

IMC 20 May 2024 responses from live Q&A

The following answers were given on the call to questions put to the Company – and reflect verbatim comments, and contain answers to other questions also asked during the call.

Q. Will the Company be in a position to pay the 6% July coupon on time and in cash?

A. *“That is exactly what we are working for. There is no doubt we have had delays in payments. We have been working with our suppliers of goods, services, and investors. It is our objective that we meet our working capital gaps and we are working hard to achieve. We expect that we will be successful”.*

Q. How far have you got in the DFI stage?

A. *“Our first engagement with the DFI is for funding the growth of our Madagascar projects to 54,000tpa. In addition to this we are further engaging with more DFIs. One of the financial advisors we have appointed is working for us on that side with very good connections. We will take it through for our growth to get good, prudent project finance”.*

Q. How close are you to getting external investment to progress Tirupati going forward?

A. *“The Company is working with other financial advisors very closely and that has been the priority. We will communicate to the markets as soon as something is agreed upon. Further opportunities of funding have also been shared in the presentation. The intention is to close at the earliest possible without it being such that it is detrimental to the company in the long term”.*

Q. Looking over recent times would it be fair to say shareholder engagement has been lacking and will it improve going forwards?

A. *“I recall there was a time where we were applauded for our shareholder engagements. It is unfortunately that the Company has gone through the last 1 year or so with times that have been stressful as have been announced in RNSs. We are taking all the necessary steps as I said to have the right people in the right place and ensure that we improve every aspect of our working, governance, financing, engagement for shareholders – where we have lacked in the recent*

year, we intend to not only improve to where we are applauded in the market. We have done that before and we the ability to do that and we will do it again”.

Q. Are the shares risking extreme dilution in the near term?

A. *“We have maintained this stand, that we do not believe the current price of the company’s shares are in any way prudent to what the company is. We do not wish to have a dilution of our shares at these levels. We could have done that over the last year, but we have refrained from as much as possible and will continue. We are very positive that strategic investment arrangements are proceeding well and hopefully we will be there in the near term”.*

Q. There needs to be more transparency with the shareholders, will you work on this?

A. *“We’ve taken the feedback from our shareholders and will ensure that we are communicating more frequently. We’ve strived to ensure that all information that we’ve put out there is representative of the ground reality”.*

Q. On LinkedIn a number of former TGR employees now hold senior positions in Pranagraf, and some are listed as working for TGR yet are posting that they need to find new job opportunities (as of 4 months ago) can you explain why this is, on the face of it Pranagraf looks to be thriving whilst TGR is under severe working capital pressures.

A. *“Due to the financial stress at TGR, there are members of our team who’ve decided to pursue their career outside of the Company, including that at Pranagraf. And there are others who might still be looking. As representatives of TG, we want to focus our attention on capitalizing on the opportunity we have at hand here. We are not focused on how Pranagraf is performing, but more focused on how we can create shareholder value here”.*

Q. What is the high level vision of the Company for the long term and what are the steps/milestones planned to achieve these for this year and the next 5 years?

A. *“That’s a great question, we must be forward looking, we must have a vision and we must work toward achieving it. Thanks to the shareholder who brought this question. We have said in no uncertain terms that we are here to build a company that will be a leader in the flake graphite space. What we have achieved in this short time is the background that brings us to the future. The Madagascar projects going to 54,000tpa and the first 50,000tpa project being*

built in Mozambique are our near term goals. We would prefer that we will complete these two over the next, outer limit of two years, with the Madagascar coming first, Mozambique following. As you know our Mozambiquan projects are permitted to 158,000tpa capacity. The graphite there is better suited for the highest growth market, in the sense there is more percentage of that. We will continue to evaluate where we should expand and how much. We see the company reaching a 400,000tpa capacity by 2030. That would represent 8% of the global market based on forecasts and our internal assessments of them. Post the two expansions talked about previously, we will still go step by step. We are very deeply engaged with entities in the growth market and we will work to invest on the back of very solid footing, achieving our growth in a systematic manner, in a step by step process, in a modular form, a concept that we brought into the graphite space, I personally brought that, actually before TG was born, and has been adopted far and wide in the industry”.

