relevant interest in New Shares issued on conversion of the Series 1 Convertible Note and Series 3 Convertible Note on the terms and conditions described in the Explanatory Memorandum.

A voting exclusion applies to this Resolution as outlined in the Explanatory Memorandum.

Resolution 8 Approval to issue New Shares to AustralianSuper in connection with the conversion of the Series 1 and Series 3 Convertible Notes

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

Subject to Resolution 7 being passed by Shareholders, that for the purposes of Listing Rule 7.1 and for all other purposes, approval be given for New Shares that may be issued on the conversion of Series 1 and Series 3 Convertible Notes to AustralianSuper as a result of the amended conversion price and otherwise on the terms and conditions described in the Explanatory Memorandum.

This resolution is conditional on Resolution 7 passing. If Resolution 7 does not pass, this resolution will not be put to the Meeting.

A voting exclusion applies to this Resolution as outlined in the Explanatory Memorandum.

Resolution 9 Ratification of the prior issue of the Shares under the Placement

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

That for the purposes of Listing Rule 7.4 and for all other purposes, approval be given for the ratification of the prior issue of the Shares under the Placement on the terms and conditions described in the Explanatory Memorandum.

A voting exclusion applies to this Resolution as outlined in the Explanatory Memorandum.

By order of the Board

Melanie Leydin

Company Secretary

Dated: 24 April 2024

SYRAH RESOURCES LIMITED
ACN 125 242 284
EXPLANATORY MEMORANDUM

Purpose of Explanatory Memorandum

This Explanatory Memorandum provides further detail in respect of the Resolutions (including why Shareholders may vote in favour or against the Resolutions) and should be read in its entirety (along with the Notice).

Shareholders should also carefully consider the Independent Expert Report (set out in Annexure B of this Explanatory Memorandum) for the purposes of the Shareholder approvals required under item 7 of section 611 of the Corporations Act (see Resolutions 7 and 9). The Independent Expert has concluded that the Series 1 and 3 Convertible Notes Conversion is not fair but is reasonable, and therefore in the best interests of Non-Associated Shareholders in the absence of a superior alternative.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor, or other professional advisor without delay.

Receipt and consideration of Accounts and Reports

Under the Corporations Act, the Directors of the Company must table the Financial Report, the Directors' Report (including the Remuneration Report) and the Auditor's Report for the year ended 31 December 2023.

These reports are set out in the 2023 Annual Report. Shareholders who elected to receive a printed copy of annual reports should have received the 2023 Annual Report with this Notice of Annual General Meeting. In accordance with section 314(1AF) of the Corporations Act, you may access the 2023 Annual Report at the Company's website: www.syrahresources.com.au or via the Company's announcement platform on ASX. Except as set out in Resolution 1 (adoption of the Remuneration Report), no resolution is required on these reports.

Resolution 1 Adoption of Remuneration Report

The Directors Report for the period ended 31 December 2023 contains a Remuneration Report which sets out in detail the Company's policy for determining remuneration for Directors and other members of the Company's Key Management Personnel. It includes information on the elements of remuneration that are performance based, the performance conditions that apply and the methodology used to assess the achievement of these performance conditions.

The Company's remuneration strategy is designed to provide a link between the achievement of the Company's strategic objectives and executive rewards. It is designed to reward, motivate and retain the Company's executive team through market competitive remuneration and benefits, to support the continued success of the Company's businesses and ultimately to create shareholder value.

Section 250R(2) of the Corporations Act requires that the Company put to shareholder vote a resolution to adopt the Remuneration Report. The vote is advisory only and does not bind the Directors or the Company. However, a reasonable opportunity for discussion of the Remuneration Report will be provided at the Meeting. The Board will take into account the discussion on this resolution and the outcome of the vote when considering the future remuneration arrangements of the Company.

Shareholders are asked to consider and adopt the Remuneration Report for the year ended 31 December 2023.

Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 1.

Voting intention

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

Voting exclusions

The Company will disregard any votes cast on Resolution 1 by or on behalf of:

(a) a person who is a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report for the year ended 31 December 2023 or a closely Related Party of such Key Management Personnel (regardless of the capacity in which the vote is cast); and

(b) as proxy by a person who is a member of the Key Management Personnel on the date of the Annual General Meeting or a Closely Related Party of such a member.

However, the Company need not disregard a vote on this Resolution 1 if:

1. *it is cast as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or*
2. *it is cast by the Chairman for a person who is entitled to vote, and the Proxy Form does not specify the way the proxy is to vote on Resolution 1, provided that the Proxy Form includes an express authorisation for the Chairman to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of the Key Management Personnel.*

Resolution 2 Re-election of Mr James Askew as a Director of the Company

Background

Mr Askew was appointed as a Non-Executive Director by the Board on 22 October 2014. He was last re-elected by Shareholders on 21 May 2021. The constitution requires that at every Annual General Meeting one-third of the Directors retire from office, as well as any other Director who would otherwise have been in office for three or more Annual General Meetings since he or she was last elected to office.

Mr Askew will retire at the conclusion of the Meeting and, being eligible for re-election, offers himself for re-election as a Director.

Mr Askew is a mining engineer with over 40 years broad international experience as a Director and Chief Executive Officer for a wide range of Australian and international publicly listed mining, mining finance and other mining related companies. He has been continuously involved with the African mining industry since 1985.

Board recommendation

The Board (Mr Askew abstaining) recommends that Shareholders vote in favour of Resolution 2.

Voting intention

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 2.

Resolution 3 Re-election of Mr John Beevers as a Director of the Company

Background

Mr Beevers was appointed as a Non-Executive Director by the Board on 22 May 2020. He was last elected by Shareholders on 21 May 2021. The constitution requires that at every Annual General Meeting one-third of the Directors retire from office, as well as any other Director who would otherwise have been in office for three or more Annual General Meetings since he or she was last elected to office.

Mr Beevers will retire at the conclusion of the Meeting and, being eligible for re-election, offers himself for re-election as a Director.

Mr Beevers has over 35 years of experience in the resources, mining services and chemical industries. His qualifications include a Degree in Engineering (Mining) and a Master of Business. He has held operational and leadership roles both locally and internationally, and specifically in Manufacturing operations, Technology and Marketing. Prior executive roles include CEO of Orica Mining Services and, MD & CEO of GroundProbe, and is also an experienced company director.

Board recommendation

The Board (Mr Beevers abstaining) recommends that Shareholders vote in favour of Resolution 3.

Voting intention

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3.

Resolution 4 Approval to grant 1,011,389 performance rights to Mr Shaun Verner (or his nominee) as a 2024 Long Term Incentive

Background

This resolution seeks Shareholder approval to grant 1,011,389 Performance Rights to Mr Shaun Verner (or his nominee) as his 2024 long term incentive on the terms described below and in accordance with the Company's Equity Incentive Plan (**EIP**), as well as approval for the issue of any Shares on vesting and exercise of those Performance Rights.

Performance Rights are proposed to be granted to Mr Verner (or his nominee) to further enhance the alignment of his interests with the interests of Shareholders.

It is proposed that Mr Verner (or his nominee) be granted 1,011,389 Performance Rights, which has been determined by dividing Mr Verner's maximum 2024 LTI opportunity, being A$687,795 by the volume average weighted price (**VWAP**) of Shares on the ASX for the 60 trading days (05/10/2023 – 29/12/2023 inclusive) prior to the commencement of the performance period on 1 January 2024 being A$0.680, noting that these numbers have been rounded.

As the Performance Rights will form part of Mr Verner's remuneration, they will be granted for no cash payment and there will be no amount payable by him on vesting and exercise.

Vesting is subject to satisfaction of Performance Hurdles (see further below).

The vested Performance Rights will be exercisable from the vesting date on 31 December 2026 until the date that is two years after the vesting date, being 31 December 2028, subject to the Company's securities trading policy. Each vested Performance Right entitles Mr Verner (or his nominee) to be issued one Share in the Company, or equivalent cash payment, on vesting and exercise. Prior to vesting and exercise, Performance Rights do not entitle Mr Verner to any dividends or voting rights.

Under the terms of the grant, the Performance Rights will only vest upon a significant improvement in the market capitalisation of the Company compared to the performance of companies in the comparator group detailed below. This will further align Mr Verner's interests with the interests of all Shareholders.

It should be recognised that the achievement of these objectives will be to the benefit of all Shareholders, and the vesting of the Performance Rights can only occur if these benefits are realised.

Consistent with the desire to minimise cash expenditures, the Board believes that having regard to the Company's current cash position and in order to compensate Mr Verner in line with current market practices, Performance Rights provide an appropriate and meaningful form of remuneration that aligns with Shareholder interests.

Approval is being sought in this resolution in respect of the proposed grant of Performance Rights to Mr Verner (or his nominee) under the EIP as a component of his overall executive remuneration package as Managing Director & Chief Executive Officer of the Company.

Terms of the Performance Rights

A total of 1,011,389 Performance Rights will be granted to Mr Verner (or his nominee) under the EIP, subject to Shareholder approval. The vesting of the Performance Rights is contingent on the satisfaction of the Performance Hurdles outlined below over a three-year performance period commencing 1 January 2024 and expiring 31 December 2026.

1. LTI performance hurdles

The Performance Rights are subject to the satisfaction of two Performance Hurdles:

(a) 50% of the Performance Rights vest based on the satisfaction of a relative total shareholder return (**TSR**) performance hurdle; and

(b) 50% of the Performance Rights vest based on the absolute total shareholder return performance of the Company.

Details of the Performance Hurdles are set out below and otherwise in the Company's Remuneration Report.

(a) Relative TSR Performance Hurdle

The portion of the Performance Rights that are subject to the relative TSR performance hurdle will only be eligible to vest and become exercisable into Shares at the end of the performance period if the Company's TSR is at least equal to the median of the comparator group performance (**Relative TSR Performance Hurdle**). The entire annual allocation will vest if the Company's TSR is at the 75th percentile or higher than the comparator group performance. The percentage of Performance Rights subject to the Relative TSR Performance Hurdle that vest will be determined by reference to the following vesting schedule:

- 0% vesting if the Company's relative TSR performance is at or below the median performance of the comparator group;
- 50% to 100% vesting if the Company's relative TSR performance is between the median performance of the comparator group, but below the 75th percentile performance of the comparator group; and
- 100% vesting if the Company's relative TSR performance is at or above the 75th percentile performance of the comparator group.

There will be a straight-line pro-rata vesting of Performance Rights where the Company's TSR performance is between the median and 75th percentile performance in accordance with the EIP.

The comparator group is the companies in the S&P/ASX300 Index (XKO) as at 1 January 2024, classified under the "Materials" industry under the GICS classification system, provided that it will not include any company that suffers an insolvency event, undertakes a material merger or acquisition or is delisted from the ASX during the performance period.

(b) Absolute TSR Performance Hurdle

The portion of Performance Rights subject to the absolute TSR Performance Hurdle will only vest and become exercisable into Shares at the end of the performance period if the Company's absolute TSR outcome is above the threshold performance TSR target, being 8.6% of the compound annualised growth rate, as set by the Board for the performance period (**Absolute TSR Performance Hurdle**).

The percentage of Performance Rights subject to the Absolute TSR Performance Hurdle that vest will be determined by reference to the following vesting schedule:

- 0% vesting if the Company's absolute TSR performance is at or below threshold performance;
- 50% to 100% vesting if the Company's absolute TSR performance is between threshold and maximum performance of 18.8% of the compound annualised growth rate; and
- 100% vesting if the Company's absolute TSR performance is at or above maximum performance.

There will be a straight-line pro-rata vesting of Performance Rights where the Company's absolute TSR performance is between threshold and maximum performance in accordance with the EIP.

2. Vesting and testing

The Performance Period will run from 1 January 2024 to 31 December 2026.

The Company's Remuneration, Nomination and Governance Committee will test performance against the Performance Hurdles to determine whether the Performance Rights are eligible to vest shortly after the end of the performance period.

If the Performance Hurdles are not satisfied on the Performance Date, the Performance Rights will lapse unless the Remuneration, Nomination and Governance Committee exercises its discretion to waive the Performance Hurdle in whole or in part.

There is no re-testing of the Performance Hurdles.

The number of Performance Rights which vest is determined by assessing the performance of the Company against the Relative TSR Performance Hurdle and Absolute TSR Performance Hurdle outlined above. The VWAP of the Shares in the 60 trading days prior to the end of the Performance Period (which ends 31 December 2026) compared to the VWAP of the Shares in the 60 trading days prior to the commencement of the Performance Period (which commenced on 1 January 2024, will be used in calculating TSR over the three year Performance Period. The calculation of absolute and relative TSR will incorporate capital returns as well as dividends notionally reinvested and is considered the most appropriate means of measuring the Company's performance.

3. Cessation of employment

Where Mr Verner ceases employment as a 'bad leaver' (which includes by resignation or dismissal for cause or poor performance), unvested Performance Rights will immediately lapse and any vested Performance Rights may be exercised within 60 days of ceasing employment if permitted by the Company's securities dealing policy, or within 60 days of restrictions ceasing to apply under the Company's securities dealing policy. Vested Performance Rights that are not exercised by this time will lapse.

In all other circumstances, a pro rata portion of unvested Performance Rights will remain on foot and will vest and become exercisable in the normal course subject to the original conditions, as though Mr Verner had not ceased employment. The remaining portion of unvested Performance Rights will lapse immediately. Any vested Performance Rights will remain on foot and may be exercised until the expiry date.

However, the Board retains discretion under the EIP to determine to treat any unvested Performance

Rights other than in the manner set out above if the Board determines that the relevant circumstances warrant such treatment.

4. Change of control

If a corporate control event is likely to occur, the Board has a discretion to determine that that some or all of the Performance Rights vest and become exercisable or lapse. If a corporate control event occurs prior to the Board exercising its discretion, all unvested Performance Rights granted will automatically vest and become exercisable into Shares, irrespective of whether Performance Hurdles have been achieved and all vested but unexercised Performance Rights will lapse four months after the change of control event if not exercised.

5. Clawback

Under the EIP, the Board has broad "clawback" powers to determine that the Performance Rights lapse or any Shares allocated on vesting are forfeited in certain circumstances, including for example in the case of a breach of duties to a Group company or fraud or misconduct.

6. Restrictions on dealing

Mr Verner (or his nominee) may not deal with, or enter into any arrangement for the purpose of hedging, Performance Rights prior to vesting and exercise.

Legal Requirements – ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires that the Company not permit a Director or their Associates or a person whose relationship with the Company or the Director or their Associates is such that, in ASX's opinion, the acquisition should be approved by its shareholders, to acquire securities under an "employee incentive scheme" without shareholder approval (unless an exception applies). The issue of Performance Rights to Mr Verner (or his nominee) falls within ASX Listing Rule 10.14.1 (and/or, to the extent any Performance Rights are issued to his nominee, ASX Listing Rule 10.14.2), and the Board is therefore seeking Shareholder approval to grant Performance Rights to Mr Verner (or his nominee) on the terms set out above and under the EIP.

The EIP constitutes an "employee incentive scheme" under the ASX Listing Rules.

If this resolution is passed, the Company will be able to proceed with the issue of the Performance Rights to Mr Verner (or his nominee).

If this resolution is not passed, the Company will not be able to proceed with the issue of the Performance Rights to Mr Verner (or his nominee).

Disclosures for the purposes of ASX Listing Rules 10.14 and 10.15

The following disclosures are made for the purposes of ASX Listing Rules 10.14 and 10.15:

(a) the person is Mr Shaun Verner (or his nominee);

(b) approval for Mr Verner is sought under ASX Listing Rule 10.14.1, being a Director of the Company (and/or, to the extent any Performance Rights are issued to his nominee, under ASX Listing Rule 10.14.2, being an Associate of a Director of the Company);

(c) the maximum number of Performance Rights to be granted is 1,011,389. Performance Rights are proposed to be issued to further enhance the alignment of Mr Verner's interests with the interests of Shareholders and as part of his remuneration package (see above);

(d) Mr Verner's current fixed remuneration package is equal to A$687,795 per annum. In addition, Mr Verner's current maximum STI is 75% of his total fixed remuneration package, and maximum LTI is 100% of his total fixed remuneration package, which is equal to a maximum total current remuneration package of A$1,891,436 per annum;

(e) the total number of securities previously issued to Mr Verner under the EIP are 6,165,792 Performance Rights at nil acquisition price and 795,004 Shares issued from a range from $0.432 to $2.249 per Share;

(f) a summary of the material terms of the Performance Rights is included above. The Performance Rights will have a three-year performance period from 1 January 2024 to 31 December 2026. The total value the entity attributes to these securities is A$687,795. Subject to the satisfaction of the vesting and exercise conditions described above, Mr Verner (or his nominee) will receive one Share in the Company for each Performance Right exercised;

(g) the entity will issue the Performance Rights on or around 10 June 2024, and in any event no later than 3 years after the date of the meeting;

(h) the Performance Rights will be granted to Mr Verner (or his nominee) at nil issue price;

(i) a summary of the material terms of the EIP can be found in Annexure A to this Notice of Meeting.

(j) no loan will be made by the Company in relation to the grant of Performance Rights to Mr Verner (or his nominee);

(k) details of any Performance Rights issued under the EIP will be published in each Annual Report of the Company relating to a period in which the Performance Rights have been issued in addition to a statement that the securities were issued under ASX Listing Rule 10.14;

(l) any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the EIP after this Resolution is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14;

(m) if approval is given under ASX Listing Rule 10.14, approval will not be sought under ASX Listing Rule 7.1; and

(n) a voting exclusion statement is included below.

Termination Benefits approval – section 200B and s200E Corporations Act

Sections 200B and 200E of the Corporations Act prohibit the Company from giving a benefit to a person who holds (or has held in the previous three years) a managerial or executive office with the Company or its subsidiaries, if that benefit is given in connection with that person's retirement from office and is in excess of that person's average annual base salary over the relevant period, unless the benefit is approved by Shareholders or an exemption applies.

Approval is therefore sought under section 200E of the Corporations Act to allow for the Board to determine to accelerate vesting of some or all of Mr Verner’s (or his nominee’s) unvested Performance Rights in the event Mr Verner ceases employment in ‘good leaver’ circumstances being cessation other than due to resignation or dismissal for cause or poor performance and for the benefit not to be a termination benefit for the purposes of the Corporations Act. Where Mr Verner ceases as a ‘bad leaver’ (which includes by resignation or dismissal for poor performance), all unvested Performance Rights will lapse, unless the Board determines otherwise.

If Shareholder approval is obtained, the value of the approved benefits will be disregarded when calculating Mr Verner’s termination benefits cap for the purpose of subsection 200F(2)(b) or subsection 200G(1)(c) of the Corporations Act. The approval will be effective from the date the resolution is passed until the conclusion of the 2026 Annual General Meeting (that is, for a period of approximately three years).

The value of any benefit relating to the Performance Rights given in connection with Mr Verner ceasing to hold managerial or executive office cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value are:

- the number of Performance Rights held by Mr Verner (or his nominee) prior to cessation of his employment;
- the date when, and circumstances in which, Mr Verner ceases employment;
- whether performance hurdles are waived or (if not waived) met, and the number of Performance Rights that vest (which could be all of the Performance Rights held by Mr Verner (or his nominee)); and
- the market price of the Shares on ASX on the date Shares are provided to Mr Verner (or his nominee) upon vesting of the Performance Rights.

Board recommendation

The Board (Mr Verner abstaining) recommends that Shareholders vote in favour of Resolution 4.

Voting intention

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4.

Voting exclusions

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

(a) Mr Shaun Verner and any of his Associates, regardless of the capacity in which the votes are cast;

(b) as a proxy, any person who is a member of Key Management Personnel on the date of the Annual General Meeting or a Closely Related Party of such a member,

However, this does not apply to a vote cast in favour of Resolution 4 by:

(c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

(d) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the "chair to vote on the resolution as the chair decides; or

(e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the following conditions are met:

a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and

b. the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Furthermore, a vote must not be cast as proxy on Resolution 4 by a member of the Key Management Personnel (as defined by the Corporations Act) or a closely related party of Key Management Personnel.

However, a person described above (a "Restricted Voter") may cast a vote on Resolution 4 as a proxy if:

a. *The Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or*

b. *The Chairman is the Restricted Voter and the written appointment of the Chairman as proxy does not specify the way the proxy is to vote on the Resolution or expressly authorises the Chairman to exercise the proxy even though the Resolution is or are connected with the remuneration of a member of the Key Management Personnel.*

Resolution 5 Approval to issue 660,609 Shares to Mr Shaun Verner (or his nominee) as his 2023 Short Term Incentive

The Company's Managing Director and Chief Executive Officer, Mr Shaun Verner, is entitled to receive a Short Term Incentive (**STI**) award of up to 75% of his total fixed remuneration for his 2023 STI grant.

As disclosed in the 2023 Remuneration Report, the Board awarded Mr Verner 66.50% of his STI opportunity for the year ending 31 December 2023, being A$335,136, which is to be satisfied by the issue of Shares to the value of A$335,136, subject to Shareholder approval. The issue of Shares will assist to conserve the Company's cash position and facilitate a greater level of executive shareholding in the Company, which the Board considers will further align their interests with Shareholders.

ASX Listing Rule 10.14 requires that the Company obtain Shareholder approval prior to the issue of equity securities to a Director of the Company under an "employee incentive scheme". As Mr Verner is a Director of the Company, Shareholder approval is sought to issue him (or his nominee) 660,609 Shares under the EIP.

The number of Shares to be issued was calculated by dividing the dollar value of Mr Verner's 2023 STI grant (being A$335,136) by the allocation price of A$0.508 per Share, being the 5-day VWAP of Shares up to and including 17 January 2024. This is the same allocation price used for all share-based 2023 STI grants to other executives.

The Shares issued to Mr Verner (or his nominee) will rank equally in all respects with other Shares on issue at that time.

Restrictions on dealing

Mr Verner will be free to deal with the Shares issued to him, subject to the requirements of the Company's securities trading policy.

Other terms

The Board has broad discretion to forfeit or clawback some or all of the Shares in certain circumstances, including for example in the case of fraud, dishonesty or gross misconduct.

In the event that Shareholder do not approve this resolution, the value of Mr Verner's 2023 STI grant proposed to be paid in Shares, being A$335,136, will be paid in cash rather than Shares.

Legal Requirements – ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires that the Company not permit a Director or their Associates or a person whose relationship with the Company or the Director or their Associates is such that, in ASX's opinion, the acquisition should be approved by its shareholders, to acquire securities under an "employee incentive scheme" without shareholder approval (unless an exception applies). The issue of Shares to Mr Verner (or his nominee) falls within ASX Listing Rule 10.14.1 (and/or, to the extent any Shares are issued to his nominee, ASX Listing Rule 10.14.2), and the Board is therefore seeking Shareholder approval to issue Shares to Mr Verner (or his nominee) on the terms set out above and under the EIP.

The STI grant under the Equity Incentive Plan constitutes an "employee incentive scheme" under the

ASX Listing Rules.

If this resolution is passed, the Company will be able to proceed with the issue of the Shares to Mr Verner (or his nominee).

If this resolution is not passed, the Company will not be able to proceed with the issue of the Shares to Mr Verner (or his nominee), and the value of Mr Verner's 2023 STI grant proposed to be paid in Shares, being A$335,136, will be paid in cash.

Disclosures for the purposes of ASX Listing Rules 10.14 and 10.15

The following disclosures are made for the purposes of ASX Listing Rules 10.14 and 10.15:

(a) the person is Mr Shaun Verner (or his nominee);

(b) approval for Mr Verner is sought under ASX Listing Rule 10.14.1, being a Director of the Company (and/or, to the extent any Shares are issued to his nominee, under ASX Listing Rule 10.14.2, being an Associate of a Director of the Company);

(c) the maximum number of Shares to be granted is 660,609;

(d) Mr Verner's current fixed remuneration package amounts to A$687,795 per annum, and his 2023 fixed remuneration package amounted to A$669,630 per annum which was used to calculate his STI Shares to be issued if this resolution is passed. In addition, Mr Verner's current maximum STI is 75% of his total fixed remuneration package, and maximum LTI is 100% of his total fixed remuneration package, which is equal to a maximum total current remuneration package of A$1,891,436 per annum;

(e) the total number of securities previously issued to Mr Verner under the EIP are 6,165,792 Performance Rights at nil acquisition price and 795,004 Shares issued from a range from $0.432 to $2.249 per Share;

(f) the Company will issue the Shares on or around 10 June 2024, and in any event no later than 3 years after the date of the meeting;

(g) the Shares will be granted to Mr Verner (or his nominee) at a deemed issue price of A$0.508 per Share;

(h) a summary of the material terms of the EIP can be found in Annexure A to this Notice of Meeting.

