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Quarterly Activities Report – Period Ended 30 September 2020

Key Points

- First production of Active Anode Material ("AAM") using Vidalia precursor achieved post quarter end
- Syrah remains on track to become the first vertically integrated producer of natural graphite AAM outside of China
- Syrah's Balama Graphite Operation ("Balama") well positioned to preserve cash and retains capability to promptly restart production once market conditions are supportive
- Strong global Electric Vehicle ("EV") sales growth observed during Q3, a positive leading indicator for recovery in natural graphite demand
- Syrah ends quarter with strong cash balance of US$44 million

Vidalia Battery Anode Material Project ("Vidalia") – USA

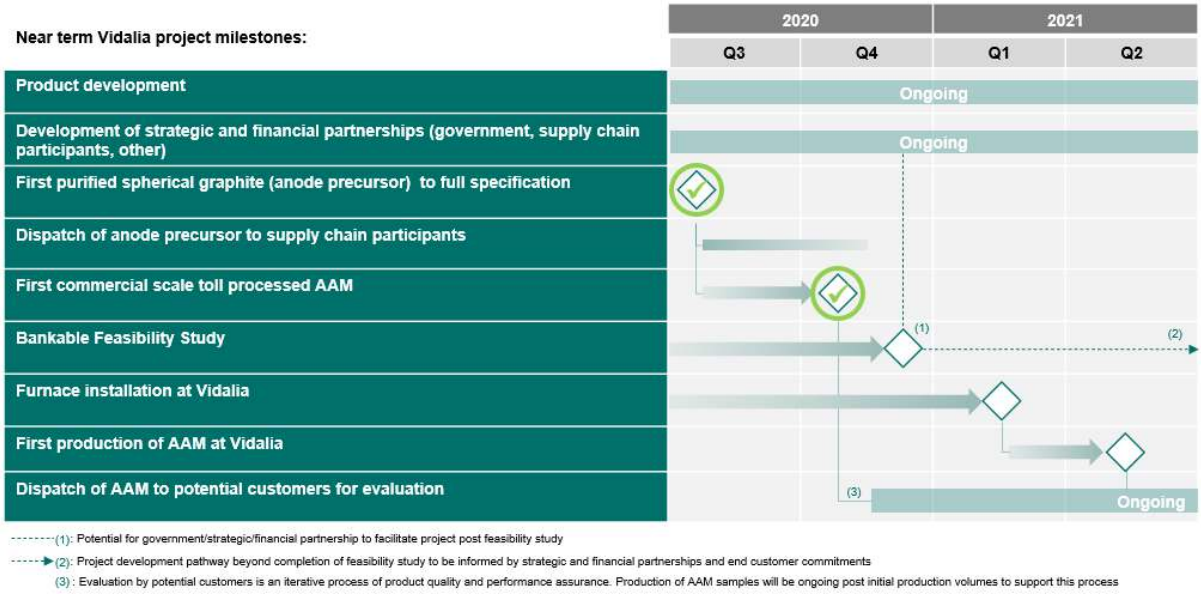
Syrah Resources Limited (ASX: SYR) ("Syrah" or "Company") continues to progress towards becoming the first vertically integrated producer of natural graphite AAM outside of China.

Post quarter end, Syrah achieved first production of AAM via toll processing of purified spherical graphite (anode precursor) from the Company's commercial-scale facility in Vidalia. The AAM produced demonstrated excellent electrochemical characteristics. The product will be optimised via ongoing toll production, with dispatch to EV supply chain participants for commencement of product qualification planned during Q4 2020.

Syrah is using tolling to accelerate the provision of material to potential customers ahead of installation of a furnace in Q1 2021. This is expected to enable AAM production at Vidalia of equivalent specification to the toll produced material.

Commencement of product qualification, combined with a Bankable Feasibility Study also due for completion in Q4 2020, will significantly progress the Company's strategy of becoming the first vertically integrated producer of natural graphite AAM outside of Asia. Balama provides a strategic ex-China source of natural graphite feedstock to vertically integrate with Vidalia, uniquely positioning Syrah to service ex-Asia anode supply chains, including the growing US and European markets, which are currently 100% reliant on China for their battery anode supply chain.

Syrah's interactions with Governments, auto makers and other battery supply chain participants during the quarter indicated an increased focus on the benefits of localised supply chains and supply security of critical battery minerals.



Balama Graphite Operation ("Balama") – Mozambique

Balama achieved a Total Recordable Injury Frequency Rate ("TRIFR") of 0.5 for the quarter. The company continues to focus on compliance with government directives and high standards of internal COVID-19 protocols. No cases of COVID-19 have been identified at Balama or any of Syrah's global operations to date.

Production was temporarily suspended at Balama in March 2020 due to impacts of COVID-19, specifically: travel restrictions, limiting the mobility of the Balama workforce; and, weak end user demand due to lockdowns, mobility restrictions and economic uncertainty negatively impacting EV sales.

