



SYRAH RESOURCES



ANNUAL REPORT 2021

For the financial year end 31 December 2021

CORPORATE DIRECTORY

DIRECTORS

James Askew *Non-Executive Chairman*

Shaun Verner *Managing Director and Chief Executive Officer*

José Manuel Caldeira *Non-Executive Director*

Lisa Bahash *Non-Executive Director*

Sara Watts *Non-Executive Director*

John Beevers *Non-Executive Director*

COMPANY SECRETARY

Melanie Leydin

REGISTERED AND CORPORATE OFFICES

Corporate Head Office – Melbourne

Registered Office

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c/- Vistra Australia (Melbourne) Pty Ltd

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Website: www.syrahresources.com.au

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Website: www.twigg.co.mz

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Email: web.queries@computershare.com.au

Website: www.computershare.com.au

AUDITORS

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Southbank VIC 3006

SOLICITORS

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Melbourne VIC 3000

STOCK EXCHANGE LISTING

Australian Securities Exchange

(ASX Code: SYR)

American Depository Receipts

(Ticker Symbol: SRHYY)

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COMPANY PROFILE

OUR VISION

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.

OUR VALUES

Syrah is committed to:

- > **GOOD HEALTH** and **WORKING SAFELY** at all times
- > **PARTNERING** with the **COMMUNITY** and **STAKEHOLDERS** for sustainability
- > **INTEGRITY** and **FAIRNESS** in all our business dealings
- > Being **ACCOUNTABLE** for our decisions and actions
- > **CHALLENGE** and **SUPPORT** our people to achieve their potential

We will work as a team and act like owners to deliver shareholder value

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 Vidalia ("Vidalia") as at the end of 2021
- > Complied with Government protocols and high internal standards in relation to COVID-19 and completed a COVID-19 vaccination program at Balama to boost vaccination rates
- > Production at Balama restarted and increased subject to 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
- > Advanced strategy to become a vertically integrated natural graphite Active Anode Material ("AAM") supply alternative for USA and European customer market:
 - > On-specification natural graphite AAM produced from Syrah's fully integrated AAM facility in Vidalia, Louisiana, USA
 - > Completed ~50% of detailed engineering on an initial expansion of Vidalia's production capacity ("Vidalia Initial Expansion")
 - > Executed offtake agreement with Tesla, Inc¹
 - > Progressed commercial and technical engagement with multiple target AAM customers
 - > Final investment decision taken for the Vidalia Initial Expansion after year end
- > 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

(1) Refer to ASX releases from 23 December 2021 and 29 December 2021

(2) Source: Marklines

CHAIRMAN'S LETTER

2021 has been a year of transition at Balama and milestones at Vidalia, culminating in the announcement of an offtake agreement for AAM from our Vidalia facility. In my 2020 Chairman's letter I outlined the focus areas for 2021 of strengthening Balama's position in the global natural graphite market following a restart decision and making progress on our vision to become a vertically integrated supplier of natural graphite AAM to ex-Asia markets through the development of a large-scale Vidalia AAM facility. The Company has made very strong progress on these areas in 2021.

We announced the recommencement of production at Balama ahead of schedule in March 2021. The decision to restart Balama production was underpinned by supportive market conditions and customer contracting, as well as the reduction in travel restrictions. The operating and marketing capability that Syrah maintained through temporary production suspension ensured that the restart proceeded efficiently, and it is a testament to the Balama Operations preparedness that we were able to recommence production of on-specification natural graphite one month after the restart decision was taken. In 2019, Syrah restructured Balama's cost base to allow it to operate under a range of market conditions. The competitive cost profile of Balama will be demonstrated as production and sales are increased. Whilst customer demand has been very strong and growing, disruption in the global container shipping market has prevented the Company from demonstrating the full production potential of Balama. With the development of the breakbulk shipment option from Pemba port, and an expected normalisation in the global container shipping market, we are very optimistic that this potential can be exhibited in 2022.

Exceptional progress was made in advancing Syrah's downstream strategy at Vidalia in Louisiana, with significant milestones announced in 2021 and after year end. The Company commenced fully integrated production of on-specification AAM from Vidalia, following the installation and commissioning of a commercial scale furnace on site. Syrah's capability to process natural graphite first to on-specification anode precursor material and now to on-specification AAM has been paramount in Syrah's qualification processes with target AAM customers. Syrah awarded Worley Group a detailed engineering and procurement services contract for the Vidalia Initial Expansion project, and detailed engineering on this project was 50% completed by year end. Importantly, Syrah entered into an offtake agreement with Tesla, Inc for AAM from Vidalia, which provided a very strong foundation for the Company to take a final investment decision on the Vidalia Initial Expansion project and the

final investment decision was approved by the Syrah Board after year end.

Mozambique has continued to be a country where operating conditions are excellent and our workforce, who are predominantly local, are outstanding. The Company has not wavered in its commitment to be a good corporate citizen in Mozambique and to the host communities, with commitments to ongoing community projects under the Livelihood Development Program, promotion of health awareness and COVID-19 vaccination campaigns in the community, and alignment to leading practice Environmental, Social and Governance ("ESG") frameworks. The Vidalia Initial Expansion project will provide clear economic benefits to Concordia Parish in Louisiana and Syrah is proactively engaging with its community to ensure this project is well supported.

The A\$250 million equity raising completed after year end ensures that the Vidalia Initial Expansion project is fully funded to the start of production and the Company maintains a sustainable financial position through a variety of natural graphite and shipping market conditions. Syrah is well capitalised to deliver its vision and growth strategy.

Finally, the Board thanks our management team for all that Syrah has achieved in 2021. It was an important time for the Company with production at the world-class Balama Graphite Operation recommenced, the AAM offtake agreement executed and the final investment decision for the Vidalia Initial Expansion project taken post year end. A successful transition of operations at Balama to higher capacity utilisation and further de-risking of Vidalia's development are the key focus areas in 2022 and are aligned with the Board's objective to maximise returns to stakeholders.



Jim Askew
Chairman



MANAGING DIRECTOR AND CEO'S LETTER

It is my privilege to present the 2021 Syrah Annual Report to shareholders. 2021 was an important period, re-positioning the Company at a transformative point for the industry. There were positive developments at Balama, excellent progress in our downstream strategy to become a vertically integrated producer of natural graphite AAM and remarkable growth in Syrah's end-use markets.

Our health, safety and environment performance was outstanding. Total Recordable Injury Frequency Rate at Balama and Vidalia were 0.5 and 0.0, respectively, at year end and Balama TRIFR has remained below 1 since late 2018. Our commitment to ESG best practices has been recognised with Syrah 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. After a significant period free of COVID interruption, in the latter part of 2021 a number of employees and contractors at Balama tested positive to COVID-19. The protocols in place at Balama contained transmission both on-site and through the community, and ensured that operational continuity was maintained. We also completed a COVID-19 vaccination program for Syrah employees and contractors 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.

Continuing to develop our differentiated ESG position, an independent lifecycle assessment ("LCA") of Syrah's integrated operations, from Balama origin to Vidalia AAM customer gate, was completed by Minviro Ltd in accordance with ISO standards. LCA is a globally recognized and scientifically validated methodology to quantify direct and embodied environmental impacts along the life cycle of a product or process. The LCA estimated that Syrah's operations exhibit materially lower global warming potential, or product carbon equivalent emissions, compared with a representative natural graphite, natural graphite AAM and synthetic graphite AAM suppliers in China. The Company is advancing specific projects, including a solar and battery system at Balama, and evaluating opportunities to further reduce the environmental impacts of its operations.

In March 2021, production recommenced at Balama following an approximately 12-month production suspension period due to the market and logistics disruptions caused by COVID-19. The recommencement of Balama production was executed extremely well and ahead of schedule. The global container shipping industry disruption has constrained Balama sales, and production, due to maximum inventory positions being reached at Balama and Nacala. However, there are many positives to take away from Balama operations during 2021. Operational performance through the year was impressive, there was a material improvement in quality and graphite recoveries, and high production rates were achieved in campaign runs. Target unit costs were achieved, embedding improvements and the restructure undertaken during the suspension period. 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.

Whilst Syrah expects container shipping availability to improve, late in 2021 action was taken to improve sales and alleviate the inventory constraint on production through the implementation of breakbulk shipping to supplement container deliveries. Since the conclusion of the year, the first breakbulk shipment through Pemba port has been loaded. 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 forward in our downstream strategy with a material offtake agreement being 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 over 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 Original Equipment Manufacturer ("OEM") customers. The Company is targeting first production from the 11.25kt per annum AAM Vidalia facility in the September

2023 quarter. The progress at Vidalia and the vertical integration with the globally significant Balama upstream natural graphite operation presents a unique value proposition to Governments, auto makers and cell manufacturers. Specifically: scale; independence and localisation with USA battery production; critical mineral security; and ESG auditability back to the graphite source. Syrah also plans to immediately undertake a Bankable Feasibility Study (“BFS”) for further expansion of Vidalia to 45kt per annum AAM production capacity.

Decarbonisation of the global transport sector via lithium-ion battery powered EVs was a prominent theme this year. The EV market exhibited remarkable growth through 2021 with sales increasing 119% year on year to more than 6.2 million units and monthly global EV sales exceeding 850,000 units for the first time in December 2021³. EV sales and battery demand growth are moving through the supply chain and upstream natural graphite market conditions have been the strongest since Balama's commissioning in 2017 with rising spot prices for natural graphite evident in the later part of the year and into 2022. There have been significant announcements relating to expanding EV sales and battery capacity globally, and specifically in the United States in 2021 where battery capacity is expected to increase considerably over the next five years to further underpin the vehicle electrification strategies of all major auto OEMs and the policy intent of the United States Government. Leading auto OEMs are positioning to create large-scale EV supply chains in the USA. With this backdrop, the strategic importance of a localised natural graphite AAM supply source and the criticality of Vidalia is clear to all stakeholders.

Syrah is committed to achieving its strategic objectives, which include continuing to develop Balama's crucial position in the global natural graphite market, and within the global battery supply chain, and delivering on our strategy to become a globally significant vertically integrated supplier of natural graphite AAM to ex-Asia markets. The business is well positioned to benefit from the broad-based electrification of the vehicle fleet, which is rapidly occurring across global consumer markets, and specifically from the focus on critical battery mineral supply in the United States. Syrah's leadership team and operational, commercial and functional teams will continue to work towards growing shareholder value through Syrah's unique and advantaged position at both Balama and Vidalia.



Shaun Verner
Managing Director and Chief Executive Officer



(3) Source: Marklines

DIRECTORS' REPORT

DIRECTORS

The following persons were directors of Syrah Resources Limited during the financial year and up to the date of this report, unless otherwise stated:

James Askew

Non-Executive Chairman

Shaun Verner

Managing Director and Chief Executive Officer

José Manuel Caldeira

Non-Executive Director

Lisa Bahash

Non-Executive Director

Sara Watts

Non-Executive Director

John Beevers

Non-Executive Director

COMPANY SECRETARY

Melanie Leydin

Company Secretary

INFORMATION ON DIRECTORS

The information on Directors in office as at the date of this report is as follows:

James Askew

Non-Executive Chairman

Experience and expertise: Mr Askew is a mining engineer with over 40 years broad international experience as a Director and Chief Executive Officer for a wide range of Australian and international publicly listed mining, mining finance and other mining related companies. He has been continuously involved with the African mining industry since 1985.

Other current directorships in listed entities:

- > Non-Executive Director of Evolution Mining Limited
- > Non-Executive Director of Endeavour Mining Corporation

Directorships of listed entities within the past three years:

- > Non-Executive Director of Evolution Mining Limited (since November 2011)
- > Chairman of OceanaGold Corporation (March 2007 to June 2019)
- > Non-Executive Director of Endeavour Mining Corporation (since July 2017)

Special responsibilities:

- > Chairman of the Sustainability Committee
- > Member of the Remuneration, Nomination and Governance Committee

Length of service: 7 years and 5 months

Interest in shares, NED rights and performance rights:

SECURITIES	NUMBER
Ordinary shares	506,937
Performance rights	Nil
NED rights	569,107

Shaun Verner

Managing Director and Chief Executive Officer

Experience and expertise: Mr Verner is a senior resource industry executive with extensive general management and cross-functional commercial, operations, supply chain, and leadership experience. Prior to joining Syrah in October 2016, Mr Verner was at BHP Limited for 20 years in a variety of executive roles, with extensive international commercial and operational experience across a range of commodities including copper and base metals, uranium and thermal and metallurgical coal.

Other current directorships in listed entities: None

Directorships of listed entities within the past three years: None

Special responsibilities:

- > Managing Director and Chief Executive Officer

Length of service: 5 years and 2 months

Interest in shares and performance rights:

SECURITIES	NUMBER
Ordinary shares	1,317,987
Performance rights	4,533,619 ⁽¹⁾

(1) The 4,533,619 Performance Rights noted above for S Verner are current as at the date of the Director's Report. 217,558 Performance Rights lapsed on 17 February 2022 and are not included in this number.

José Manuel Caldeira

Non-Executive Director

Experience and expertise: Mr Caldeira is a prominent and senior lawyer in Mozambique with over 30 years commercial and government experience. He is a senior partner at Sal and Caldeira Advogados, Lda in Mozambique, one of the leading law firms in Mozambique and a former judge of the Maputo City Court.

Other current directorships in listed entities: None

Directorships of listed entities within the past three years: None

Special responsibilities:

- > Member of the Audit and Risk Committee
- > Member of the Sustainability Committee

Length of service: 7 years and 7 months

Interest in shares, NED rights and performance rights:

SECURITIES	NUMBER
Ordinary shares	12,082
Performance rights	Nil
NED rights	176,874

Lisa Bahash

Non-Executive Director

Experience and expertise: Ms Bahash has over 30 year's experience in the automotive OEM, Tier 1 supplier and aftermarket sectors. Her prior roles included Senior Vice President, Automotive and Transportation with Jabil Inc., one of the world's leading electronics manufacturing services company, and Group Vice President and General Manager of Johnson Control's Power Solutions business, one of the world's largest automotive battery manufacturers leading the OEM and technology strategies including advanced energy storage and Lithium-ion technologies.

Other current directorships in listed entities:

- > None

Directorships of listed entities within the past three years:

- > Non-Executive Director of Shawcor Ltd (TSX Listed)

Special responsibilities:

- > Chair of the Remuneration, Nomination and Governance Committee
- > Member of the Sustainability Committee

Length of service: 3 year and 9 months

Interest in shares, NED rights and performance rights:

SECURITIES	NUMBER
Ordinary shares	15,583
Performance rights	Nil
NED rights	184,570

Sara Watts

Non-Executive Director

Experience and expertise: Ms Watts has been a director and audit and risk chair for 13 years across a range of sectors including technology, logistics, arts and disability. She has over 30 years of financial, operational and international experience and has been involved in multiple technology transformation projects. Her executive experience includes head of Internal Audit for IBM Asia Pacific, Chief Financial Officer of IBM Australia/New Zealand, Vice-Principal (Operations) at the University of Sydney, and interim CEO of City West Housing.