(i) no loan will be made by the Company in relation to the grant of Shares to Mr Verner (or his nominee);

(j) details of any Shares issued under the EIP will be published in each Annual Report of the Company relating to a period in which the Shares have been issued in addition to a statement that the securities were issued under ASX Listing Rule 10.14;

(k) any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the EIP after this Resolution is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14;

(l) if approval is given under ASX Listing Rule 10.14, approval will not be sought under ASX Listing Rule 7.1; and

(m) a voting exclusion statement is included below.

Board recommendation

The Board (Mr Verner abstaining) recommends that Shareholders vote in favour of this resolution.

Voting intention

The Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

Voting exclusions

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

(a) Mr Shaun Verner and any of his Associates, regardless of the capacity in which the votes are cast;
(b) as a proxy, any person who is a member of Key Management Personnel on the date of the Annual General Meeting or a Closely Related Party of such a member,

However, this does not apply to a vote cast in favour of Resolution 5 by:

(c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
(d) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
(e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the following conditions are met:

a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and

b. the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Furthermore, a vote must not be cast as proxy on Resolution 5 by a member of the Key Management Personnel (as defined by the Corporations Act) or a closely related party of Key Management Personnel.

However, a person described above (a "Restricted Voter") may cast a vote on Resolution 5 as a proxy if:

a. The Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or

b. The Chairman is the Restricted Voter and the written appointment of the Chairman as proxy does not specify the way the proxy is to vote on the Resolution or expressly authorises the Chairman to exercise the proxy even though the Resolution is or are connected with the remuneration of a member of the Key Management Personnel.

Resolution 6 Refresh of Equity Incentive Plan

Background

The Company adopted its Equity Incentive Plan (EIP or Equity Incentive Plan) on 17 May 2018, and was last refreshed at the Annual General Meeting held on 21 May 2021.

The Board is committed to incentivising and retaining the Company's Directors and employees in a manner which promotes alignment of their interests with shareholder interests. Additionally, the Board considers equity-based compensation an integral component of the Company's remuneration platform as it allows it to be fiscally prudent by conserving cash resources while still enabling it to offer market-competitive remuneration arrangements.

The EIP is regarded as an employee incentive scheme for the purposes of Exception 13 of Listing Rule 7.2. A copy of the EIP will be provided without charge to Shareholders on request.

The EIP is intended to enable participants to share in any increase in the Company's value (as measured by the Share price) beyond the date of allocation of the securities under the EIP. A summary of the EIP is set out in Annexure A of this Explanatory Memorandum.

Shareholder approval of the EIP and any securities to be issued pursuant to the EIP is sought pursuant to Listing Rule 7.2, Exception 13(b). Further details relating to Listing Rules requirements are set out below.

Any issue of securities under the EIP to Directors, or their associates, will require approval by Shareholders under Listing Rule 10.14.

The Company intends that all securities issued under the EIP will comply with Division 1A of Part 7.12 of the Corporations Act 2001, and therefore the Company is not required to issue a prospectus or disclosure document in relation to the issue of securities under the EIP.

ASX Listing Rules

As stated in Resolution 6, Listing Rule 7.1 provides generally that a company may not issue shares or securities convertible into shares equal to more than 15% of the company's issued share capital in any consecutive 12-month period without obtaining prior shareholder approval, unless the issue fits into one of the exceptions contained in Listing Rule 7.2. Listing Rule 7.2 Exception 13(b) of the Listing Rules effectively provides that securities issued pursuant to an employee incentive scheme are not included in the 15% Placement Capacity provided the employee incentive scheme and the securities to be issued pursuant to the EIP have been approved by members within the previous 3 years.

Accordingly, Shareholder approval is sought pursuant to this Resolution in order for the Company to continue to be able to issue securities pursuant to the EIP and have those securities qualify under Listing Rule 7.2 exception 13(b) for a further 3 years from the date of approval.

The Board intends that the issue of securities under the EIP continues to not be included when undertaking the calculation of the 15% limit pursuant to Listing Rule 7.1. Accordingly, the Company is seeking Shareholder re-approval of the EIP in order that the issue of securities pursuant to the EIP will continue to qualify as an exception to Listing Rule 7.1 under Exception 13(b) to Listing Rule 7.2.

If Resolution 6 is not passed, any issue of securities under the EIP will be included in calculating the Company's 15% Placement Capacity in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue over any 12-month period without the approval of Shareholders.

Information required for Listing Rule 7.2, Exception 13(b)

Listing Rule 7.2, Exception 13(b) requires the following information to be provided to Shareholders:

<u>Securities already issued under EIP since the Prior Approval</u>

Since 21 May 2021, the date on which Shareholders last refreshed the EIP, the Company has issued a total of 13,728,062 securities under the EIP, being 10,095,224 Performance Rights and 3,632,838 Shares under the EIP.

<u>Maximum number of Equity Securities to be issued under the EIP</u>

Approval of Shareholders is sought to issue up to 82 million Equity Securities under the EIP (which include Options or Performance Rights each conditionally entitling the applicable holder to one Share upon exercise or achievement of the applicable vesting conditions). Any additional issues of securities under the EIP above that number would require further Shareholder approval.

Summary of Terms and Conditions of the EIP

Refer to Annexure A of this Explanatory Memorandum for a summary of the terms and conditions of the EIP.

Corporations Act provisions

Section 260C(4) of the Corporations Act

If the Company elects to offer a participant the ability to participate in the cashless exercise facility (**Facility**) under the EIP, the Company may be considered to be providing financial assistance to the participant as the Company as, under the Facility, the Company may financially assist EIP participants to acquire Shares in the Company.

Under section 260A of the Corporations Act, the Company is prohibited from financially assisting in the acquisition of Shares except in certain limited circumstances or if an exemption from this prohibition applies. However. there is an exemption from the prohibition against financial assistance in section 260C(4) of the Corporations Act for financial assistance provided under an employee share scheme, where the employee share scheme has been approved by shareholders in a general meeting.

Accordingly, the Company is also seeking approval of the EIP for the purposes of section 260C(4) of the Corporations Act.

Directors Recommendations

As the Directors of the Company are excluded from voting on this Resolution pursuant to the Listing Rules, they make no recommendation to the Shareholders in respect of the EIP.

Voting exclusions

The Company will disregard any votes cast in favour of this Resolution by a person who is eligible to participate in the Equity Incentive Plan or any associate of that person or those persons.

However, the Company need not disregard a vote cast in favour of this Resolution by:

a. *a person as a proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or*
b. *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or*
c. *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
    i. *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
    ii. *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

As this Resolution may be considered to relate to the remuneration of a member of the KMP for the Company, the Company will disregard all votes cast on this Resolution by a member of the KMP or a Closely Related Party of a KMP, who has been appointed as a proxy unless:

a. *the proxy is appointed by writing that specifies how the proxy is to vote on that Resolution; or*

b. *if the proxy is the Chair and the appointment of the Chair as a proxy does not specify the way the proxy is to vote on that Resolution but it expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP for the Company or if the Company is party of a consolidated entity, for the entity.*

Given the Directors are eligible to participate in the Equity Incentive Plan, the Directors will not be voting on this Resolution.

Resolution 7 Approval of acquisition of relevant interest in New Shares by AustralianSuper on conversion of the Series 1 and Series 3 Convertible Notes

Background

The Company has issued five series of convertible notes to AustralianSuper, who as a long-term and active investor, has been, and continues to be, a significant and supportive investor in Syrah since first acquiring Shares in 2015.

In particular, the Company has issued the Series 1 Convertible Note (which matures on 28 October 2024), the Series 3 Convertible Note (which matures on 28 October 2024), the Series 4 Convertible Note, the Series 5 Convertible Note and the Series 6 Convertible Note (each of the Series 4, 5 and 6 Convertible Notes mature on 12 May 2028). The issue and conversion of each series of Convertible Notes has previously been approved by Shareholders. For completeness, it should be noted that the Series 2 Convertible Note was not issued and is no longer available for issue.

On 13 March 2024, the Company and AustralianSuper entered into a binding agreement:

(a) to revise the conversion price of the Series 1 and Series 3 Convertible Notes to A$0.6688 per Share; and

(b) for AustralianSuper to convert the Series 1 and Series 3 Convertible Notes into New Shares,

conditional on Non-Associated Shareholder approval pursuant to item 7 of section 611 of the Corporations Act by no later than 30 June 2024. Completion of the Series 1 and 3 Convertible Notes Conversion would occur five business days after such Non-Associated Shareholder approval is obtained.

Based on the revised conversion price and a conversion date five business days after the date of the General Meeting, approximately 176.3 million New Shares will be issued to AustralianSuper upon the Series 1 and 3 Convertible Notes Conversion.

Following the Series 1 and 3 Convertible Notes Conversion, AustralianSuper's Shareholding is expected to increase from approximately 19.2% to approximately 33.0%. As the Series 1 and 3 Convertible Notes Conversion will result in AustralianSuper acquiring a relevant interest in the New Shares and AustralianSuper's voting power in Syrah increasing to more than 20%, Shareholder approval is required for the acquisition of the New Shares. Shareholder approval was previously sought, and obtained, for the conversion of the Series 1 and 3 Convertible Notes by AustralianSuper in July 2023. However, given the amendment of the conversion price agreed in March 2024, it is considered prudent for Shareholder approval to be sought again at this time.

The Series 1 and 3 Convertible Notes Conversion will simplify Syrah's capital structure and remove a material potential redemption requirement for the Company on 28 October 2024 of up to approximately A$121.8 million, which would require the Company to obtain significant alternative cash funding for such a redemption.

The terms and conditions associated with the Series 4, 5 and 6 Convertible Notes are not being revised.

For personal use only

Section 606 and item 7 of section 611 of the Corporations Act

Under section 606 of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a public company, if as a result of the acquisition any person's voting power in the company would increase:

(a) from 20% or below to more than 20%; or

(b) from a starting point that is above 20% and below 90%,

unless an exception to this rule applies. Exceptions include acquisitions pursuant to takeover offers, schemes of arrangement and shareholder-approved acquisitions.

In broad terms, a person has a 'relevant interest' in shares if that person holds shares or has the power to control the right to vote or dispose of shares. A person's 'voting power' in a company is the number of voting shares in which the person and its Associates have a relevant interest in compared with the total number of voting shares in a company.

Item 7 of section 611 of the Corporations Act provides an exception to the section 606 prohibition on acquiring more than 20% voting power. Item 7 allows a person and its Associates to acquire a relevant interest in shares that would otherwise be prohibited under section 606(2) of the Corporations Act if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the company, and:

(a) no votes are cast in favour of the resolution by the person proposing to make the acquisition and their Associates; and

(b) the members of the company were given all information known to the person proposing to make the acquisition or their Associates, or known to the company, that was material to the decision on how to vote on the resolution.

As at 17 April 2024, AustralianSuper has voting power of approximately 19.2% in the Company[1]. AustralianSuper provided a component of the sub-underwriting of the retail component of the Entitlement Offer and was issued approximately 11.6 million new Shares on 10 April 2024 pursuant to its sub-underwriting (such Shares being included in the 19.2% voting power of AustralianSuper).

Resolution 7

Following the Series 1 and 3 Convertible Notes Conversion and subject to the assumptions below the table on page 30, AustralianSuper's voting power in the Company will increase to approximately 33.0%.

Accordingly, Resolution 7 seeks Shareholder approval for the purpose of item 7 of section 611 of the Corporations Act, being one of the exceptions to the prohibition in section 606 on acquiring more than 20% voting power, to enable AustralianSuper to convert the Series 1 and 3 Convertible Notes and increase its voting power in the Company beyond 20% without breaching section 606 of the Corporations Act.

If Shareholder approval under Resolution 7 is obtained then:

- the conversion price for the Series 1 and Series 3 Convertible Notes will be revised to A$0.6688 per New Share; and
- AustralianSuper will convert the Series 1 and Series 3 Convertible Notes into New Shares five business days after the General Meeting.

If Shareholder approval under Resolution 7 is not obtained, then:

[1] Based on 856.9 million Shares on issue as at the date of the Notice.

- the conversion price for the Series 1 and Series 3 Convertible Notes will not be revised to A$0.6688 per Share and will be A$0.9318 per Share, which is the conversion price following the Equity Raising adjusted in accordance with the adjustment rules in clause 14 and schedule 2 of the deeds in respect of the Series 1 and 3 Convertible Notes; and
- the Series 1 and Series 3 Convertible Notes will not be converted into New Shares immediately following the General Meeting. AustralianSuper may elect to convert the Series 1 and 3 Convertible Notes into New Shares prior to 28 October 2024 at a conversion price of A$0.9318 per Share but if it does not, Syrah must redeem the principal outstanding and accrued but unpaid interest of these notes at the maturity date. Such amount is estimated to be approximately A$116.4 million (assuming interest accruing is capitalised to 31 March 2024 and cash paid in full from 1 April 2024) and approximately A$121.8 million (assuming interest accruing is capitalised to the maturity date). This would require the Company to obtain significant alternative cash funding for such a redemption.

AustralianSuper

The Series 1, Series 3, Series 4, Series 5 and Series 6 Convertible Notes have been issued to AustralianSuper.

AustralianSuper is the largest superannuation fund in Australia and has been a long-term supporter of the Company having established its first investment in Syrah in 2015.

Furthermore, AustralianSuper’s investment is aligned to the Company achieving its strategic goals, including the capital intensive and long-duration development and operations of Balama and Vidalia. Further details of AustralianSuper’s intentions regarding its investment in and the future of the Company are contained on page 31.

AustralianSuper has confirmed that it does not have any Associates which have a relevant interest in Shares in the Company.

Reasons for the acquisitions of the New Shares

On:

(a) 19 June 2019, the Company announced the proposed issue of the Series 1 Convertible Note including that the Company intended to use the funds raised from the Series 1 Convertible Note for general corporate and working capital purposes of the Group;

(b) 10 December 2020, the Company announced the proposed issue of the Series 3 Convertible Note including that the Company intended to use the funds raised from the Series 3 Convertible Note for general corporate purposes;

(c) 27 April 2023, the Company announced an agreement for the terms of issue of Series 4, 5 and Series 6 Convertible Notes and the proposed issue of the Series 4 Convertible Note.

(d) 12 May 2023, the Company issued the Series 4 Convertible Note to fund:

    (i) US$6 million transition detailed & long-lead items engineering and other early activities on the further expansion of Vidalia to prepare for an FID proposal;

    (ii) US$27 million working capital, TSF expansion and sustaining capital associated with Balama; and

    (iii) general corporate purposes.

(e) 11 August 2023, the Company issued the Series 5 Convertible Note to fund:

(i) a US$10 million increase in the total installed capital cost estimate for the initial expansion of Vidalia;

(ii) working capital, TSF expansion and sustaining capital associated with Balama; and

(iii) general corporate purposes.

(f) 23 October 2023, the Company issued the Series 6 Convertible Note to fund:

(i) ramp-up working capital for start of production of the 11.25ktpa Vidalia active anode material facility;

(ii) sustaining and working capital for Balama under the revised production campaign / shutdown operating mode through the remainder of 2023; and

(iii) general corporate purposes.

(g) 13 March 2024, the Company and AustralianSuper agreed that, among other matters, the Series 1 and 3 Convertible Notes, which mature on 28 October 2024, be converted into New Shares (such that AustralianSuper will acquire New Shares pursuant to such conversion) subject to Shareholder approval pursuant to item 7 of section 611 of the Corporations Act. The Series 1 and 3 Convertible Notes Conversion is proposed to occur five business days after the date of the General Meeting, subject to such Shareholder approval being obtained, and on such date approximately 176.3 million New Shares will be issued to, and acquired by, AustralianSuper. From the Company's perspective, the Series 1 and 3 Convertible Notes Conversion will simplify Syrah's capital structure and remove a material potential redemption requirement for the Company in October 2024 of approximately A$121.8 million, which would require the Company to obtain significant alternative cash funding for such a redemption.

Advantages of the acquisitions of the New Shares

The Directors consider that approval of the Series 1 and 3 Convertible Notes Conversion and the acquisition of New Shares by AustralianSuper have the following advantages to the Company and its Non-Associated Shareholders:

(a) AustralianSuper, as a long-term and active investor, has been, and continues to be, a significant and supportive investor in the Company via an ordinary shareholding since 2015, its subscription to the Series 1, Series 3, Series 4, Series 5 and Series 6 Convertible Notes and its conditional agreement to the Series 1 and 3 Convertible Notes Conversion;

(b) AustralianSuper's investment is aligned to the Company achieving its strategic goals, including the capital intensive and long-duration development and operations of Balama and Vidalia;

(c) the approval of Resolution 7 is required for the Series 1 and Series 3 Convertible Notes Conversion. If approval of Resolution 7 is obtained, the Series 1 and Series 3 Convertible Notes will be converted into New Shares five business days after the date of the General Meeting (being currently proposed on Friday, 24 May 2024). This will allow the Company to convert the Series 1 and Series 3 Convertible Notes in full into New Shares and, as such, the Company will not be required to make a significant cash payment to AustralianSuper to redeem the Series 1 and Series 3 Convertible Notes. Such cash payment, equalling the principal outstanding plus accrued but unpaid interest at the maturity date, would be approximately A$116.4 million (assuming interest accruing is capitalised to 31 March 2024 and cash paid in full from 1 April 2024) and approximately A$121.8 million (assuming interest accruing is capitalised to the maturity date). Redemption of the Series 1 and Series 3 Convertible Notes would require the Company to obtain significant alternative cash funding (which could have less attractive terms or which may be ultimately more dilutive to Shareholders compared with the Series 1 and Series 3 Convertible Notes Conversion);

(d) the Series 1 and 3 Convertible Notes Conversion simplifies the Company's capital structure and extends out the maturity profile of its financial indebtedness with the Series 4, 5 and 6 Convertible Notes maturing on 12 May 2028;

(e) the conversion of the Convertible Notes giving AustralianSuper voting power in the Company materially in excess of 20% may mean that for any takeover offer or other control proposal to be successful, it would likely require the support of AustralianSuper. This may deter opportunistic unsolicited takeover offers at an offer price which does not fairly reflect the fair value of the Company and which is not recommended by the Board;

(f) for the reasons set out above, and in particular the reasons in paragraphs (c) and (d), the Company's balance sheet will be improved by a reduction in liabilities (and reduced gearing), and an increase in net assets, by the removal of the obligation to redeem the Series 1 and 3 Convertible Notes;

(g) the failure to complete the Series 1 and 3 Convertible Notes Conversion may have a negative impact on the Company's Share price;

(h) the Independent Expert has concluded that the Series 1 and 3 Convertible Notes Conversion is not fair but is reasonable, and therefore in the best interests of Non-Associated Shareholders in the absence of a superior alternative;

(i) in addition, the Independent Expert has stated the following advantages:

   (i) approval of the Series 1 and 3 Notes Conversion will remove the potential requirement to repay the Series 1 and 3 Convertible Notes;

   (ii) the Series 1 and 3 Notes Conversion will improve Syrah's net asset position;

   (iii) the revised conversion price for the Series 1 and 3 Convertible Notes is at a premium to recent trading prices for Shares and the Equity Raising issue price; and

   (iv) with an increased equity position, AustralianSuper will be further incentivised to work towards the future success of the Company.

Disadvantages of the acquisitions of the New Shares

The Directors consider that approval of the conversion of the Convertible Notes and the acquisition of Shares by AustralianSuper have the following disadvantages to the Company and its Non-Associated Shareholders:

(a) Shareholders may believe that the Company's financing and capital requirements in respect of any redemption of the Series 1 and 3 Convertible Notes may be satisfied from alternative sources on terms which are more favourable to the Company (noting that the Directors of the Company, having carefully considered the Company's options, do not consider this to be the case);

(b) the Series 1 and 3 Convertible Notes Conversion will have a dilutionary effect on holdings of Non-Associated Shareholders. In particular, after the Series 1 and 3 Convertible Notes Conversion, AustralianSuper may have voting power to block any special resolutions proposed by the Company on which AustralianSuper is permitted to vote, and, may also effectively be able to block or pass ordinary resolutions on which AustralianSuper is permitted to vote. This will reduce the ability of Non-Associated Shareholders to influence decisions of the Company. See the table on page 30 for further details of the potential impact on the Company's shareholding structure from the Series 1 and 3 Convertible Notes Conversion and resulting acquisition of New Shares by AustralianSuper;

(c) the Series 1 and 3 Convertible Notes Conversion results in AustralianSuper's voting power in the Company materially exceeding 20%, which may diminish the prospects of a takeover offer, scheme of arrangement or other control proposal being made for the Company at any time in the future if such takeover offer, scheme or other proposal is not supported by AustralianSuper. In addition, even if a takeover offer is made or a scheme of arrangement pursued, AustralianSuper will likely have the ability to block such takeover offer becoming unconditional if the minimum acceptance condition is above 50% or block the approval of a scheme of arrangement;

(d) the Australian tax debt forgiveness rules seek to neutralise 'gains' from the forgiveness of a debt by reducing certain tax attributes of the borrower from the beginning of the forgiveness year. This includes the borrower's accumulated revenue tax losses that could, subject to meeting the relevant rules for deducting tax losses, be available to reduce Australian taxable income of such borrower in the future. If revenue tax losses are fully reduced, capital tax losses, the cost base of depreciating assets and then the cost base of CGT assets are then reduced in that order. The Series 1 and 3 Notes Conversion may give rise to a tax debt forgiveness by the Company to the extent that the Company's Share price is below the revised Series 1 and 3 Notes conversion price (A$0.6688 per Share) when the Series 1 and 3 Convertible Notes are converted into New Shares. If there is a tax debt forgiveness, the tax attributes of the Company will be reduced in the manner set out above to the extent of the forgiveness;

(e) in addition, the Independent Expert has stated the following disadvantages:

    (i) the Series 1 and 3 Notes Conversion will result in a level of dilution of the Non-Associated Shareholders' interests in Syrah in excess of that contemplated at the time of Shareholder approval at the Company's general meeting on 28 July 2023;

    (ii) the prospect of Non-Associated Shareholders receiving a takeover offer for Syrah is, in theory, reduced but not materially; and

    (iii) the Series 1 and 3 Notes Conversion has potential negative tax consequences.

If Resolution 7 is not approved, then:

(a) the conversion price for the Series 1 and Series 3 Convertible Notes will not be revised to A$0.6688 per Share and will be A$0.9318 per Share, which is the conversion price following the Equity Raising adjusted in accordance with the adjustment rules in clause 14 and schedule 2 of the deeds in respect of the Series 1 and 3 Convertible Notes; and

(b) the Series 1 and Series 3 Convertible Note will not be converted into New Shares immediately following the General Meeting. AustralianSuper may elect to convert the Series 1 and 3 Convertible Notes into New Shares prior to the 28 October 2024 maturity date at the A$0.9318 conversion price but if it does not, Syrah must redeem the principal outstanding and accrued but unpaid interest of these notes to an amount estimated to be approximately A$116.4 million (assuming interest accruing is capitalised to 31 March 2024 and cash paid in full from 1 April 2024) and approximately A$121.8 million (assuming interest accruing is capitalised to the maturity date), which would require the Company to obtain significant alternative cash funding for such a redemption.

Material terms of the Convertible Notes and the acquisitions of New Shares

A summary of the material terms and conditions of:

(a) the Series 1 Convertible Note was set out in the notice of meeting in respect of the Company's general meeting on 1 August 2019;

(b) the Series 3 Convertible Note was set out in the notice of meeting in respect of the Company's annual general meeting on 21 May 2021 (with some additional terms as set out in schedule 1 of the explanatory memorandum contained in the notice of meeting in respect of the Company's general meeting on 28 July 2023); and

(c) the Series 4, 5 and 6 Convertible Notes was set out in schedule 1 of the explanatory memorandum contained in the notice of meeting in respect of the Company's general meeting on 28 July 2023.