Q. What were the top 3 achievement aligned to the longer term plan in the past 1 year?

A. *“We were able to successfully mitigate things that were unforeseen, develop our projects and bring into production in a short time frame and at investment that are industry lowest it is proven. Over the years we continue to produce, sell and create markets not only for what we produced but also for what we intend to do for the future. So we have set the base not only for what we have developed but also what we intend to do in the future. We have created ourselves as a responsible company with extensive engagement with the communities we work in, with the environment, building projects with technically better processes, lesser waste, lean processes, low energy consumption and adopting hydropower and other green/renewable energies. All of these have set the base of what we intend to do. That is how we will take things further and build the company as set out in the previous question”.*

Q. Is the company still solvent and trading profitably?

A. *“We have consulted our advisors and understood what exactly this means so that we live up to our responsibilities. We are engaged with all our creditors and we’ve made them know where we are and how we are solving it and they are onboard with us. Yes, we do have a cash crunch, but does the company have a way forward? Yes it does, it 100% does, after all we have a huge balance sheet, primarily equity, we can leverage things, we can do various things some of them we’ve already talked about. So yes we can’t say the company is insolvent, yes the company does have a problem of liquidity which we it is engaged in resolving”.*

Q. Why did you advertise TSG as part of TGR and then take it private after we invested in the company so now we are left with nothing?

A. *“This was done under an acquisition agreement that both companies had in place. Unfortunately, that was infeasible to execute and the same was communicated” (via an RNS back in July 2023 - <https://www.londonstockexchange.com/news-article/TGR/transaction-update/15533618>).*

Please note TG has not made any investment in Pranagraf till date, and the details of the proceeds of funds used is shared in the Q&A.)

Q. Can you please explain how cost per ton produced almost doubled while total tons produced increased by 49%? How can you change that and come back the previous gross margin levels?

A. *“Well it’s easy to understand, previously we started one project, the other was in building. In the last year we started our second project. All the entire cost ecosystem was now in operations, previously a part of it was in development. We had the ability to produce much more than we actually were able to. The cost structures did build up for the capacity production, on top of this we had additional costs in debottlenecking in the first half of the last year, whenever you setup a new project there would be these, these are normal, any person who has worked on projects would vouch for this that yes this is what happens. All put together this is unusual cost of production for us. The moment we get into producing reasonable levels of our capacity we’ll get back to our normal cost structure”.*

Q. What's the timeline for the two PCUs in Madagascar?

A. *“This depends on when the funds reach our bank. The first focus would be to get to operationalizing the 20 ktpa capacity. And only then would we focus on adding more PCUs”.*

Q. Why did NextSource Materials with their mine in your Madagascar neighborhood reach MoU with Posco and you did not?

A. *“Unable to comment on the agreement that another company has had”.*

Q. Cash at end of March was less than £200k, are operations currently halted at Vatomina and Sahamamy?

A. *“As stated in RNS, operations are intermittent, and production is currently on hold, ready to restart. Finished product is still being sold and shipped from the projects. Production is ready to restart”.*

Q. Do you, Mr. Shishir Poddar as the Managing Director of TG intend to develop downstream units in TG? If you do, intend why has the same not been undertaken in the last 3 years of you being in the command of TG?

A. *“It is the stated desire of the Board to incorporate downstream activities into the Company's business model, and we would refer to our RNS announcements that detail why progress has not been made so far on this”.*

Q. How much money has the Company spent to date in Mozambique since acquiring the licenses? Company currently fulfilling all of its obligations and commitments under the licenses granted in Mozambique? What is the burn rate in Mozambique to maintain the two licenses for administration, security, and all other spending obligations on the ground?