Other current directorships in listed entities:

- > Non-Executive Director of Trajan Scientific and Medical

Directorships of listed entities within the past three years: None

Special responsibilities:

- > Chair of the Audit and Risk Committee

Length of service: 2 year and 10 months

Interest in shares, NED rights and performance rights:

SECURITIES	NUMBER
Ordinary shares	48,113
Performance rights	100,000
NED rights	25,931

John Beevers

Non-Executive Director

Experience and expertise: Mr Beevers is currently a Director of Orica Limited. John is a former Director of QUT Bluebox, the commercialisation arm of Queensland University of Technology, and former Chief Executive Officer and Managing Director of GroundProbe. John had a variety of other roles, including former Executive roles within Orica Group, including Group General Manager of Chemical Services and Chief Executive Officer of Orica Mining Services.

Other current directorships in listed entities:

- > Non-Executive Director of Orica Limited

Directorships of listed entities within the past three years: None

Special responsibilities:

- > Member of the Audit and Risk Committee
- > Member of the Remuneration, Nomination and Governance Committee

Length of service: 1 year and 10 months

Interest in shares, NED rights and performance rights:

SECURITIES	NUMBER
Ordinary shares	38,593
Performance rights	100,000
NED rights	13,797

COMPANY SECRETARY

Melanie Leydin

Company Secretary

Experience and expertise: Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of Leydin Freyer. The practice provides outsourced company secretarial and accounting services to public and private companies across a host of industries including but not limited to the resources, technology, bioscience, biotechnology and health sectors.

Ms Leydin has over 25 years' experience in the accounting profession and over 15 years as a Company Secretary. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of companies and shareholder relations.

PRINCIPAL ACTIVITIES

The principal continuing activities of the Group (being Syrah Resources Limited and its subsidiaries) during the year consisted of:

- > Production of natural graphite products from the Balama Graphite Operation in Mozambique;
- > Sales of natural graphite and ongoing development of logistics, sales and marketing arrangements with targeted customers;
- > Continued development of the use of graphite from Balama as an input in the production of anode material and industrial products;
- > Execution of a downstream AAM strategy including preparation for the construction of the Vidalia Initial Expansion project to expand production capacity to 11.25kt per annum AAM; and
- > Engagement with potential customers for Vidalia AAM, through provision of sample material for testing and commercial negotiations on offtake arrangements.

DIVIDENDS

There were no dividends paid, recommended or declared during the current financial year or previous financial year.

REVIEW OF OPERATIONS

OPERATING REVIEW

Sustainability

The aim of Syrah's Sustainability Strategy is to operate safely, ethically and efficiently to create value for our people and stakeholders. This strategy is supported by the following key performance areas: health & safety, people, environment, community development, stakeholder management and governance. Both Balama and Vidalia have been established in line with leading practice sustainability standards, with ISO:45001 (Occupational Health and Safety Management Systems) and ISO:14001 (Environmental Management Systems) certifications maintained at Balama since 2018, and Vidalia achieving certification in ISO:9001 (Quality Management Systems) during 2021.

A risk and opportunities based approach to managing key material sustainability matters has been adopted across the business with all relevant information captured under the Company's Risk Management Framework, which is reviewed at least monthly by the Syrah Senior Leadership Team and Executive Committee. A robust Corporate Governance Framework has also been established across the Syrah Group to enhance the Company's overall performance and shareholder value.

Syrah is committed to pursuing alignment with leading practice ESG frameworks including the International Council on Mining & Metals ("ICMM") Mining Principles, the United Nations Sustainable Development Goals, the Global Reporting Initiative ("GRI"), and the International Finance Corporation ("IFC") Performance Standards on Environmental and Social Sustainability. The Company is also intending to undertake an independent assessment of Balama against the Initiative for Responsible Mining Assurance ("IRMA") Standard for Responsible Mining with the objective of achieving IRMA-50 certification.

People

At Syrah, our people are our point of difference. In pursuit of our Vision, we have established and continue to drive a high performance culture founded on the Company Values where employees, contract partners and value chain participants are treated with fairness and respect, and where ethical business practices are upheld.

Syrah is committed to supporting and empowering its people to achieve their potential by providing a strong foundation for ensuring all employees have the opportunity to develop professionally and advance their careers. We remain committed to upskilling our local workforces and building internal succession capability to advance the Company's long term localisation strategy. At Balama, 96% of our direct workforce are Mozambican nationals with 38% local (Host Community) employment. At Vidalia, 45% of the current Syrah team are local hires from the "Miss-Lou" region.

In 2021, the first edition of the Syrah Group Pulse Survey was launched across the business to give employees an opportunity to provide feedback regarding their experiences at work. The survey covered a range of topics from employee experience and engagement to diversity and inclusion performance, leadership, company communication, and compliance and governance. Feedback from the survey was extremely positive and insightful, with diversity and inclusion performance scoring the highest overall.

Health and Safety

The health, safety and wellbeing of employees, contractors and key stakeholders remains Syrah's highest priority, which is why the Company has adopted a whole-of-business approach to maintaining a strong health and safety culture across the Group.

Through 2021, Syrah continued its proactive, comprehensive and agile approach to mitigating the risk of COVID-19 transmission within its workplaces and the communities in which the Company operates. Robust COVID-19 protocols and preventative measures remain in place across the Group which have been successful in managing and minimising the impact of the pandemic on the business and our people.

Syrah's health and safety performance remained strong during the year with a TRIFR of 0.5 at Balama and a TRIFR of 0.0 at Vidalia, as at 31 December 2021.

The Company's well-established Health and Safety Management System includes Critical Hazard Management Standards which underpin the risk assessment process, associated controls and management actions. Syrah's Critical Hazard Management Standards and rigorous Risk Management Framework demonstrates that we understand our major risk exposures and have adequate controls in place to mitigate critical risks and prevent fatalities. Visible leadership is a crucial part of ensuring the effectiveness of the systems and controls we have in place and ensuring that employees (and contractors alike) understand the Company's expectations with regards to safety.

Balama's Malaria Mitigation Program continued through 2021 aimed at protecting the health and well-being of our people and reducing lost time due to illness. The program includes mosquito trapping and mapping, hot and cold outdoor fogging, regular indoor residual spraying, education and awareness campaigns, a strictly enforced camp dress code and Ultra-sensitive Rapid Diagnostic Testing of all camp residents to identify and treat pre-symptomatic cases

of malaria. A total of 5,052 tests were conducted in 2021 recovering approximately 345 days that would have otherwise been lost to illness.

Environment

Syrah is committed to partnering with its stakeholders for environmental sustainability. We recognise that responsible management of the impact our business has on the natural environment can directly, indirectly, or cumulatively impact our stakeholders, including the livelihoods of local communities. We strive to achieve environmental sustainability and responsibility by maintaining our strong ESG performance and seeking to continually advance our Sustainability systems and frameworks over time.

During 2021, an independent lifecycle assessment ("LCA") of Syrah's integrated operations, from Balama origin to Vidalia AAM customer gate, was completed by Minviro Ltd in accordance with ISO:14040 and ISO:14044 standards. LCA is a globally recognised and scientifically validated methodology to quantify direct and embodied environmental impacts along the life cycle of a product or process. The approach incorporates all material and energy inputs and direct emissions to air, land, and water associated with the production of a product or process and identifies environmental hotspots in the production process. Minviro's LCA estimated that the Syrah's integrated operations exhibit a materially lower Global Warming Potential compared with a number of other suppliers of natural graphite and active anode material. Additionally, the Company is advancing specific projects, including a solar and battery system at Balama, and evaluating further opportunities to reduce the environmental impacts of its operations.

In 2021, Balama's comprehensive Environmental Monitoring Program ("EMP") continued in line with Environmental License conditions with no significant incidents or major non-compliances reported to date. Monitoring activities under the EMP include the measurement of surface and ground water quality, noise levels, dust levels, geo-hydrology, radiation and air quality. At Vidalia, all necessary environmental regulatory requirements are in place for initial expansion to 11.25ktpa AAM production capacity, and approval of a Minor Air Emissions Permit was received in the December 2021 quarter in readiness for expansion.

Community Development

The Company recognises that maintaining strong relationships with its key stakeholders will help to ensure that business activities generate mutual benefit and continue to have a positive impact on the countries and local communities in which we operate.

In 2017, Syrah established a Local Development Agreement ("LDA") with the Mozambique Government which defines how the Company will contribute to the sustainable development of the local community for the duration of the Mining Agreement across following key areas:

- > Education, training and local employment;
- > Health promotion and awareness raising;
- > Youth and leadership development;
- > Agricultural / livelihood development;
- > Food / nutrition and water security;
- > Maintenance of cultural heritage; and
- > Development of vulnerable people

The signing of the LDA necessitated the formation of a Local Development Committee ("LDC") to represent the best interests of the Company's eight Host Communities and to oversee the implementation of all Company sponsored community development projects in line with the commitments under the LDA.

To ensure the fair and transparent management of community projects and associated expenditure across the Company's eight Host Communities, LDC membership includes representatives from each of the Host Communities, Company representatives and Government (District and Provincial) representatives. It is the responsibility of the LDC to meet quarterly and collectively decide upon sustainable development priorities and associated community projects. Community Investment Guidelines have been developed to ensure that all community projects put forward by the LDC are aligned with the commitments under the LDA, provide mutual benefit for all parties of the LDC, align with Syrah's Values, and contribute to advancing the Company's broader Community Relations strategy.

Community Development Projects progressed via the LDC in 2021 include the delivery of a second host community primary school, the rehabilitation of an arterial community road, the handover of a central community building, and the continuation of Sustainable Generation Income Activities such as vegetable production and poultry farming programs, and supporting the growth of local associations and collectives. 2021 also saw the commencement of three new large-scale community projects for Balama, being a wholesale central market, upgrade works to the Balama Health Centre and construction of a third primary school.

Community initiatives for Vidalia also continued during 2021 through ongoing stakeholder engagement with community groups, local academic institutions, local Government agencies, and local businesses including suppliers and service providers.

FINANCIAL REVIEW

CONSOLIDATED RESULTS

All financial data presented in this report is quoted in United States Dollars (US\$) unless otherwise stated.

Statement of Comprehensive Income

The loss for the consolidated entity after income tax for the financial year ended 31 December 2021 was \$56.9 million (2020: loss after income tax of \$60.9 million).

Revenue for the year ended 31 December 2021 comprised sales of natural graphite products of \$29.0 million (2020: \$10.8 million) and interest income of \$0.1 million (2020: \$0.4 million) from cash reserves placed on term deposits during the year.

Cost of sales reported for the financial period was \$61.7 million (2020: \$49.3 million), mainly comprised of mining and production costs of \$44.2 million (2020: \$28.4 million), logistics costs of \$11.9 million (2020: \$9.6 million), and depreciation and amortisation expense relating to Balama of \$10.2 million (2020: \$9.8 million). Total other expenses for the financial period were \$15.3 million (2020: \$15.3 million) and included the following:

- > Distribution costs of \$7.2 million (2020: \$3.9 million), of which \$5.4 million (2020: \$1.8 million) were shipping costs;
- > Administrative expenses of \$9.5 million (2020: \$6.6 million), of which \$6.6 million (2020: \$4.7 million) related to employee benefits;

- > Write-down of inventories due to valuation of inventories at the lower of cost or net realisable value of \$1.3 million (2020: \$2.6 million); and
- > Offset by other income of \$2.7 million (2020: other expense of \$2.2 million) on foreign currency transactions and balances principally the Australian Dollar (AUD).

Net finance expense of \$6.2 million (2020: net finance expense of \$4.4 million) mainly related to interest incurred on the Convertible Notes of \$4.8 million (2020: \$3.3 million) and Leases of \$1.1 million (2020: \$1.2 million).

Total comprehensive loss for the year was \$56.5 million (2020: \$61.7 million).

Statement of Financial Position

Total assets of the consolidated entity as at 31 December 2021 were \$428.9 million (2020: \$431.9 million), with the decrease principally as a result of lower current assets including Cash and Cash Equivalents offset by increases in Property, Plant and Equipment and Inventories.

The consolidated entity's Cash and Cash Equivalents as at 31 December 2021 were \$52.9 million (2020: \$75.0 million) and working capital, being Current Assets less Current Liabilities, was \$58.1 million (2020: \$84.1 million). The net decrease in Cash and Cash Equivalents and working capital is a result of operating cash outflow from the Balama operation through suspended production prior to production restarting, and development of the Group's Vidalia Facility.

Mining Assets decreased to \$132.8 million as at 31 December 2021 (2020: \$134.2 million) mainly due to amortisation of \$3.2 million during the year for Balama assets and partially offset by increase of \$1.4 million in rehabilitation estimation.

Property, Plant and Equipment increased to \$180.5 million as at 31 December 2021 (2020: \$164.4 million), with the majority relating to capitalisation of the costs associated with Balama Tailing Storage Facility Cell 2 and progression of the Vidalia Initial Expansion project.

Non-Current Trade and Other Receivables decreased to \$8.0 million as at 31 December 2021 (2020: \$13.2 million) with the majority relating to outstanding Input Tax Credits in Mozambique of \$3.9 million (2020: \$6.8 million). During the year ended 31 December 2021 cash refunds totaling \$1.2 million were received for Input Tax Credits (2020: \$8.6 million).

The consolidated entity also has a deposit of \$4.1 million as at 31 December 2021 (2020: \$6.5 million), placed as security for an environmental guarantee in favour of the Ministry of Mineral Resources and Energy in Mozambique.

The consolidated entity had total liabilities of \$136.4 million as at 31 December 2021 (2020: \$99.2 million), which includes Trade and Other Payables of \$19.6 million (2020: \$7.6 million); a provision for decommissioning and rehabilitation for Balama of \$15.0 million (2020: \$13.6 million); a provision for Balama community development of \$11.3 million (2020: \$11.3 million); Borrowings from the issue of Convertible Notes including capitalised interest expense and transaction costs of \$69.9 million (2020: \$47.5 million) and Lease Liabilities of \$16.2 million (2020: \$16.8 million).

Net assets of the consolidated entity decreased during the financial period to \$292.5 million as at 31 December 2021 (2020: \$332.8 million).

