



## 2021 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS

Syrah Resources Limited (**ASX: SYR**) ("Syrah" or "Company") provides a copy of the Chairman's Address, which will be delivered at the Company's Annual General Meeting today.

### ADDRESS BY THE CHAIRMAN, JIM ASKEW

Good morning and welcome to Syrah Resources' 2021 Annual General Meeting. I would like to begin by welcoming Shareholders attending the meeting in person today and thank those of you who are also joining us online. The COVID-19 pandemic continues to impact us in Australia, as well as globally. However, I am pleased to be here with some of our Shareholders in person this year.

With Syrah's commitment to health, safety, environment, and community, during 2020 we implemented protocols and mitigation measures across the group in response to the COVID-19 pandemic to protect the health and well-being of our employees, whilst balancing maintenance of asset integrity and operational capability, and preserving our relationship with the communities and governments where we operate.

During 2020, Syrah's focus areas were ensuring the adaptability of Balama to market conditions and the advancement of our downstream anode business in the USA. 2020 was certainly a very challenging year with the global contagion of COVID-19 compounding what was already difficult natural graphite market conditions going into the year.

We suspended production at Balama in March 2020 due to the impacts of COVID-19, specifically: travel restrictions limiting the mobility of the Balama workforce; and weak end user demand due to the impact of lockdowns, mobility restrictions and economic uncertainty on global electric vehicle ("EV") sales. While production was suspended in 2020 and into Q1 2021, we maintained operational readiness and the sales and marketing capability to restart Balama production, and periodically we assessed a potential restart with consideration of several factors including easing of travel restrictions and evidence of improving market conditions. We were pleased to announce the Balama restart decision in February 2021 and first output from the process plant in March 2021 ahead of schedule, which underscored the team's preparedness to restart operations. Through 2020, strong progress was made in embedding cost savings in outbound logistics, labour and processing optimisations. These savings will underpin Balama's resilience and ability to sustainably operate under various market pricing scenarios.

The restart decision at Balama reflects our underlying confidence in the demand market for natural graphite and the diminishing impacts of COVID-19 on the supply chains we are exposed to. EV sales have recovered strongly in the second half of 2020 and first quarter of 2021, tracking well above recent years. This is feeding into the anode and natural graphite markets, where we are observing a significantly improved market balance versus the first half of 2020. Syrah has developed deep operating and market knowledge over several years – experience while difficult to gain was not available outside China prior to commencement of operations at Balama. The Company is well placed to manage the

orderly reintroduction of Balama product into the market that best preserves the market balance and creates long term shareholder value.

At Vidalia, real progress was made in our downstream anode business in 2020, with two significant milestones achieved. Firstly, a Bankable Feasibility Study ("BFS") was completed that confirmed robust economics for large-scale Active Anode Material ("AAM") production from Syrah's facility in Vidalia. Secondly, first production of on-specification AAM was achieved via toll treatment of Vidalia anode precursor. Subsequent to year end, Syrah has achieved further important milestones to de-risk the potential construction of a larger scale facility. The Company is extensively engaged with multiple potential customers – both battery manufacturers and auto OEMs – on qualification, which has in turn supported commercial discussions on offtake. We are advancing our strategy to become a large scale vertically integrated producer of natural graphite AAM to supply ex-Asia markets.

An equity raising, and option to issue further Convertible Notes to Syrah's major shareholder AustralianSuper, in December 2020 strengthened Syrah's balance sheet. These financing transactions position the Company to progress towards a final investment decision for the expansion of production capacity at Vidalia during H2 2021 and to manage a restart at Balama in an orderly manner.

Despite a year of challenging market conditions and significant business re-structuring, Syrah continued its positive experience operating in Mozambique. We have not wavered in our commitment to be a constructive corporate citizen in Mozambique and to the host communities, with commitment to ongoing community projects under the Livelihood Development Program and best practice Environmental, Social and Governance ("ESG") practices maintained during the period of suspended production at Balama.

Syrah's development of Balama envisioned a multi-generational asset, and assessing management performance through 2020 was again challenging, given the COVID-19 pandemic significantly inhibited the Company's activities and resulted in the temporary suspension of production at Balama early in the year. To account for these unforeseen circumstances, corporate Key Performance Indicators ("KPI") for 2020 Short Term Incentives were revised marginally through a mid-year review process to refocus on minimising net cash outflows and maintaining the Syrah's optionality to restart Balama production.

Through the year, we maintained our strong ESG performance, made significant progress in the Vidalia AAM project, undertook significant work in reducing costs across the business, maintained its sales and marketing capability through ongoing customer interactions and sustained operational readiness in preparation for a Balama restart.

The attainment of the revised corporate KPIs, along with strong performance against personal KPIs having regard to the Executive team being significantly restructured in Q4 2019, saw a higher average Short Term Incentive grant than might otherwise have been expected. KPIs that had been set at the beginning of 2020 for Balama production, costs and sales were not met. The Board determined in its mid-year review that the Executive team should be evaluated on performance of the Company's controllable factors.

The Long Term Incentive plan is designed to align with Shareholder value creation, and 0% of the Long Term Incentive vested at the end of 2020. In 2020, the Board of Directors implemented a Five Year Performance and Retention Incentive ("5YPRI"), designed to take into account the recent operational review and restructure in late 2019 and to ensure that selected personnel are remunerated in a manner

which encourages high performance in driving Shareholder value creation. 80% of the Year 1 tranche of the 5YPRI vested at the end of 2020 with the balance lapsing, reflecting the achievement of KPIs. The Board believes that retention of the Executive and Senior Leadership teams post restructure is critical for future success, particularly given the unique knowledge and experience required to operate in this specialised market. This is reflected in the Long Term Incentive and ongoing 5YPRI plans in place beyond 2020.

We made an additional appointment to the Board during 2020 with the appointment of John Beevers. John brings more than 30 years of experience in the mining and mining services industries and extensive functional, operational and leadership experience at both general management and executive levels at Orica. Sam Riggall stood down during the year to focus on his other commitments. I would like to welcome John to the Syrah Board and thank Sam for his significant contribution to the Company over almost six years in which Syrah transitioned from project developer to a significant participant in the global natural graphite market.

Our Company's vision is to become 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. The focus for 2021 is to establish Balama's position in the global natural graphite market via a disciplined ramp-up of production and product sales globally and to become a large scale producer of natural graphite AAM. These objectives are critical to generating shareholder value and tangible returns for our Shareholders.

Your Board recognises that 2020 was a turbulent year for Shareholders. The Executive and Senior Leadership teams are strongly committed to Syrah's long term success, and the Board thanks you for your continued support. We are well positioned and remain confident we have the management team to capitalise on improved market conditions in natural graphite and anode materials through 2021 and beyond. Balama is a large-scale, low-cost operation, hosting a high-quality resource and with a proven track record of product sales into battery and industrial markets.

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**This release was authorised on behalf of the Syrah Board by**

Shaun Verner, Managing Director

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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.*

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