All Convertible Notes are on substantially the same terms (other than the conversion price and interest rate).

The New Shares to be issued to AustralianSuper with the Series 1 and 3 Convertible Notes Conversion will rank pari passu with the outstanding Shares of the Company on the relevant conversion date.

When the acquisitions of the New Shares are to occur

Pursuant to the terms of the agreement between the Company and AustralianSuper dated 13 March 2024, the Series 1 and 3 Convertible Notes will be converted to New Shares five business days after the date of this General Meeting, subject to approval of Resolution 7 by Non-Associated Shareholders.

The voting power AustralianSuper and its associates would have as a result of the acquisitions of the New Shares (and the maximum extent of the increase in their voting power as a result of the acquisitions of the New Shares)

The anticipated maximum relevant interest of AustralianSuper and its associates and the voting power of AustralianSuper and its associates in the Company (both current, and following the proposed acquisitions of the New Shares) is set out in the table below:

Series 1 and Series 3 Convertible Notes

		All Shareholders	Non-Associated Shareholders	AustralianSuper and associates
Shares currently on issue in millions as at the date of the Notice		856.9	692.4	164.5
Current voting power as at the date of the Notice		100.0%	80.8%	19.2%
Conversion of Series 1 Convertible Note	Total maximum number of New Shares in millions post-conversion of the Series 1 Convertible Note	979.4	692.4	287.0
	Voting power post-conversion of the Series 1 Convertible Note (non-diluted)	100.0%	70.7%	29.3%
Conversion of Series 3 Convertible Note	Total maximum number of New Shares in millions post-conversion of the Series 1 and 3 Convertible Notes	1,033.2	692.4	340.8
	Voting power post-conversion of the Series 1 and 3 Convertible Notes (non-diluted)	100.0%	67.0%	33.0%

Note: This table assumes:

- *AustralianSuper and associates' Shareholding as at 17 April 2024;*
- *the Company has 856.9 million Shares on issue as at the date of the Notice and that no further Equity Securities are issued and no Equity Securities convert into new Shares before the date of conversion of the Series 1 and 3 Convertible Notes, noting that there are a number of new Shares that may be issued to Mr Shaun Verner (or his nominee), a Director of the Company, subject to approval of Resolution 5, following the General Meeting;*
- *Series 1 and 3 Convertible Notes are fully converted to New Shares on 31 May 2024 and are not redeemed for cash;*
- *interest on the Series 1 and 3 Convertible Notes (inclusive of establishment fee) accrues from day to day and is capitalised quarterly at a rate of 8.0% per annum from the date of issue to the conversion date (being 31 May 2024);*
- *the conversion price at the time of conversion of the Series 1 and 3 Convertible Notes is A$0.6688 per Share being the revised conversion price; and*
- *AustralianSuper and any associates do not acquire a relevant interest in any additional Shares (and do not sell any Shares).*

In addition, it is noted that AustralianSuper may elect to convert the Series 4, 5 and 6 Convertible Notes at any time after 12 November 2025 and prior to the respective maturity dates (each being 12 May 2028). AustralianSuper may also convert the Convertible Notes in limited circumstances prior to these dates including if a takeover offer was made for the Company or in the case of an event of default under the terms of the Convertible Notes. In this case, AustralianSuper's voting power in the Company would further increase assuming that there are no other issues of Equity Securities in the intervening period.

Intentions of AustralianSuper regarding the future of the Company

Other than as disclosed elsewhere in this Explanatory Memorandum, AustralianSuper has confirmed to the Company that AustralianSuper:

(a) has no present intention of making any significant changes to the business of the Company;

(b) has no present intention to inject further capital into the Company, unless requested by the Company in the future;

(c) has no present intention of making changes regarding the future employment of the present employees of the Company;

(d) has no present intention to redeploy any fixed assets of the Company;

(e) has no present intention to transfer any property between the Company and themselves;

(f) has no present intention to change the Company's existing policies in relation to financial matters or dividends; and

(g) has no present intention to change the Board, subject to retaining an option to nominate a director to the Board as noted below.

The Company takes no responsibility for any omission from, or any error or false or misleading statement in this section '*Intentions of AustralianSuper regarding the future of the Company*' of the Explanatory Memorandum.

AustralianSuper does not make, or purport to make, any statement in this Explanatory Memorandum other than the statements in this section '*Intentions of AustralianSuper regarding the future of the Company*' of the Explanatory Memorandum attributed to it. To the maximum extent permitted by law, AustralianSuper expressly disclaims liability and takes no responsibility for any omission from, or any error or false or misleading statement in, any other part of this Explanatory Memorandum.

The identity, associations (with AustralianSuper) and qualifications of any person who is intended to or will become a director if Shareholders agree to the acquisitions.

AustralianSuper and the Company have agreed that AustralianSuper may nominate a non-executive director (who may be an employee or officer of AustralianSuper) to the Board of the Company while AustralianSuper remains the holder of more than 15% of the Company's issued Shares subject to:

(a) the nominee having appropriate experience for a company of the nature of the Company;

(b) the nominee being approved by the Company's Board nominations committee (or equivalent);

(c) the nominee's appointment not resulting in the Board becoming comprised of majority non-independent non-executive directors; and

(d) the nominee agreeing in writing to comply with all applicable policies and procedures of the Company, laws and regulations relating to conflicts of interest and insider trading and to comply with confidentiality obligations in favour of the Company.

AustralianSuper is currently considering if it intends to nominate a director to the Board of the Company but has not yet made any such decision or nomination.

Under the agreement reached between the Company and AustralianSuper on 13 March 2024, while AustralianSuper maintains a shareholding of greater than 15% in the Company, after the conversion date (anticipated to be 31 May 2024) AustralianSuper may appoint a board observer (subject to the observer agreeing in writing to comply with all applicable policies and procedures of the Company, laws and regulations relating to conflicts of interest and insider trading and to comply with confidentiality obligations in favour of the Company), up until the point it exercises its director appointment right or until it ceases to have a Shareholding of more than 15%.

Details of the terms of any other relevant agreement between the acquirer and the target entity or vendor (or any of their Associates) that is conditional on (or directly or indirectly depends on) members' approval of the acquisitions of the New Shares

The Company and AustralianSuper agreed to the revision of the conversion price, amongst other incidental matters, in an agreement dated 13 March 2024. The key terms of this agreement are the revision of the conversion price of the Series 1 and Series 3 Convertible Notes (subject to Shareholder approval), agreement to the conversion of the Notes following this General Meeting (subject to Shareholder approval) as well as the observer appointment right described above and waiver of certain events of default.

Independent Expert Report

The Independent Expert Report prepared by the Independent Expert (a copy of which is attached as Annexure B to this Explanatory Memorandum) assesses whether the Series 1 and 3 Convertible Notes Conversion is fair and reasonable, and therefore in the best interests of the Company's Shareholders.

The Independent Expert has concluded that the Series 1 and 3 Convertible Notes Conversion is not fair but is reasonable, and therefore in the best interests of Non-Associated Shareholders in the absence of a superior alternative.

Shareholders should carefully read the Independent Expert Report to understand the scope of

the report, the methodology of the valuation and the sources of information and assumptions made.

Board recommendation

The Directors have considered the Independent Expert Report, in particular the opinion that the Series 1 and 3 Convertible Notes Conversion is not fair but is reasonable, and therefore in the best interests of Non-Associated Shareholders in the absence of a superior alternative, together with the advantages and disadvantages of the acquisitions included in this Explanatory Memorandum and the Independent Expert Report. In the Directors' opinion based on the Company's present circumstances, the advantages of the acquisitions considerably outweigh the disadvantages.

Accordingly, the Directors believe that the approval of Resolution 7 (as well as Resolution 8) by Non-Associated Shareholders is in the best interests of the Company as a whole and unanimously recommend that Shareholders vote in favour of Resolutions 7.

Each Director intends to vote in favour of Resolution 7 in respect of all their direct and

indirect Shareholdings, representing a total of approximately 4.8 million Shares or approximately 0.6% of Shares on issue as at the date of the Notice.

The Directors' recommendation and voting intention in respect of Resolution 7 are at all times subject to their fiduciary duties and obligations and the Independent Expert continuing to conclude that the matters the subject of such resolutions are in the best interests of the Non-Associated Shareholders in the absence of a superior alternative.

Voting intention

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 1 and 3 (subject to the voting exclusion statement).

Voting exclusion

No votes may be cast in favour of Resolution 7 by:

(a) the person proposing to make the acquisitions and their Associates; or

(b) the persons (if any) from whom the acquisitions are to be made and their Associates.

Accordingly, the Company will disregard any votes cast on Resolution 7 by AustralianSuper and any of its Associates.

Resolution 8 Approval to issue New Shares to AustralianSuper in connection with the conversion of the Series 1 and Series 3 Convertible Notes

Background

The background of the Series 1 and 3 Convertible Notes is set out in the "Background" section of the Explanatory Memorandum to Resolution 1 above.

Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, within a 12-month period, issue or agree to issue Equity Securities (which includes convertible securities) representing more than 15% of its total shares at the commencement of that 12-month period unless a specified exception applies or the issue is made with the prior approval of shareholders.

While the issue of the Series 1 and 3 Convertible Notes (and any conversion of such notes into new Shares) was previously approved by Shareholders for the purposes of ASX Listing Rule 7.1, given the adjusted conversion price, the conversion of these notes may result in more new Shares being issued than anticipated when the original Shareholder approval for Listing Rule 7.1 purposes was obtained.

While such additional new Shares will not result in the Company exceeding the 15% placement capacity limit, Shareholder approval is now sought in accordance with Listing Rule 7.1 in order to preserve the Company's maximum placement capacity under Listing Rule 7.1.

Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following additional information is provided in relation to Resolution 8:

(a) assuming Resolution 7 is passed, the Series 1 and Series 3 Convertible Notes will be converted into approximately 176.3 million New Shares based on the amended conversion price of A$0.6688 per Share and calculated on the principal outstanding and accrued interest under the Series 1 and 3 Convertible Notes at 31 May 2024. Approximately 49.8 million additional New Shares will be issued as a result of the revised conversion price assuming a conversion date of 31 May 2024. However, the Series 1 and 3 Convertible Notes Conversion on 31 May 2024 is prior to the 28 October 2024 maturity date meaning interest does not accrue and is not capitalised between such conversion date and the maturity date of 28 October 2024;

(b) if Shareholder approval is obtained, the Series 1 and Series 3 Convertible Notes Conversion will occur five business days after the date of such approval (being 31 May 2024);

(c) on Series 1 and 3 Convertible Notes Conversion, New Shares will be issued to AustralianSuper;

(d) the purpose of the issue of New Shares is to comply with an agreement with AustralianSuper to convert the Series 1 and 3 Convertible Notes which avoids the requirement for the Company to redeem the principal outstanding and accrued but unpaid interest of the Series 1 and 3

Convertible Notes on 28 October 2024, estimated to be approximately A$116.4 million (assuming interest accruing is capitalised to 31 March 2024 and cash paid in full from 1 April 2024) and approximately A$121.8 million (assuming interest accruing is capitalised to the maturity date);

(e) the Company used the funds raised from the issue of the Series 1 and 3 Convertible Notes as per the information set out earlier in this Explanatory Memorandum; and

(f) a voting exclusion statement is included in this Explanatory Memorandum.

Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 8.

Voting intention

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 8 (subject to the voting exclusion statement).

Voting exclusion

The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associate of that person (being AustralianSuper or any of its Associates).

However, the Company need not disregard a vote on this Resolution 8, if:

(a) it is cast by a person as a proxy or attorney for a person who is entitled to vote on Resolution 8, in accordance with the directions on the Proxy Form or given to the proxy or attorney to vote on Resolution 8 in that way;

(b) it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on Resolution 8, in accordance with a direction on the Proxy Form or given to the chair to vote on Resolution 8 as the chair decides; or

(c) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on Resolution 8; and

(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 9 Ratification of the prior issue of the Shares under the Placement

Background

As announced on 13 March 2024, the Company carried out an Equity Raising consisting of:

- Placement which raised approximately A$61 million; and
- Entitlement Offer which raised approximately A$37 million.

While the Entitlement Offer falls within an exception to ASX Listing Rule 7.1 for the 15% limit, the placement does not. Accordingly, the Company seeks Shareholder approval under Listing Rule 7.4 to approve the issue of the Shares under the Placement to refresh the Company's ability to issue up to 15% of its Shares in any 12-month period.

Listing Rule 7.4

Listing Rule 7.1 provides that a company must not, within a 12-month period, issue or agree to issue Equity Securities (which includes convertible securities) representing more than 15% of its total Shares at the commencement of that 12-month period unless a specified exception applies or the issue is made with the prior approval of Shareholders.

Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be treated as having been made with approval for the purposes of Listing Rule 7.1, thereby refreshing the Company’s 15% capacity in respect of that issue of securities and enabling it to issue further securities up to that limit.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolution 9 proposes the ratification and approval of the prior issue of the New Shares under the Placement.

If Resolution 9 is passed, the prior issue of Shares under the Placement will not be included in calculating the Company’s 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the allotment.

If Resolution 9 is not passed, the prior issue of Shares under the Placement will be included in calculating the Company’s 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the allotment.

Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following additional information is provided in relation to Resolution 9:

(a) the issue of Shares in connection with the Entitlement Offer did not use any of the Company's capacity under Listing Rule 7.1 as it was "rights issue" and "pro rata offer" for the purposes of the Listing Rules;

(b) the Company sought and obtained a waiver from ASX to permit the number of Shares that may be issued under the Placement to be calculated by reference to the number of securities on issue immediately after completion of the Entitlement Offer;

(c) offers were made under the Placement to eligible institutional Shareholders based upon the Directors' determination of desirable investors including having regard to the institutional Shareholders at the time of the Placement including AustralianSuper;

(d) under the Placement, Syrah issued 111,638,899 New Shares at $0.55 per New Share to raise approximately A$61.4 million;

(e) the Shares were issued on 22 March 2024;

(f) the Company used or is using (as relevant) the funds raised from the issue of New Shares under the Placement to fund:

   (i) operating costs and an operating reserve account associated with the 11.25ktpa AAM Vidalia facility and loan with US Department of Energy ("**DOE**");

   (ii) other reserve accounts account associated with the 11.25ktpa AAM Vidalia facility and loan with the DOE;

   (iii) transition activities on the Vidalia Further Expansion project to achieve FID readiness;

   (iv) Balama working and sustaining capital;

   (v) transaction costs of the Equity Raising; and

   (vi) general corporate purposes;

(g) a voting exclusion statement is included in this Explanatory Memorandum.

Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 9.

Voting intention

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 9 (subject to the voting exclusion statement).

Voting exclusion

The Company will disregard any votes cast in favour of this Resolution 9 by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved or any associate of that person (being AustralianSuper or any of its Associates).

However, the Company need not disregard a vote on this Resolution 9, if:

(a) it is cast by a person as a proxy or attorney for a person who is entitled to vote on Resolution 9, in accordance with the directions on the Proxy Form or given to the proxy or attorney to vote on Resolution 9 in that way;

(b) it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on Resolution 9, in accordance with a direction on the Proxy Form or given to the chair to vote on Resolution 9 as the chair decides; or

(c) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on Resolution 9; and

(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Proxy and voting instructions

1. In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that persons who are registered holders of Shares in the Company as at 7.00pm (AEST) on 22 May 2024 will be entitled to attend and vote at the Meeting as a Shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

2. The details of the Resolutions contained in the Explanatory Memorandum accompanying this Notice should be read together with, and form part of, this Notice.

3. On a poll, ordinary Shareholders have one vote for every Share held.

4. A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder.

5. A proxy may be either an individual or a body corporate. If you wish to appoint a body corporate as your proxy, you must specify on the Proxy Form:

- the full name of the body corporate appointed as proxy; and
- the full name or title of the individual representative of the body corporate to attend the Meeting.

6. If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit (subject to any voting exclusion statements that apply). The Chairman intends to vote all available proxies in favour of each Resolution proposed in this Notice. If you do not mark a box next to any Resolution then by completing and submitting the Proxy Form, you will be expressly authorising the Chairman to vote as they see fit in respect of such Resolution.

7. Voting exclusions apply to each Resolution. AustralianSuper and its Associates will not be able to vote your proxy on any Resolution unless you direct them how to vote. If you intend to appoint such a person as your proxy, you should read the voting exclusions carefully and ensure that you direct them how to vote on each Resolution by marking either "For", "Against" or "Abstain" on the Proxy Form.

8. Proxy Forms must be signed by a Shareholder or the Shareholder's attorney or, if a corporation, executed under seal or in accordance with section 127 of the Corporations Act, or signed by an authorised officer or agent.

9. A Proxy Form is attached. If required, the Proxy Form should be completed and signed (and if the appointment is signed by the appointer's attorney, the original authority under which the appointment was signed or a certified copy of the authority). Proxy forms must be returned to Computershare Investor Services Pty Limited in accordance with the instructions set out in the Proxy Form by no later than 10.00am (AEST) on 22 May 2024 You may lodge your proxy form:

- electronically via www.investorvote.com.au; for intermediary online subscribers only (custodians) – please visit www.intermediaryonline.com;
- by hand delivery to Computershare Investor Services Pty Ltd, 452 Johnston Street, Abbotsford, Victoria 3067;
- by post to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria 3001; or
- by fax to 1800 783 447 (within Australia), or +61 3 9473 2555 (outside Australia).

Definitions

$ means Australian Dollars

Adjustment Rules means the adjustment rules set out in Schedule 1 of the Explanatory Memorandum to the 2023 Notice of General Meeting held on 28 July 2023

AEST means Australian Eastern Standard Time

Annual General Meeting, General Meeting or Meeting means the 2024 Annual General Meeting of Shareholders of the Company referred to in the introductory paragraph of the Notice

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect of the year ended 31 December 2023

ASIC means the Australian Securities and Investments Commission

Associate or **associate** has the meaning given to it in the Listing Rules or the Corporations Act (as the context requires)

ASX means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires

Auditor's Report means the auditor's report on the Financial Report, in respect of the year ended 31 December 2023

AustralianSuper means AustralianSuper Pty Ltd as trustee for AustralianSuper (ABN 65 714 394 898)

Balama means the Company's Balama Graphite Operation in Mozambique

Board means the Directors acting as the Board of Directors of the Company

Chairman means the person appointed to chair the Meeting of the Company convened by the Notice

Closely Related Party has the meaning given in section 9 of the Corporations Act

Company or **Syrah** means Syrah Resources Limited ABN 77 125 242 284

Constitution means the constitution of the Company as at the date of the Meeting

Convertible Notes means the Series 1 Convertible Note, Series 3 Convertible Note, Series 4 Convertible Note, Series 5 Convertible Note and Series 6 Convertible Note (as applicable)

Corporations Act means the *Corporations Act 2001* (Cth)

Director means a Director of the Company

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities, in respect of the year ended 31 December 2023

Entitlement Offer has the meaning given to it in the chairman's letter section of the Explanatory Memorandum

Equity Incentive Plan or "**EIP**" means the Equity Incentive Plan established and approved by Shareholders at the Annual General Meeting on 17 May 2018, and last refreshed at the Annual General Meeting held on 21 May 2021, which applies to all Shares, performance rights and options offered from 17 May 2018 onwards;

Equity Securities has the meaning given to it in the Listing Rules

Equity Raising has the meaning given to it in the Background section of the Explanatory Memorandum

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice

Financial Report means the financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities, in respect of the year ended 31 December 2023

Group means the Company and its subsidiaries

Independent Expert means KPMG Corporate Finance, a division of KPMG Financial Advisory Services (Australia) Pty Ltd

Independent Expert Report means the report prepared by the Independent Expert which is contained in Annexure B to this Explanatory Memorandum

KMP or **Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise)

Listing Rules means the Listing Rules of the ASX

New Shares means the Shares to be issued to AustralianSuper following the Series 1 and 3 Convertible Notes Conversion

Non-Associated Shareholders means Shareholders who are entitled to vote on Resolution 7 and 8 and are not excluded as a result of the voting exclusion statement for Resolutions 7 and 8

Notice means the Notice of Meeting accompanying this Explanatory Memorandum

Performance Date means the final day of the Performance Period

Performance Rights means the performance rights issued pursuant to, and in accordance with the terms of, the Equity Incentive Plan

Performance Hurdles has the meaning given to it in the Explanatory Memorandum

Placement has the meaning given to it in the Chairman's letter section of the Explanatory Memorandum.

Proxy Form means the proxy form attached to the Notice

Remuneration, Nomination and Governance Committee means the Remuneration, Nomination and Governance Committee of the Company

Remuneration Report means the remuneration report, which forms part of the Directors' Report and which is set out in the Annual Report

Resolution means a resolution referred to in the Notice

Series 1 Convertible Note means the Convertible Note issued by the Company on 28 October 2019.

Series 3 Convertible Note means the Convertible Note issued by the Company on 29 June 2021.

Series 4 Convertible Note means the Convertible Note issued by the Company on 12 May 2023.

Series 5 Convertible Note means the Convertible Note issued by the Company on 11 August 2023.

Series 6 Convertible Note means the Convertible Note issued by the Company on 23 October 2023.

Share means a fully paid ordinary share in the capital of the Company

Shareholder means a holder of one or more Shares

Vidalia means the Company's Vidalia Active Anode Facility in the United States

VWAP means the volume weighted average price of Shares

Annexure A
Material Terms of Equity Incentive Plan

Offers under the Equity Incentive Plan and eligibility

Under the Equity Incentive Plan or **EIP**, the Board may invite eligible employees (being an employee of the Group (including a Director employed in an executive capacity)) or any other person who is declared by the Board to be eligible to receive a grant of incentive securities under the EIP) to participate in a grant of incentive securities, which may comprise restricted shares, performance rights and/or options (**Incentive Securities**) and/or Shares. Offers will be made to eligible employees on the terms set out in the EIP and on any additional terms as the Board determines.

Vesting and exercise

Restricted shares, options and/or performance rights granted under the EIP will vest, and in the case of options, become exercisable, where any performance condition and any other relevant conditions advised to the participant by the Board have been satisfied.

On vesting of a performance right or following the exercise of an option (as the case may be), the Board will allocate the number of Shares in respect of which the performance rights have vested, or the options have been exercised. Any Shares issued under the EIP will rank equally in all respects with other Shares on issue at that time (except as regards any rights attaching to such Shares by reference to a record date prior to the date of their issue).

Cessation of employment

Where a participant ceases to be an employee of the Group, the Board may determine (in its absolute discretion) that some or all of a participant's Incentive Securities lapse, vest, are forfeited, are exercisable for a prescribed period (if applicable), or are no longer subject to some of the restrictions that previously applied. Alternatively, the Board may specify in any offer to the participant how the participant's Incentive Securities are to be treated on cessation of employment.

Change of control

In the event of a takeover bid, transaction, event or state of affairs that, in the Board's opinion, is likely to result in a change of control of the Company, the Board may, in its absolute discretion, determine that all or a specified number of a participant's Incentive Securities vest or cease to be subject to restrictions (as applicable).

In the event of an actual change in the control of the Company then, unless the Board determines otherwise, a pro rata portion of all unvested Incentive Securities will immediately vest or cease to be subject to restrictions (as applicable) based on the portion of the vesting period that has elapsed.

Alternatively, the Board may specify in any offer to the participant how the participant's Incentive Securities are to be treated on a change of control of the Company.

Corporate actions/reconstructions

In accordance with the terms of the EIP, prior to the allocation of Shares to a participant upon vesting of performance rights or exercise of options (as the case may be), the Board may make any adjustments it considers appropriate to the terms of a performance right and/or option granted to a participant in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action or capital reconstruction.

Dealings in Incentive Securities

Subject to the Company's Securities Trading Policy, any dealing in respect of an Incentive Security is prohibited unless the Board determines otherwise or the dealing is required by law.

Clawback

If, in the opinion of the Board, a participant's Incentive Securities vest or may vest as a result of the fraud, dishonesty or breach of duties or obligations of any other person, the Board may determine that Incentive Securities held on behalf of the participant will lapse or be forfeited, and/or that the participant must pay or repay as a debt proceeds from Shares allocated to the participant under the EIP.