Statement of Cash Flows

Cash Flows from Operating Activities

Net cash outflow from operating activities for the year ended 31 December 2021 was \$35.1 million (2020: \$32.9 million), and principally consisted of receipts from the sale of natural graphite products, offset by payments relating to expenses from operating Balama, as well as corporate office, compliance and other employee benefits expenses.

Cash Flows from Investing Activities

Net cash outflow from investing activities was \$19.3 million for the year (2020: \$11.8 million) and principally consisted of payments for progression of the downstream Vidalia Initial Expansion project.

Cash Flow from Financing Activities

Net cash inflow from financing activities was \$32.8 million during the year ended 31 December 2021 (2020: \$38.5 million) and principally consisted of proceeds received from the entitlement offer and Convertible Note issuance during the year, net of transaction costs.

SEGMENT REVIEW

BALAMA GRAPHITE OPERATION

Financial Summary

The segment result for Balama for the year ended 31 December 2021 was EBITDA of -\$31.0 million (2020: EBITDA of -\$35.2 million).

This loss principally consisted of Cost of Goods Sold of \$61.7 million (2020: \$39.5 million), Write-down of Inventories due to valuation of inventories at the lower of costs or net realisable value of \$1.3 million (2020: \$2.6 million), and Shipping Costs of \$5.4 million (2020: \$1.8 million), offset by Revenue of \$29.0 million from sales of natural graphite products (2020: \$10.8 million).

Total segment assets for Balama were \$296.3 million as at 31 December 2021 (2020: \$295.5 million) and principally comprised of Mining Assets of \$132.8 million (2020: \$134.2 million); Property, Plant and Equipment and Right of use Assets of \$101.5 million (2020: \$103.6 million), Deferred Tax Assets of \$26.0 million (2020: \$27.0 million), and Trade and Other Receivables of \$15.6 million (2020: \$14.9 million). The increase in total segment assets principally relates to higher balance of Trade and Other Receivables offset by amortisation on Property, Plant and Mining Assets.

Following are the key activities and achievements at Balama during the financial year.

Production

Syrah recommenced production at Balama in March 2021 following production being suspended from March 2020 due to the market and logistics disruptions caused by COVID-19. Balama demonstrated strong operational performance during 2021 with higher production rates, improved graphite recoveries and stable grades versus 2019 being reported in campaign runs. During H2 2021, Balama production was constrained by maximum finished product inventory positions at Balama and Nacala and disruption in the global container shipping market. Total Balama production for 2021 was 72kt (2020 production: 12kt). Syrah developed an additional Pemba breakbulk shipment option after year end, which is expected to enable increased production levels and cost economies of scale at Balama in 2022.

Graphite Mineral Resources Estimate

The information in this Annual Statement for the Balama Site that relates to Mineral Resources is based on, and fairly represents, the ASX announcement dated 31 March 2019 (Annual Report 2019) which was prepared by a Competent Person (Mr Jonathon Abbot). Mr Abbot is an employee of MPR Geological Consultants Pty Ltd and is an independent consultant to Twigg Exploration and Mining Limited. Mr Abbott has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is reporting to qualify as a Competent Person as defined in the JORC Code. The Mineral Resource statement has been approved by Mr Abbot and consent provided for inclusion in the report of the matters based on this information in the form and context in which it appears.

Table 1: Graphite Mineral Resource estimate at 3% Total Graphitic Carbon ("TGC") cut-off grade

As at 31 December 2020

CLASSIFICATION	TONNES (Mt)	TGC (%)
Balama West	639	10.0
Measured	23.5	17.5
Indicated	255	10.2
Inferred	360	9.3
Balama East	783	11.0
Measured	-	-
Indicated	123	13.4
Inferred	660	10.1
Total	1,422	10.0
Measured	23.5	17.5
Indicated	378	11.2
Inferred	1,020	9.8

As at 31 December 2021

CLASSIFICATION	TONNES (Mt)	TGC (%)
Balama West	638	10.0
Measured	23	17.5
Indicated	255	10.2
Inferred	360	9.3
Balama East	783	11.0
Measured	-	-
Indicated	123	13.4
Inferred	660	10.1
Total	1,421	10.0
Measured	23	17.5
Indicated	378	11.2
Inferred	1,020	9.8

Explanation of material changes:

The figures in this table are rounded to reflect the precision of the estimates and including rounding errors.

The overall reduction in the Ore Resource is due to depletions during 2021 of 0.68 Mt from Balama West. There has been no production from Balama East.

In addition, the depletion comprising Measured, Indicated and Inferred Resources represents 0.05% change. TGC% remains unchanged.

Table 2: Vanadium Mineral Resources Estimate

As at 31 December 2020 @ 3% Cut-off

CLASSIFICATION	TONNES (Mt)	V ₂ O ₅ (%)
Balama West	639	0.20
Measured	23.5	0.34
Indicated	255	0.21
Inferred	360	0.20
Balama East	783	0.20
Measured	-	-
Indicated	123	0.35
Inferred	660	0.20
Total	1,422	0.20
Measured	23.5	0.34
Indicated	378	0.26
Inferred	1,020	0.20

As at 31 December 2021 @ 3% Cut-off

CLASSIFICATION	TONNES (Mt)	V ₂ O ₅ (%)
Balama West	638	0.20
Measured	23	0.34
Indicated	255	0.21
Inferred	360	0.20
Balama East	783	0.20
Measured	-	-
Indicated	123	0.34
Inferred	660	0.20
Total	1,421	0.20
Measured	23	0.34
Indicated	378	0.26
Inferred	1,020	0.20

Explanation of material changes:

There has been no measurable material change in the Vanadium Mineral Resource estimate since 2020 Annual Report. The tonnage of 0.68 Mt decrease is due to depletions during 2021.

Graphite Mineral Reserves Estimate

The information in this Annual Statement for Balama that relates to Ore Reserves is based on, and fairly represents, the ASX announcement dated 31 March 2019 (Annual Report 2019) which was prepared by Competent Persons (Mr Jon Hudson and Mr Christopher Hull). The Mineral Resource and Ore Reserve statements has been approved by Mr Jon Hudson, who consents to the inclusion in the report of the matters based on this information in the form and context in which it appears. Mr Hudson is an employee of Snowden Mining Industry Consultants Pty Ltd (South Africa) and is a Fellow of the South African Institute of Mining and Metallurgy.

Table 3: Ore Reserve estimate

As at 31 December 2020 (7.2% TGC cut-off grade)

CLASSIFICATION	TONNES (Mt)	TGC (%)	GRAPHITE (MT)
Balama West	59.79	16.86	10.08
Proved	-	-	-
Probable	59.79	16.86	10.08
Balama East	46.98	14.38	6.76
Proved	-	-	-
Probable	46.98	14.38	6.76
Stockpiles	0.77	10.84	0.08
Proved	-	-	-
Probable	0.77	10.84	0.08
Total	107.54	15.73	16.92
Proved	-	-	-
Probable	107.54	15.73	16.92

As at 31 December 2021 (7.2% TGC cut-off grade)

CLASSIFICATION	TONNES (Mt)	TGC (%)	GRAPHITE (MT)
Balama West	59.12	16.86	9.97
Proved	-	-	-
Probable	59.12	16.86	9.97
Balama East	46.98	14.38	6.76
Proved	-	-	-
Probable	46.98	14.38	6.76
Stockpiles	0.94	9.34	0.09
Proved	-	-	-
Probable	0.94	9.34	0.09
Total	107.04	15.71	16.81
Proved	-	-	-
Probable	107.04	15.71	16.81

Explanation of material changes:

The overall reduction in Ore Reserves of 0.50 Mt change is due to:

- > Depletions during 2021 of 0.68 Mt given that tonnes and grade factors -6.2% and -1.8% were applied.
- > An increase in the end of year Stockpiles of 0.17Mt from the end of year 2020.
- > In addition, the overall reduction comprises Probable Reserve only and represents 0.5% change.

Governance and Controls Statement

The Company engaged independent consultants to prepare the mineral resource and reserve estimates.

The consents by the Competent Persons remain in place for subsequent release by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original ASX announcements.

Sales and Marketing

Sales of natural graphite products significantly increased in 2021 versus 2020. However, container shipping market disruption impacted the Company's ability to secure container capacity for Balama products on vessels sailing from Nacala, and to match product sales to underlying customer demand. Total natural graphite sales for 2021 were 54kt (2020 natural graphite sales: 22kt) at a weighted price of US\$503 per tonne (CIF). A major new logistics option was developed by the Company after year end to commence breakbulk shipments through Pemba port. Subject to performance, Syrah expects to make a number of breakbulk shipments through 2022, and this will allow the Company to achieve higher product sales than otherwise may be achieved solely through Nacala port.

EV sales grew 119% year on year in 2021, significantly higher than the 44% year on year growth reported in 2020. Chinese AAM production significantly increased through 2021. In 2021, incumbent EV and battery manufacturing companies committed to substantially expanding global EV and battery manufacturing capacity across all geographies including in the USA. Strong downstream market conditions are flowing through to natural graphite demand resulting in an improved upstream market balance. Natural graphite prices being reported from late 2021 have improved significantly and Syrah is experiencing significantly increased customer enquiry.

VIDALIA FACILITY

Financial Summary

The segment result for the Vidalia Facility for the year ended 31 December 2021 was EBITDA of -\$0.3 million (2020: EBITDA of -\$0.1 million).

Total segment assets for Vidalia Facility were \$79.0 million as at 31 December 2021 (2020: \$60.6 million) and principally comprised of capitalised construction costs for the Vidalia Initial Expansion Project.

In 2021, Syrah made exceptional progress in its strategy to become a vertically integrated natural graphite AAM supply alternative for USA and European customer markets.

The Company commenced fully integrated production of on-specification AAM from Vidalia, following the installation and commissioning of a commercial scale furnace on site in May 2021.

Product qualification activities progressed with target customers. On-specification AAM and toll treated purified spherical graphite (anode precursor) produced at Vidalia was tested by multiple target customers and independent laboratories. Commercial discussions were advanced in parallel with qualification processes with selected target customers. In December 2021, Syrah executed an offtake agreement with Tesla, Inc to supply natural graphite AAM from Vidalia⁴.

The Company awarded Worley Group a detailed engineering and procurement services contract for the Vidalia Initial Expansion project, and detailed engineering on this project was 50% completed by year end. A final investment decision was approved for the Vidalia Initial Expansion project after year end and construction has commenced. Worley Group was awarded a construction management services contract for the Vidalia Initial Expansion project after year end.

BALAMA VANADIUM PROJECT

In addition to Balama's substantial graphite Ore Reserves, the deposit also hosts a significant Vanadium Inferred Resource of 1.4Bt at 0.2% V₂O₅.

Vanadium (a designated critical mineral) in the processed Balama graphite ore, which would otherwise report to tailings, can be refined into a saleable product (V₂O₅) and presents a medium term, high value opportunity.

Balama contains a globally significant Vanadium resource, with potential for ~5ktpa⁵ of V₂O₅ production (vs. 2020 global production of ~105kt⁶). A review of the 2014 Vanadium Scoping Study was completed in 2018 and confirmed that the project warrants progression to formal Pre-Feasibility Study ("PFS") stage.

Sampling and analysis of Vanadium content within the graphite processing circuit was completed in 2019, which confirmed prior understanding of Vanadium concentrations in key process streams in the Balama graphite circuit and will be used to inform metallurgical test work as the project progresses. Syrah plans to progress the Balama Vanadium Project with stabilisation in Balama production and cash flows.

(4) Refer ASX releases 23 December 2021 and 29 December 2021

(5) Scoping study on potential to refine vanadium as per the ASX announcement dated 30 July 2014. Production rate assumes Balama operating at full design capacity

(6) <https://pubs.usgs.gov/periodicals/mcs2022/mcs2022-vanadium.pdf>

CORPORATE

Financial Summary

The segment result for Corporate for the year ended 31 December 2021 was EBITDA of -\$6.5 million (2020: EBITDA of -\$8.4 million).

This loss principally consisted of employee benefits of \$6.6 million (2020: \$4.7 million), legal and consulting costs of \$1.5 million (2020: \$1.1 million), general corporate administration costs of \$1.4 million (2020: \$0.7 million) and net finance expenses of \$5.0 million (2020: \$3.5 million) mainly related to interest accrued on Convertible Notes and offset by net FX income of \$2.7 million (2020: net FX expenses of \$2.3 million). These costs include 'non-cash' costs of \$2.8 million (2020: \$1.8 million), relating to share-based payments.

Total segment assets were \$53.6 million as at 31 December 2021 (2020: \$75.8 million), with the decrease mainly driven by the lower Cash and Cash Equivalents closing balance.

Corporate segment assets as at 31 December 2021 include \$52.9 million of Cash and Cash Equivalents (2020: \$75.0 million) which will be used to fund:

- > Ongoing working capital for Balama;
- > Additional capital expenditure relating to Balama;
- > Capital expenditure relating to the Vidalia Initial Expansion project; and,
- > General corporate and administrative activities.

FUTURE OUTLOOK

The likely developments in Group operations for future financial years include:

Balama Graphite Operation

Further strengthen Balama's position in the natural graphite market, targeting:

- > Natural flake graphite production driven by market demand;
- > Average product fixed carbon ("FC") grade of 95% with target range of 95% - 97% FC; and,
- > Cash (C1) operating cost structure (FOB Port of Nacala) of US\$430 to US\$470 per tonne at an annualised production rate of 180,000 tonnes per annum (15,000 tonnes per month), with 50/50 fixed to variable costs.

Sales and Logistics

Balama product differentiators will continue to be strategically important through 2022. In particular:

- > Product quality (fixed carbon grade, impurities and particle size distribution);
- > Capability as a base load supplier of natural graphite into the battery anode material supply chain; and,
- > Syrah's best practice ESG credentials.

Vidalia

Progress construction of a 11.25kt per annum AAM facility at Vidalia, progress qualification and commercial arrangements with additional target customers and complete a bankable feasibility study on the potential expansion of Vidalia to 45kt per annum AAM production capacity.

Vanadium Project

The Vanadium resource at Balama is an attractive future growth option for the company.

Investment to progress the evaluation of the project will be made upon stabilisation of Balama cash flows.

MATERIAL BUSINESS RISKS

The Group continues to assess and manage various business risks with the potential to have a material impact on the Group's operating and financial performance and its ability to successfully achieve its corporate objectives. Set out below are the business risks identified as having the potential to have a material impact on the Group.

The matters listed below are not listed in order of importance and are not intended to be an exhaustive list of all the risks and uncertainties affecting the business.

It should be noted that the Group continues to assess and manage business risks associated with the COVID-19 pandemic.