A. *“Our obligations toward the licenses are met. We are required to file quarterly reports, annual reports, plans. What I see is important for us is to expedite activity on the ground, get the current issues resolved, go out in the markets to DFIs fund the development of that project, in the interim period fund whatever is necessary to get to that state that you can build the projects and be on the ground fastest possible. I have heard rumours here and there in relation to the Mozambiquan assets. In a nutshell, you are aware that we have more or less \$2m fixed deposits (in Mozambique) which provide us some interest. Part of the subsistence costs are covered by this and a part is invested by the company in that. I have no doubt in saying we have been prioritizing the use of funds in the best interest of the company and its business and as we resolve the issue related to capital we'll have no such problems left. Having said that, is there a situation that we should be worried about with respect to our licenses? No. There is only one point; a new law was incorporated just before we acquired the licenses which required a new fee to be paid in any transfer of licenses, which our case was. We did approach the government to keep us away from that because we were already at the final stages, we were engaged with the government. We are working through with them. Let's see, we will try our best to get the best decision and comply with the law”.*

Q. What is the risk for shareholders who have already seen fall in share value that many more shares will be issued at such a low value?

A. *“I can say to all my shareholders you have a team here that is most concerned about retaining shareholder value. Every decision we take will consider each*

aspect that is beneficial to our shareholders, as we have done in history we will do in future”.

Q. Can you make a statement on the requisition group and the upcoming EGM?

A. *“Well we unanimously request our shareholders to defeat the resolutions that are proposed. These are not in the interests of the Company; we have provided information to our shareholders by an official response to the requisition. And we will continue to update our shareholders based on whatever we see, any rumours, or anything where we need to provide information to our shareholders, which will be shared so you can take an informed decision. Yes, we are restricted by regulations about what we can say. Yes, we are cognizant of our responsibilities and everything we say in public domain goes through our advisors which I must say are great advisors. So yes, that’s exactly what I want to say. Don’t destroy the company’s ecosystem that has brought it here to this level, it’s not an easy task. Think for yourself and take decisions for what you think is the best interests of the company. Whatever decision our shareholders take we will bow to that, that is our commitment to you”.*

Received from other online sources

1. How many staff in India are compensated by both TG and PranaGraf? Does this include personnel involved in sales and financial reporting?

Answer: The Company only pays its own employees, and not the employees of any other entities.

2. Could you provide details on the last time a UK qualified and senior Finance Director was engaged with the company?

Answer: The last CFO worked with the company until 30 June 2023. He held a Diploma in International Financial Reporting Standards (IFRS) from the ACCA in the UK, amongst other qualifications.

3. How can you attract talent and NEDs while you have unpaid balances to former NEDs and are under cash constraints?

Answer: Attracting suitable talent under cash constraints is a challenge as we’ve previously declared, as is prudent we are being upfront on the position and assessing the candidates based on their flexibility to accommodate in the Company’s tough times amongst other primary considerations. It is

encouraging that conversations we are having with potential NEDs meeting the criteria we have set are confident that the Company can get past this period of cash constraints after discussing our position and efforts underway.

- 4. The recent announcement on H2 production significantly lagged behind your estimate in October 2023. Can you explain why H2 performance was only one-third of the estimate, less than the same period last year, and less than the first half of this year**

Answer: Has been explained in detail in the shareholder Q&A session conducted on 20 May 2024. The Q&A video and script are published on the IMC platform.

- 5. Were there any production lapses or suspensions during this period? If so, how many, and why were shareholders not informed? The gap cannot be explained solely by weather challenges. Should we have concerns about the production capacity in Madagascar?**

Answer: The capacity at 3% head grade, as advised, is 20,000 tpa with smooth working arrangements being in place. With addition of 2 more PCUs to the 4 existing, with the required investment, it will increase to 30,000 tpa. As is advised through disclosures operations are intermittent due to working capital constraints. The situation is well explained in our disclosures and we do not see any further disclosures being required at this stage. Any further material change would be disclosed.

- 6. Are the local teams in Madagascar at risk or under threat due to unpaid local suppliers or delayed/unpaid salaries?**

Answer: Risks related to the financial constraints are natural in the circumstances. The Company is actively managing all known risks caused by these challenges. We are in constant communication with our suppliers and the local teams.