Administration of the EIP

The EIP is administered by the Board which has the power to determine appropriate procedures for administration of the EIP including to implement an employee share trust for the purposes of delivering and holding shares on behalf of participants upon the grant or exercise of Incentive Securities (as applicable), and may delegate their power arising under the EIP.

Annexure B – Independent Expert Report

KPMG Corporate Finance
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The Directors
Syrah Resources Limited
Level 7, 477 Collins Street
Melbourne VIC 3000

20 April 2024

Dear Directors

Independent Expert Report and Financial Services Guide

Part One – Independent Expert Report

1 Introduction

Syrah Resources Limited (**Syrah** or **the Company**) is an Australian public company listed on the Official List of ASX Limited (**ASX**) with a closing market capitalisation of approximately A$419.9[1] million as at 19 April 2024.

Syrah's principal assets comprise a 95% interest in the Balama graphite mine and processing facility located in Mozambique (**the Balama Graphite Operation**) and a 100% interest in the Vidalia active anode material facility located in the United States (**the Vidalia Facility**).

Following a period of weaker market conditions driven by reduced demand for natural graphite in China, the Balama Graphite Operation recommenced limited production campaigns in late August 2023 whilst awaiting sustained improved market demand for Balama's natural graphite products. Syrah believes that marketing conditions will improve beyond the short-term with granting of licenses for anode material exports from China and as natural graphite anode processing capacity is developed outside of China, requiring natural graphite feedstocks. However, the timing and rate of recovery, and also generation of positive net cash flow from the Balama Graphite Operation, is uncertain.

[1] Currency in this report is denominated in Australian dollars (**A$**) or United States dollars (**US$**) unless otherwise stated

The Vidalia Facility achieved first production in the March 2024 quarter. Syrah also undertakes marketing and sales activities from the United Arab Emirates.

On 28 October 2019, Syrah issued a A$55.8 million convertible note to AustralianSuper Pty Ltd as trustee for AustralianSuper (ABN 65 714 394 898) (**AustralianSuper**)[2] (**Series 1 Convertible Note**). The proceeds of the convertible note issue provided additional working capital, liquidity and greater flexibility to manage the Balama Graphite Operation production.

On 30 March 2021, Syrah determined that it would not issue a A$28.0 million convertible note to AustralianSuper (**Series 2 Convertible Note**) and it has lapsed.

On 29 June 2021, Syrah issued a A$28.0 million convertible note to AustralianSuper (**Series 3 Convertible Note**), to support the orderly ramp-up of production at the Balama Graphite Operation under various market scenarios and maintain momentum for the expansion of the Vidalia Facility.

On 12 May 2023, Syrah issued a A$50 million convertible note to AustralianSuper (**Series 4 Convertible Note**), to support an expansion of the Vidalia Facility, Balama Graphite Operation working capital, tailings storage facility expansion and sustaining capital, as well as for general corporate purposes.

On 11 August 2023, Syrah issued a A$50 million convertible note to AustralianSuper (**Series 5 Convertible Note**), to provide funding options for operating strategy and project development.

On 23 October 2023, Syrah issued a A$50 million convertible note to AustralianSuper (**Series 6 Convertible Note**), to provide additional funding options for operating strategy and project development.

The Series 1, 3, 4, 5 and 6 convertible notes are collectively referred to as **the Convertible Notes** for the purpose of this report. The future conversion(s) of the Convertible Notes was approved by Syrah shareholders not associated with AustralianSuper (**the Non-associated Shareholders**) on 28 July 2023 (**the Original Approval**) pursuant to the operation of section 606 of the Corporations Act 2001 (**the Act**).

On 13 March 2024, Syrah announced:

- an equity raising of approximately A$98 million through a fully underwritten institutional placement and a 1 for 10.2 pro rata accelerated non-renounceable entitlement offer (**the Equity Raising**). The proceeds of the Equity Raising will be used to preserve the Balama Graphite Operation's operating mode optionality, fund the Vidalia Facility's operating costs and reserve accounts under its loan with the US Department of Energy (**DOE**), support the Vidalia Facility's ramp up and product qualification, and accelerate Vidalia Facility development

[2] AustralianSuper refers to AustralianSuper or any of its Associates.

- that Syrah and AustralianSuper had agreed to the conversion of the Series 1 and Series 3 Convertible Notes into new Syrah shares (**the Series 1 and 3 Notes Conversion**) at a revised conversion price of A$0.6688 per share (**the Revised Conversion Price**), subject to the approval of Syah shareholders.

Given the Revised Conversion Price, Syrah considers it prudent to seek approval of Non-associated Shareholders for the Series 1 and 3 Notes Conversion.

The Directors of Syrah have requested KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (**KPMG Corporate Finance**) prepare an Independent Expert Report (**IER**) to the Non-associated Shareholders in relation to the Series 1 and 3 Notes Conversion. Our opinion is limited solely to the Series 1 and 3 Notes Conversion.

Further details in relation to the terms of the Convertible Notes are set out in section 3 of this report and the Explanatory Memorandum to which this report is attached. This report should be considered in conjunction with and not independently of the information set out in the Explanatory Memorandum.

KPMG Corporate Finance's Financial Services Guide is contained in Part Two of this report.

2 Purpose of this report

This report has been prepared for inclusion in the Explanatory Memorandum to accompany the Notice of Annual General Meeting to Syrah shareholders. The purpose of the meeting will be to seek, amongst other things, approval of the Non-associated Shareholders of the Series 1 and 3 Notes Conversion.

The sole purpose of this report is an expression of KPMG Corporate Finance's opinion as to whether the Series 1 and 3 Notes Conversion are fair and reasonable to Syrah's Non-associated Shareholders, and should not be interpreted as being a recommendation as to whether or not Non-associated Shareholders should vote in favour of the Series 1 and 3 Notes Conversion, which remains a decision for individual shareholders.

2.1 Technical requirements

Section 606 of the Act expressly prohibits a party obtaining more than 20% of the voting power of a listed Australian company unless a full takeover offer is made. An exemption to this rule is contained in Section 611 of the Act, which allows the target company shareholders the opportunity to vote in general meeting to forgo their right to a full takeover. In passing any resolution, no votes may be cast by the potential acquirer or their associates or by the persons from whom the acquisition is to be made or their associates.

AustralianSuper held as at 17 April 2024 approximately 19.2% of Syrah's ordinary shares on issue. The final number of Syrah shares that will be held by AustralianSuper following the Series 1 and 3 Notes Conversion will be approximately 33.0%[3] of the Syrah ordinary shares on issue. While approval for future conversion of the Convertible Notes was provided by Syrah shareholders by way of the Original Approval on 28 July 2023, the conversion price of the Series 1 and 3 Convertible Notes will be reduced to A$0.6688 if the Series 1 and 3 Notes Conversion is approved by Non-associated Shareholders. This will, in turn, increase the new Syrah shares to be issued to AustralianSuper upon conversion of the Series 1 and 3 Convertible Notes relative to those contemplated at the time of the Original Approval.

Reflecting that the number of shares to be issued to AustralianSuper under the Series 1 and 3 Notes Conversion is greater than that contemplated at the time of the Original Approval, the Directors of Syrah consider it prudent to seek the approval of Non-associated Shareholders for the Series 1 and 3 Notes Conversion.

Regulatory Guide 74 issued by the Australian Securities and Investment Commission (**ASIC**) requires that in these circumstances, shareholders be supplied with sufficient information to enable them to assess the merits of the proposal. In such circumstances, the Directors of Syrah are required to provide shareholders with a detailed analysis as to whether the Series 1 and 3 Notes Conversion is fair and reasonable in the context of Syrah's Non-associated Shareholders.

The Directors may undertake such an analysis or, as is more commonly the case, the Directors may engage an independent expert to report on the proposal. In this case, the Directors of Syrah have requested KPMG Corporate Finance to prepare a report that satisfies the requirements under Section 611 of the Act.

In undertaking our work, we have referred to guidance provided by ASIC in its Regulatory Guides, in particular Regulatory Guide 111 'Content of expert reports' (**RG 111**) which outlines the principles and matters which it expects a person preparing an independent expert report to consider when providing an opinion on whether a transaction is "fair and reasonable".

2.2 Basis of assessment

RG 111 notes:

- 'fair and reasonable' is not regarded as a compound phrase
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer
- the comparison should be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash

[3] Which increases to approximately 42.7% in the event that AustralianSuper elects to convert the Series 4, 5 and 6 Convertible Notes at maturity, assuming continued capitalisation of interest through to maturity and the conversion price as at the date of this report

- the expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison
- an offer is 'reasonable' if it is 'fair'
- an offer might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

In accordance with the requirements of RG 111 any consideration of value requires a comparison of the value of a Syrah share, inclusive of premium for control, prior to the Series 1 and 3 Notes Conversion to the value of a Syrah share, on a minority interest basis, assuming the Series 1 and 3 Notes Conversion has occurred.

In assessing the reasonableness of the Series 1 and 3 Notes Conversion, we have considered in particular the following issues:

- the rationale of the Series 1 and 3 Notes Conversion
- the likelihood of an alternative funding solution being available
- recent trading prices of Syrah shares on the ASX
- the consequences of not approving the Series 1 and 3 Notes Conversion
- other advantages and disadvantages which may impact shareholders if the Series 1 and 3 Notes Conversion is approved.

3 Summary of Opinion

In our opinion the Series 1 and 3 Notes Conversion is not fair but is reasonable, and therefore in the best interests of Non-associated Shareholders in the absence of a superior alternative.

In arriving at this opinion, we have assessed whether the Series 1 and 3 Notes Conversion is fair by comparing our assessed value of a Syrah share, inclusive of premium for control and prior to shareholder approval of the Series 1 and 3 Notes Conversion, to our assessed value of a Syrah share immediately following the Series 1 and 3 Notes Conversion on a minority interest basis.

We have assessed the value of a Syrah share, inclusive of a premium for control, to be in the range of $0.63 to $0.84 per share, which lies above our assessed value range assuming shareholder approval is provided and AustralianSuper converts the Series 1 and 3 Convertible Notes to ordinary shares, of between $0.51 and $0.58 per share on a minority interest basis. As such, we consider the Series 1 and 3 Notes Conversion to be not fair to Non-associated Shareholders.

In considering this outcome, it is important for Non-associated Shareholders to also consider the context in which the Series 1 and 3 Notes Conversion has been proposed and the qualitative considerations of the Series 1 and 3 Notes Conversion.

Syrah has not yet reached positive operational net cash flows from the Balama Graphite Operation. Furthermore, production at the Balama Graphite Operation was paused in May 2023 driven by weaker market conditions for natural graphite in China. Production recommenced in late August 2023 with limited production campaigns since the September 2023 quarter, with operations paused at various stages awaiting improved market demand for Balama natural graphite products. Syrah believes that marketing conditions will improve beyond the short-term with granting of licenses for anode material exports from China and as natural graphite anode processing capacity is developed outside of China, requiring natural graphite feedstocks. However, the timing and rate of recovery, and also generation of positive net cash flow from the Balama Graphite Operation, is uncertain. At the same time, Syrah has been progressing development of the Vidalia Facility, with first production achieved in the March 2024 quarter.

PricewaterhouseCoopers (**PwC**), Syrah's statutory auditor, noted a material uncertainty related to going concern in its audit of Syrah's 2023 financial statements, and noted that Syrah is dependent on the successful implementation of various key funding and operational initiatives, some of had not been completed as at the date of Syrah's 2023 Annual Report, including the proposed conversion of the Series 1 and 3 Convertible Notes.

Whilst the Equity Raising provides an inflow of funds in the short term, having regard to Syrah's 31 December 2023 free cash position[4] and short term projections, including development and operating capital requirements at the Balama Graphite Operation and the Vidalia Facility, it is clear that these funds are unlikely to provide Syrah with sufficient free cash to be in a position to repay the Series 1 and Series 3 Convertible Notes at maturity on 28 October 2024, which is estimated to be approximately A$121.8 million in aggregate at maturity, assuming continued capitalisation of interest through to that date.

Syrah has advised that it has considered other potential sources of funding, including further equity capital raises (in addition to the Equity Raise), commercial debt, government loans and grants but has not been able to identify a superior alternative funding option executable within the timeframe required to repay the Series 1 and Series 3 Convertible Notes.

In this regard, we note that while Syrah announced on 11 September 2023 that it was progressing a US$150 million loan from the United Stated International Development Financial Corporation (**DFC**), Syrah has advised that funds from this potential loan will be provided at the operating subsidiary level and are not expected to be permitted to be used to repay the Series 1 and Series 3 Convertible Notes. In addition, it is uncertain if this loan will in any event become available to Syrah prior to the maturity of the Series 1 and Series 3 Convertible Notes as it is still

[4] While Syrah held US$84.9 million of cash as at 31 December 2023, US$38.2 million was required to be held in several restricted cash accounts, as a requirement of the DOE Loan facility. Whilst some of these funds are expected to become available to meet the operational requirements of the Vidalia Facility, they are not expected to be available to meet the requirements of the Balama Graphite Operation or the corporate office.

subject to various conditions and approvals which have not yet been met at the date of this report.

Conversion of the Series 1 and 3 Convertible Notes will result in a significant reduction in Syrah's debt position by approximately A$117.9 million[5], with a corresponding increase in net assets. However, this improved financial position would be achieved at the cost of giving increased influence of Syrah to AustralianSuper over that contemplated at the time of the Original Approval, with AustralianSuper holding approximately 33.0% of Syrah's diluted issued capital[6].

In the event that Non-associated Shareholders do not approve the Series 1 and 3 Notes Conversion at this time, the Revised Conversion Price will not be effected and AustralianSuper will retain the right but not an obligation to convert the Series 1 and 3 Convertible Notes up to maturity at the higher conversion price of A$0.9318. However, there is no guarantee that AustralianSuper would seek conversion rather than redemption.

In the event AustralianSuper was to seek redemption of a significant portion or all of the Series 1 and 3 Convertible Notes, Syrah would still be required to seek an alternative source of funding.

In the event Syrah is required to raise alternative debt and/or equity funding, Syrah has advised, and we agree:

- that its ability to raise a significant level of debt funding within the timeframe required is at best uncertain and that the terms of any debt funding are likely to be prohibitive and may adversely impact the prospects of debt funding currently being sought at the Balama Graphite Operation and Vidalia Facility levels.
- having just recently completed the Equity Raise, the Company's ability to raise further significant equity sufficient to redeem the Series 1 and 3 Convertible Notes in the short term is uncertain and, if pursued, this may be required to be priced at a significant discount to the prevailing Syrah share price which, based on current traded prices for Syrah's shares, would likely fall below the Revised Conversion Price of the Series 1 and 3 Convertible Notes under the Series 1 and 3 Notes Conversion.

On balance, whist we consider the Series 1 and 3 Notes Conversion to be not fair, we consider the benefits to Non-associated Shareholders, and in particular, the removal of the short term repayment obligation and the improved net asset and gearing position of Syrah following the

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[5] As at 31 May 2024

[6] Excludes any impact in relation to Syrah's performance and other rights that may vest and convert to ordinary shares in due course. This increases to approximately 42.7% in the event that AustralianSuper elects to convert the Series 4, 5 and 6 Convertible Notes at maturity, assuming continued capitalisation of interest through to maturity and the conversion price as at the date of this report. At the time of the Original Approval, AustralianSuper's interest was expected to be up to 42.4%

implementation of the Series 1 and 3 Notes Conversion outweigh the disadvantages, which include:

- the voting interest of Non-associated Shareholders in Syrah will be diluted to a greater extent than that contemplated at the time of the Original Approval, with AustralianSuper's shareholding in Syrah increasing from up to 30.2%[7] to up to 33.0% in the event it elects to convert the Series 1 and 3 Convertible Notes. We note however, that the level of dilution in Non-associated Shareholders' economic interest in Syrah will be lower due to, amongst other things, the Non-associated Shareholders' pro rata participation in the benefit of the removal of the associated debt obligation.
- whilst the prospects of Non-associated Shareholders receiving a full control value for a Syrah share will, in theory, be slightly reduced, this position is not materially altered from the current position given AustralianSuper holds a 19.2% interest in Syrah and approval for the future conversion of the Convertible Notes was granted by Non-associated Shareholders at the general meeting held on 28 July 2023, albeit at a higher conversion price than that currently proposed.
- the Series 1 and 3 Notes Conversion has potential negative tax consequences, which include the potential for all of Syrah's current Australian tax losses to be exhausted under Australian tax debt forgiveness rules depending on the final share price at conversion.

As such, we consider each of the Series 1 and 3 Notes Conversion to be reasonable, and therefore in the best interests of Non-associated Shareholders, in the absence of a superior alternative.

4 Key considerations

4.1 Fairness

The Series 1 and 3 Notes Conversion is not fair

In assessing the fairness of the Series 1 and 3 Notes Conversion, we have compared the current value of an existing Syrah share, inclusive of a premium for control, to the hypothetical value of a Syrah share assuming shareholders have approved the Series 1 and 3 Notes Conversion, on a minority interest basis (i.e. excluding a premium for control).

[7] Syrah's Notice of General Meeting announced on 26 June 2023

Value of an existing Syrah share, inclusive of a premium for control

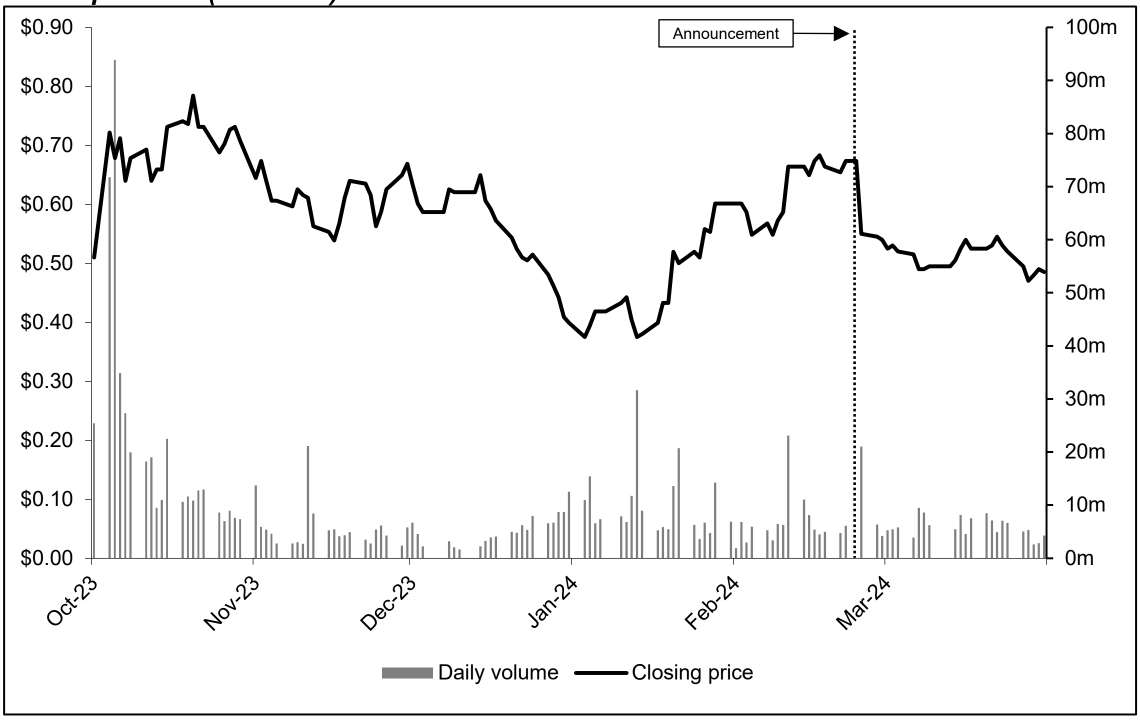
Given:

- Non-associated Shareholders will continue to hold shares in Syrah following any conversion
- in the absence of an alternative offer for Syrah, Non-associated Shareholders will be required to realise their investment on-market in the event they decide to realise their shareholding in Syrah,

we consider recent trading of Syrah shares prior to the date of this report to be an appropriate reference point as to the current market value for Non-associated Shareholders for the purpose of determining whether or not to support the Series 1 and 3 Notes Conversion.

In this regard, we have considered that Syrah's shares have traded at various levels between A$0.35 and A$0.91 over the six months prior to 19 April 2024 as shown in the figure and table below.

Figure 1: Syrah's daily closing share price on ASX and volume trading for the 6 months to 19 April 2024 (inclusive)



Source: IRESS and KPMG Corporate Finance Analysis

Table 1: Trading liquidity in Syrah's shares in the six months to 19 April 2024 (inclusive)

Period up to and including 19 Apr 24	Price (low) A$	Price (high) A$	Price VWAP A$	Cumulative value A$m	Cumulative volume m	% of issued capital
1 day	0.47	0.50	0.48	2.0	4.2	0.5%
1 week	0.47	0.52	0.49	9.7	20.1	2.3%
1 month	0.47	0.55	0.52	64.2	124.6	15.4%
3 months	0.35	0.69	0.52	240.2	463.8	64.0%
6 months	0.35	0.91	0.60	686.7	1,146.8	163.8%

Source: IRESS and KPMG Corporate Finance Analysis

Notes:

1. *Share price data represents intra-day trading rather than closing prices*
2. *Percentage of issued capital is the cumulative volume traded over the period divided by the weighted average number of shares on issue over that period.*

However, we also note that Syrah's shares have traded at a lower range of between A$0.47 and A$0.58, with a VWAP of A$0.52, since the announcements of the Equity Raise and the Series 1 and 3 Notes Conversion on 13 March 2024 as set out in the table below.

Table 2: Trading liquidity in Syrah's shares post 13 March 2024

Period from 13 Mar 24 to 19 Apr 24 incl.	Price (low) A$	Price (high) A$	Price VWAP A$	Cumulative value A$m	Cumulative volume m	% of issued capital
38 days	0.47	0.58	0.52	81.8	156.2	18.2%

Source: IRESS, Capital IQ and KPMG Corporate Finance Analysis

Notes:

1. *Share price data represents intra-day trading rather than closing prices*
2. *Percentage of issued capital is the cumulative volume traded over the period divided by the weighted average number of shares on issue over that period.*

We consider trading in Syrah shares to be liquid over this recent trading period with 18.2% of Syrah's issued capital being traded over the 38 days calendar days, which equates to an equivalent annual liquidity of over 175% of Syrah's issued capital.

Based on the above, we consider a price in the range of A$0.50 to A$0.60 to be reflective of the current market value of a share in Syrah on a minority interest basis as at the date of this report.

In order to determine a 100% control value, these minority values are required to be adjusted by a control premium. We have adopted a control premia range of 25% to 40% for the purpose of this report, having regard to the outcome of a 2021 study[8] in relation to control premia observed

[8] RSM "Control Premium Study 2021"

in successful takeovers and schemes of arrangement in the Australian metals and mining sector over the period 1 July 2005 to 31 December 2020, which indicated over a data set of 161 transactions, the 2-day, 5-day and 20-day pre-bid average premium was 29.8%, 32.5% and 36.6% respectively.

In considering the evidence provided by actual transactions, it is important to recognise, however, that the observed premium for control is an outcome of the valuation process, not a determinant of value and that each transaction will reflect to varying degrees the outcome of a unique combination of factors, including amongst other things:

- pure control premium in respect of the acquirer's ability to utilise full control over the strategy and cash flows of the target entity
- the level of synergies available to all acquirers, such as the removal of costs associated with the target being a listed entity and/or costs related to duplicated head office functions
- synergistic or special value that may be unique to a specific acquirer
- whether the acquisition is competitive.

Our range of assessed values for Syrah incorporates a control premium reflecting synergies that would generally be available to a pool of purchasers. It does not include any potential strategic or operational benefits unique to AustralianSuper, if any.

On this basis, we have assessed the value of Syrah, inclusive of a premium for control, to be in the range of approximately $0.63 and $0.84 per Syrah share, as set out in the table below.