MARKET RISK

The demand for, and the price of, natural flake and spherical graphite is highly dependent on a variety of factors, including international supply and demand of graphite and substitutes, the price and availability of substitutes, actions taken by governments, and global economic and political developments (including, without limitation, global events such as the COVID-19 pandemic). Syrah's operational and financial performance, as well as the ongoing economic viability of Balama, is heavily reliant on the price of graphite, among other things. In this respect, prospective investors should note that, at present, there is no transparent market for graphite pricing; rather, prices are negotiated on a bilateral basis and therefore subject to factors including those set out below as well as the preferences and requirements of customers.

Depressed graphite prices and/or the failure by Syrah to negotiate favourable pricing terms (which may provide for fixed or market-based pricing) may materially affect the profitability and financial performance of Syrah.

Further, failure by Syrah to negotiate favourable terms with agents or other third parties engaged to market and/or sell graphite and/or of Vidalia graphite products ("Products") on its behalf, or failure by such agents or third parties to sell Products at favourable prices, may have a similar effect. Any sustained low price for Products (or low sale price achieved by Syrah, whether directly or via agents or other third parties) may adversely affect Syrah's business and financial results, its ability to finance, and the financing arrangements for its future activities or its planned capital expenditure commitments.

Key factors which affect the price for the Products (many of which are outside the control of Syrah) include, among many other factors, the quantity of global supply of Products as a result of the commissioning of new mines and manufacturing facilities, and the decommissioning of others; political developments in countries which produce and consume material quantities of Products; the weather in such countries; the price and availability of substitutes; advancements in technologies and the uses and potential uses of the Products, and the demand for the applications for which the Products may be used (including, for example, in the steel, manufacturing, construction, and battery

industries); the grade, quality and particle size distribution of the Products produced; and sentiment or conditions in the countries and sectors in which Syrah and its business/commercial partners sell or intend to sell the Products. Such sentiment or conditions are further affected by global trends and/or events such as the COVID-19 pandemic, and geopolitical events and conflicts.

Given the range of factors which contribute to the price of the Products, and the fact that pricing is subject to negotiation, it is particularly difficult for Syrah to predict with any certainty the prices at which Syrah will sell its Products. The effect of changes in assumptions about future prices may include, amongst other things, changes to Mineral Resources and Ore Reserves estimates and the assessment of the recoverable amount of Syrah's assets.

MINERAL RESOURCES AND ORE RESERVES

Mineral Resources and Ore Reserves are estimates of mineralisation that have reasonable prospects for eventual economic extraction in the future, as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). JORC Code compliant statements relating to Syrah's Ore Reserves and Mineral Resources are estimates only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available.

In addition, by their very nature, Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change and may be updated from time to time. This may result in alterations to mining plans or changes to the quality or quantity of Syrah's Ore Reserves and Mineral Resources, which may, in turn, adversely affect Syrah's operations.

Mineral production involves risks, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate.

No assurance can be given that the anticipated tonnages or grade of minerals will be achieved during production or that the indicated level of recovery rates will be realised. Additionally, material price fluctuations, as well as increased production and operating costs or reduced recovery rates, may render any potential mineral Resources or Reserves containing relatively lower grades uneconomic or less economic than anticipated, and may ultimately result in a restatement of such Resource or Reserve. This in turn could impact the life of mine plan and therefore the value attributable to mineral inventory and/or the assessment of recoverable amount of Syrah's assets and/or depreciation expense.

Moreover, short term operating factors relating to such potential mineral Resources or Reserves, such as the need for sequential development of mineral bodies and the processing of new or different mineral types or grades, may cause a mining operation to be unprofitable in any particular period. In any of these events, a loss of revenue or profit may be caused due to the lower than expected production or ongoing unplanned capital expenditure in order to meet production targets, or the higher than expected operating costs.

OPERATIONAL RISK

During the ramp-up in production volume and the operational phase of Balama, there is a risk that difficulties may arise as part of the processing and production of minerals, including failures in plant and equipment, difficulties in obtaining and importing replacement equipment, and difficulties with product liberation, separation, screening, filtration, drying and bagging.

Other risks during any restart, the subsequent production ramp-up and operational phase include, and are not limited to, weather, availability of materials, availability and productivity of skilled and experienced workers and contractors, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment IT failures or disruptions, security concerns globally and in Mozambique, unanticipated changes in government regulation and risks associated with increased global uncertainty and/or global events such as the COVID-19 pandemic (including the national or regional governmental response to such events). The production ramp-up process may uncover failures or deficiencies in processes, systems, plant and equipment required for Balama, and addressing such failures or deficiencies may result in Syrah incurring unexpected costs and production ramp-up delays. Any of these outcomes could have a material adverse impact on Syrah's results of operations and financial performance.

In addition, there is a risk that unforeseen geological or geotechnical issues may be encountered when developing and mining ore reserves, such as unusual or unexpected geological conditions, pit wall failures, tailings storage facility failures, rock bursts, seismicity and cave ins. In any of these events, a loss of revenue may be caused due to the lower than expected production and/or higher than anticipated operation and maintenance costs and/or ongoing unplanned capital expenditure in order to meet production targets.

Due to the remoteness of Balama, Syrah is subject to an increased number of risks including a lack of access to key infrastructure, security requirements, rising fuel costs, changes to transport route conditions and requirements, unexpected delays and accidents that could, singularly or collectively, materially negatively impact upon Syrah's financial performance and position. Any prolonged interruption or negative changes in access to key infrastructure and logistics processes, including, for example, road access and integrity, bridge access and integrity, transport of product to the Port of Nacala, clearing of product through customs and shipping from the port, including shipping delays and rescheduling, could have significant adverse effects on the Company's ability to produce and sell product and therefore generate revenue, and/or the cost of those activities. Further, as Syrah's primary asset is located in a remote part of Africa, it is particularly susceptible to the availability of personnel, specialist services, parts, equipment and supplies on a timely basis.

Higher than expected inflation rates generally, or specific to the mining industry in particular, could be expected to increase operating and capital expenditure costs and potentially reduce the value of future project developments. While, in some cases, such cost increases might be offset by increased selling prices, there is no assurance that this would be possible. To the extent that such offset is not possible, this could adversely impact Syrah's financial performance.

Any inability to resolve any unexpected problems relating to these operational risks or adjust costs profiles on commercial terms could adversely impact continuing operations, Mineral Resources and Ore Reserves estimates and the assessment of the recoverable amount of Syrah's assets.

VIDALIA EXPANSION

Expansion of the Vidalia facility is subject to a range of risks and variables which may impact upon Syrah's ability to achieve large scale Active Anode Material production at the site.

Syrah will rely on a number of third-party contractors to undertake the expansion of the Vidalia site. If Syrah and those contractors do not manage the project effectively or consistently with Syrah's expectations, construction may be delayed or cost more than anticipated. Such contractors may not be available to perform services for Syrah when required or may only be willing to do so on terms that are not acceptable to Syrah.

Further, construction may be constrained or hampered by the contractor's capacity constraints, mobilisation issues, plant, equipment, materials and staff shortages, industrial and environmental accidents, industrial disputes and unexpected increases in the costs of labour, consumables, spare parts, plant and equipment, and IT failures or disruptions and other global trends or events (such as the COVID-19 outbreak and global geopolitical uncertainty and national or regional governmental response to such events). In the event that a contractor underperforms or is terminated by Syrah, Syrah may not be able to find a suitable replacement on satisfactory terms within a reasonable time or at all. These circumstances may have a material adverse effect on the timeliness and cost of the development and construction of the expansion at Vidalia.

Further, expansion of the Vidalia operation may not deliver the volumes, production efficiencies or product quality expected by Syrah. This could occur where plant and equipment does not perform as required or as expected, including in accordance with its nameplate design capacity. In such circumstances, Syrah may be required to make additional investments in plant and equipment.

Delays in construction or underperforming operations could result in cost overruns, or impact customer arrangements, which may result in a reduction in revenues, contractual claims against Syrah by customers, or deteriorating relationships with customers. Cost overruns may also result in the plant expansion not delivering the returns Syrah expects, and as a result negatively impact its financial performance.

SHIPPING CONSTRAINTS

Syrah's business is being impacted by the disruption currently being experienced by the global shipping market, which in part has been caused by the COVID-19 pandemic. In particular, the Balama Graphite Operation has been impacted by a vessel and container shortage since mid-2021, as shipping lines have prioritised vessel capacity and container allocation to more profitable routes primarily from Asia to the United States and Europe. As well, there is competition to secure container allocation in Mozambique, primarily coming from the agriculture sector. Further impacts include scheduling uncertainty, shipping cost increases, and delivery delays which may impact customer payment timing, and the ability to meet customer delivery timing requirements.

As a result, Syrah's capacity to ship graphite from the Balama Graphite Operation in Mozambique in a timely manner is currently significantly constrained. Due to these constraints, Syrah has in some cases been forced to delay shipping graphite to customers, which has adversely impacted the timing and recognition of sales. As well, limited availability of shipping services may cause Syrah to moderate its production levels if sufficient warehouse capacity cannot be utilised while shipping services are secured. Shipping costs have also increased significantly, and such costs cannot always be passed onto Syrah's customers.

As an alternative, Syrah is planning to implement break bulk shipping services in addition to container shipping services. Break bulk shipping is on a voyage charter basis directly with the ship owner, and may be exposed to additional costs if planned loading or discharge rates are not achieved (the demurrage rate).

The risk of Syrah incurring such fees may be heightened given the need for service providers and customers to develop experience in bulk handling, potential port delays due to COVID-19 and related impacts, or unpredictability in vessel scheduling and transit times.

Syrah's Vidalia facility is also importing equipment from China for use in construction of the Vidalia Initial Expansion, which may also be impacted by global shipping conditions including costs and delays.

OFFTAKE AGREEMENTS

As announced to ASX on 23 December 2021 and 29 December 2021, Syrah entered into an offtake agreement with Tesla, Inc. to supply 8kt per annum of natural graphite Active Anode Material from Vidalia. The offtake obligation is subject to the conditions described in those ASX announcements being satisfied. If any of the conditions are not satisfied, then the agreement with Tesla may be terminated, which would result in significant excess production capacity at Vidalia.

Further, while Syrah will seek to secure other offtake agreements in respect of the excess production capacity not taken by Tesla, there is no certainty that Syrah will be able to enter into such agreements in a timely manner, with acceptable parties, for sufficient volumes or on reasonable terms with new customers. Any of these circumstances may adversely impact Syrah's financial performance and position including by resulting in Syrah generating less revenue than anticipated.

COUNTERPARTY RISK

The ability of Syrah to achieve its stated objectives will depend on the performance of contractual counterparties.

Syrah has entered into sales, marketing and distribution agreements for Balama, and will seek to renew or replace contracts in order to match anticipated production over time or as those agreements approach their respective expiry dates. Global demand may fluctuate (based on steel production, electric vehicle and energy storage system battery demand in particular) and there is no guarantee that sales forecasts or timing will be achieved, or that supply and demand analysis will be accurate.

The agreements are a mix of term agreements and spot sale agreements. Syrah's revenue and profitability depends on counterparties performing on their obligations under such agreements, and on counterparties with term agreements continuing to enter into new agreements at the end of the existing term and spot sale counterparties entering into new sales. Global events and/or trends such as the COVID-19 pandemic may also affect the ability of Syrah's customers to carry out their obligations under such agreements and/or influence renewal or subsequent contracting decisions.

In addition, the sale of Products by Syrah is subject to commercial verification and qualification processes to ensure any Products produced meet the specifications for industrial supply required by customers (including the industrial graphite markets and the battery sector). The qualification process may require approval from multiple parties in the supply chain and not just those parties with whom Syrah has contractual arrangements. Failure of Syrah's Products to qualify for purchase, or any unanticipated delay in qualifying Syrah's Products, may adversely impact Syrah's financial performance and position (including by resulting in Syrah generating less revenue or profit than anticipated and/or incurring higher costs than anticipated).

Syrah has entered into various agreements for Balama and the Vidalia Initial Expansion project (including the supply of key goods and services including diesel fuel supply, logistics, equipment supply, contract mining, engineering and other services). Risks associated with such agreements, some of which have arisen, include rising contract prices as well as disputes regarding variations, extensions of time and costs, and global events impacting contract performance and liability (such as the COVID-19 pandemic and geopolitical events and conflicts) all of which may give rise to delays and/or increased costs. Furthermore, the risk of variations in contract prices is a function of the inclusion of certain 'rise and fall' provisions in some of Syrah's operational agreements. Such provisions provide a mechanism by which prices charged for certain inputs are periodically adjusted based on movements in certain indices. Should any of these risks materialise, this could have a material adverse impact on Syrah's profitability, financial performance and position.

If Syrah's counterparties default on the performance of their respective obligations, for example if the counterparty under a sales agreement defaults on payment or a supplier defaults on delivery, unless Syrah is protected by a letter of credit (which is often, but not always the case in sales agreements), it may be necessary to approach a Mozambican or other international court to seek enforcement or some other legal remedy, if no alternative settlement can be reached. Such legal action can be uncertain, lengthy and costly. There is a risk that Syrah may not be able to seek the legal redress that it could expect under Australian law against a defaulting counterparty, or that a legal remedy will not be granted on satisfactory terms.

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

Environmental regulations in the jurisdictions in which Syrah has operations impose significant obligations on companies that conduct the exploration for and mining of commodities. These regulations also cover the processing of ores into final products and subsequent transportation of those produced minerals as well as the possible effects of such activities upon the environment and local communities.

Syrah must comply with all known standards, existing laws, and regulations in each case which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how vigorously and consistently the regulations are administered by the local authorities.

There are inherent environmental risks in conducting exploration and mining activities, giving rise to potentially substantial costs for environmental rehabilitation, damage control and losses. These risks include the occurrence of incidents such as uncontrolled tailings containment breaches, subsidence from mining activities, escape of polluting substances and uncontrolled releases of hydrocarbons that may lead to material adverse impacts on Syrah's people, host communities, assets and/or Syrah's licence to operate.

Changes in environmental laws and regulations or their interpretation or enforcement may adversely affect Syrah's operations, including the potential profitability of its operations. Further, environmental legislation is evolving in a manner which may require stricter standards and enforcement (with associated additional compliance costs) and expose relevant operators to the risk of increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Syrah's operations.

Syrah currently holds an environmental license for Balama (due to expire on 1 January 2025), having successfully renewed this license for a further five-year period in January 2020. Renewal of the license is conditional on the update and resubmission of the environmental management plan and monitoring program. Syrah's practices are reflected in the ISO14001 and OHSAS:18001 certification status. However, there are no guarantees that environmental issues or concerns will not arise. If such issues or concerns were to arise, this may have an adverse effect on Syrah's ability to operate, reputation and relationships with key stakeholders, which may in turn negatively impact its financial and operational performance.