Travel restrictions are in early stages of easing. However, market conditions remained unsupportive of production restart during the quarter.

Natural graphite sales from finished product inventory during the quarter was 3kt at average price US$470/t (CIF).

Balama remains positioned to preserve cash during the current period of temporary production suspension whilst also retaining operating and marketing capability to promptly restart production once market conditions are supportive. Restart lead time is expected to be 2 to 3 months post a restart decision.

The Company continues to monitor the security situation in Cabo Delgado province. There has been no impact on Syrah's operations, movement of people, or transport, and appropriate security protocols are in place.

Market Update

The underlying thematic of decarbonisation of the transport sector via lithium ion powered EVs continues to gain momentum.

On 30 September 2020, the US President signed an Executive Order and declared a national emergency in relation to critical minerals, and specifically referenced that "*the United States is 100*

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percent reliant on imports for graphite, which is used to make advanced batteries for cell phones, laptops, and hybrid and electric cars. China produces over 60 percent of the world's graphite and almost all of the world's production of high-purity graphite needed for rechargeable batteries".

On 3 September 2020, the European Commission released a document "Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability", which included graphite as a critical raw material, stating "*Economic importance and supply risk are the two main parameters used to determine criticality for the EU*".

Policy commitments to support the decarbonisation of the transport sector were ongoing during the quarter, including: China's pledge to become carbon neutral by 2060; Europe's $572 billion green stimulus plan; and, California's commitment to ban new gasoline car sales by 2035. Syrah notes increasing focus on ESG credentials during interactions with supply chain participants and believes the company is well positioned in this regard, and views the ongoing Government policy support for the decarbonisation of the transport sector as a positive leading indicator for natural graphite demand.

Government and commercial recognition of the strategic importance of battery raw materials supply – whether that be graphite, lithium, nickel, or cobalt precursors – has never been stronger. However, ex-China capacity is grossly lagging in independent development and China continues to grow and consolidate in the battery supply chain. Disruption caused by shutdowns in China during COVID-19 has demonstrated the reliance of Europe and USA on China for supply of lithium-ion battery materials. Without short-term action, Europe and the USA risk losing independence in their strategic battery raw materials supply chains.

Global EV sales during Q3 grew 69%[1] YoY, which contrasts with H1 2020 sales which were down 17% YoY[2]. Syrah views the resumption of EV sales growth through Q3 as a positive short-term leading indicator for improved natural graphite demand. A continuation of this trend will assist in the re-balancing of the natural graphite market, which would be supportive for production restart at Balama.

During its recent Battery Day event, Tesla inferred long-term battery demand is significantly beyond levels the general analyst community has forecast, implying strong long-term demand for natural graphite. Tesla also noted its internal development of silicon anode materials. Syrah notes that silicon is used as an additive in natural graphite anodes (<5%) and increased use as an additive has long been a focus of research and development for the anode industry, with specific focus on engineering solutions to manage swelling, which negatively impacts cycle life of a cell. Although attempts to innovate battery chemistry will be ongoing, Syrah sees commercialisation of alternate anode solutions for application in EVs to be long dated. Syrah's supply chain interactions indicate that the industry is anticipating use of graphite anodes for the foreseeable future.

Finance and Corporate

Cash balance at 30 September 2020 was US$44m.

[1] Based on data from EV Sales (http://ev-sales.blogspot.com/) for July and August. Syrah estimates for September.
[2] Based on data from EV Sales (http://ev-sales.blogspot.com/)

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Licences

The following table lists the current licences held by Syrah Resources Limited and its subsidiaries as at 30 June 2020:

Project	Licence Number	Licence Type	Country	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
Balama	6432C	Mining Concession	Mozambique	-	-

Notes in relation to Appendix 5B

Payments to related parties and their associates during the quarter as outlined in Section 6 of the accompanying Appendix 5B to this quarterly activities report were US$177,000. These payments are related to salaries, superannuation, advisory and consultancy fees paid to directors and/or director related entities during the quarter ended 30 September 2020, including amounts paid to Sal & Caldeira Advogados a related party of José Caldeira (Non-Executive Director).

This ASX release was authorised on behalf of the Syrah Board by:

Shaun Verner, Managing Director

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About Syrah Resources

Syrah Resources Limited (ASX code: SYR) is an Australian-based industrial minerals and technology company. Syrah owns and developed the Balama Graphite Project (Balama) in Mozambique. Balama transitioned to operations with sales and shipments to a global customer base including the battery anode producers, from the start of 2018. Syrah produced over 100,000 tonnes of natural graphite in 2018 and is the largest and first major new natural graphite operation developed outside of China. Balama will be the leading global producer of high purity graphite. Balama production is targeted to supply traditional industrial graphite markets and emerging technology markets. Syrah is also progressing its downstream Battery Anode Material strategy with first production of spherical graphite achieved in December 2018 from its plant in Louisiana, USA. Syrah has successfully completed extensive product certification test work with several major battery producers for the use of Balama spherical graphite in the anode of lithium-ion batteries.