Table 3: Assessed equity value of a controlling interest in Syrah at the date of this report

Valuation summary	Low	High
Share price (A$/share, minority interest basis)	0.50	0.60
Control Premium	25%	40%
Value per share (100% control basis) (A$/share)	**0.63**	**0.84**
Outstanding shares (million)	857	857
Equity value (100% control basis) (A$m)	**536**	**720**

Source: Capital IQ and KPMG Corporate Finance analysis

Note:

1. _Outstanding shares are as at 19 April 2024_

Hypothetical value of a Syrah share immediately following approval of the Series 1 and 3 Notes Conversion, on a minority interest basis (i.e. excluding a premium for control).

We have assessed the hypothetical value of a Syrah share on a minority interest basis immediately following the Series 1 and 3 Notes Conversion to be in the range of approximately A$0.51 to A$0.58 per Syrah share. In our assessment, we have adjusted for:

- removal of the estimated current debt amounts, including capitalised establishment fees and interest, in relation to the Series 1 and 3 Convertible Notes
- removal of the option value component of the Series 1 and 3 Convertible Notes

- a notional minority discount, being the inverse of our adopted control premium range set out above
- expansion of the issued capital of Syrah for the new shares to be issued following conversion consistent with the above,

as set out in the table below.

Table 4: Summary of assessed equity value immediately following approval of the Series 1 and 3 Notes Conversion

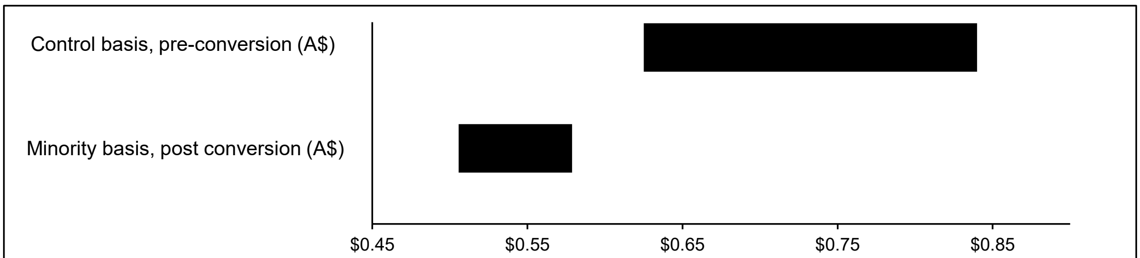
Assessed equity value assuming Series 1 and 3 Conversion	Low	High
Equity value (100% control basis) (A$m)	**536**	**720**
Add back debt		
Series 1 & 3	116	116
Add back option value		
Series 1 & 3	1	1
Adjusted equity value (100% control basis) (A$m)	**653**	**837**
Minority Discount	20%	29%
Adjusted equity value (minority interest) (A$m)	**522**	**598**
Outstanding shares (million)	1,033	1,033
Adjusted equity value per Share (minority interest)	**0.51**	**0.58**

Source: Capital IQ and KPMG Corporate Finance Analysis
Notes:

1. *Option values have been calculated using the Black-Scholes option pricing method, at an assumed volatility of 75%, a share price of A$0.48, a maturity date of 31 May 2024 (being the estimated conversion date following approval of Series 1 and 3 Notes Conversion) and Revised Conversion Price of A$0.6688*
2. *Debt for Series 1 & 3 Convertible Notes reflect estimated balance as at 31 May 2024 (being the estimated conversion date following approval of Series 1 and 3 Notes Conversion), including capitalised establishment fees and interest since issuance*
3. *Figures may not add exactly due to rounding.*

The chart below provides a comparison of our assessed valuation ranges for a Syrah share in assessing fairness of the Series 1 and 3 Notes Conversion.

Figure 2: Comparison of our assessed valuation ranges for a Syrah share



Source: KPMG Corporate Finance Analysis

As the range of values per Syrah share, on a minority basis, following approval of the Series 1 and 3 Notes Conversion falls below our range of assessed current values for a Syrah share, inclusive of a premium for control, we consider the Series 1 and 3 Notes Conversion to be not fair to the Non-associated Shareholders.

4.2 *Reasonableness*

The Series 1 and 3 Notes Conversion is reasonable

In accordance with RG111, a transaction may be considered reasonable if, despite being not fair, there are sufficient reasons for shareholders to approve the Series 1 and 3 Notes Conversion in the absence of a superior alternative. In determining the Series 1 and 3 Notes Conversion to be reasonable, we have had regard to the following matters.

4.3 *Advantages*

Approval of the Series 1 and 3 Notes Conversion will remove the potential requirement to repay the Series 1 and 3 Convertible Notes

Whilst the Equity Raising provides an inflow of funds, these funds have been earmarked for other purposes and, in any event, having regard to Syrah's 31 December 2023 free cash position and short term operational and development projections, it is clear that these funds are unlikely to provide Syrah with sufficient free cash to also be able to repay the Series 1 and Series 3 Convertible Notes at maturity on 28 October 2024, which is estimated to be approximately A$121.8 million in aggregate at maturity, assuming continued capitalisation of interest through to that date.

Syrah has advised that it has considered other potential sources of funding, including an equity capital raise, commercial debt, government loans and grants. However, having regard to the current economic and lending environment, the operational status of the Balama Graphite Operation and the development stage of the Vidalia Facility, the Company has not been able to identify a superior alternative funding option if the Series 1 and 3 Convertible Notes are required to be repaid.

Whilst it is still open to AustralianSuper to convert the Series 1 and 3 Convertible Notes in the event Non-associated Shareholders do not approve the Series 1 and 3 Notes Conversion, they are not required to do so. We note the current conversion price for the Series 1 and 3 Convertible Notes, in the event the Series 1 and 3 Notes Conversion is not approved, is A$0.9318, which is a substantial premium to current traded prices for Syrah's shares and there is no certainty that AustralianSuper will elect to convert the Series 1 and 3 Convertible Notes rather than to redeem these notes for cash.

Should approval for the Series 1 and 3 Notes Conversion not be received and the Series 1 and 3 Convertible notes are required to be redeemed for cash, Syrah will still be required to pursue additional funding, likely via an equity capital raise. It is the Company's view, and we concur, that any such equity raise would likely be required to be completed at a discount to the prevailing Syrah share price. Based on current traded prices for Syrah's shares, this equity raise price would fall below the Revised Conversion Price of the Series 1 and 3 Convertible Notes and therefore, all other things being equal, would, in the event involves parties other than current Non-associated shareholders, may be more dilutive than conversion of the Series 1 and 3 Convertible Notes for a similar amount of funding.

The Series 1 and 3 Notes Conversion will improve Syrah's net asset position

The Series 1 and 3 Notes Conversion will improve Syrah's net asset position reflecting extinguishment of the liability component of the Series 1 and 3 Convertible Notes recorded on the balance sheet of Syrah. Based on Syrah's consolidated net assets as at 31 December 2023, Syrah's net assets would increase from US$353.6 million to US$431.4 million[9] and its gearing level (total borrowings divided by net assets) would reduce significantly.

We note that the values recorded in the financial statements of Syrah have been prepared on a "going concern" basis. PwC, Syrah's statutory auditor, noted a material uncertainty related to going concern in its audit of Syrah's 2023 financial statements, and noted that Syrah is dependent on the successful implementation of its key funding and operational initiatives, some of which were not completed as at the date of Syrah's 2023 Annual Report, including the proposed conversion of the Series 1 and 3 Convertible Notes. These conditions, along with other matters set forth in Note 1 of Syrah's 2023 Annual Report, indicate that a material uncertainty exists that may cast significant doubt on Syrah's ability to continue as a going concern.

Syrah's key funding and operational initiatives highlighted in the 2023 Annual Report will still need to be effected in the event the conversion of the Series 1 and 3 Convertible Notes is approved, however, approval will represent a significant step toward Syrah achieving its targets.

In the event Syrah was required to enter into any form of external administration, we would expect the asset values recovered by Syrah would require adjustment to reflect the Company's distressed nature.

The Revised Conversion Price under the Series 1 and 3 Notes Conversion is at a premium to recent trading prices for Syrah shares and the Equity Raising issue price

We have considered a comparison of the Revised Conversion Price under the Series 1 and 3 Notes Conversion of A$0.6688 per share to the 1 day, 1 week and 1 month volume weighted average price (**VWAP**) of Syrah's shares on the ASX to 19 April 2024. The Revised Conversion Price for the Series 1 and 3 Convertible Notes represents a premium of between 29.8% and 38.8% to the respective VWAPs as set out in the table below.

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[9] calculated based on the A$ balance of the Series 1 and 3 Convertible Notes as at 31 December 2023 converted to US$ at the 31 December 2023 spot exchange rate of 0.68166 AUD:USD

Table 5: Comparison of Revised Conversion Price to recent traded prices

Period up to and including 19 Apr 24	Price VWAP A$	Conversion price[1] A$	% premium
1 day	0.48	0.6688	38.8%
1 week	0.49	0.6688	37.6%
1 month	0.52	0.6688	29.8%

Source: IRESS and KPMG Corporate Finance Analysis
Notes:
1. *Revised Conversion Price for the Series 1 and 3 Notes Conversion Convertible Notes*
2. *May not calculate exactly due to rounding*

The current price of a Syrah share may differ from the price at which Syrah's shares are trading at the date in the future when Non-associated Shareholders meet to consider the Series 1 and 3 Notes Conversion. General market sentiment and conditions and reaction to future Syrah announcements could all impact upon Syrah's share price. Accordingly, Non-associated Shareholders will need to consider, inter alia, movements in Syrah's share price subsequent to the date of this report in deciding whether to approve the Series 1 and 3 Notes Conversion.

We also note the Revised Conversion Price under the Series 1 and 3 Notes Conversion of A$0.6688 per share is at a 21.6% premium to the issue price of the Equity Raising of A$0.55 per share.

Whilst the Revised Conversion Price premium lies within the 25% to 40% premium adopted by us in Table 6 above in assessing a 100% control value of Syrah, we note that AustralianSuper will not secure full control of Syrah through the Series 1 and 3 Notes Conversion.

With an increased equity position, AustralianSuper will be further incentivised to work towards the future success of Syrah

The conversion of the Series 1 and 3 Convertible Notes will increase AustralianSuper's overall interest in Syrah from approximately 19.2%[10] up to approximately 33.0%[11]. We would expect this would further incentivise AustralianSuper to work towards the future success of Syrah. We have been advised by Syrah that AustralianSuper has been a supportive, long-term focussed investor since becoming a shareholder of Syrah.

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[10] AustralianSuper held as at 17 April 2024 approximately 19.2% of Syrah's ordinary shares on issue

[11] And this increases to approximately 42.7% in the event that AustralianSuper elects to convert the Series 4, 5 and 6 Convertible Notes at maturity, assuming continued capitalisation of interest through to maturity and the conversion price as at the date of this report

4.4 Disadvantages

The Series 1 and 3 Notes Conversion will result in a level of dilution of the Non-associated Shareholders' interests in Syrah in excess of that contemplated at the time of the Original Approval

The voting interest of Non-associated Shareholders in Syrah will be diluted to a greater extent than that contemplated at the time of the Original Approval in the event AustralianSuper elects to convert the Series 1 and 3 Convertible Notes, with AustralianSuper's potential shareholding in Syrah increasing from up to 30.2%[12] to up to 33.0%.

However, we note the dilution of the economic interest of Non-associated Shareholders can be expected to be lower as, amongst other factors, they will also receive a pro rata interest in the increase in Syrah's net assets as a result of the removal of Syrah's debt obligation attached to the Series 1 and 3 Convertible Notes. We also note that AustralianSuper has indicated to Syrah that it does not at this time intend to seek to make any changes to the business of Syrah and is currently considering if it intends to nominate a director to the Board of the Company (but has not yet made any such decision or nomination). Further details in relation to AustralianSuper's stated intentions are set out in the Explanatory Memorandum.

The prospect of Non-associated Shareholders receiving a takeover offer for Syrah is, in theory, reduced but not materially

With AustralianSuper increasing its interest in Syrah upon the conversion of the Series 1 and 3 Convertible Notes, it is arguable that the prospects of Non-associated Shareholders receiving an offer for their shares inclusive of a full premium for control is reduced. However, we note that AustralianSuper already holds a 19.2% interest in Syrah and therefore any takeover offer for a 100% interest in Syrah is already dependent upon AustralianSuper's support. Moreover, approval for the future conversion of the Series 1 and 3 Convertible Notes was provided at general meeting held on 28 July 2023, albeit at a higher conversion price than that currently proposed. Accordingly we do not consider the strategic position of the Non-associated Shareholders to be materially different as a result of the Series 1 and 3 Notes Conversion.

The Series 1 and 3 Notes Conversion has potential negative tax consequences

Syrah has advised that the Australian tax debt forgiveness rules seek to neutralise 'gains' from the forgiveness of a debt by reducing certain tax attributes of the borrower from the beginning of the forgiveness year. This includes the borrower's accumulated revenue tax losses that could, subject to meeting the relevant rules for deducting tax losses, be available to reduce Australian taxable income of such borrower in the future. If revenue tax losses are fully reduced, capital tax losses, the cost base of depreciating assets and then the cost base of CGT assets are then reduced in that order. The Series 1 and 3 Notes Conversion may give rise to a tax debt forgiveness by the Company to the extent that the Company's share price is below the Revised Conversion Price (A$0.6688 per share) when the Series 1 and 3 Convertible Notes are

[12] Syrah's Notice of General Meeting announced on 26 June 2023

converted into new shares. If there is a tax debt forgiveness, the tax attributes of the Company will be reduced in the manner set out above to the extent of the forgiveness.

4.5 *Other considerations*

AustralianSuper may not be required to pay a full premium for control

We note that whilst it is not possible at this time to determine the actual premium or discount to be paid by AustralianSuper at the date of the Series 1 and 3 Notes Conversion is implemented, Non-associated Shareholders should be aware that based on recent trading prices for Syrah's shares AustralianSuper may acquire a significant level of control of Syrah without payment of a full premium for control. However, given AustralianSuper already holds a 19.2% interest in Syrah and will not, even if all the Convertible Notes are converted, acquire at least a 50.1% interest, we would not expect AustralianSuper to pay a higher or full premium for control for the Series 1 and 3 Notes Conversions.

Directors' intentions

The Directors have advised that they each intend to recommend that the Non-associated Shareholders vote in favour of the Series 1 and 3 Notes Conversion and that they each intend to vote the Syrah shares they each hold personally or which are held on their behalf in favour of the Series 1 and 3 Notes Conversion, representing approximately 0.6% of the current issued capital Syrah. The Directors recommendation and voting intention in respect of the Series 1 and 3 Notes Conversion are subject to their fiduciary duties and obligations and the Independent Expert continuing to conclude that the Series 1 and 3 Notes Conversion are in the best interests of the Non-associated Shareholders.

The Series 1 and 3 Convertible Notes are not transferable beyond AustralianSuper and its related entities, without the prior written consent of Syrah

The Series 1 and 3 Convertible Notes are not transferrable by AustralianSuper beyond its related entities, without the prior written consent of Syrah. Accordingly, we consider this provides some certainty as to the final identity of the party to which the new Syrah shares would be issued on conversion of the Series 1 and 3 Convertible Notes.

5 Other matters

In forming our opinion, we have considered the interests of the Non-associated Shareholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual shareholders. It is not practical or possible to assess the implications of the Series 1 and 3 Notes Conversion on individual shareholders as their financial circumstances are not known. The decision of each shareholder as to whether or not to approve the Series 1 and 3 Notes Conversion is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual shareholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to vote for or against the proposed resolutions may be influenced by his or her particular circumstances, we recommend that individual shareholders including residents of foreign jurisdictions seek their own independent professional advice.

Our report has also been prepared in accordance with the relevant provisions of the Act and other applicable Australian regulatory requirements. This report has been prepared solely for the purpose of assisting Non-associated Shareholders in considering the Series 1 and 3 Notes Conversion. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

KPMG Corporate Finance has made reasonable enquiries of Syrah and Syrah has concluded that the Series 1 and 3 Notes Conversion are not captured by Design and Distribution Obligations regulations.

Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than the Notice of Meeting to be sent to Syrah shareholders in relation to the Series 1 and 3 Notes Conversion, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears. KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it appears in the Notice of Meeting.

Our opinion is based solely on information available as at the date of this report as set out in Appendix 2 of the attached report. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion. We refer readers to the limitations and reliance on information section as set out in Section 7 of this report.

References to a calendar year (i.e. the 12 months to 31 December XX) have been abbreviated to CYXX.

The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

Yours faithfully

Jason Hughes	Sean Collins
Authorised Representative	Authorised Representative

Contents

6 Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that KPMG Corporate Finance has in any way carried out an audit of the books of account or other records of Syrah or any or its associated entities for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of Syrah's management. We have had discussions with Syrah's management in relation to the nature of the business operations, specific risks and opportunities, historical results and prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Syrah has been responsible for ensuring that information provided by it or its representatives is not false or misleading or incomplete. Complete information is deemed to be information which at the time of completing this report should have been made available to KPMG Corporate Finance and would have reasonably been expected to have been made available to KPMG Corporate Finance to enable us to form our opinion.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Corporate Finance included forecasts/projections and other statements and assumptions about future matters (**forward-looking financial information**) prepared by or on behalf of Syrah. KPMG Corporate Finance has relied upon this forward-looking financial information in preparing this report and Syrah remains responsible for all aspects of this forward-looking financial information. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information or tested the mathematical integrity of the models. However, we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis.

KPMG Corporate Finance cannot provide any assurance that the forward-looking financial information will be representative of the results which will actually be achieved during the forecast period. Any variations in the forward-looking financial information may affect our valuation and opinion.

The opinion of KPMG Corporate Finance is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

6.1 Disclosure of information

In preparing this report, KPMG Corporate Finance has had access to all financial information considered necessary in order to provide the required opinion. Due to commercial sensitivity and/or confidentiality undertakings we have limited the level of disclosure in relation to certain key business arrangements. However, we have disclosed a summary of material information which we relied on in forming our view, which is consistent with the type of information that is regularly placed into the public domain by Syrah.

7 Overview of the Convertible Notes

The key terms of the Series 1 Convertible Note are summarised below and were set out in more detail in the Explanatory Memorandum in respect of Syrah's general meeting held on 1 August 2019, at which shareholders approved the issue of the Series 1 Convertible Note.

Table 6: Key terms of the Series 1 Convertible Note

Term	Description
Face value	A$55.8 million
Maturity date	28 October 2024
Interest	Interest will accrue from day to day on the principal outstanding under the convertible note, and will be capitalised quarterly in arrears and added to the principal outstanding under the convertible note at a rate of 8% per annum, unless Syrah elects to make interest payments in cash, in which case the relevant interest will be calculated at a rate of 7.5% per annum.
Conversion price and adjustment	The initial conversion price was A$1.0036. The conversion price is subject to adjustment(s) for certain corporate actions of Syrah during the term of the convertible note, in accordance with customary adjustment rules. The conversion price of the Series 1 Convertible Note was adjusted to A$0.9686 in March 2022 for the completion of an equity raise at that time and would be adjusted to A$0.9318 for completion of the Equity Raise. On 13 March 2024, Syrah and AustralianSuper agreed to a Revised Conversion Price of A$0.6688, subject to approval of Non-associated Shareholders.
Conversion and redemption	At any time after 30 months from issue and prior to the maturity date, AustralianSuper may elect to fully convert the convertible note into fully paid ordinary Syrah shares at the conversion price. If AustralianSuper has not elected to convert on or before maturity, the convertible note is redeemable in cash upon maturity. It is also redeemable if a takeover offer or scheme of arrangement becomes unconditional and AustralianSuper has not made a conversion election, or if AustralianSuper elects to redeem instead of convert the Convertible Note in connection with an event of default.

Establishment fee	_Establishment fee_ - 2% of the face value of the convertible note will be capitalised and will accrue to the principal outstanding upon issuance of the convertible note.

Source: Syrah notice of meeting ASX announcement on 27 June 2019, Syrah notice of meeting ASX announcement on 26 June 2023

The key terms of the Series 3 Convertible Note are summarised below and set out in more detail in the notice of meeting in respect of Syrah's general meeting on 21 May 2021, at which shareholders approved the issue of the Series 3 Convertible Note.

Table 7: Key terms of the Series 3 Convertible Note

Term	Description
Face value	A$28 million
Maturity date	28 October 2024
Interest	Interest will accrue from day to day on the principal outstanding under the convertible note, and will be capitalised quarterly in arrears and added to the principal outstanding under the convertible note at a rate of 8% per annum, unless Syrah elects to make interest payments in cash, in which case the relevant interest will be calculated at a rate of 7.5% per annum.
Conversion price and adjustment	The initial conversion price was A$1.0036. The conversion price is subject to adjustment(s) for certain corporate actions of Syrah during the term of the convertible note, in accordance with customary adjustment rules. The conversion price of the Series 3 Convertible Note was adjusted to A$0.9686 in March 2022 for the completion of an equity raise at that time and would be adjusted to A$0.9318 for completion of the Equity Raise. On 13 March 2024, Syrah and AustralianSuper agreed to a Revised Conversion Price of A$0.6688, subject to approval of Non-associated Shareholders.
Conversion and redemption	At any time after 28 April 2022 up to the maturity date, AustralianSuper may elect to convert the Series 3 Convertible Note into new fully paid ordinary Syrah shares at the conversion price. If AustralianSuper has not elected to convert on or before maturity, the convertible note is redeemable in cash upon maturity. It is also redeemable if a takeover offer or scheme of arrangement becomes unconditional and AustralianSuper has not made a conversion election, or if AustralianSuper elects to redeem instead of convert the Convertible Note in connection with an event of default.
Establishment fee	_Establishment fee_ - 2% of the face value of the convertible note will be capitalised and will accrue to the principal outstanding upon issuance of the convertible note.

Source: Syrah notice of meeting ASX announcement on 19 April 2021, Syrah notice of meeting ASX announcement on 26 June 2023

The key terms of the Series 4, 5 and 6 Convertible Notes are summarised below and set out in more detail in the notice of meeting in respect of Syrah's general meeting on 28 July 2023, at which shareholders approved the issue and future conversion of the Series 4, 5 and 6 Convertible Notes.

Table 8: Key terms of the Series 4, 5 and 6 Convertible Notes

Term	Description
Face value	• Series 4 Convertible Note: A$50 million • Series 5 Convertible Note: A$50 million • Series 6 Convertible Note: A$50 million
Maturity date	12 May 2028
Interest	Until Syrah shareholders provided the Original Approval and approval of the issue of Series 5 and 6 Convertible Notes for the purpose of ASX Listing Rule 7.1, interest accrued on the principal outstanding under the Series 4 Convertible Note (which was issued on 12 May 2023), and was capitalised quarterly in arrears and added to the face value at a rate of 14.0% per annum. Following the Original Approval and approval of the issue of Series 5 and 6 Convertible Notes, the interest rate accrues on the principal outstanding under the notes issued and is capitalised quarterly in arrears and added to the face value of the notes issued at a reduced rate of 11.0% per annum, unless Syrah elects to make interest payments in cash, in which case the relevant interest will be calculated at a reduced rate of 10.5% per annum.
Conversion price and adjustment	The initial conversion price was A$1.536. The conversion price is subject to adjustment(s) for certain corporate actions of Syrah during the term of the convertible notes, in accordance with customary adjustment rules. The conversion price of the Series 4, 5 and 6 Convertible Notes following adjustment for completion of the Equity Raise is A$1.4777.
Conversion and redemption	At any time following 12 November 2025 and up to the maturity date, AustralianSuper may elect to convert the convertible notes into new fully paid ordinary Syrah shares at the conversion price. Following 12 November 2025, if AustralianSuper elects to convert the Series 4, 5 or 6 Convertible Notes or the Series 1 or 3 Convertible Notes (whether one or several series at the same time) it must wait at least six months before it can elect to convert another series of the Convertible Notes. This six-month requirement does not apply in the one month before the maturity date or if an event of default or a change of control in Syrah has occurred. If AustralianSuper has not elected to convert on or before maturity, the convertible note is redeemable in cash upon maturity. It is also redeemable if a takeover offer or scheme of arrangement becomes unconditional and AustralianSuper has not made a conversion election, or if AustralianSuper elects to redeem instead of convert the Convertible Note in connection with an event of default.
Fees on establishment or break	*Establishment fee* - 2% of the face value of the convertible notes will be capitalised and will accrue to the principal outstanding upon issuance of the convertible notes *Break fee* - 1% of the face value of the convertible notes not issued

Term	Description
Undertakings	While the Series 4, 5 and 6 Convertible Notes remain outstanding and prior to the date five business days after a change of control event (if any), Syrah also undertakes to consult with AustralianSuper prior to issuing any ordinary shares, equity securities or debt securities for the primary purpose of raising capital for Syrah or entering into debt financing agreements (other than any senior secured revolving debt/credit facilities), however consent of AustralianSuper is not required for any such transactions or agreements.