Syrah is also required to close its operations and rehabilitate the lands that it disturbs in accordance with environmental licence conditions and applicable laws and regulations.

A closure plan and estimate of closure and rehabilitation liabilities have been prepared for Balama. These estimates of closure and rehabilitation liabilities are based on current knowledge and assumptions however actual costs at the time of closure and rehabilitation may vary. In accordance with licence conditions Syrah is also progressively placing a guarantee in favour of the Ministry of Mineral Resources and Energy in Mozambique, a bank guarantee in relation to the rehabilitation or removal of project infrastructure as per the mine closure plan for Balama.

For the current Vidalia facility in the USA, all regulatory air and water environmental discharge requirements have been met based on current qualification volumes. For the 11.25ktpa AAM facility, Syrah has obtained the additional permits in relation to air source emissions, water discharge, and/or hazardous materials.

There can be no guarantee that Syrah will be able to successfully obtain, maintain or renew relevant authorisations in a timely manner or on acceptable terms to support its ongoing activities. An inability to obtain and maintain the

necessary titles, authorisations, permits and licences could have a material adverse effect on the Vidalia operations and the recoverable amount of assets.

Mining, construction, production and logistics are potentially hazardous activities. There are numerous occupational health risks associated with mining and production operations and associated supporting activities such as logistics. If any injuries or accidents occur, this could have negative employee, community and/or financial implications for Syrah including potential delays or stoppages in mining, production and/or logistics activities. In addition, the location of Balama means Syrah's employees and contractors could be affected by mosquito borne diseases such as malaria which could adversely impact operations.

Changes in health, safety and environmental laws and regulations or their interpretation or enforcement or unexpected global health risks and/or events (such as the COVID-19 pandemic) may adversely affect Syrah's obligations and/or operations.

Syrah's mining activities may cause issues or concerns with the local community in connection with, among other things, the potential effect on the environment as well as other social impacts relating to employment, use of infrastructure and community development.

In response to such risks, Syrah has signed a Community Development Agreement with local key stakeholders and established ongoing engagement and management programs focused on optimising positive impacts and minimising the risk of negative impacts on the community. However, these programs are no guarantee that other issues or concerns will not arise with the local community. If such issues or concerns were to arise, this may have an adverse effect on Syrah's reputation and relationships with key stakeholders, which may in turn negatively impact its financial and operational performance.

SOVEREIGN RISK

Syrah's operations could be affected by political instability in Australia, Mozambique, the USA, UAE, China, or other countries or jurisdictions in which it has operations, investment interests, conducts exploration activities or has sales into. Syrah is therefore subject to the risk that it may not be able to carry out its operations as it intends or to ensure the security of its assets and its people. Syrah is subject to the risk of, among other things, loss of revenue, property and equipment as a result of expropriation, war, insurrection, civil disturbance, acts of terrorism, geopolitical uncertainty, political/civil unrest, violent criminal acts and displacement of people that has taken place as a result of this activity in the north of Mozambique. While this area of Mozambique is more than 300km from the Balama Graphite Operation and such incidents are currently confined to such parts, there is no certainty that will always be the case. Accordingly, Syrah has significant security measures and protocols in place, however such security measures and protocols does not guarantee that such risks will not arise.

As with any mining operation, Syrah is also at risk of natural disasters, both to the mine site and also to the logistics chain, which may include among other matters, abnormal or severe weather conditions, floods, cyclones and other natural disasters or unexpected global trends (such as the COVID-19 pandemic).

The effect of these risks is difficult to predict and any combination of one or other of the above may have a material

adverse effect on Syrah. Syrah has a limited ability to insure against some of these risks and other 'force majeure' risks (such as natural disasters, or geopolitical events and conflict).

Syrah's primary asset is located in Mozambique and so it is subject to risks associated with operating in that country. Risks of operations in Mozambique may include economic, social or political instability or change, hyperinflation, widespread health emergencies or pandemics, reduced convertibility of local currency, sovereign loan default or collapse of the country's financial system, difficulty in engaging with the local community, instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licencing, export duties, security unrest, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations, profitability or the recoverable amount of the assets of Syrah.

REGULATORY RISK

Syrah's businesses are subject, in each of the countries in which it operates, or the countries into which it sells its Products, to various national and local laws and regulations relating to, among other things, construction, exploration and mining activities as well as the import, export, marketing and sale of goods. A change in the laws which apply to Syrah's businesses or the way in which they are regulated, or changes to the laws affecting the sale of the Products such as trade sanctions or tariffs could have a material adverse effect on the carrying value of material assets or otherwise have a material adverse effect on Syrah's businesses and financial condition.

The Balama Graphite Operation is subject to the laws of Mozambique. Under those laws, certain rights are granted in favour of the Mozambique Government and certain obligations imposed on Syrah.

To manage the impact of this risk, Syrah through its subsidiary, has entered into a binding and enforceable agreement with the Mozambique Government ("Mining Agreement"). The Mining Agreement consolidates all prior project documents and approvals. It also provides the Company with clarity around the governing laws and contractualises the mining rights and other obligations for Balama in Mozambique. A summary of the key commercial terms of the Mining Agreement can be found in the Company's ASX Release dated 27 September 2018. Syrah's operations could be adversely affected by government actions in Mozambique which alter the terms or operation of the Mining Agreement in respect of Balama or otherwise impact upon the manner in which Syrah conducts its operations and/or Syrah's relationship with, and obligations to, the Mozambique Government. Such government action could adversely impact Syrah's financial and operational performance and its financial position, in particular if it results in an increase in royalty payments, taxes or similar payments that Syrah is required to make or if it otherwise reduces the proportion of revenues or profits derived from Balama which Syrah is entitled to retain.

Syrah's business activities are also subject to obtaining, and maintaining the necessary titles, authorisations, permits and licences and associated land access agreements with the local community and various levels of Government which authorise those activities under relevant laws and regulations. There can be no guarantee that Syrah will be able to successfully obtain, maintain or renew relevant authorisations in a timely manner or on acceptable terms to support its ongoing activities. An inability to obtain and maintain the necessary titles, authorisations, permits and licences could have a material adverse effect on the carrying value of material assets or otherwise have a material adverse effect on Syrah's businesses and financial condition.

LIQUIDITY AND CAPITAL MANAGEMENT

Syrah's continued ability to operate its business and effectively implement its business plan over time will depend in part on its ability to generate free cash flow, to raise funds for operations and growth activities and to service, repay and refinance debts as they fall due. While the Group is producing saleable Products from Balama, it is not yet cash flow positive. Syrah may require additional financing, in addition to cash reserves, to meet operation and capital expenditure requirements for Balama, Vidalia Facility activities and general administrative expenditures, as well as acquisitions and new or existing projects. This includes any further optimisation projects (including Vanadium) at Balama for which Syrah may require additional funding in the future to execute on that strategy.

While Syrah believes there are a number of funding alternatives (which may include both debt and equity sources of funding), there can be no guarantee that Syrah will be able to raise additional funding on acceptable terms or at all. An inability to obtain finance on acceptable terms or at all may cause, among other things, substantial delays in, or prevent, the operation of Balama, potential Vanadium development, the Vidalia plant and/or the development of Syrah's Vidalia strategy.

To the extent that Syrah does require funding for its future capital needs, the availability and terms of such funding are uncertain and may be less favourable to Syrah than anticipated, which may negatively impact Syrah's future profitability and financial flexibility. Funding terms may also place restrictions on the manner in which Syrah conducts its business and impose limitations on Syrah's ability to execute its business plan and growth strategies (including its Vidalia strategy).

Under the terms of the Convertible Notes issued to AustralianSuper in accordance with their terms as summarised in Syrah's ASX announcements of 19 June 2019 and 10 December 2020, there is a possibility that the Notes may need to be redeemed (wholly or in part) either at maturity or earlier in accordance with the terms of the Convertible Notes. Specifically, Syrah may be required to redeem the Notes for cash, if: (i) AustralianSuper has not elected to convert the Convertible Notes prior to maturity (5 years from issue); (ii) a third party takeover offer or scheme of arrangement in respect of all of the shares of Syrah becomes unconditional, and AustralianSuper does not elect to convert the Convertible Notes into fully paid ordinary shares of Syrah; or (iii) AustralianSuper elects to redeem rather than convert the Convertible Notes in connection with an event of default (which includes customary events such as in relation to failure to repay amounts due, insolvency events, committing an event of default under any of its debt financing arrangements over an agreed cap, liabilities

over an agreed cap, fundamental and material changes to business undertaking, ceasing to be listed on the ASX or any breach of warranty or representation).

IMPAIRMENTS

An adverse change in any of the significant assumptions used to determine the recoverable amount of the Company's non-current assets (including commodity price expectations, foreign exchange rates, discount rates, reserves and resources, and expectations regarding future operating performance and capital requirements) may give rise to the potential for impairment. The carrying amount of assets is tested against the recoverable amount where a trigger for impairment is identified. A trigger for impairment may include the market capitalisation of the Company compared to the net book value of the assets. A summary of the key assumptions used to determine recoverable amount can be found in the Company's 2020 Annual Report and the Interim Financial Statements for the period ending 30 June 2021.

WATER SOURCES

Any restrictions on Syrah's ability to access water may adversely impact the costs, production levels and financial performance of its operations. There is no guarantee that there will be sufficient future rainfall, or that the water level at the Chipembe Dam will be sufficient, to support Syrah's water demands in relation to its sites and operations or that access to water will otherwise remain uninterrupted. Likewise, the availability of water for the Vidalia plant cannot be guaranteed. Any interruption to water access could adversely affect production and Syrah's ability to develop or expand projects and operations in the future.

In addition, and while there are potential alternative water sources, there can be no assurance that Syrah will be able to obtain access to them on commercially reasonable terms or at all in the event of prolonged drought conditions or other interruptions to existing water access arrangements.

KEY PERSONNEL AND LABOUR MARKET RISK

Syrah has a number of key management personnel on whom it depends to manage and run its business. From time to time, Syrah will require additional key personnel or operational staff. In addition, Syrah has certain obligations regarding employment of local labour. The loss of any key personnel, coupled with any inability to attract additional or replacement suitably qualified personnel or to retain current personnel, could have a material adverse effect on Syrah's operational and financial performance. This difficulty may be exacerbated given the remoteness of facilities, the lack of infrastructure in the nearby surrounding areas (in respect of Balama), variability in production profiles and strategies in response to market conditions, the shortage of local, readily available skilled labour and global events/trends (such as the COVID-19 pandemic or geopolitical events and conflict), including the national or regional governmental response to such events, which may impact a number of factors including but not limited to personnel availability, mobility and health and safety. A limited supply of skilled workers could lead to an increase in labour costs and Syrah being ultimately unable to attract and retain the employees it needs. When new workers are hired, it may also take a considerable period of training and time before they are equipped with the requisite skills to work effectively and safely.

CURRENCY AND EXCHANGE RATE RISK

Syrah's activities may generate revenues, and Syrah may incur expenses, in a variety of different currencies, meaning its financial performance and position are impacted by fluctuations in the value of relevant currencies and exchange rates. In particular, Syrah is required to make certain payments under contracts for Balama in the local Mozambique currency. A lack of liquidity or depreciation in the value of the local Mozambique currency, or the failure of or difficulties in implementing exchange control mechanisms in Mozambique, could adversely impact the financial position and performance of Syrah, including by making it more difficult or costly to convert the local currency or transfer funds out of Mozambique. In addition, to date Syrah has raised capital in Australian dollars, while development costs are largely in US Dollars or other currencies. Syrah may also hold funds on deposit in a number of currencies. Changes in exchange rates may impact the extent to which Australian dollar denominated capital is able to fund development in other currencies. Syrah's natural graphite products are denominated in US Dollars, with a significant portion of sales to customers in China. Fluctuations in the value of the US Dollar may impact the competitiveness of Syrah's products to these customers. Syrah also purchases equipment and services for Balama and the development of Vidalia from a number of countries, which may also be impacted by currency fluctuations against the US Dollar in particular.

COMPETITION

Competition from other international graphite producers and explorers may affect the potential future cash flow and earnings which Syrah may realise from its operations. This includes competition from existing production and new entrants into the market. The introduction of new mining and processing facilities and any increase in competition and supply in the global graphite market could lower the price of this commodity. Syrah may also encounter competition from other mining and exploration companies for the acquisition of new projects required to sustain or increase its potential future production levels. Syrah's downstream Vidalia Facility may also be impacted by new entrants to the market, or existing graphite producers, pursuing a similar strategy aimed at qualifying spherical graphite or other AAM products for battery purposes.

TAX AND CUSTOMS RISK

Syrah is subject to taxation and other imposts in Australia, Mozambique, the USA and the UAE, as well as other jurisdictions in which Syrah has activities, sales and investments. Changes in taxation, customs or importation laws (including double taxation treaties, royalties and similar levies, transfer pricing, tariffs and duties), or changes in the interpretation or application of existing laws by courts or applicable revenue authorities, may affect the taxation or customs treatment of Syrah's business activities and adversely affect Syrah's financial condition.

Syrah's international contractual arrangements, asset, liability, revenue and expense recognition and taxation administration requires management judgment in relation to the application of tax laws in a number of jurisdictions. There are many transactions and calculations undertaken during the ordinary course of business where the ultimate tax determination is uncertain or in relation to which tax authorities or adjudicating bodies may take a view which is different to the view taken by Syrah. Syrah recognises liabilities for tax, and if applicable taxation investigation or audit issues, based on whether tax

will be due and payable. Where the taxation outcome of such matters is different from the amount initially recorded, such difference will impact the current and deferred tax positions in the period in which the assessment is made.

Further, there may be delays in processing tax or duty rebates or refunds for which Syrah has applied. Should it become unlikely that Syrah will recover such rebates or refunds, this could also adversely affect Syrah's financial condition and require a reclassification of assets or recognition of expenses in Syrah's accounts.

The revenue and profit from Balama will be subject to certain payments to the Mozambique Government (including in the form of taxes and royalties) as provided for in the Mining Agreement (see above).

INSURANCE RISKS

Syrah maintains insurance coverage as determined appropriate by its Board and management, but no assurance can be given that Syrah will continue to be able to obtain such insurance coverage at reasonable rates (or at all) for certain events, or that any coverage it obtains will be adequate and available to cover all claims.

LITIGATION

Syrah may be involved in litigation and disputes from time to time with its contractors, sub-contractors and other parties. Litigation and disputes can be costly, including amounts payable in respect of judgments and settlements made against, or agreed to by, Syrah. They can also take up significant time and attention from management and the Board. Accordingly, Syrah's involvement in litigation and disputes could have an adverse impact on its financial performance and position.