Forward Looking Statement

This document contains certain forward-looking statements. The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan", "targets" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements in this presentation include statements regarding: the timetable and outcome of the equity offer and the use of the proceeds thereof; the capital and operating costs, timetable and operating metrics for the Balama Project; the viability of future opportunities such as spherical graphite, future agreements and offtake partners; future market supply and demand; and future mineral prices. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are based

on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This presentation contains such statements that are subject to risk factors associated with the mineral and resources exploration, development and production industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to the following risks: dependence on commodity prices, availability of funding, impact of inflation on costs, exploration risks, including the risks of obtaining necessary licences and diminishing quantities or grades of reserves, risks associated with remoteness, environmental regulation risk, currency and exchange rate risk, political risk, war and terrorism and global economic conditions, as well as earnings, capital expenditure, cash flow and capital structure risks and general business risks. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. The forward-looking statements in this presentation speak only as of the date of this presentation. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, the Company disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this presentation to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this presentation will under any circumstances create an implication that there has been no change in the affairs of Syrah since the date of this presentation.

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Appendix 5B

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

Name of entity

SYRAH RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
77 125 242 284	30 SEPTEMBER 2020

Consolidated statement of cash flows		Current quarter US$'000	Year to date (9 months) US$'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2,315	10,629
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	(5,102)	(30,745)
	(d) staff costs (1)	(3,879)	(13,150)
	(e) administration and corporate costs	(576)	(1,574)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	55	436
1.5	Interest and other costs of finance paid	(1)	(6)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – VAT recoveries	530	7,154
1.9	**Net cash from / (used in) operating activities**	**(6,658)**	**(27,256)**

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

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(2,371)	(7,258)
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-

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Consolidated statement of cash flows		Current quarter US$'000	Year to date (9 months) US$'000
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other - Environmental Bond	-	-
2.6	**Net cash from / (used in) investing activities**	**(2,371)**	**(7,258)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	187
3.6	Repayment of borrowings	(59)	(151)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – payment for interest and principal on lease liabilities	(793)	(2,267)
3.10	**Net cash from / (used in) financing activities**	**(852)**	**(2,231)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	53,182	80,577
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,658)	(27,256)

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Consolidated statement of cash flows		Current quarter US$'000	Year to date (9 months) US$'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,371)	(7,258)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(852)	(2,231)
4.5	Effect of movement in exchange rates on cash held	332	(199)
4.6	**Cash and cash equivalents at end of period**	**43,633**	**43,633**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US$'000	Previous quarter US$'000
5.1	Bank balances	9,465	9,697
5.2	Call deposits	34,168	43,485
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**43,633**	**53,182**

6.	Payments to related parties of the entity and their associates	Current quarter US$'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	177
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end US$'000**	**Amount drawn at quarter end US$'000**
7.1	Loan facilities	40	40
7.2	Credit standby arrangements	-	-
7.3	Other - convertible note	42,892	42,892
7.4	**Total financing facilities**	**42,932**	**42,932**

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

The facility reflected in 7.1 represents an insurance premium funding facility for Syrah's AUD denominated insurance policies with LEDGE Finance. This facility carries an effective interest rate of 9.14% and will be fully repaid in November 2020. Under the terms of the agreement, the finance provider may cancel the underlying insurance policies to recover any outstanding amounts if repayments are not made.

With reference to item 7.3, Syrah issued a 5-year unsecured convertible note to AustralianSuper Pty Ltd during October 2019 to raise A$55.8 million (Convertible Note). Interest to accrue on Principal Outstanding at a rate of (at the Company's discretion): 8% per annum, capitalised quarterly in arrears and added to Principal Outstanding; or 7.5% per annum if Syrah elects to make interest payments in cash. See ASX announcement dated 19 June 2019 for a summary of key terms associated with the Convertible Note.

The value provided in 7.3 includes the Convertible Note face value, interest accrued and capitalised establishment fee. The amount is converted from Australian Dollars to United States dollars at an AUDUSD exchange rate of 0.7108 (Q2 2020 0.6863)

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(6,658)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(6,658)
8.4	Cash and cash equivalents at quarter end (item 4.6)	43,633
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	43,633
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	6.6

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

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8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Not applicable as item 8.7 is greater than 2.	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Not applicable as item 8.7 is greater than 2.	
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Not applicable as item 8.7 is greater than 2.	
	Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.	

Compliance statement

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

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

Date: .....21 October 2020.....

Authorised by: .....The Board.....

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

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

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

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

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