Source: Syrah notice of meeting ASX announcement on 26 June 2023

8 Industry overview

Syrah's principal assets comprise its interests in the Balama graphite mine and processing facility and the Vidalia active anode facility. Accordingly, the current and expected financial performance of Syrah is significantly impacted by developments in the international graphite industry. To provide a context for assessing the prospects of Syrah, we have included an overview of recent trends in the international graphite markets at Appendix 3.

9 Profile of Syrah

9.1 Company overview

Syrah is a vertically integrated natural graphite and battery anode company headquartered in Melbourne, Australia. Syrah was incorporated in 2007 and listed on the Australian Securities Exchange in September 2007. The Company's principal assets comprise its 95% interest in the Balama Graphite Operation and its 100% interest in the Vidalia Facility. Additionally, Syrah has a sales and marketing entity based in the United Arab Emirates (**Syrah Global DMCC**).

9.2 Profile of the Balama Graphite Operation

9.2.1 Overview

In 2011, Syrah announced the acquisition of Jacana Resources Ltd which held the Balama Graphite Operation. The Balama Graphite Operation is located on a 110.6km^2 mining concession in Northern Mozambique, within the district of Balama in the Cabo Delgado province. The Balama Graphite Operation is a high grade, open pit mining and processing operation utilising conventional mining and processing methods with a low strip ratio.

The Balama Graphite Operation entered into production in November 2017, following the completion of a feasibility study in May 2015. Production was suspended in March 2020, following the enactment of COVID-19 management measures by the Mozambique Government, which impaired the mobility of a significant portion of the Balama Graphite Operation's workforce. Additionally, graphite demand weakness and forward contracting challenges also contributed to the suspension of production. Syrah announced the expected restart of production at the Balama Graphite Operation on 22 February 2021, with production ultimately recommencing in March 2021.

Since early 2023, production campaigns and operations have been undertaken at Balama Graphite Operations, with intervening non-operating periods. The Company is awaiting improved market demand for its natural graphite products to transition to continuous and higher production operations.

Syrah believes that marketing conditions will improve beyond the short-term with granting of licenses for anode material exports from China and as natural graphite anode processing capacity is developed outside of China, requiring natural graphite feedstocks. However, the timing and rate of recovery, and also generation of positive net cash flow from the Balama Graphite Operation, is uncertain.

Figure 3: Balama Graphite Operation location

Source: Syrah Resources website

9.2.2 Balama Graphite Operation graphite Ore Reserves and Mineral Resources

Set out below is a summary of the Balama Graphite Operation's graphite Ore Reserves and Mineral Resources as at 31 December 2023 along with its vanadium Mineral Resources as at 31 December 2022.

Table 9: Balama Graphite Operation graphite Ore Reserves

	Tonnes (Mt)	TGC[1] (%)	Graphitic Carbon (Mt)[2]
Ativa	**17.2**	**18.4**	**3.2**
Proved	-	-	-
Probable	17.2	18.4	3.2
Mualia	**37.7**	**17.6**	**6.6**
Proved	-	-	-
Probable	37.7	17.6	6.6
Mepiche	**53.4**	**14.9**	**8.0**
Proved	-	-	-
Probable	53.4	14.9	8.0
Stockpiles	**1.8**	**11.4**	**0.2**
Proved	-	-	-
Probable	1.8	11.4	0.2
Total	**110.1**	**16.4**	**18.0**
Proved	-	-	-
Probable	110.1	16.4	18.0

Source: Syrah's 2023 Annual Report

Notes:

1. *TGC refers to total graphitic carbon*
2. *Mt refers to million tonnes*
3. *Grades reported at a 7.2% total graphitic carbon cut-off grade*
4. *Amounts may not add exactly due to rounding*

Table 10: Balama Graphite Operation graphite Mineral Resources

Category	Tonnes (Mt)	TGC (%)	Graphitic Carbon (Mt)
Ativa	**95.2**	**12.4**	**11.9**
Measured	21.2	16.9	3.6
Indicated	30.8	11.6	3.6
Inferred	43.2	10.8	4.7
Mualia	**226.4**	**12.4**	**28.0**
Measured	-	-	-
Indicated	86.9	12.7	11.1
Inferred	139.5	12.1	16.9
Mepiche	**711.8**	**11.2**	**79.9**
Measured	-	-	-
Indicated	120.9	13.6	16.4
Inferred	590.9	10.7	63.5
Stockpiles	**1.8**	**11.3**	**0.2**
Measured			
Indicated	1.8	11.3	0.2
Inferred	-	-	-
Total	**1,035.2**	**11.6**	**119.9**
Measured	21.2	16.9	3.6
Indicated	240.4	13.0	31.3
Inferred	773.6	11.0	85.1

Source: Syrah's 2023 Annual Report

Notes:

1. *Grades reported at a 5% total graphitic carbon cut-off grade*
2. *Amounts may not add exactly due to rounding*

9.2.3 Balama Operational Scorecard and Outlook

Table 11: Balama Graphite Operation operating statistics

Quarter Ending	Unit	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23
Plant Feed	000t	224	214	280	95	130	138
Plant Feed Grade	TGC	20%	20%	20%	19%	18%	17%
Recovery	%	80%	78%	71%	78%	73%	77%
Graphite Produced	000t	38	35	41	15	18	20
Fine/Coarse Mix	-	86/14	87/13	91/9	91/9	88/12	87/13
Average Fixed Carbon	%	95%	95%	95%	95%	95%	95%

Source: Syrah's Quarterly Activities Report for the period ending 31 December 2023

Syrah noted in its Quarterly Activities Report for the period ending 31 December 2023 that Syrah completed production campaigns during October and December 2023 that produced 20 kilotonnes (**kt**) of natural graphite over the quarter. Balama operations were otherwise paused through the middle of the quarter, awaiting improved market demand for Balama natural graphite products.

Balama C1[13] cash operating costs (FOB Nacala/Pemba) during operating periods in the December 2023 quarter were approximately US$534 per tonne, impacted by lower than targeted production rate and recovery below 80%. Balama C1 fixed cash operating costs (FOB Nacala/Pemba) during the non-operating period were approximately US$4 million per month The wholesale diesel price set by the Mozambique Government remained stable quarter on quarter.

Syrah also noted that it is continuing to operate Balama in campaign operating mode in the March 2024 quarter, targeting ~30-day high-capacity utilisation production campaigns followed by curtailment periods determined by inventory levels and new sales demand. Further production campaigns will be dependent on sales from inventory and new sales orders at production volumes averaging at least 10kt per month, in line with the revised Balama operating mode. The Company is focussed on strengthening plant reliability and identifying and implementing operational efficiencies during the shutdown periods to ensure strong operational performance in future production periods.

Table 12: Balama Graphite Operation natural graphite sales

Quarter Ending	Unit	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23
Graphite Sold and Shipped	000t	55	28	30	15	23	17
Graphite Shipped to Vidalia	000t	0	0	0	2	4	3
Weighted Average Price (CIF)[1]	US$/t	688	716	636	688	515	490
Finished Product Inventory	000t	14	20	30	28	20	19

Source: Syrah's Quarterly Activities Report for the period ending 31 December 2023 and the Equity Raising investor presentation

Notes:

1. *Weighted average price for 3rd party customer sales. CIF refers to cost, insurance and freight.*

Natural graphite sales to 3rd party customers for the quarter totalled 17kt, with Syrah noting that:

- the decrease from the September 2023 quarter was due to illiquidity in the Chinese customer market resulting from the announcement and implementation of Chinese graphite export licencing controls
- coarse flake demand was strong, however, considering inventory and campaigned production, availability of coarse flake for sales was constrained
- approximately 19kt of finished product inventory remained at quarter end. Low demand from Chinese anode customers limited overall natural graphite sales during the quarter
- Syrah also shipped 3kt of fines to Vidalia during the quarter for internal active anode material (**AAM**) production and to build stockpiles

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[13] C1 cost is defined as the net direct cash cost incurred at each processing stage (including mining, site processing, treatment, refining and transport) less net-by-product credits (if any).

- a breakbulk shipment from Pemba, Mozambique, was completed in December 2023 and container shipping capacity at Nacala, Mozambique, was sufficient
- the weighted average sales price of natural graphite sales to 3rd party customers for the quarter was US$490 per tonne, lower compared to the September 2023 quarter due to lower fines prices for sales to Chinese customers.
- fines sales accounted for approximately 85% of product sales to 3rd party customers in the quarter, which was marginally below the September 2023 quarter and consistent with the historical average of 85%.

Syrah has advised it intends to release its Quarterly Activities Report for the period ending 31 March 2024 on 30 April 2024.

Potential DFC funding

A US$150 million conditional loan commitment to the Company's subsidiary, Twigg Exploration and Mining Limitada (**Twigg**) was signed by the DFC and Twigg in September 2023.

The DFC loan is available in the following tranches, subject to satisfaction of certain conditions precedent:

- US$100 million in aggregate disbursements to fund working and sustaining capital of Balama operations, current tailings storage facility (**TSF**) expansion, and vanadium development capital
- US$50 million in aggregate disbursements to fund a future-dated TSF expansion project later this decade.

Syrah is targeting signing of a binding DFC loan agreement and first disbursement of the DFC loan by the end of the June 2024 quarter, subject to completion of all financing documents and receipt of DFC management approval, Syrah and Twigg Board approvals, and approvals to be issued by all relevant Government of Mozambique entities. The Company expects to seek an initial disbursement, which is currently estimated to be approximately US$60 million, following execution of the loan agreement and satisfaction of all conditions precedent.

The term of the DFC loan is up to 13 years. Interest on the loan is fixed at applicable long-dated US Treasury rates plus a margin.

Balama Graphite Operations offtake

On 1 March 2024, Syrah executed an offtake agreement with Posco Future M for natural graphite fines from the Balama Graphite Operations with delivery in South Korea for up to 2kt per month (24ktpa) for the first year, and from 2kt per month (24ktpa) to 5kt per month (60ktpa) at the option of Posco Future M with at least 6 months' notice, from the second year to the end of the offtake. The offtake term is for six years commencing upon notification from Posco Future M and pricing will be mutually negotiated on a quarterly basis, referencing independently reported prices indices for natural graphite fines, with adjustment for product grade and volume.

Notification of commencement from Posco Future M must occur on or before 31 December 2025.

Besides the offtake agreement with Posco Future M, Syrah is engaged commercially with nine additional ex-China natural graphite anode projects for long-term natural graphite supply from Balama. These projects are in various stages of progress in the US, Canada, South Korea, Europe, South East Asia and India. Syrah has also concluded a spot contract for trial shipment for an AAM facility in Indonesia, which is under construction and expected to commence operations later this year.

9.3 *Balama Graphite Operation vanadium by-product*

The Balama Graphite Operation contains a vanadium by-product Mineral Resource which is liberated during the graphite production process and could potentially be refined into a saleable high purity vanadium pentoxide product via processing of material currently reporting to tailings at the Balama Graphite Operation. Syrah commenced work on a pre-feasibility study for the Balama vanadium project in 2023 and expects to update vanadium Mineral Resources in 2024.

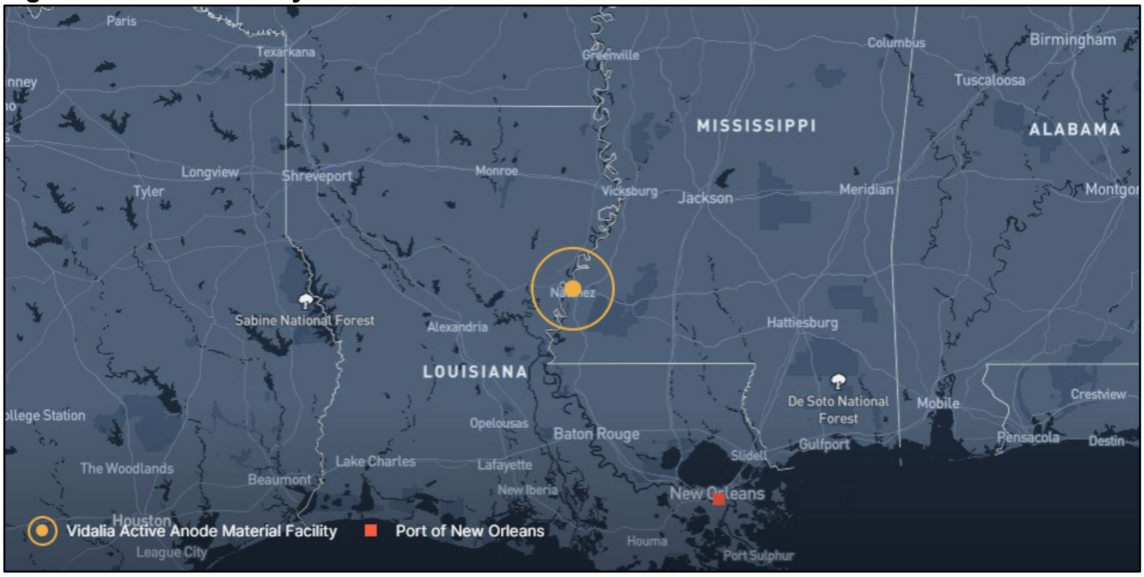
9.4 *Profile of the Vidalia Facility*

The Vidalia Facility is a downstream processing facility that produces graphite-based AAM, a critical material used in lithium-ion batteries for electric vehicles and other battery technologies.

Syrah purchased a 25-acre site in Vidalia, Louisiana, located within the Vidalia Industrial Park in 2018 and commenced development of a qualification facility. Following successful production of AAM to battery specification, in December 2021, Syrah purchased an additional 13 acres of the land immediately north of the existing site, taking the total site to 38 acres, to accommodate possible future planned expansions of the Vidalia Facility.

An expanded 11.25 kilotonne per annum (**ktpa**) processing facility (**the Vidalia Initial Expansion**) commenced production during the March 2024 quarter and was the first vertically integrated AAM supplier outside of China, processing natural graphite from the Balama Graphite Operation.

Figure 4: Vidalia Facility location



Source: Syrah website

In April 2023, Syrah announced the results of a Definitive Feasibility Study on the further expansion of the Vidalia facility to a capacity of 45 ktpa total AAM (**the Vidalia Further Expansion**), which based on the parameters adopted by Syrah returned a strong implied internal rate of return and net present value.

Vidalia offtake

In December 2021, Syrah executed an offtake agreement with Tesla, Inc. to supply 8 ktpa AAM of the Vidalia plant's initial 11.25 ktpa capacity at a fixed price and for an initial term of no less than four years, with Tesla subsequently exercising an option to offtake an additional 17 ktpa AAM, at a fixed price and for an initial term of no less than four years, subject to the expansion of production capacity at the Vidalia Facility to 45 ktpa AAM.

Commercial negotiations are ongoing for additional offtake with Ford Motor Company & SK On, LG Energy Solution, Samsung SDI and other target customers for uncontracted AAM production from Vidalia.

Vidalia financing

On 28 July 2022, Syrah announced that it had entered into binding documentation for a loan facility up to US$102 million from the DOE to Syrah Technologies, LLC (**Syrah Technologies**) to support the financing of the Vidalia Initial Expansion (**the DOE Loan**). The US$102 million loan includes a maximum capitalised interest amount of approximately US$4 million, with US$98 million in advances available. The DOE Loan was closed in December 2022 and Syrah Technologies completed the full draw down of the DOE loan advances on 15 February 2023, 25 April 2023 and 3 October 2023 for a total amount of US$98 million. Under the DOE Loan Syrah is required to fund cash in restricted project accounts to meet reserve requirements for the DOE Loan.

Syrah has applied for an additional US$350 million loan from the DOE to Syrah Technologies to support funding of a further expansion of Vidalia and the DOE is progressing due diligence. Syrah is also evaluating other funding options for a further expansion of Vidalia including commercial bank funding and equity partnerships.

9.5 *Profile of Syrah Global DMCC*

Syrah Global DMCC is responsible for customer relationship management, sales contracting, sales and operational planning, linking production to market delivery, land and ocean transport and logistics, short-term market analysis and reporting, as well as technical marketing and value-in-use.

9.6 *Historical financial performance*

Syrah's historical audited consolidated financial performance for each of CY21, CY22 and CY23 is summarised below.

Table 13: Syrah historical consolidated financial performance

US$'000	Audited 12 months 31-Dec-21	Audited 12 months 31-Dec-22	Audited 12 months 31-Dec-23
Revenue	29,044	106,180	47,712
Cost of sales	(61,663)	(92,876)	(72,492)
Gross profit / (loss)	**(32,619)**	**13,304**	**(24,780)**
Distribution costs	(7,158)	(33,438)	(16,946)
Administrative expenses	(9,546)	(12,043)	(14,113)
Other income	2,671	11,853	(994)
Write-down of inventories	(1,296)	(6,078)	(13,225)
Finance income	130	2,113	1,747
Finance expenses	(6,345)	(5,121)	(13,802)
Loss before income tax	**(54,163)**	**(29,410)**	**(82,113)**
Income tax (expense) / benefit	(2,707)	2,565	(3,167)
Loss after income tax for the year	**(56,870)**	**(26,845)**	**(85,280)**
Other comprehensive income (net of tax)			
Exchange differences on translation of foreign subsidiaries	354	(7,017)	(3,902)
Total comprehensive loss for the year	**(56,516)**	**(33,862)**	**(89,182)**
Total comprehensive loss for the year attributable to:			
Equity holders of Syrah	(53,560)	(31,969)	(87,804)
Non-controlling interest	(2,956)	(1,893)	(1,378)
Weighted average ordinary shares on issue (m)	*497*	*646*	*674*
Basic loss per share [1,2] (cents)	*(10.79)*	*(4.95)*	*(13.02)*

Source: Syrah's 2023 Annual Report and KPMG Corporate Finance Analysis

Notes:

1. *Profit / (loss) used in basic loss per share is 2023: (US$87.804 million), 2022: (US$31.969 million)*
2. *Amounts may not add exactly due to rounding.*

We note the following in relation to Syrah's historical financial performance:

- revenue decreased from US$106.2 million in CY22 to US$47.7 million in CY23, largely reflecting a significant decrease in natural graphite sales to 3rd party customers (from 162kt sold in 2022 to 85kt in 2023), as well as a decrease in weighted average prices.
- expense balances such as cost of sales and distribution costs decreased from CY22 to CY23, and were partially offset by an increase in administrative expenses, write-downs of inventory and depreciation.

9.7 *Historical financial position*

Syrah's historical audited consolidated financial position as at each of 31 December 2021, 31 December 2022 and 31 December 2023 are summarised below.

Table 14: Syrah historical consolidated financial position

US$'000	Audited 31-Dec-21	Audited 31-Dec-22	Audited 31-Dec-23
Cash and cash equivalents	52,914	90,376	84,889
Trade and other receivables	7,865	20,918	5,269
Inventories	20,385	25,194	34,897
Available-for-sale financial assets	395	-	-
Total current assets	**81,559**	**136,488**	**125,055**
Trade and other receivables	7,955	10,252	3,379
Property, plant and equipment	180,520	274,456	425,199
Mining assets	132,764	119,869	119,379
Intangible assets	129	44	27
Deferred tax assets	25,961	28,861	27,009
Total non-current assets	**347,329**	**433,482**	**574,993**
Total assets	**428,888**	**569,970**	**700,048**
Trade and other payables	18,062	25,671	26,780
Borrowings	-	-	279,922
Lease liabilities	3,229	2,007	2,178
Provisions	2,173	2,302	3,023
Total current liabilities	**23,464**	**29,980**	**311,903**
Trade and other payables	1,496	1,588	1,687
Borrowings	69,852	70,925	-
Lease liabilities	12,980	12,641	13,743
Deferred tax liabilities	3,622	3,958	5,272
Provisions	24,960	12,701	13,839
Total non-current liabilities	**112,910**	**101,813**	**34,541**
Total liabilities	**136,374**	**131,793**	**346,444**
Net assets	**292,514**	**438,177**	**353,604**
Equity			
Issued Capital	619,285	795,975	798,213
Reserves	(14,008)	(19,055)	(20,603)
Accumulated losses	(317,008)	(341,095)	(424,980)
Non-controlling interest	4,245	2,352	974
Total Equity	**292,514**	**438,177**	**353,604**
Shares on issue (m)	*498.7*	*670.6*	*675.9*
Net asset backing per share ($)	*0.59*	*0.65*	*0.52*
Current ratio (times) [1]	*3.48*	*4.55*	*0.40*
Gearing (%) [2]	*23.9*	*16.2*	*79.2*

Source: Syrah's 2023 Annual Report and KPMG Corporate Finance Analysis

Notes:

1. *Current ratio represents current assets divided by current liabilities*
2. *Gearing represents total loans and borrowings (excluding lease liabilities) divided by net assets*
3. *Amounts may not add exactly due to rounding*

We note the following in relation to Syrah's financial position:

- the movement in cash and cash equivalents is largely a result of increased spending for the Vidalia Initial Expansion Project and challenging market conditions that resulted in lower revenue, offset by proceeds from issue of the Series 4, 5 and 6 Convertible Notes and drawdown of the DOE Loan
- trade and other receivables have decreased year-on-year in line with a decrease in sales volumes and commodity prices
- the property, plant and equipment as well as mining assets principally comprise assets associated with the Balama Graphite Operation and the Vidalia Facility
- the increase in property, plant and equipment is largely attributable to the capitalisation of costs associated with the development of tailings storage facilities at the Balama Graphite Operation, and progression of the Vidalia Initial Expansion
- trade and other payables have increased year-on-year as a result of increased capital expenditure associated with TSF's at the Balama Graphite Operation and the Vidalia Initial Expansion project
- borrowings have increased year-on-year reflecting issue of the Series 4, 5 and 6 Convertible Notes, the DOE Loan and associated costs
- the movement in equity was mainly attributable to the issuance of share-based payments to employees and comprehensive loss for the year.

9.7.1 Borrowings

Syrah's borrowings of US$279.9 million as at 31 December 2023 comprised:

- US$77.8 million in respect of the Series 1 and Series 3 Convertible Notes. The Series 1 and 3 Convertible Notes mature on 28 October 2024, unless redeemed or converted earlier
- US$107.8 million in respect of the Series 4, 5 and 6 Convertible Notes. The Series 4, 5 and 6 Convertible Notes mature on 12 May 2028 unless redeemed or converted earlier
- US$94.3 million in respect of the DOE Loan, which includes US$98.0 million in total loan advances, US$1.4 million capitalised interest, US$0.8 million in accrued but not capitalised interest offset by US$5.9 million in capitalised borrowing costs. The DOE Loan is for up to US$102 million inclusive of US$4 million in maximum capitalised interest and the maturity date is 20 April 2032.

The total borrowings balance above, including the DOE Loan and the Series 4, 5 and 6 Convertible Notes, was classified as being a current liability as it was determined that an Event of Default has occurred in relation to the DOE Loan and as a result, the DOE Loan and the Convertible Notes could contractually have become payable as at the balance sheet date if either DOE or AustralianSuper chose to exercise their rights under the respective loan and convertible note agreements. Syrah has advised that since 31 December 2023, all events of default in relation to the DOE Loan have been waived or are in the process of being waived and, subject to meeting the requirements of the loan agreement and Convertible Notes deeds going forward, the DOE loan and AustralianSuper Convertibles Notes Series 4, 5 and 6 would expect to be treated as non-current liabilities, until such time as the maturity dates on the borrowings are within 12 months of the balance sheet date.