GLOBAL ECONOMIC CONDITIONS

Economic conditions, both domestic and global, may affect the performance of Syrah. Adverse changes in macroeconomic conditions, including global and country specific growth rates, the cost and availability of credit, the rate of inflation, interest rates, exchange rates, government policy and regulations, general consumption and consumer spending, input costs, employment rates and industrial disruptions, other significant global matters (such as the COVID-19 pandemic and geopolitical events and conflict) among others, are variables which while generally outside Syrah's control, may result in material adverse impacts on Syrah's businesses and its operational and financial performance, and position.

CLIMATE CHANGE RISK

Syrah recognises that the physical and transitional impacts of climate change may affect its assets, productivity, supply chains, markets and communities. Syrah is likely to benefit in a number of ways from approaches taken to mitigate impacts from climate change, most notably from a market perspective where the supply chain in which we operate is critical to efforts to electrify the transport sector globally, while the use of natural graphite in the anode of a Lithium-Ion battery is typically regarded as the best alternative from an environmental perspective. Both transport sector electrification and recognition of natural graphite's environmental advantages will likely provide a strong foundation for demand for our products, with an integrated Balama and Vidalia supply chain solution providing an attractive complementary source of supply. There are also a number of risks relating to climate change which are discussed in more detail below. Syrah understands that close monitoring and continued focus on this is important. Sound risk management practices and strategic planning are integrated across all areas of our business, leveraging technology to drive long term value from our projects.

The climate-related physical risks identified as applicable to our business are as follows:

Energy and emissions:

We keep informed of changing regulations, including policy, codes and principles to help manage transition risk. We engage with our community and stakeholders to ensure we are operating in a manner reflecting broader requirements and our license to operate. We remain agile in response to changing markets and explore innovative technology including renewables to improve our resilience to resource financial and supply uncertainty, including but not limited to the recent announcement relating to the intention to use solar energy to support the energy requirements for our Balama operation. We contribute positively to local, regional and national sustainability efforts.

Water security:

Production is reliant on the availability of water. In the short term, Syrah is adapting to a changing water security environment by working towards reducing demand and reusing a greater portion of water, including drinking water. In the medium to long term, we are assessing alternatives to our current uses of water, including tailings.

Extreme weather events:

We aim to minimise the impact of extreme weather events on our operations through business continuity planning. This includes the consideration of potential climate impacts on the operation of our existing facilities, as well as the design and construction of new assets.

Extreme health events:

The events of COVID-19 have impacted globally and have highlighted the need to act early and collectively to mitigate these impacts. We have established COVID-19 protocols across all areas of our business. We also recognise that we must remain prepared to manage these events and support the communities in which we operate with their recovery efforts. We have integrated this into our scenario plans and financial assessments.

RISK MANAGEMENT

Syrah has developed and implemented a Risk Management Framework, endorsed by the Board of Directors and relevant sub-committees (which is subject to annual review), within which:

- > An over-arching risk management policy, which sets out its commitment to and the expected behaviours required of its employees and contractors. This is supported by a number of other more specific business policies that set out other key requirements of employees and contractors;
- > A risk management process and risk assessment criteria that defines the key steps required to identify, analyse, treat, evaluate controls and monitor and report on the risks listed above and other risks on an ongoing basis;
- > Risk tolerance and escalation criteria are specified;
- > Accountabilities and responsibilities for overseeing, managing and monitoring these risks and other identified risks are clearly defined;
- > Key priorities for management of risks are identified on a regular and ongoing basis; and
- > Material or potentially material incidents that arise are reviewed and appropriate action taken.

The Executive Management team, and the Board, through its sub-committees; the Audit and Risk Committee, the Sustainability Committee and the Remuneration, Nomination and Governance Committee, regularly review the Company's risks and the effectiveness of the Company's management of those risks. The Board, with Executive Management's input, regularly consider the nature and extent of the risks the organisation is prepared to take to meet the Company's objectives.

Other key management mechanisms for the Company include:

- > Health, Safety and Environmental management systems across the organisation;
- > Crisis and Emergency management and business continuity systems;
- > Anti-Bribery & Corruption Policy and processes, and other processes to support business integrity and compliance; and
- > Appropriate insurance programs to provide efficient and effective levels of risk transfer.

COVID-19 PANDEMIC

The outbreak in late 2019 of a novel strain of coronavirus ("COVID-19") has triggered a global downturn and global economic contraction, causing disruptions in demand and supply chains.

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic.

A significant proportion of Syrah's revenues are generated by sales of natural graphite products to customers in China, and Syrah sources a range of supplies and equipment from companies in China. At the onset of the pandemic COVID-19 impacted a range of sectors of the Chinese economy, and the global economy, including Syrah's direct customers and suppliers, the electric vehicle supply chain including battery manufacturing, consumer demand for electric vehicles,

people movement, and logistics. All the countries in which Syrah operates have implemented restrictions on business activities and people movement, including Mozambique where measures were implemented which restricted people movement both internationally and domestically.

The operations of Syrah have therefore been impacted by the COVID-19 pandemic, most notably resulting in the suspension of production at the Balama Graphite Operation from 28 March 2020 due to ongoing impacts of COVID-19, and the temporary closure of the Vidalia facility from 24 March 2020 to 4 May 2020, specifically due to:

- > Ongoing travel restrictions, limiting the mobility of the Balama workforce, the Vidalia workforce, Management and Board; and,
- > Weak end user demand due to lockdowns, mobility restrictions and economic uncertainty negatively impacting EV sales, particularly in the first half of 2020.

Syrah announced the restart of production at Balama on 16 March 2021 however the COVID-19 pandemic is still ongoing and the actual extent of the pandemic and its impact on domestic, regional and the global economy remain uncertain.

The spread of COVID-19 globally may impact the financial performance and future growth of Syrah due to other longer term adverse economic impacts. Influencing factors outside the Group's control include the level of government support, restrictions on movement and travel imposed by governments, the extent of spread of COVID-19 in Syrah's specific countries of operation and how well these countries manage these health and economic impacts.

The ongoing impact of the COVID-19 pandemic on Syrah's operations is not currently ascertainable and could continue to have a detrimental effect on Syrah's financial performance, and depending on the extent of the disruption, any such effect could be material to Syrah.

COMMUNITY RELATIONS

Syrah's mining and industrial materials processing activities may cause issues or concerns with the local community in connection with, among other things, the potential effect on the environment as well as other social impacts relating to employment, use of infrastructure and community development.

Syrah has established ongoing engagement and management programs focused on optimising positive impacts and minimising the risk of negative impacts on the community at Balama and Vidalia. However, these programs are no guarantee that other issues or concerns will not arise with the local communities. If such issues or concerns were to arise, this may have an adverse effect on Syrah's reputation and relationships with key stakeholders, which may in turn negatively impact its financial and operational performance.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the nature of activities or the state of affairs during the current financial year other than those included in the Review of Operations.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Following Syrah's announcement in December 2021 regarding the execution of an offtake agreement to supply AAM from Vidalia, on 7 February 2022, Syrah announced that the final investment decision had been taken for Vidalia's initial expansion to 11.25ktpa AAM production capacity. This decision advances Syrah's strategy to become a vertically integrated natural graphite AAM supplier for USA and European battery supply chain participants and OEM customers. At the same time, Syrah announced a fully underwritten institutional placement (Placement) and a 1 for 5.9 pro rata accelerated non-renounceable entitlement offer (Entitlement Offer) to raise A\$250 million (US\$178 million). On 9 February 2022, Syrah announced the successful completion of the Placement and the Institutional Entitlement Offer raising approximately A\$125 million (US\$89 million) and A\$68 million (US\$47 million) respectively. On 3 March 2022, Syrah announced the completion of the Retail Entitlement Offer. Valid applications from eligible retail shareholders for new shares under the Retail Entitlement Offer, and the issue of new shares to sub-underwriters, representing entitlements that were not taken up by eligible retail shareholders under the Retail Entitlement Offer and entitlements of ineligible foreign retail shareholders, raised approximately A\$57 million (US\$40 million).

No other events have occurred subsequent to 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the state of affairs in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Commentary on likely developments and expected results of operations is set out in the Review of Operations.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board Committee held during the financial year ended 31 December 2021, and the number of meetings attended by each Director was:

DIRECTOR	BOARD		AUDIT AND RISK COMMITTEE		SUSTAINABILITY COMMITTEE		REMUNERATION, NOMINATION AND GOVERNANCE COMMITTEE	
	A	B	A	B	A	B	A	B
J Askew	9	9	-	-	4	4	4	4
S Verner	9	9	-	-	-	-	-	-
J Caldeira	9	9	4	4	4	4	-	-
L Bahash	9	9	-	-	4	4	4	4
S Watts	9	9	4	4	-	-	-	-
J Beevers	9	9	4	4	-	-	4	4

(A) Number of meetings attended, during the time the Director held office or was a member of the committee during the year ended 31 December 2021.

(B) Number of meetings held during the time the Director held office or was a member of the committee during the year ended 31 December 2021.

REMUNERATION REPORT

The Remuneration Report contains details of remuneration paid to the Non-Executive Directors, Executive Directors and Key Management Personnel of the Group as well as the remuneration strategy and policies that were applicable in the financial year ended 31 December 2021. The remuneration report is structured as follows:

- (A) REMUNERATION GOVERNANCE
- (B) DIRECTOR AND KEY MANAGEMENT PERSONNEL DETAILS
- (C) KEY REMUNERATION OUTCOMES AND UPDATES
- (D) REMUNERATION STRATEGY AND PHILOSOPHY
- (E) REMUNERATION COMPONENTS
- (F) DETAILS OF REMUNERATION EXPENSES
- (G) EXECUTIVE SERVICE AGREEMENTS
- (H) TERMS AND CONDITIONS OF SHARE-BASED PAYMENT ARRANGEMENTS
- (I) DIRECTORS AND KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS
- (J) OTHER TRANSACTIONS WITH DIRECTORS AND KEY MANAGEMENT PERSONNEL
- (K) ADDITIONAL INFORMATION

(A) REMUNERATION GOVERNANCE

REMUNERATION, NOMINATION AND GOVERNANCE COMMITTEE

The Board has established a Remuneration, Nomination and Governance Committee consisting solely of independent, Non-Executive Directors to assist the Board in achieving its objective in relation to the following:

- > having a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- > having coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- > observing those remuneration policies and practices;
- > fairly and responsibly rewarding executives having regard to the performance of the Group, the performance of the executives and industry remuneration conditions;
- > the preparation of the Remuneration Report to be included in the Company's Annual Report;
- > communicating the Company's remuneration policy to shareholders, any proposed changes to that remuneration policy and the Committee's work on behalf of the Board; and
- > oversight and monitoring of the implementation of the Company's corporate governance systems and policies.

During the year ended 31 December 2021 the Remuneration, Nomination and Governance Committee comprised of Lisa Bahash (Committee Chair), James Askew and John Beevers.

The Charter for the Remuneration, Nomination and Governance Committee is available on the Company's website.

(B) DIRECTOR AND KEY MANAGEMENT PERSONNEL DETAILS

DIRECTORS

The following persons were directors of Syrah Resources Limited ("Syrah" or the "Company") during the financial year ended 31 December 2021 and up to the date of this report, unless otherwise stated:

EXECUTIVE AND NON-EXECUTIVE DIRECTORS	
NAME	POSITION
James Askew	Non-Executive Chairman
Shaun Verner	Managing Director and Chief Executive Officer
José Caldeira	Non-Executive Director
Lisa Bahash	Non-Executive Director
Sara Watts	Non-Executive Director
John Beevers	Non-Executive Director

KEY MANAGEMENT PERSONNEL

The following persons were the Key Management Personnel of Syrah during the year ended 31 December 2021 and up to the date of this report, unless otherwise stated:

KEY MANAGEMENT PERSONNEL	
NAME	POSITION
Shaun Verner	Managing Director and Chief Executive Officer
Stephen Wells	Chief Financial Officer
Julio Costa	Chief Operating Officer

(C) KEY REMUNERATION OUTCOMES AND UPDATES

(i) What has changed in relation to remuneration during the year ended 31 December 2021

Non-Executive Director Remuneration	<ul style="list-style-type: none"> > Non-Executive Directors received no fee increases during the year ended 31 December 2021 > Mr John Beevers received shareholder approval to participate in the Non-Executive Director Share Rights Plan ("NEDSP") at the Company's Annual General Meeting held on 21 May 2021. The NEDSP was originally approved by shareholders at the Annual General Meeting held on 22 May 2020. The NEDSP enables Non-Executive Directors to receive a portion of their remuneration as Performance Rights and operates as follows: <ul style="list-style-type: none"> (a) The NEDSP commenced on 1 February 2020, and was originally approved by shareholders at the 22 May 2020 Annual General Meeting; (b) Non-Executive Directors elect the proportion they would like paid in cash and paid in share rights; (c) The cash and share rights components will be settled at the end of each quarter (March, June, September and December); (d) The amount to be settled in share rights on a quarterly basis will be determined using a 30-day VWAP at the end of the quarter; and, (e) The date of grant for the share rights will be the last day of each quarter for the relevant financial year.
Executive Remuneration	<ul style="list-style-type: none"> > None of Syrah's Key Management Personnel received a remuneration increase during the year ended 31 December 2021 > The 'at risk' variable remuneration components (comprised of a Short-Term Incentive ("STI") component and a Long-Term Incentive ("LTI") component) continued to be 75% of Total Fixed Remuneration ("TFR") for the Managing Director and 50% of TFR for other executives in 2021
STI Outcomes	<ul style="list-style-type: none"> > The average STI outcome for the Managing Director and Chief Executive Officer and Key Management Personnel was 97.8% of Target opportunity for the year ended 31 December 2021 based on the assessment of corporate and personal performance metrics. This outcome reflects recognition of the contribution by the Managing Director and Chief Executive Officer and Key Management Personnel towards the Company's achievement of a number of its performance targets during a challenging year, discussed in more detail in Table 4 below.
LTI Outcomes	<ul style="list-style-type: none"> > For the Performance Rights awarded during the 2019 financial year and tested as at 31 December 2021, none vested. This reflects the Total Shareholder Return ("TSR") performance of the Company during the three years to 31 December 2021 relative to the average TSR performance of the comparator group.
Five Year Performance and Retention Incentive	<p>In 2020, the Board of Directors implemented a Five Year Performance and Retention Incentive ("5YPRI") by way of a proposed one off issue of Performance Rights for selected senior personnel, designed to take into account the operational review and restructure in late 2019, including the restructure of the senior executive team. The program is also designed to align with the maturity date of the Convertible Notes and to ensure that selected personnel are remunerated in a manner which encourages high performance and is aligned with driving growth in Shareholder value.</p> <p>A summary of the Five Year Performance and Retention Incentive is outlined below:</p> <ul style="list-style-type: none"> (a) The 5YPRI are performance based, incentivising performance each year for selected senior personnel; (b) The Performance Rights have a term of 5 years; (c) At the performance assessment date (occurring annually), the Board will determine the amount of Performance Rights to vest based on agreed Key Performance Indicators ("KPIs") set at the beginning of each financial year, with the applicant being issued with a vesting notice confirming any vested Rights following the assessment process. The performance assessment will generally take place around February of each year, in respect of the KPIs for the year just passed; (d) The Performance Rights can be exercised from the vesting date for a two-year period; (e) Each participant must be employed for the full calendar year applicable to the assessment of the award (the Performance Rights do not partially vest for the year in the event of termination of employment unless otherwise determined by the Board).