- **When was the last license and permit payment made in Mozambique? Is there a potential risk of license suspension**

Answer: All compliance requirements have been met. A transfer fee, imposed by a new law that came in force just prior to completion of the acquisition, has been

discussed and remains payable if no relief is granted by the government and we remain engaged with the relevant officials. We have not received any notices or other communications in relation to any threat to our licenses and do not believe there are any such material threats.

7. When were the local team members in Mozambique last paid to ensure the security of the premises? Is there a risk concerning the security and access to these premises?

Answer: The on-ground team in Mozambique is paid up to date month on month. The security agency has been paid with 1 to 2 months delay and we are in constant communication with them. Currently there is no known risk to security and access to premises.

8. Can you elaborate on why Shard resigned in January, just one month after their appointment?

Answer: It would be inappropriate to comment on behalf of someone else, this questions would be best be put to and answered by Shard.

9. During the last \$1 million equity funding, you indicated achieving breakeven cash flow/EBITDA by Feb. Did you deliver? What is the breakeven production level required to achieve this? Can you share a breakdown of the monthly production capacity and the max output achieved?

Answer: The company had made no such disclosure or claim as is stated in this question. The c.£1M raised was used towards operations and to settle pressing corporate liabilities. Annual production capacity is c. 20,000 tpa. Max daily output achieved on any day in the last quarter was 45 tons.

10. How can you assure shareholders that a qualified auditor's report will be completed before the deadline, considering the late onboarding of new auditor and the absence of senior finance professional?

Answer: The Audit process has been started well in time and is progressing as per the timelines agreed with the Auditors targeted to complete within the statutory deadline. We are surprised that the question assumes a “qualified” report, in the existing context, whereby the Company has never had such a report to date, with the only exception being a material uncertainty over going concern comment in the previous report for FY 2023.



11. What is the current status of working capital facilities from the company's bankers in Madagascar, as mentioned in the March RNS regarding the financing secured by your personal guarantee?

Answer: The limit offered by the bank eventually did not meet the Company's requirements and hence was not pursued.

12. What is the risk of default on the upcoming CLN repayment schedule starting July 24?

Answer: No repayment is due from July 2024, but payment of interest for the first half year of 2024 shall fall due in July 2024. The company is currently short of working capital, and risks for payment delays exist, although we expect this to be mitigated through our fundraising efforts.

13. What is the likelihood / timing of completing any DFI funding, given the need for a detailed due diligence process, the lack of credible finance professionals, the absence and risk of delay of audited financials, the depressed market cap, and the challenges of lost confidence

Answer: Raising capital via DFIs is a lengthy process and is ongoing. DFI financing is intended to fund the company's expansion plans, not the current working capital needs. The interactions with the DFI we are engaged with has continued with information data room provided and we are advised that these have been reviewed. Further progress depends on timing when the Company can provide certain reports of the progress.

14. Have you received any notices from your brokers with suggestions on how to access financial markets and improve governance?

Answer: The Company successfully raised capital from the markets since prior to its IPO. Considering various discussions and thoughts from our shareholders and stakeholders it has taken proactive steps to further improve its board structure and corporate governance as announced in its recent RNS's. The Company has not received any such notice from its Broker in that capacity but any views received have been considered and actioned. However, it has no magic wand and the working capital constraints means there will need to be a staged approach of putting in place the concluded improvements. The board believes it is important for any new directors to have appropriate skill sets and experience in the context of the Company's business as has been announced by the Company and does not believe the directors proposed by the requisition group either have these or provide the necessary independence for good governance.



15. Did you receive any recommendations from the Non-Executive Directors who have resigned? Did they challenge the governance of the company?

Answer: We do not believe it appropriate to answer this question in a public forum. All required regulatory disclosures regarding the Company's NEDs has been made.

The Company notes that several of the questions raised by FTG stem from knowledge of, or are based on, confidential Company information not available to the public.