9.7.2 Going concern

The Directors noted that the Company's 2023 Annual Report had been prepared on a going concern basis, which contemplates continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors also noted however, that Syrah:

- had incurred losses for the year ended 31 December 2023
- as of 31 December 2023, Syrah has a cash and cash equivalents balance of US$84.9 million, of which US$46.7 million is unrestricted cash, and net current liabilities of US$186.8 million
- current borrowings include longer maturing liabilities comprising the DOE loan and the Series 4, 5 and 6 Convertible Notes which have been classified as current as they would have contractually become payable as at the balance sheet date if either lender enforced their Event of Default rights under the respective agreements. As at the date of Syrah's 2023 Annual Report, waivers were being sought but had not yet been received
- Syrah required significant capital to develop and grow its business and expected to incur further operating losses and net cash outflows
- Syrah's ability to become profitable in the future will depend on its ability not only to successfully market its products, but also to control its costs, and will require the Company to obtain additional funding
- Syrah is currently experiencing challenging market conditions for sale of natural graphite material from Balama and at the same time, is ramping up production of the Vidalia Initial Expansion.

The Directors noted that the ability of Syrah to continue as a going concern is dependent on Syrah continuing to implement its key funding and operational initiatives, including:

- managing production at Balama through this period of low sales via implementation of a revised operating mode to reduce costs
- pursuit of a sales strategy that diversifies sales of fines material away from customers in China, towards customers developing anode production facilities in other geographic locations
- the Equity Raising
- receipt of the outstanding waivers of the Events of Default under the DOE loan and the Series 4, 5 and 6 Convertible Notes

- the Series 1 and 3 Notes Conversion
- continued pursuit of additional funding alternatives including, but not limited to, the DFC loan
- Syrah may require additional financing to meet activities associated with the further expansion of Vidalia, operating and capital expenditure requirements for Balama, and general and administrative expenditures.

The Directors noted that it continued to assess possible scenarios for Syrah's cash flow and liquidity profile based on a broad range of factors. While Syrah expects a number of the above initiatives to be completed in the near term, as at the date of Syrah's 2023 Annual Report they had not been completed and as a result, it had been determined that there was material uncertainty which may cast significant doubt on Syrah's ability to continue as a going concern and therefore should these initiatives not be completed as expected, Syrah may be unable to realise its assets and discharge its liabilities in the normal course of business.

Syrah's 2023 Annual Report did not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should Syrah be required to realise its assets other than in the ordinary course of business.

PwC, the statutory auditor of Syrah, noted a material uncertainty related to going concern in its audit of Syrah's 2023 Annual Report, noting that Syrah is dependent on the successful implementation of its key funding and operational initiatives, some of which are not completed as at the date of Syrah's 2023 Annual Report. These conditions, along with other matter set forth in Note 1 of Syrah's 2023 Annual Report, indicate that a material uncertainty exists that may cast significant doubt on Syrah's ability to continue as a going concern.

We note that whilst a number of the funding initiatives have been completed in the period since the date of Syrah's annual report, including the Equity Raising, various initiatives remain outstanding, including conversion of the Series 1 and 3 Convertible Notes. Accordingly, the long term viability remains subject to uncertainty at this time.

9.8 Statement of cash flows

Syrah's historical audited consolidated statement of cashflows for each of CY21, CY22 and CY23 are summarised below.

Table 15: Syrah statement of cash flows

US$'000	Audited 12 months 31-Dec-21	Audited 12 months 31-Dec-22	Audited 12 months 31-Dec-23
Receipts from customers	25,361	98,233	56,327
Payments to suppliers and employees (incl. GST)	(60,564)	(131,165)	(118,254)
Interest received	135	1,736	2,055
Net cash outflow from operating activities	**(35,068)**	**(31,196)**	**(59,872)**
Payments for property, plant and equipment	(21,622)	(99,117)	(145,998)
Payments for intangibles	(86)	-	(1,019)
Payments for security deposits	-	(4,360)	-
Receipts from security deposits	2,363	-	8,431
Net cash outflow from investing activities	**(19,345)**	**(103,477)**	**(138,586)**
Proceeds from issue of shares	13,733	180,777	-
Proceeds from issue of convertible notes	21,050	-	102,600
Share issue transaction costs	(223)	(5,187)	-
Payment for interest of lease liabilities	(1,215)	(986)	(1,914)
Payments of lease liabilities	(583)	(2,335)	(2,562)
Net proceeds from borrowings	-	-	97,442
Net cash inflow from financing activities	**32,762**	**172,269**	**195,566**
Net increase/ (decrease) in cash and cash equivalents	**(21,651)**	**37,596**	**(2,892)**
Cash and cash equivalents at the beginning of the period	74,992	52,914	90,376
Effects of exchange rate changes on cash and cash equivalents	(427)	(134)	(2,595)
Cash and cash equivalents at the end of the period	**52,914**	**90,376**	**84,889**

Source: Syrah's 2023 Annual Report

Notes:

1. *Amounts may not add exactly due to rounding*

Syrah's cash and cash equivalents decreased from US$90.4 million as at 31 December 2022 to US$84.9 million as at 31 December 2023, principally as a result of the net impact of increased spending for the Vidalia Initial Expansion Project and challenging market conditions that resulted in lower revenue and cash outflows from operations, offset by the proceeds from issue of the Series 4, 5 and 6 Convertible Notes and drawdown on the DOE loan.

9.9 Taxation

Syrah and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Syrah also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

A summary of Syrah's global unused tax losses as at 31 December 2023 is summarised in the table below:

Table 16: Syrah's unused tax losses

US$'000	Audited 31-Dec-21	Audited 31-Dec-22	Audited 31-Dec-23
Unused tax losses for which no deferred tax asset has been recognised	131,053	150,747	195,418
Potential tax benefit at 30%	39,316	45,224	58,625

Source: Syrah's 2023 Annual Report

Notes:

1. *Tax losses include Australian, Mozambique and United States tax losses*
2. *Deferred tax assets are only recognised by Syrah if it is probable that future taxable amounts will be available to utilise those losses.*

9.10 Contingent liabilities

We have been advised by Syrah's management that there are no material contingent liabilities outstanding.

9.11 Board of Directors

The current Directors of Syrah are set out below.

Table 17: Syrah's Board of Directors

Board member	
James Askew	**Lisa Bahash**
Non-Executive Chairman	Non-Executive Director
Shaun Verner	**Sara Watts**
Managing Director and Chief Executive Officer	Non-Executive Director
José Caldeira	**John Beevers**
Non-Executive Director	Non-Executive Director

Source: Syrah's 2023 Annual Report

Further details in relation to the experience and other directorships of the Directors of Syrah are set out in the Syrah's 2023 Annual Report.

9.12 Share capital and ownership

9.12.1 Ordinary shares on issue

As at 19 April 2024, Syrah had total shares on issue of approximately 856.9 million ordinary shares. Syrah's top shareholders as at 17 April 2024 are summarised in the table below.

Table 18: Syrah's top shareholders as at 17 April 2024

Shareholder	Interest in Syrah shares (millions)	Voting power in Syrah
AustralianSuper (Melbourne)	164.5	19.20%
Paradice Investment Mgt (Sydney)	72.9	8.50%
Mr Bruce N Gray (Sydney)	45.5	5.31%
Tribeca Investment Partners (Sydney)	35.4	4.13%
First Sentier Investors - Australian Small Companies (Sydney)	25.4	2.97%
Vanguard Group (Philadelphia)	20.0	2.33%
Dimensional Fund Advisors (Sydney)	14.5	1.70%
Vanguard Investments Australia (Melbourne)	10.0	1.17%
Alceon Group (Sydney)	10.0	1.17%
Washington H Soul Pattinson	10.0	1.16%

Source: Syrah management

9.12.2 *Performance rights and non-executive director share rights*

As at 31 December 2023, Syrah had 12,129,398 performance rights and 1,201,786 non-executive director share rights on issue. The performance rights consist of 4,745,925 vested and 7,383,473 unvested rights. As at 7 April 2024, Syrah had 14,269,637 performance rights as well as 1,201,786 non-executive director share rights on issue.

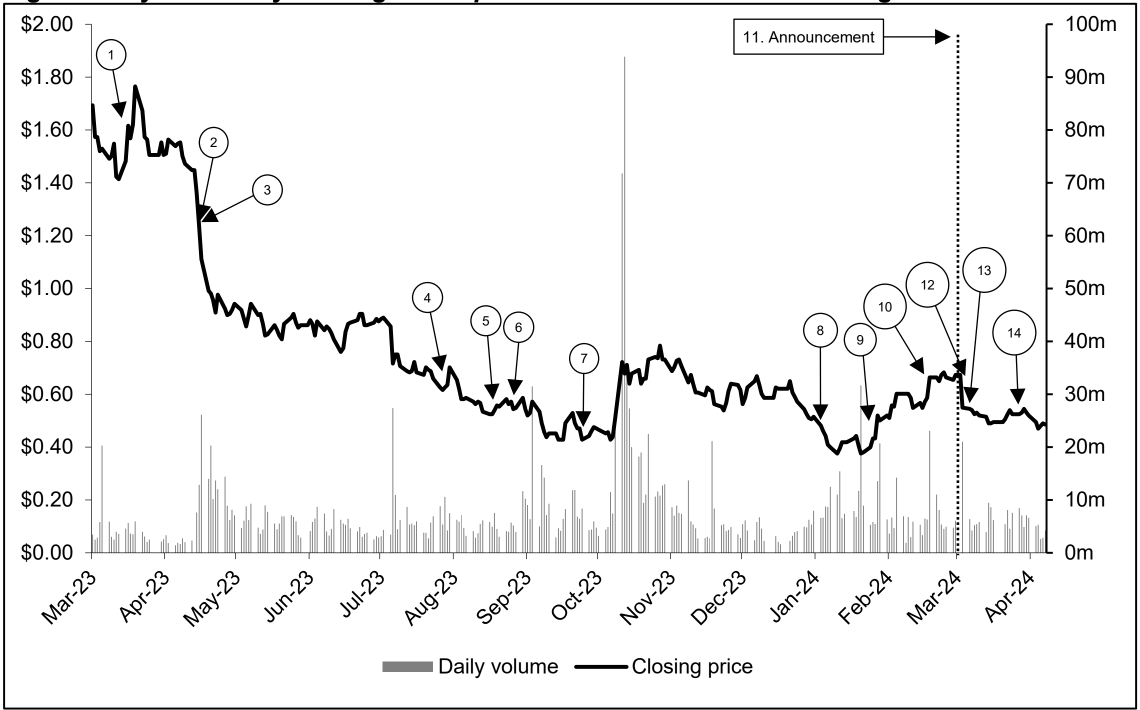
9.12.3 *Options*

As at 31 December 2023 Syrah did not have any options on issue.

9.13 *Share price and volume trading history*

The chart below depicts Syrah's daily closing price on the ASX over the 12-month period to 12 March 2024 (inclusive), being the last trading day prior to the announcement by Syrah of the Series 1 and 3 Notes Conversion, and for the period subsequent to that date to 19 April 2024, along with the combined daily volume of shares traded on the ASX and Chi-X over the period.

Figure 5: Syrah's daily closing share price on ASX and volume trading



Source: IRESS, KPMG Corporate Finance Analysis and ASX announcements

Other than normal full year, half year and quarterly activities reporting, Syrah announcements identified on the ASX website as being price sensitive over the 12-month period to 12 March 2024, and for the period subsequent to that date to 19 April 2024 include:

1. 30 March 2023. Syrah announced an update to the Balama Graphite Operation Ore Reserve and Mineral Resource estimate.
2. 27 April 2023. Syrah announced the completion of and successful outcome of the Definitive Feasibility Study in relation to the Vidalia Further Expansion.
3. 27 April 2023. Syrah announced the execution of a new convertible note deed with AustralianSuper in relation to the Series 4, 5 and 6 Convertible Notes.
4. 9 August 2023. Syrah announced it has entered into a non-binding memorandum of understanding with Samsung SDI Co,. Ltd to evaluate natural graphite AAM supply from Syrah's Vidalia AAM facility in Louisiana, USA.
5. 1 September 2023. S&P DJI announced a rebalance of its indices, with the removal of Syrah from the S&P/ASX 200 Index.
6. 11 September 2023. Syrah announced the DFC Board of Directors approval of a US$150 million conditional loan commitment for Balama

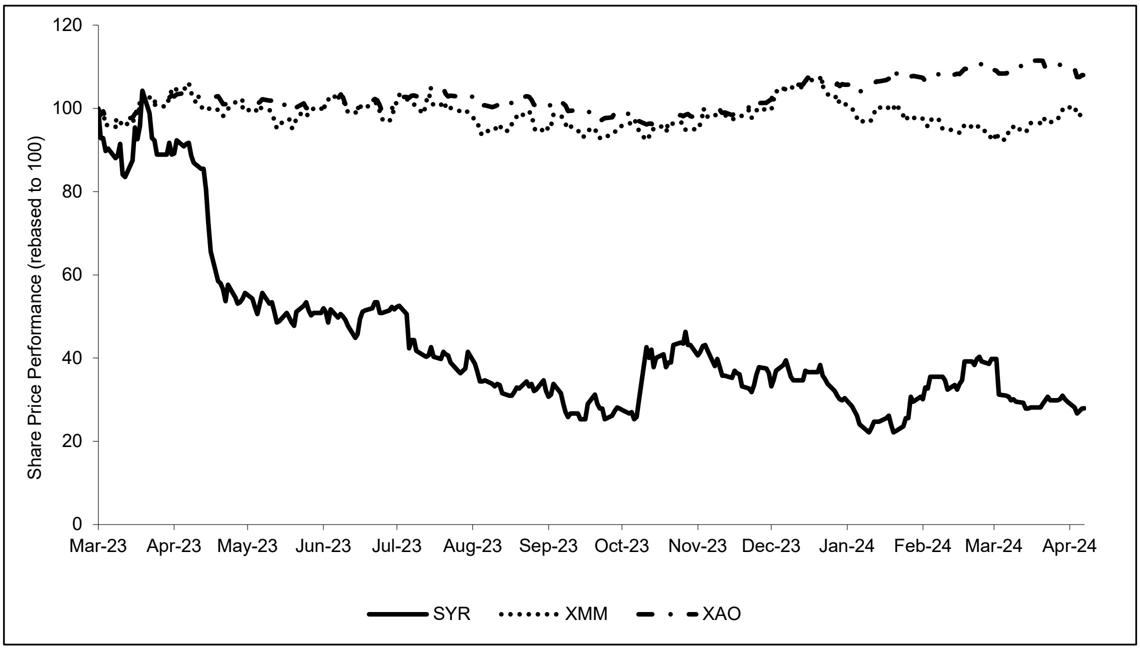
7. 9 October 2023. Syrah announced the issue a A$50 million convertible note tranche to AustralianSuper, being the Series 6 Convertible Note.
8. 12 January 2024. Syrah announced an update on commissioning processes and start of AAM production at the Vidalia Facility with production to start by the end of January 2024.
9. 9 February 2024. Syrah announced it had commenced AAM production at the Vidalia Facility.
10. 1 March 2024. Syrah announced an offtake agreement with Posco Future M Co., Ltd for natural graphite fines from Syrah's Balama Graphite Operations.
11. 13 March 2024. Syrah announced the Equity Raising and the Series 1 and 3 Notes Conversion.
12. 15 March 2024. Syrah announced the successful completion of the placement and institutional entitlement offer under the Equity Raising.
13. 20 March 2024. Syrah announced the opening of the retail entitlement offer under the Equity Raising.
14. 8 April 2024. Syrah announced it has made its first large volume of Balama natural graphite fines sale to Indonesia.

Further details in relation to all announcements made by Syrah to the ASX can be obtained from either Syrah's website at www.syrahresources.com.au or the ASX's website at www.asx.com.au.

9.13.1 Relative share price performance

As illustrated in the figure below, Syrah's closing share price underperformed against both the S&P/ASX 300 Metals and Mining index (**XMM**) and the S&P/ASX All Ordinaries index (**XAO**) for the majority of the period to 12 March 2024, being the last trading day prior to the announcement of the Equity Raising and the proposed terms for the conversion of the Series 1 and 3 Convertible Notes, and for the period subsequent to that date to 19 April 2024. This may reflect general market sentiment in relation to excess apparent inventories of materials in the Chinese battery supply chain (including AAM) and volatile demand conditions for the Balama Graphite Operation's natural graphite products from Chinese anode customers and production constraints at the Balama Graphite Operation due to maximum inventory positions.

Figure 2: Syrah's share price performance relative to ASX Metals & Mining and ASX All Ordinaries



Source: Capital IQ and KPMG Corporate Finance Analysis

9.13.2 Trading Liquidity on ASX

An analysis of volume of trading in Syrah's shares over various periods in the 12 months to 12 March 2024 (inclusive) is set out in the table below

Table 19: Trading liquidity in Syrah's shares prior to 13 March 2024

Period up to and including 12 Mar 24	Price (low) A$	Price (high) A$	Price VWAP A$	Cumulative value A$m	Cumulative volume m	% of issued capital
1 day	0.66	0.68	0.67	4.1	6.1	0.9%
1 week	0.62	0.69	0.66	17.1	25.7	3.8%
1 month	0.49	0.69	0.61	87.9	143.0	21.1%
3 months	0.35	0.69	0.52	228.5	438.1	64.7%
6 months	0.35	0.91	0.59	713.2	1,212.6	179.3%
12 months	0.35	1.78	0.72	1,423.3	1,984.7	293.9%

Source: IRESS, Capital IQ and KPMG Corporate Finance Analysis

Notes:

1. *Share price data represents intra-day trading rather than closing prices*
2. *Percentage of issued capital is the cumulative volume traded over the period divided by the weighted average number of shares on issue over that period.*

Syrah's shares exhibited strong liquidity over the 12-month period to 12 March 2024 (inclusive), with an average of approximately 1.2% of issued capital traded per day, and an average daily value of approximately $5.6m. We note that Syrah recoded a significant jump in traded volumes over a short five day trading period between 20 October 2023 and 26 October 2023. There were no announcements identified as bring price sensitive in the ASX platform over this period. Management has attributed this as being a result of the announcement on 20 October 2023 by China's Ministry of Commerce and General Administration of Customs regarding its implementation of license controls on the export of graphite products used in commercial and defence application from 1 December 2023. Excluding this short period, an average of approximately 1.0% of issued capital traded per day, and an average daily value of approximately $5.0m. Over the 12-month period other than during periods of voluntary trading halts, Syrah's shares were traded on 243 of the 246 available trading days on the ASX.

An analysis of the volume of trading in Syrah's shares over the period 13 March 2024 to 19 April 2024 inclusive is set out below, over which Syrah's shares were traded on 26 of the 28 trading days available.

Table 20: Trading liquidity in Syrah's shares post 12 March 2024

Period from 13 Mar 24 to 19 Apr 24 incl.	Price (low) A$	Price (high) A$	Price VWAP A$	Cumulative value A$m	Cumulative volume m	% of issued capital
38 days	0.47	0.58	0.52	81.8	156.2	18.2%

Source: IRESS, Capital IQ and KPMG Corporate Finance Analysis

Notes:

1. *Share price data represents intra-day trading rather than closing prices*
2. *Percentage of issued capital is the cumulative volume traded over the period divided by the weighted average number of shares on issue over that period.*

Since 13 March 2024, Syrah's share price has decreased from the closing price on 12 March 2024, and has traded at a discount to the Revised Conversion Price of A$0.6688 for the Series 1 and 3 Convertible Notes.

10 Profile of AustralianSuper

AustralianSuper is a privately owned investment manager incorporated in Australia. It was formed on 1 July 2006 through the merger of Superannuation Trust of Australia and Australian Retirement Fund. The registered office of AustralianSuper is Level 30, 130 Lonsdale Street, Melbourne, Victoria.

AustralianSuper is Australia's largest superannuation fund and manages members' retirement savings on behalf of approximately 3.3 million Australians as at 31 December 2023.

As at 31 December 2023, AustralianSuper had approximately A$315 billion invested across various asset classes including domestic and international shares, private equity, listed and unlisted infrastructure, listed and unlisted property, credit, fixed interest, cash and other assets. As at 30 June 2023, AustralianSuper's assets were located in:

- Australia (50.4%)
- North America (29.7%)
- developed Europe (excluding the United Kingdom (**UK**)) (8.6%)
- the UK (4.5%)
- emerging markets (3.9%)
- Japan (1.7%)
- developed Asia (excluding Japan) (1.1%).

AustralianSuper was ranked 18th out of 300 global funds based on total assets in the Thinking Ahead Institute and Pensions & Investment joint study, Global top 300 pension funds, conducted in September 2023.

10.1 Strategy and investments

AustralianSuper is in the second year of reporting progress against its '2030 Strategy', which is based on five pillars: sustainable growth, market leading performance, distinct member proposition, scale benefits and trust and leadership.

Based on AustralianSuper's progress against its 2030 Strategy, its areas of focus for FY24 and beyond include improving member service, active investment management, a holistic approach to retirement and strong alignment to deliver more.

AustralianSuper markets itself as a long-term investor. Looking forward, its investment team is considering the future economic and investment market outlook. This includes valuation trends and how factors such as technological change, the energy transition and global geopolitics will affect asset prices.

AustralianSuper has an investment committee that oversees the investment policy and strategy of AustralianSuper, the investment program and delivery of desired investment outcomes as set by its Board or specified in the product guidelines for investing members' funds.

10.2 Board of Directors

The Directors of AustralianSuper are set out below.

Table 21: AustralianSuper Board of Directors

Board member	
Don Russell Independent Chair	**Philippa Kelly** Director
Innes Willox Deputy Chair	**Michele O'Neil** Independent Director
Julia Angrisano Director	**Jo-anne Schofield** Director
Gabrielle Coyne Director	**Glenn Thompson** Director
John Dixon Director	**Janice van Reyk** Director
Claire Keating Director	**Misha Zelinsky** Director

Source: AustralianSuper website

11 Impact of the Series 1 and 3 Notes Conversion

11.1 Dilutionary impact

Syrah has approximately 856.9 million fully paid ordinary shares on issue following the completion of the Equity Raise. As at 17 April 2024, AustralianSuper held approximately 164.5 million fully paid ordinary shares, representing 19.2% of the issued capital in the Company.

Following the Series 1 and 3 Notes Conversion, Non-associated Shareholders would, as a block, be diluted from approximately 80.8% down to approximately 67.0%, assuming, inter alia:

- the Series 1 and 3 Notes Conversion is approved by Non-associated Shareholders
- the Series 1 and 3 Convertible Notes are converted at 31 May 2024 at the Revised Conversion Price of A$0.6688 per share
- interest attaching to the Series 1 and 3 Convertible Notes continues to be fully capitalised through to conversion.

Further details in relation to the assumptions underlying various dilution scenarios are set out in the notes to table 22 below.

Table 22: AustralianSuper's estimated future shareholder interests

All shares shown in millions Estimated change in shareholding	All Shareholders	Non-associated shareholders	AustralianSuper
Current shares on issue	**856.9**	**692.4**	**164.5**
% of voting interest	_100.0%_	_80.8%_	_19.2%_
Conversion of Series 1 and 3 only			
Current shares on issue	856.9	692.4	164.5
New shares issed for conversion - Series 1 and 3	176.3	-	176.3
Total number of shares post conversion	**1,033.2**	**692.4**	**340.8**
% of voting interest post conversions	_100.0%_	_67.0%_	_33.0%_

Source: Syrah management and KPMG Corporate Finance Analysis

Notes:

1. _The scenarios summarised above assume:_
   a. _the Series 1 and 3 Notes Conversion is approved by Non-associated Shareholders_
   b. _the Series 1 and 3 Convertible Notes are converted at 31 May 2024 at the Revised Conversion Price of A$0.6688_
   c. _interest attaching to the Series 1 and 3 Convertible Notes continues to be fully capitalised through to conversion_
   d. _no reorganisation events occur prior to maturity_
   e. _Syrah has approximately 856.9 million shares on issue post the Equity Raise and that no further shares are issued (including in relation to current Performance Rights on issue) or bought back_
2. _These dilution scenarios assume AustralianSuper does not acquire or dispose of a relevant interest in any additional shares in Syrah (other than through the Series 1 and 3 Notes Conversion)_
3. _Scenarios reflect shareholdings and shares on issue as at 19 April 2024._

In the event that Non-associated Shareholders decide not to approve the proposed conversion of the Series 1 and 3 Convertible Notes, AustralianSuper will retain the right but not an obligation to convert the Series 1 and 3 Convertible Notes into new Syrah shares prior to the 28 October 2024 maturity date at an A$0.9318 conversion price (subject to adjustment). To provide Non-associated Shareholders with a point of reference, we have set out in the table the dilutionary impact of a full future conversion of the Series 1 and 3 Convertible Notes based on the estimated aggregate of principal outstanding and accrued but unpaid interest, being approximately A$121.8 million (assuming interest accruing is capitalised to the maturity date).

