



ANNUAL REPORT FOR THE FULL YEAR ENDED 31 DECEMBER 2020

Syrah Resources Limited (ASX: SYR) ("Syrah" or "Company") releases its Annual Report for the full year ended 31 December 2020.

Highlights

- Strong health and safety record with Total Recordable Injury Frequency Rate ("TRIFR") of 0.7 and focus on robust COVID-19 protocols and compliance with Government directives facilitating continuity of operations
- Progression of strategy to become the first large scale vertically integrated natural graphite Active Anode Material ("AAM") supply option outside of China:
 - o BFS confirmed robust economics for large scale AAM production at Vidalia
 - o Product qualification commenced with AAM produced using Vidalia precursor
 - o Increase in focus on critical minerals and supply diversification from industry and Governments
- Production at Balama suspended during 2020 due to impacts of COVID-19 (travel restrictions, lower demand). Positioned to preserve cash during 2020 while retaining operating and marketing capability to promptly restart production, which occurred post year end
- Balance sheet strengthened via an institutional placement raising gross proceeds of A\$56 million, a share purchase plan of A\$18 million completed in January 2021, and the option to issue up to A\$56 million of convertible notes to AustralianSuper¹
- Cash and cash equivalents of US\$75 million as at 31 December 2020.

Syrah's high international health, safety, environment and community standards, which are embedded across operational, marketing, and corporate activities, served the Company well during the year. In early 2020, as the COVID-19 situation escalated in China, Syrah pre-emptively activated its Crisis and Emergency Management Teams. By the time the World Health Organisation declared COVID-19 a global pandemic on 11 March 2020, the Company had implemented strict protocols and mitigation measures across the Group. The health, safety and wellbeing of employees, contractors and key stakeholders remains Syrah's highest priority and the Company is committed to making the right decisions, in conjunction with Government advice at a minimum and further where possible, in order to mitigate the risk and impact of COVID-19 transmission to our workplaces and the communities in which we operate.

The operational focus areas at the start of 2020 were ensuring adaptability of Balama Graphite Operation ("Balama") to market conditions, and advancing Syrah's AAM project in Vidalia, USA, ("Vidalia"). Syrah suspended production at Balama in March 2020 due to the impacts of COVID-19,

¹ After year end, Syrah elected not to issue a A\$28 million convertible note tranche. The Company retains the option to issue a A\$28 million convertible note tranche to AustralianSuper before 30 June 2021. See ASX release dated 30 March 2021.

specifically: travel restrictions limiting the mobility of the Balama workforce; and weak end user demand. Syrah reduced and restructured costs at Balama whilst also maintaining readiness for a restart of production with consideration of travel restrictions and the evolving natural graphite market through the year. With an improved market balance observed in late 2020 and into 2021, Syrah was able to restart production at Balama in March 2021. Significant progress was made in 2020 on Syrah's downstream strategy at Vidalia with the achievement of a number of key milestones. Firstly, a Bankable Feasibility Study was completed that confirmed robust economics for a large scale AAM production facility. Secondly, Syrah achieved first production of finished AAM via toll treatment of Vidalia anode precursor, which was used for product qualification with potential customers. These two milestones significantly progressed the Company's strategy to become a large scale vertically integrated producer of natural graphite AAM to supply ex-Asia markets, which are currently 100% dependent on China for battery anode supply chains. The progress at Vidalia and its vertical integration with Balama presents a unique value and strategic proposition to Governments, automotive OEMs and cell manufacturers. Specifically: scale; independence and localisation with USA battery production; critical mineral security; and ESG auditability back to the graphite source.

The successful financing transaction announced in December 2020 positions Syrah with a strong balance sheet, which enables the Company to capitalise on improved battery materials demand, driven by fast growing EV sales, observed in late 2020 and 2021 to date. Thus far in 2021, the Company has progressed the restart and earlier than planned ramp-up of production at Balama and completed the installation of a furnace at Vidalia to produce fully integrated AAM on-site for ongoing product qualification processes with automotive OEM and battery cell potential customers. Through 2021, Syrah is focused on strategically ramping up operations at Balama to meet growing market demand for natural graphite and advancing Vidalia's customer and funding interactions to a final investment decision.

Results Summary

Period ended (US\$m)	31 Dec 2020	31 Dec 2019
Revenue	10.8	72.2
Cost of sales	(49.3)	(105.5)
Total expenses	(15.3)	(26.8)
Impairment of assets	-	(96.9)
Net loss before net finance expenses and income tax	(53.8)	(157.0)
Net loss before income tax	(58.2)	(157.9)
Net loss after income tax	(60.9)	(130.5)
Net cash inflow/(outflow) from operating activities	(32.9)	(33.6)
Net cash inflow/(outflow) from investing activities	(11.8)	(36.6)
Net cash inflow/(outflow) from financing activities	38.5	73.6
Balance as at (US\$m)	31 Dec 2020	31 Dec 2019
Cash and cash equivalents	75.0	80.6
Total assets	431.9	432.1
Total liabilities	99.2	80.3
Net assets	332.8	351.9

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 Stock Exchange listed industrial minerals and technology company with its flagship Balama Graphite Operation in Mozambique and a downstream Battery Anode Material Project in the United States. Syrah's vision is to be the world's leading supplier of superior quality graphite 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. Forward - looking statements in this document 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 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.