



ANNUAL REPORT FOR THE FULL YEAR ENDED 31 DECEMBER 2021

Syrah Resources Limited (ASX: SYR) ("Syrah" or "Company") releases its Annual Report for the full year ended 31 December 2021.

Highlights

- Strong health and safety record with Total Recordable Injury Frequency Rate ("TRIFR") of 0.5 for Balama Graphite Operation ("Balama") and 0.0 for AAM facility in Vidalia, Louisiana, USA ("Vidalia")
- Advanced strategy to become a vertically integrated natural graphite Active Anode Material ("AAM") supply alternative for USA and European customer markets:
 - o On-specification natural graphite AAM produced from Syrah's fully integrated AAM facility in Vidalia
 - o Completed ~50% of detailed engineering on an initial expansion of Vidalia's production capacity ("Vidalia Initial Expansion")
 - o Executed offtake agreement with Tesla, Inc¹
 - o Progressed commercial and technical engagement with multiple target AAM customers
 - o Final investment decision taken for the Vidalia Initial Expansion after year end
- Balama production restarted and increased in line with natural graphite market conditions and container shipping availability
- Major new logistics option developed to commence breakbulk shipments through Pemba port to help manage inventory positions and enable higher Balama production and sales
- Strengthened balance sheet with issue of A\$28 million convertible note tranche, and a A\$250 million equity raising after year end
- Positive momentum continued in Syrah's key electric vehicle ("EV") end market – global EV sales increased 119% in 2021, versus 2020, to more than 6.2 million units²

Syrah's health, safety and environment performance was outstanding with TRIFR of 0.5 and 0.0 at Balama and Vidalia, respectively, at year end. Balama's TRIFR has remained below 1 since late 2018. The Company's commitment to ESG best practices received recognition, with the Company achieving ISO recertification for Health, Safety and Environmental Management Systems at Balama and ISO certification for the Quality Management System at Vidalia during the year.

Since the beginning of the pandemic, Syrah has had robust COVID-19 protocols in place across the business. In late 2021, several employees and contractors at Balama tested positive to COVID-19. The protocols in place at Balama contained transmission both onsite and through the community, and

¹ Refer to ASX releases on 23 December 2021 and 29 December 2021.

² Source: Marklines.

ensured that operational continuity was maintained. The Company completed a COVID-19 vaccination program for Syrah employees and contractors at Balama in December 2021 with 97% participation, and a vaccination program for the broader Balama community is being completed to boost vaccination rates. The health, wellbeing and safety of employees and contractors remains Syrah's highest priority.

Syrah's focus areas at the start of 2021 were the strengthening Balama's position in the global natural graphite market following a restart decision and making progress on its vision to become a vertically integrated supplier of natural graphite AAM to ex-Asia markets through the development of a large-scale AAM facility at Vidalia. Syrah has made very good progress on these areas in 2021.

Following an approximately 12-month production suspension period due to market conditions and logistics disruptions caused by COVID-19, production recommenced at Balama in March 2021 ahead of schedule. The decision to restart Balama production was underpinned by supportive market conditions and customer contracting, as well as the reduction in travel restrictions.

Balama operational performance through 2021 was impressive. There was a material improvement in quality and graphite recoveries and high production rates were delivered in campaign runs. Target unit costs were achieved, embedding improvements and the restructure undertaken during the suspension period. The competitive cost profile of Balama will be demonstrated as production and sales are increased. Rehiring at Balama has been successful with Syrah reinstating most of its planned labour and contractor contingent with high local host community and female representation.

Customer demand has been very strong and continues to grow. However, disruption in the global container shipping market has prevented the Company from demonstrating the full production potential of Balama. In late 2021 action was taken to improve sales and alleviate the inventory constraint on production through the implementation of breakbulk shipping to supplement container deliveries. Exporting breakbulk from Pemba creates an additional export option for Balama products and provides the Company flexibility in managing logistics to allow significantly higher product sales than otherwise could be achieved solely through Nacala port, and accordingly higher Balama production.

Syrah took significant steps in its downstream strategy with a material offtake agreement announced with Tesla, Inc and the successful conclusion of an array of work streams providing the basis for the Syrah Board to approve a final investment decision for the Vidalia Initial Expansion project after year end. This decision was the culmination of more than six years of product and technology development, product testing, community, customer and other stakeholder engagement, as well as feasibility, engineering and procurement preparation.

Syrah is moving strongly towards becoming the pre-eminent ex-Asia vertically integrated natural graphite AAM supply option for battery supply chain participant and OEM customers. The Company is targeting first production from the 11.25kt per annum AAM Vidalia facility in the September 2023 quarter. Syrah plans to complete a BFS for further expansion of Vidalia to 45kt per annum AAM production capacity during 2022.

A successful A\$250 million financing transaction announced in February 2022 fully funds the Vidalia Initial Expansion project to the start of production and enables the Company to capitalise on growing

battery materials demand, driven by fast growing EV sales. Thus far in 2022, the Company has commenced construction of the Vidalia Initial Expansion project and completed the first breakbulk shipment of 10kt natural graphite through Pemba port.

Through 2022, Syrah is focused on strategically increasing production at Balama to meet growing market demand for natural graphite and advancing the construction of the Vidalia Initial Expansion project.

Results Summary

Period ended (US\$ million)	31 Dec 2021	31 Dec 2020
Revenue	29.0	10.8
Cost of sales	(61.7)	(49.3)
Total expenses	(15.3)	(15.3)
Net loss before net finance expenses and income tax	(47.9)	(53.8)
Net loss after income tax	(56.9)	(60.9)
Net cash inflow/(outflow) from operating activities	(35.1)	(32.9)
Net cash inflow/(outflow) from investing activities	(19.3)	(11.8)
Net cash inflow/(outflow) from financing activities	32.8	38.5
Balance as at (US\$ million)	31 Dec 2021	31 Dec 2020
Cash and cash equivalents	52.9	75.0
Total assets	428.9	431.9
Total liabilities	136.4	99.2
Net assets	292.5	332.8

This release was authorised on behalf of the Syrah Board by

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About Syrah Resources

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

Forward Looking Statement

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

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 document 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 document 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 document speak only as of the date of this document. 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 document 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 document will under any circumstances create an implication that there has been no change in the affairs of Syrah since the date of this document.