Table 23: AustralianSuper's illustrative shareholder interests if not approved

All shares shown in millions Estimated change in shareholding	All Shareholders	Non-associated shareholders	AustralianSuper
Current shares on issue	**856.9**	**692.4**	**164.5**
% of voting interest	*100.0%*	*80.8%*	*19.2%*
Conversion of Series 1 and 3 only			
Current shares on issue	856.9	692.4	164.5
New shares issed for conversion - Series 1 and 3	130.7	-	130.7
Total number of shares post conversion	**987.6**	**692.4**	**295.2**
% of voting interest post conversions	*100.0%*	*70.1%*	*29.9%*

Source: Syrah management and KPMG Corporate Finance Analysis

Notes:

1. *The scenarios summarised above assume:*
    a. *the Series 1 and 3 Notes Conversion is not approved by Non-associated Shareholders*
    b. *the Series 1 and 3 Convertible Notes are converted at 28 October 2024 at a conversion price of A$0.9318*
    c. *interest attaching to the Series 1 and 3 Convertible Notes continues to be fully capitalised through to conversion*
    d. *no reorganisation events occur prior to maturity*
    e. *Syrah has approximately 856.9 million shares on issue post the Equity Raise and that no further shares are issued (including in relation to current Performance Rights on issue) or bought back*
2. *These dilution scenarios assume AustralianSuper does not acquire or dispose of a relevant interest in any additional shares in Syrah*
3. *Scenarios reflect shareholdings and shares on issue as at 19 April 2024.*

11.2 Board of Directors and management

Syrah and AustralianSuper have previously agreed that AustralianSuper may nominate a non-executive director to the Board of Syrah while AustralianSuper remains the holder of more than 15% of Syrah's issued shares. As set out in the Explanatory Memorandum, AustralianSuper is currently considering if it intends to nominate a director to the Board of the Company but has not yet made any such decision or nomination.

11.3 Syrah's net assets

The Series 1 and 3 Notes Conversion if approved, will have a substantial positive impact on the Company's net asset position and gearing profile as a result of the conversion of the Series 1 and 3 Convertible Notes debt to equity. Based on Syrah's financial position as at 31 December

2023 Syrah's net assets would increase from US$353.6 million to US$431.4 million[14], whilst its gearing would fall significantly.

11.4 Transaction costs

Management has advised that the Series 1 and 3 Notes Conversion is not expected to result in any material transaction costs for Syrah.

[14] calculated based on the A$ balance of the Series 1 and 3 Convertible Notes as at 31 December 2023 converted to US$ at the 31 December 2023 spot exchange rate of 0.68166 AUD:USD

Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Jason Hughes, Sean Collins and Ben Della-Bosca. Each has a significant number of years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as preparation of expert reports.

Jason Hughes is an Authorised Representative of KPMG Financial Advisory Services (Australia) Pty Ltd and a Partner in the KPMG Partnership. Jason is a Fellow of Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce and a Graduate Diploma in Applied Finance.

Sean Collins is an Authorised Representative of KPMG Financial Advisory Services (Australia) Pty Ltd and a Partner in the KPMG Partnership. Sean is a Fellow of Chartered Accountants Australia and New Zealand, a Fellow of the Chartered Institute of Securities and Investments in the United Kingdom and holds a Bachelor of Commerce.

Ben Della-Bosca is an Authorised Representative of KPMG Financial Advisory Services (Australia) Pty Ltd. Ben is an Associate of Chartered Accountants Australia and New Zealand, a Fellow of the Financial Services Institute of Australasia and holds a Master of Applied Finance, a Bachelor of Commerce and a Graduate Diploma in Applied Finance.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than KPMG Corporate Finance's opinion as to whether the Series 1 and 3 Notes Conversion is fair and reasonable to the Non-associated Shareholders. KPMG Corporate Finance expressly disclaims any liability to any non-associated shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG Corporate Finance nor the KPMG Partnership has been involved in the preparation of the Explanatory Memorandum or any other document prepared in respect of the Series 1 and 3 Notes Conversion. Accordingly, we take no responsibility for the content of the Explanatory Memorandum as a whole or other documents prepared in respect of the Series 1 and 3 Notes Conversion.

Our report makes reference to "KPMG Corporate Finance Analysis". This indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented.

Independence

KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently. In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to management of Syrah for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG Corporate Finance alone. Changes made to this report as a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

Other than fees to be received in respect to preparing this report, neither KPMG Corporate Finance or the KPMG Partnership have provided professional services to AustralianSuper or Syrah in relation to the Series 1 and 3 Notes Conversion. By way of disclosure, total fees received from Syrah by the KPMG partnership and/or KPMG Corporate Finance in the 2 years prior to the date of announcement of the Series 1 and 3 Notes Conversion were approximately $0.1 million. Total fees received from AustralianSuper and its related entities by KPMG and/or KPMG Corporate Finance over the same 2 year period were approximately $13 million. We note services provided to AustralianSuper include the valuation of the Convertible Notes in the December 2023 quarter for AustralianSuper's accounting reporting purposes. The quantum of the fees received from both Syrah and AustralianSuper are not material to either the KPMG Partnership or KPMG Corporate Finance.

Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is included with the Explanatory Memorandum to be issued to the shareholders of Syrah. Neither the whole nor the any part of this report nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

Professional standards

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board. KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently.

Appendix 2 – Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information:

- company presentations and announcements of Syrah
- Syrah's company website
- Syrah's annual report for the periods ended 31 December 2023, 31 December 2022 and 31 December 2021
- data providers including S&P Capital IQ Pty Ltd, Refinitiv, Connect 4, IBISWorld Pty Ltd, Benchmark Mineral Intelligence, Strategy & and IRESS.
- various ASX company announcements
- various broker and analyst reports
- various press and media articles

Non-public information

- other confidential agreements, documents, presentations and industry papers provided by Syrah

In addition, we have held discussions with, and obtained information from, the senior management of Syrah.

Appendix 3 – Overview of the graphite industry

To provide a context of assessing the future prospects of Syrah, we have set out below an overview of the recent and expected trends in the international graphite market.

Graphite

Graphite is a crystalline form of carbon and an internationally traded commodity with prices driven by worldwide demand and supply factors. Production comprises both natural and synthetic graphite. Graphite is used in:

- refractories and steelmaking as a heat resistant material, an input to raise carbon content molten steel and lubrication in the manufacturing process
- the battery industry as an anode material in battery technologies
- brake linings, particularly in heavier vehicles
- foundry facings and lubricants given its heat resistant properties.

The graphite industry production is segmented between natural graphite and synthetic graphite, with coated spherical graphite (i.e. battery grade) also produced via refining of flake graphite.

Natural

There are three types of natural graphite: a*morphous graphite, crystalline vein graphite* and *flake graphite*. Flake graphite is the only form of natural graphite used in significant quantities in the battery anode supply chain and, as such, production has focused on flake graphite*.* Flake graphite is formed when deposits of carbon come under pressure and temperature and is most often hosted in metamorphic rock where flake graphite deposits are distributed fairly uniformly throughout the rock and can vary in both flake size and purity. Flake sizes range from 180-300+ microns ("Jumbo Flake" and "Large Flake") to 75-150s microns ("Fine Flake"). Each flake size category has unique applications.

Synthetic

Synthetic graphite (or *artificial graphite*) is currently the largest source of graphite globally. It is fabricated by heat treatment of petroleum coke, coal-tar pitch or oil. Synthetic graphite is not a single material but rather a member of a broad family of essentially pure carbon. It can be tailored to vary widely in its strength, density, conductivity, pore structure, and crystalline development. These attributes contribute to its widespread applicability.

Spherical graphite

Spherical graphite, also known as battery-grade graphite, is the anode material used in battery technologies, and typically represents up to 50% by mass of the battery metals in a lithium-ion battery. It is produced by refining flake graphite concentrate into ultra-high purity microscopic spheres.

Graphite Demand

Historically consumption has been predominantly in steel-related industries, with historical graphite prices demonstrating correlation with steel industry demand and activity. Bearish longer-term trends persist in the steel industry, as major steelmaking economies begin to curb production in a long-term effort to reduce emissions given the highly emissive nature of steel smelting. A rapidly growing use of graphite is for active anode material for lithium-ion batteries used in electric vehicles (**EV**), grid-scale and behind the meter energy storage systems and consumer electronics. Fines flake graphite is the preferred raw material feedstock for natural graphite active anode material.

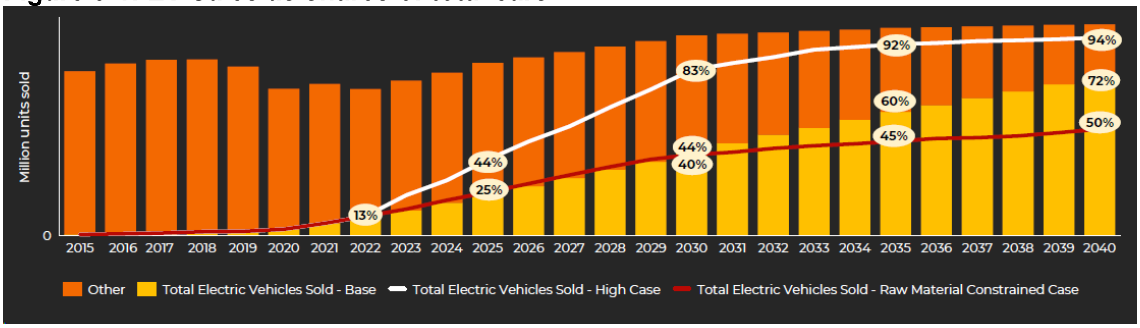
Benchmark Mineral Intelligence (**BMI**) reported that flake graphite prices have been pressured since the beginning of 2023 on the back of subdued demand from the EV and steel sectors. However, prices have shown signs of recovery since November 2023, supported by inventory build-up ahead of stringent export regulations in China. A reduction in synthetic graphite prices due to ample supply and the use of cheaper alternatives (medium-Sulphur coke) has narrowed the price differential between the two anode feedstocks.

BMI reported that global EV sales continued to grow in 2023, albeit at a slower pace (30% year-on-year) compared to 2022 (60% year-on-year). The sluggish Chinese economy and removal of EV purchase subsidies in China were contributors to slower EV growth. Despite slower than expected growth, China still reported a record EV sales figure of 956,000 units in October 2023, with year-on-year sales nearly 38% higher according to China's Association of Automobile Manufacturers. Following the government's extension of the EV tax incentive to 2027, Chinese EV sales are expected to continue to grow.

BMI noted that EV production delays in the December 2023 quarter increased, but were generally weighted towards legacy US automakers. The primary catalyst is price competition from Tesla and rising costs from new union agreements. BMI expects the flake graphite market to enter a deficit in 2025 as supply lags demand. A period of surplus is then projected between 2026-28 as new projects come on stream. Longer term, BMI expects a persistent deficit from 2029 onwards. China’s export controls, coupled with the US' initiatives including new directives on the origin of battery components, are expected to support new investment.

Demand is expected to remain supported in the long term by the EV sector. The passenger electric vehicle penetration rate is forecast by BMI to reach 43.5% in 2030 and 72.4% in 2040 compared to 17.5% currently.

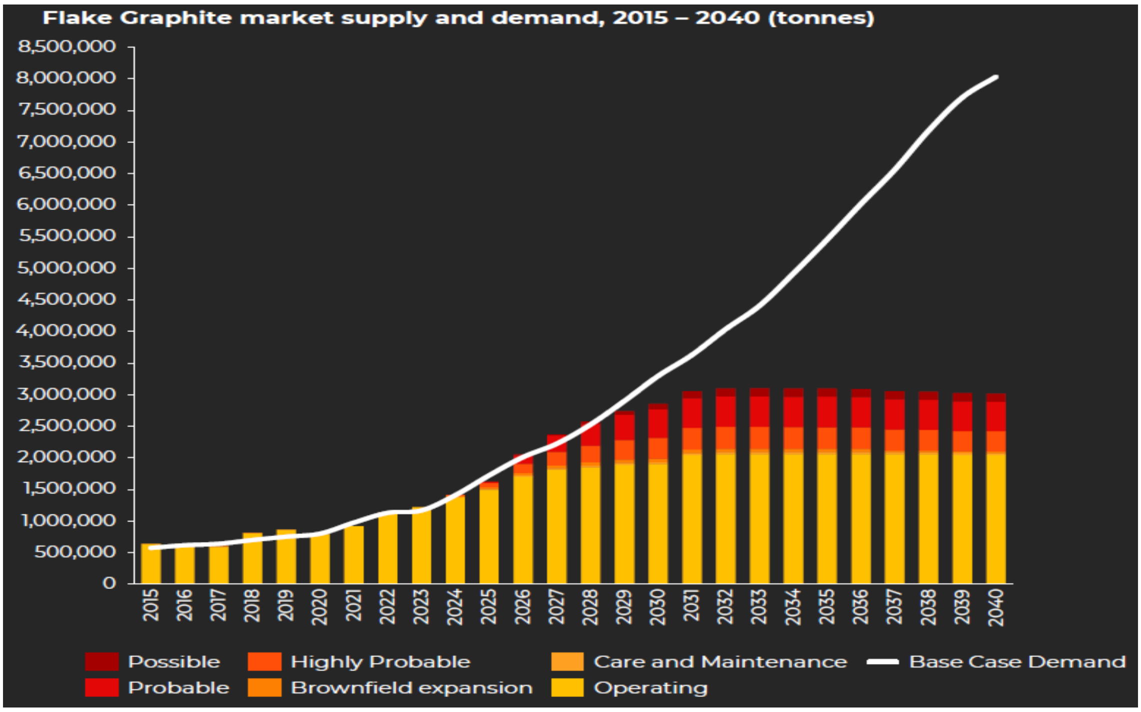
Figure 3-1: EV Sales as shares of total cars



Source: Benchmark Mineral Intelligence Flake Graphite Forecast Q4 2023

BMI forecasts global natural flake graphite demand in 2024 to reach 1.17Mt, with forecast battery demand for natural graphite to be 598kt, which represents a reduction from BMI's previous estimate. BMI's lower demand expectation is attributed to weaker than expected industrial markets, with steel output in China falling in 2023, in addition to battery demand growing at a slower pace. The battery market is now the largest demand segment for flake graphite and is expected to grow more rapidly than industrial graphite sectors over the forecast period.

Figure 3-2: Demand Forecast of natural flake graphite



Source: Benchmark Mineral Intelligence Flake Graphite Forecast Q4 2023

Graphite Supply

According to BMI, the flake graphite market is currently well supplied and is expected to be balanced in 2024. However, tightness could emerge by end-2024 and move into deficit in 2025, before new projects start to come on stream in 2026-2027. Post-2029, BMI expects a widening gap between supply and demand, indicating new projects will need to be developed to meet growing demand.

Newly introduced regulations by China's Ministries of Commerce and Customs, which announced that licenses are required to export several graphite products including synthetic, spherical and expended graphite, is expected to drive greater interest in alternative sources of graphite anode materials as China is the world's largest producer and exporter of graphite, producing almost 70% of the world's supplies of natural and synthetic graphite, and almost all the synthetic anode material and natural spherical graphite for the battery supply chain. Graphite products for industrial uses are also impacted by this regulation.

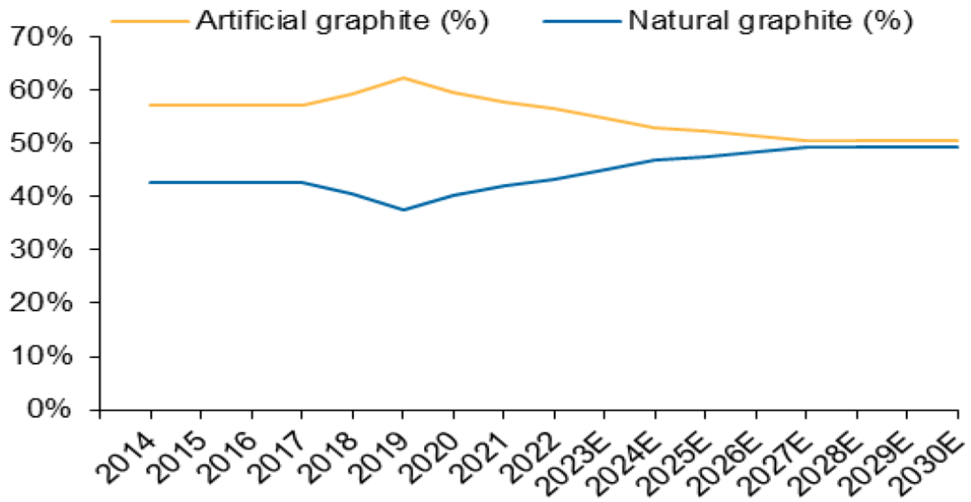
In recent years, Africa has emerged as a low-cost hub, with historical small-scale flake graphite operations in Zimbabwe and Madagascar, and the latter becoming an area of significant graphite development. Tanzania hosts a number of burgeoning graphite prospects, which are expected to play a major role in global supply by the mid-2020s.

BMI anticipates the flake market is set to enter a sustained, long-term deficit from 2029.

In response to the approaching natural flake graphite deficit, the market has seen an enhanced deployment of synthetic graphite anode materials. Although synthetic graphite is expected to represent the major source of market supply in the lithium-ion battery industry in the short term, robust production from China and an increased capacity of developing African projects has begun to address the global natural flake graphite supply deficit.

Natural flake graphite has the advantages of lower cost, high capacity and lower energy consumption compared with the corresponding synthetic anode. However synthetic graphite performs better in electrolyte compatibility, fast-charge turnaround and battery longevity. Macquarie Research forecasts that, given environmental, social, and governance considerations, cost advantages and performance gains, the market is expected to move to an approximately 50/50 supply contribution for natural and synthetic supplied by 2027 as set out below:

Figure 3-3: Natural Flake and Synthetic Graphite growth



Source: Macquarie Research – Graphite Market Outlook March 2023

Part Two – KPMG FAS Corporate Finance Financial Services Guide

PART TWO – FINANCIAL SERVICES GUIDE

Dated: April 2024

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by KPMG Financial Advisory Services (Australia) Pty Ltd (**KPMG FAS**) ABN 43 007 363 215, Australian Financial Services Licence Number 246901 (of which KPMG Corporate Finance is a division) (**KPMG Corporate Finance**).

Jason Hughes is an authorised representative of KPMG FAS, authorised representative number 404183 and Sean Collins as an authorised representative of KPMG FAS, authorised representative number 404189 (**Authorised Representative**).

This FSG includes information about:

- KPMG FAS and its Authorised Representative/s and how they can be contacted;
- The services KPMG FAS and its Authorised Representative/s are authorised to provide;
- How KPMG FAS and its Authorised Representative/s are paid;
- Any relevant associations or relationships of KPMG FAS and its Authorised Representative/s;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
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- interests in managed investments schemes including investor directed portfolio services;
- securities;
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- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients.

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KPMG FAS and the Authorised Representative's responsibility to you

KPMG FAS has been engaged by Syrah Resources Limited (**Syrah** or the **Client**) to provide general financial product advice in the form of a Report to be included in the Explanatory Statement (**Document**) prepared by the Client in relation to issuance of new Syrah shares to AustralianSuper Pty Ltd as trustee for AustralianSuper (ABN 65 714 394 898) or any of its associates (**AustralianSuper**) upon conversion of convertible notes issued by Syrah (**Transaction**).

You have not engaged KPMG FAS or the Authorised Representative/s directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG FAS nor the Authorised Representative/s are acting for any person other than the Client.
KPMG FAS and the Authorised Representative/s are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

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As KPMG FAS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking your personal objectives, financial situation or needs into account. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.
You should also consider the other parts of the Document before making any decision in relation to the Transaction.

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KPMG FAS charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG FAS approximately $75,000 for preparing the Report. KPMG FAS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG FAS officers and representatives (including the Authorised Representative/s) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the **KPMG Partnership**). KPMG FAS' representatives (including the Authorised Representative/s) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

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Neither KPMG FAS nor the Authorised Representative/s pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures, KPMG FAS operates as part of the KPMG Australian firm. KPMG FAS' directors and Authorised Representatives may be partners in the KPMG Partnership. The financial product advice in the Report is provided by KPMG FAS and the Authorised Representative/s and not by the KPMG Partnership.

From time to time KPMG FAS, the KPMG Partnership and related entities (**KPMG entities**) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided a range of services to the Client and to AustralianSuper for which professional fees are received. Over the past two years professional fees of approximately $0.1 million have been received from the Client and approximately $13 million from AustralianSuper respectively. None of those services have related to the Transaction or alternatives to the Transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG FAS or the Authorised Representative/s know. Complaints can be sent in writing to:

The Complaints Officer

KPMG

GPO Box 2291U

Melbourne, VIC 3000

or via email (AU-FM-AFSL-COMPLAINT@kpmg.com.au).

If you have difficulty in putting your complaint in writing, please call (03) 9288 5555 where you will be directed to the Complaints Officer who will assist you in documenting your complaint.

We will acknowledge receipt of your complaint, in writing, within 1 business day or as soon as practicable and will investigate your compliant fairly and in a timely manner.

Following an investigation of your complaint, you will receive a written response within 30 calendar days. If KPMG FAS is unable to resolve your complaint within 30 calendar days, we will let you know the reasons for the delay and advise you of your right to refer the matter to the Australian Financial Complaints Authority (**AFCA**).

External complaints resolution process

If KPMG FAS cannot resolve your complaint to your satisfaction within 30 days, you can refer the matter to AFCA. AFCA is an independent body that has been established to provide free and impartial assistance to consumers to help in resolving complaints relating to the financial services industry. KPMG FAS is a member of AFCA (member no 11690).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1800 931 678

Email: info@afca.org.au.

The Australian Securities and Investments Commission also has a free call Customer Contact Centre info-line on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG FAS has compensation arrangements for loss or damage in accordance with section 912B of the *Corporations Act 2001* (Cth). KPMG FAS holds professional indemnity insurance which, subject to its terms, provides cover for work performed by KPMG FAS including current and former representatives of KPMG FAS.

Contact Details

You may contact KPMG FAS using the below contact details:

KPMG Corporate Finance (a division of KPMG Financial Advisory Services (Australia) Pty Ltd)
Level 38, International Towers Three
300 Barangaroo Avenue
Sydney NSW 2000

PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7621
Facsimile: (02) 9335 7001

SYRAH RESOURCES

ABN 77 125 242 284

Need assistance?

Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Online:
www.investorcentre.com/contact

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEST) on Wednesday, 22 May 2024.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative
If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate “Appointment of Corporate Representative”. A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 183718

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Syrah Resources Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ______

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Syrah Resources Limited to be held at Oaks Melbourne on Market Hotel, Market Room 3, Level 1, 60 Market Street, Melbourne, VIC 3000 on Friday, 24 May 2024 at 10:00am (AEST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4, 5 and 6 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4, 5 and 6 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Mr James Askew as a Director of the Company	☐	☐	☐
Resolution 3	Re-election of Mr John Beevers as a Director of the Company	☐	☐	☐
Resolution 4	Approval to grant 1,011,389 performance rights to Mr Shaun Verner (or his nominee) as a 2024 Long Term Incentive	☐	☐	☐
Resolution 5	Approval to issue 660,609 Shares to Mr Shaun Verner (or his nominee) as his 2023 Short Term Incentive	☐	☐	☐
Resolution 6	Refresh of Equity Incentive Plan	☐	☐	☐
Resolution 7	Approval of acquisition of relevant interest in New Shares by AustralianSuper on conversion of the Series 1 and Series 3 Convertible Notes	☐	☐	☐
Resolution 8	Approval to issue New Shares to AustralianSuper in connection with the conversion of the Series 1 and Series 3 Convertible Notes	☐	☐	☐
Resolution 9	Ratification of the prior issue of the Shares under the Placement	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

Mobile Number	Email Address