Five Year Performance and Retention Incentive continued

The general KPIs are structured as follows:

- (a) For the first 2 years, the KPIs will be based on operating performance – cash position, sales, production, and Vidalia Initial Expansion project milestones;
- (b) For the following 3 years, the KPIs will be based on overall relative corporate performance to be defined and approved by the Board on an annual basis, concurrent with Board approval of the annual budget.

In March 2021 the Remuneration, Nomination and Governance Committee assessed the Year 1 5YPRI eligible to vest, and in February 2022 assessed the Year 2 5YPRI eligible to vest. The below table summarises the outcomes from the Remuneration, Nomination and Governance Committee:

KMP'S/OTHER PARTICIPANTS	NUMBER OF 5YPRI PERFORMANCE RIGHTS GRANTED	YEAR 1 5YPRI PERFORMANCE RIGHTS (VESTED)	YEAR 1 5YPRI PERFORMANCE RIGHTS (LAPSED)	YEAR 2 5YPRI PERFORMANCE RIGHTS (VESTED)	YEAR 2 5YPRI PERFORMANCE RIGHTS (LAPSED)
S Verner	4,000,000	644,000	156,000	800,000	-
J Costa	3,250,000	523,250	126,750	650,000	-
S Wells	2,500,000	402,500	97,500	500,000	-
Other management personnel	2,250,000	362,250	87,750	361,541	1,642,500
	12,000,000	1,932,000	468,000	2,311,541	1,642,500

(ii) What changes are planned or approved for remuneration for the year commencing 1 January 2022

LTI Performance Hurdles

The Board of Directors has resolved to adopt the same performance hurdles for the 2022 LTI Program as were used in 2021, based on 2 measures:

- (a) 50% will be based on the TSR performance of the Company over the relevant vesting period relative to companies in the S&P/ASX300 Index (ASX:XKO) as at 1 January 2022, classified under the "Materials" (previously "Metals & Mining") industry under the GICS classification system; and
- (b) 50% will be based on the absolute shareholder return performance of the Company over the relevant vesting period against threshold and maximum targets as set by the Board. For the year commencing 1 January 2022, the Board of Directors has determined threshold TSR performance to be 8.6% compound annualised growth rate ("CAGR") and maximum TSR performance to be 18.8% CAGR.

Non-Executive Director Remuneration

The Non-Executive Director Share Rights Plan ("NEDSP") is intended to continue, as approved at the 20 May 2020 Annual General Meeting. The NEDSP will enable Non-Executive Directors to receive a portion of their remuneration as Performance Rights and is intended to operate as follows:

- (a) The NEDSP commenced on 1 February 2020, and was originally approved by shareholders at the 22 May 2020 Annual General Meeting;
- (b) Non-Executive Directors will elect the proportion they would like paid in cash and paid in share rights;
- (c) The cash and share rights components will be settled at the end of each quarter (March, June, September and December);
- (d) The amount to be settled in share rights on a quarterly basis will be determined using a 30-day VWAP at the end of the quarter; and,
- (e) The date of grant for the share rights will be the last day of each quarter for the relevant financial year.

(D) REMUNERATION STRATEGY AND PHILOSOPHY

NON-EXECUTIVE DIRECTOR REMUNERATION

The Board policy is to remunerate Non-Executive Directors at market rates commensurate with time, commitment and responsibilities. The level and structure of the fees paid to Non-Executive Directors is based upon the need to attract and retain Non-Executive Directors of suitable calibre, the demands of the role and prevailing market conditions. The Board determines payments to Non-Executive Directors taking into account comparable roles, comparative market data and if required the advice of independent remuneration consultants. The Company also has a Non-Executive Director Share Plan ("NEDSP") in place, that was approved by shareholders at the 2020 Annual General Meeting (refer to Section C for details of the NEDSP).

EXECUTIVE REMUNERATION

The Board in consultation with the Remuneration, Nomination and Governance Committee reviews the Company's executive remuneration strategy annually to ensure that the executive remuneration framework remains appropriate and aligned to the business needs.

The Board aims to ensure the Company's remuneration practices are performance based and designed to:

- > attract and retain talented and high performing executives;
- > provide appropriate levels of 'at risk' pay to encourage, recognise and reward high performance;
- > motivate executives to pursue the Group's long-term growth and success;
- > demonstrate a clear relationship between the Group's overall performance and the performance of executives; and,
- > align executive incentives with interests of shareholders and other key stakeholders.

REMUNERATION CONSULTANTS

The Company engages the services of independent and specialist remuneration consultants from time to time to benchmark the remuneration of Directors and Key Management Personnel, and to assist the Company in ensuring that its remuneration arrangements remain competitive. No remuneration consultants were engaged for the year ended 31 December 2021 or 31 December 2020.

EQUITY INCENTIVE PLAN RULES

The Company has an Equity Incentive Plan ("EIP") established and approved by shareholders at the Annual General Meeting on 17 May 2018, and subsequently refreshed at the Annual General Meeting on 21 May 2021, which applies to all shares, performance rights and options offered for grant from 17 May 2018 onwards. Under the EIP, the Company may issue performance rights, options and shares to directors and employees of the Company (or a subsidiary). The grant of performance rights, options and shares is subject to such conditions (if any) as determined by the Board of Directors. Any performance rights, options and shares granted under the EIP may be subject to such vesting conditions (if any) as determined by the Board of Directors.

LONG-TERM INCENTIVE PLAN RULES

The Company has a former Long-Term Incentive Plan ("LTIP") in existence. The LTIP was established and approved by shareholders at an Annual General Meeting held on 13 November 2015 and enables the Company, at the discretion of the Board of Directors, to offer employees and directors a number of equity related interests, including options, performance rights and shares. The LTIP is now effectively dormant, applying only to performance rights and options granted from 13 November 2015 up until 16 May 2018. No new performance rights, options or shares will be issued under this LTIP.

NON-EXECUTIVE DIRECTOR SHARE RIGHTS PLAN RULES

The Company also has a Non-Executive Director Share Plan ("NEDSP"), which was established and approved by shareholders at the Annual General Meeting on 22 May 2020. The Company also sought and obtained approval from Shareholders at the Annual General Meeting on 21 May 2021 for Mr John Beevers to participate in the NEDSP. The plan is intended to support NEDs to develop a meaningful shareholding in the Company and as a means of aligning the interests of NEDs and shareholders generally through the diversion of current and future cash remuneration to equity. In addition, it will assist the company in implementing its cost reduction strategies and maintain its cash reserves.

The key element of the NEDSP for NEDs is that it provides the opportunity for NEDs to sacrifice part or all of their cash fees in favour of Equity Securities under this plan to build their shareholding in the Company. The introduction of the NEDSP is also intended to remunerate individual NEDs for any material additional efforts that individual NEDs are required to deliver in progressing the Company's goals.

The NEDSP does not attach any performance measures to vesting. This is in line with best practice governance standards which recommend that non-executive directors generally should not receive equity with performance hurdles attached as it may lead to bias in decision-making and compromise their objectivity and in turn their independence.

(E) REMUNERATION COMPONENTS

NON-EXECUTIVE DIRECTOR FEES

The fee structure for Non-Executive directors provides for Non-Executive Directors to receive a Board fee and additional fees for chairing and participating on Board Committees. Except for the options set out in Section H of the Remuneration Report, Non-Executive Directors do not receive performance-based pay or retirement allowances.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically reviewed for adequacy. Any increase to the aggregate Directors' fee pool is submitted to shareholders for approval. There was no change to the fee pool during the year ended 31 December 2021 and the maximum currently stands at A\$1,000,000 per annum which was approved by shareholders at an Annual General Meeting on 26 May 2016.

The annual Non-Executive Director fees (inclusive of superannuation contribution amounts where applicable) for being a member of the Board and participating on its sub committees were as follows:

Table 1: Non-Executive Director Annual Fees

ANNUAL FEES		2021 ⁽²⁾		2020	
		A\$	US\$ ⁽¹⁾	A\$	US\$ ⁽¹⁾
Board Fees	Chairperson	160,000	120,223	160,000	110,473
	Members	95,000	71,383	95,000	65,593
Sub-Committees					
Audit and Risk Committee	Chairperson	20,000	15,028	20,000	13,809
	Members	10,000	7,514	10,000	6,905
Sustainability Committee	Chairperson	15,000	11,271	15,000	10,357
	Members	10,000	7,514	10,000	6,905
Remuneration, Nomination and Governance Committee	Chairperson	15,000	11,271	15,000	10,357
	Members	10,000	7,514	10,000	6,905

(1) Annual fees for Non-Executive Directors have been translated from Australian Dollars to US Dollars at the average exchange rate for the year ended 31 December 2021 of 0.7514 (2020: 0.6905).

(2) It is noted that during 2021, Australian based Non-Executive Directors received a superannuation adjustment (increase of 0.5% to 10% statutory superannuation), effective from 1 July 2021, which had the effect of increasing their total remuneration package by 0.5% on top of the amounts stated in the table above.

In addition to the above fees, Non-Executive Directors are entitled to receive a travel stipend of \$3,757 (A\$5,000) for each international trip where the travel time is in excess of seven hours of international travel (2020: \$3,452 (A\$5,000)).

All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter of appointment summarises the Board policies and terms, including remuneration, relevant to the office of director of the Company.

To align the Non-Executive Directors' interests with shareholder interests, Non-Executive Directors are eligible to participate in the Company's Equity Incentive Plan (as approved by shareholders), however such participation has been limited to a one-off grant of performance rights at or around the time of appointment as a Director, as set out in Section H of this Remuneration Report. Amounts expensed through the Company's profit and loss statement for performance rights issued to Non-Executive Directors are not included in the calculation of Non-Executive Directors fees for the purposes of determining the aggregate Directors' fee pool amount.

EXECUTIVE REMUNERATION

The Company's remuneration policy for executives incorporates a Total Fixed Remuneration ("TFR") component (base salary plus statutory superannuation) and 'at risk' performance components; being a Short-Term Incentive ("STI") component and a Long-Term Incentive ("LTI") component. The STI payments made in 2021 were 50% paid in the Company's fully paid ordinary shares ("Shares") (2020: between 0% and 50% in shares). These components for the year ended 31 December 2021 are summarised below:

Table 2: Remuneration Components

ELEMENT	DELIVERY	PURPOSE	PERFORMANCE METRICS	POTENTIAL VALUE ⁽¹⁾
Total Fixed Remuneration	100% Cash	To attract high calibre executives by offering competitive market salary including superannuation and non-monetary benefits	Nil	Positioned between the 25th and 50th percentile of a comparative group of companies
Short-Term Incentive	Cash and/or Shares	Reward for annual performance based on the Performance Metrics. 50% awarded in shares to encourage executives to hold shares in the Company and 50% is awarded in cash	Combination of corporate and personal performance measures weighted 50:50	Managing Director 75% of TFR Other executives 50% of TFR
Long-Term Incentive	100% Performance Rights or other equity instruments	Alignment to long-term shareholder value. Award given in shares to encourage executives to hold shares in the Company	3 year Company TSR performance with 50% relative to the nominated Comparator Group and 50% relative to the nominated Absolute Measure Performance Metrics.	Managing Director 75% of TFR Other executives 50% of TFR

(1) The Board of Directors reserves the discretion to reward exceptional achievement for stretch performance on any particular performance measure.

The following table sets out the relative mix of fixed remuneration and the total opportunity for performance related remuneration for Managing Director and Key Management Personnel for the current financial period:

Table 3: Remuneration Components

NAME	TOTAL FIXED REMUNERATION		AT RISK REMUNERATION			
			STI		LTI	
	DEC-21	DEC-20	DEC-21	DEC-20	DEC-21	DEC-20
Executive Directors						
S Verner	40%	40%	30%	30%	30%	30%
Key Management Personnel						
S Wells	50%	50%	25%	25%	25%	25%
J Costa	50%	50%	25%	25%	25%	25%
J Currie ⁽¹⁾	-	50%	-	25%	-	25%
J Morrissey ⁽²⁾	-	50%	-	25%	-	25%

(1) J Currie ceased employment with the Company as Chief Legal Officer on 28 January 2020.

(2) J Morrissey ceased employment with the Company on 31 March 2020.

TOTAL FIXED REMUNERATION

The Remuneration, Nomination and Governance Committee reviews and determines the fixed remuneration, inclusive of superannuation contribution amounts and salary sacrifice arrangements, for Executive Directors and Key Management Personnel with oversight from the Board of Directors. The process consists of a review of Group and individual performance, relevant comparative remuneration and, where appropriate, external advice from remuneration consultants. The Total Fixed Remuneration for current Key Management Personnel is currently positioned between the 25th and 50th percentile of a comparative group of companies (based on remuneration benchmarking in February 2022).

Total Fixed Remuneration for Key Management Personnel for financial year ended 31 December 2021 is set out in Section F.

'AT RISK' PERFORMANCE BASED REMUNERATION

Short Term Incentive

The objective of the STI Program is to align reward of Executives with the attainment of Key Performance Indicators ("KPIs") which drive short to medium term outcomes for the business incorporating a mixture of business development, operational and investor relations performance indicators. Corporate and personal performance measures are set and agreed annually by the Remuneration, Nomination and Governance Committee with oversight from the Board of Directors.

(i) Short Term Incentive Program – 31 December 2021

Table 4: STI Program (31 December 2021)

FEATURE	DESCRIPTION																														
Target Opportunity	<p>Managing Director – 75% of Total Fixed Remuneration ("TFR") for target performance.</p> <p>Other Executives – 50% of Total Fixed Remuneration for target performance.</p> <p>The Board of Directors reserves the discretion to reward exceptional achievement for stretch performance on any particular performance measure.</p>																														
Group Performance Metrics & Award Outcome	<p>The STI metrics will be made up of a combination of corporate (50%) and personal performance measures (50%). The table below summarises the corporate performance metrics for the year ending 31 December 2021:</p> <table><tr><th>METRIC</th><th>WEIGHTING</th><th>REASON FOR SELECTION</th></tr><tr><td>Corporate Performance measures:</td><td></td><td>Corporate measures are aligned with the strategic priorities for the Group</td></tr><tr><td>Sustainability (HSSEC)/Compliance & Governance</td><td>10%</td><td>Promoting a strong culture of safe practices, social licence to operate, and good corporate governance and compliance in all activities</td></tr><tr><td>Balama Production & Cost</td><td>10%</td><td>Delivery against production and operating cost targets</td></tr><tr><td>Vidalia Initial Expansion Project</td><td>16%</td><td>Delivery of key strategic project milestones</td></tr><tr><td>Marketing</td><td>9%</td><td>Technical sales & marketing program to drive product and price differentiation for both Balama and Vidalia</td></tr><tr><td>Strategic</td><td>5%</td><td>Development of long-term strategic growth options</td></tr><tr><td>Total corporate performance measures</td><td>50%</td><td></td></tr><tr><td>Personal performance metrics</td><td>50%</td><td>Targeted metrics relevant to individual roles</td></tr><tr><td>Total</td><td>100%</td><td></td></tr></table> <p>The Board assessed an overall attainment of 44% out of 50% for the corporate performance metrics for the year ended 31 December 2021. This was based on recognition of the Company's achievement of a number of its performance targets during a challenging year. Some of these achievements include maintaining a strong ESG position, the safe restart of production at Balama and the execution of pivotal milestones in Syrah's downstream strategy development to become a large scale vertically integrated natural graphite AAM supplier, which is underpinned by an offtake agreement secured with Tesla, Inc in December 2021.</p>	METRIC	WEIGHTING	REASON FOR SELECTION	Corporate Performance measures:		Corporate measures are aligned with the strategic priorities for the Group	Sustainability (HSSEC)/Compliance & Governance	10%	Promoting a strong culture of safe practices, social licence to operate, and good corporate governance and compliance in all activities	Balama Production & Cost	10%	Delivery against production and operating cost targets	Vidalia Initial Expansion Project	16%	Delivery of key strategic project milestones	Marketing	9%	Technical sales & marketing program to drive product and price differentiation for both Balama and Vidalia	Strategic	5%	Development of long-term strategic growth options	Total corporate performance measures	50%		Personal performance metrics	50%	Targeted metrics relevant to individual roles	Total	100%	
METRIC	WEIGHTING	REASON FOR SELECTION																													
Corporate Performance measures:		Corporate measures are aligned with the strategic priorities for the Group																													
Sustainability (HSSEC)/Compliance & Governance	10%	Promoting a strong culture of safe practices, social licence to operate, and good corporate governance and compliance in all activities																													
Balama Production & Cost	10%	Delivery against production and operating cost targets																													
Vidalia Initial Expansion Project	16%	Delivery of key strategic project milestones																													
Marketing	9%	Technical sales & marketing program to drive product and price differentiation for both Balama and Vidalia																													
Strategic	5%	Development of long-term strategic growth options																													
Total corporate performance measures	50%																														
Personal performance metrics	50%	Targeted metrics relevant to individual roles																													
Total	100%																														
Determination of Outcomes	The STI outcomes were determined by the Remuneration, Nomination and Governance Committee, with oversight from the Board of Directors in February 2022.																														
Delivery of STI	50% of the STI for the year ending 31 December 2021 was paid in shares, issued under the Company's Equity Incentive Plan.																														

The following table shows details of the STI opportunity, as a percentage of TFR, for each of the Key Management Personnel and the amounts granted for the year ended 31 December 2021.

Table 5: STI Opportunity (31 December 2021)

NAME	TARGET OPPORTUNITY		AMOUNT GRANTED	AMOUNT FORFEITED
	% OFFER	AMOUNT\$ ⁽¹⁾	%	%
Executive Director				
S Verner	75%	\$278,957	85.5%	14.5%
Key Management Personnel				
S Wells	50%	\$154,976	104%	0%
J Costa	50%	\$165,308	104%	0%

(1) Amounts translated from Australian Dollars to US Dollars using an average exchange rate for the year ended 31 December 2021 of 0.7514.

(ii) **Short Term Incentive Program – 31 December 2022**

Table 6: STI Program (31 December 2022)

FEATURE	DESCRIPTION		
Target Opportunity	Managing Director – 75% of Total Fixed Remuneration ("TFR") for target performance. Other executives – 50% of Total Fixed Remuneration ("TFR") for target performance. The Board of Directors reserves the discretion to reward exceptional achievement for stretch performance on any particular performance measure.		
Group Performance Metrics & Award Outcome	The STI metrics will be made up of a combination of corporate (50%) and personal performance measures (50%). The table below summarises the corporate performance metrics for the year ending 31 December 2022:		
	METRIC	WEIGHTING	REASON FOR SELECTION
	Corporate performance measures:		Corporate measures are aligned with the strategic priorities for the Group
	Sustainability (HSSEC) Compliance & Governance	9%	Promoting a values based culture of safe work practices, strong community and stakeholder relations, environmental responsibility and good corporate governance
	Balama Production & Cost	14%	Delivery against production and operating cost targets
	Vidalia Initial Expansion Project	20%	Delivery of key strategic project milestones
	Marketing	4%	Technical sales & marketing program to drive product and price differentiation for both Balama and Vidalia
	Strategic	3%	Development of long term strategic growth opportunities
	Total corporate performance measures	50%	
	Personal performance metrics	50%	Targeted metrics relevant to individual roles
	Total	100%	
Determination of Outcomes	The STI outcomes will be determined by the Remuneration, Nomination and Governance Committee, with oversight from the Board of Directors.		
Delivery of STI	The delivery of the STI for the year ending 31 December 2022 will be determined by the Remuneration, Nomination and Governance Committee, with oversight from the Board of Directors.		

Five Year Performance and Retention Incentive ("5YPRI")

In addition to the LTI Program described below, the Board of Directors will continue to utilize the Five Year Performance and Retention Incentive for selected senior personnel (see Section C above for details).

Long-Term Incentive

The LTI Program is part of the Company's remuneration strategy and is designed to align the interests of management and shareholders (Total Shareholder Return measurement) and assist the Company to attract, motivate and retain executives. In particular, the LTI Program is designed to provide relevant directors and key employees with an incentive to remain with Syrah and contribute to the future performance of the Group over the long term.

Performance Rights

Executives and senior managers within the Group are granted performance rights on an annual basis and vesting will be contingent on the achievement of specific performance hurdles over a three-year period. These performance rights are issued under the Equity Incentive Plan (from 17 May 2018, with the EIP refreshed on 21 May 2021) or the LTIP (prior to 17 May 2018).

The potential maximum value of the annual grant of performance rights over a three year period represents between 20% and 75% of an eligible employee's total fixed remuneration. The actual number of performance rights granted is calculated based on the closing volume weighted average price ("VWAP") of the Company's shares on the ASX for the 60 trading days preceding the commencement of the performance period, being 1 January.

Performance Hurdles

The performance hurdles for 2022 are based on the Company's TSR performance:

- (a) 50% will be based on the TSR performance of the Company over the relevant vesting period relative to companies in the S&P/ASX300 Index (ASX:XKO) as at 1 January 2022, classified under the "Materials" (formally the "Metals & Mining") industry under the GICS classification system; and
- (b) 50% will be based on the absolute shareholder return performance of the Company over the relevant vesting period against threshold and maximum targets as set by the Board. For the 2018, 2019, 2020, 2021 and 2022 years, the Board of Directors has determined threshold TSR performance to be 8.6% compound annualised growth rate ("CAGR") and maximum TSR performance to be 18.8% CAGR. These targets have been based upon the median performance of the S&P/ASX300 Index over a 20-year period.

Vesting Conditions

Vesting of performance rights will be subject to the relevant performance hurdles referred to above, which will be tested over a three year vesting period. If the performance hurdles are not satisfied (or become incapable of being satisfied), the performance rights will lapse (unless the Board of Directors determines otherwise).

The number of performance rights that vest will be determined by assessing the performance of the Company, measured by the relevant performance measure as at the date that is three years after the commencement of the performance period ("Performance Date"), relative to the relevant performance hurdle(s) (the "TSR Hurdle(s)").

The following table provides a summary of the TSR Hurdle(s) and the relationship between Company performance and the percentage vesting of performance rights:

PERFORMANCE AGAINST TSR COMPARATOR GROUP (50% OF PERFORMANCE RIGHTS)	PERFORMANCE AGAINST ABSOLUTE TSR MEASURE (50% OF PERFORMANCE RIGHTS)	PERCENTAGE OF PERFORMANCE RIGHTS ELIGIBLE TO VEST
TSR performance is at or below the median performance of the comparator group	TSR performance is at or below threshold performance (8.6% CAGR)	0%
TSR performance of between the median and 75th percentile performance of the comparator group	TSR performance is between threshold (8.6% CAGR) and maximum performance (18.8% CAGR)	Straight line pro-rata between 50% and 100%
TSR performance is at or above the 75th percentile performance of the comparator group	TSR performance is above maximum performance (18.8% CAGR)	100%

In the event that a participant in the LTI Program ceases to be a director or employee of the Group, the treatment of any performance rights held by the participant will depend on the circumstances surrounding the cessation of his/her directorship/employment. In general terms, and subject to the discretion of the Plan Committee/Board, if the participant is a “bad leaver” (for reasons such as resignation, dismissal for poor performance or as otherwise determined by the Remuneration, Nomination and Governance Committee/Board), any unvested performance rights will immediately lapse; whereas if the participant is not a “bad leaver”, he/she will be entitled to retain a pro-rata amount of unvested performance rights (based on the proportion of the vesting period that the participant was a director/employee).

The Board also has power to deem that performance rights will lapse or be deemed to be forfeited in a number of scenarios, including if a participant commits an act of fraud, defalcation or gross misconduct, or materially breaches his or her duties, brings the Group (or any member thereof) into disrepute or if the Board determines there has been a material misstatement or omission in the financial statements.

In the event of a change of control, all unvested performance rights will vest (in the case of performance rights granted up until 16 May 2018) or (in the case of performance rights granted from 17 May 2018 onwards) will vest unless the Board of Directors exercises its discretion to determine otherwise.

TSR Comparator Groups

Performance rights will be tested against Syrah’s TSR performance relative to the comparative group on the Performance Date.

i. Year ended 31 December 2019 Grant

The TSR comparator group as selected by the Board of Directors for performance rights for the year ending 31 December 2021 comprise of the companies in the S&P/ASX300 Index (ASX:XKO) as at 1 January 2019, classified under the “Materials” (formally “Metals & Mining”) industry under the GICS classification system as follows:

Adelaide Brighton Limited	Iluka Resources Limited	Orica Limited
Altura Mining Limited	IMDEX Limited	OZ Minerals Limited
Alumina Limited	Ioneer Limited	Pact Group Holdings Limited
Amcor Limited	Incitec Pivot Limited	Pilbara Minerals Limited
Aurelia Metals Limited	James Hardie Industries Plc	Perseus Mining Limited
Ausdrill Limited	Jupiter Mines Limited	Rio Tinto Limited
BHP Group Limited	Kidman Resources Limited	Regis Resources Limited
BlueScope Steel Limited	Lynas Corporation Limited	Resolute Mining Limited
Boral Limited	Mineral Resources Limited	South32 Limited
Brickworks Limited	MACA Limited	Saracen Mineral Holdings Limited
CSR Limited	Metals X Limited	St Barbara Limited
Dacian Gold Limited	Newcrest Mining	Sandfire Resources NL
DuluxGroup Limited	New Century Resources Limited	Sims Metal Management Limited
Evolution Mining Limited	Northern Star Resources Limited	Wagners Holding Company Limited
Fletcher Building Limited	Nufarm Limited	Westgold Resources Limited
Fortescue Metals Group Limited	OceanaGold Corporation	Western Areas Limited
Gold Road Resources Limited	Om Holdings Limited	
Galaxy Resources Limited	Orora Limited	
Independence Group NL	Orocobre Limited	

The Board reserves the right to adjust the composition and number of the companies in the TSR Comparator Group (2019 Grant) from time to time to take into account events including, but not limited to, takeovers, mergers and liquidations that might occur during the performance period.

Outcome for 31 December 2019 Grant

None of the performance rights granted for the 2019 financial year and tested as at 31 December 2021 vested, as the TSR performance of Syrah was below the median relative TSR performance of the comparator group, and below the threshold of the absolute TSR measure over the Performance Period.

ii. Year ended 31 December 2020 Grant

The TSR comparator group as selected by the Board of Directors for performance rights for the year ending 31 December 2022 comprise of the companies in the S&P/ASX300 Index (ASX:XKO) as at 1 January 2020, classified under the “Materials” (formally “Metals & Mining”) industry under the GICS classification system as follows:

Adelaide Brighton Limited	IMDEX Limited	Pact Group Holdings Limited
Alacer Gold Corp	Ioneer Limited	Pilbara Minerals Limited
Alumina Limited	Incitec Pivot Limited	Perenti Global Limited
Amtor Plc Cdi	James Hardie Indust	Perseus Mining Limited
Aurelia Metals Limited	Jupiter Mines Limited	Rio Tinto Limited
Bellevue Gold Limited	Lynas Corporation Limited	Ramelius Resources
BHP Group Limited	Macmahon Holdings Limited	Regis Resources Limited
Bluescope Steel Limited	Mount Gibson Iron Limited	Resolute Mining Limited
Boral Limited	Mineral Resources Limited	South32 Limited
Brickworks Limited	MACA Limited	Saracen Mineral Holdings Limited
Champion Iron Limited	Newcrest Mining Limited	St Barbara Limited
CSR Limited	New Century Resources Limited	Sandfire Resources NL
Dacian Gold Limited	Nickel Mines Limited	Sims Limited
Evolution Mining Limited	Northern Star Resources Limited	Silver Lake Resources Limited
Fletcher Building Foreign Exempt NZX	Nufarm Limited	West African Resources Limited
Fortescue Metals Group Limited	Oceanagold Corp	Westgold Resources Limited
Gold Road Resources Limited	Orora Limited	Western Areas Limited
Galaxy Resources	Orocobre Limited	
IGO Limited	Orica Limited	
Iluka Resources	OZ Minerals Limited	

iii. Year ended 31 December 2021 Grant

The TSR comparator group as selected by the Board of Directors for performance rights for the year ending 31 December 2023 comprise of the companies in the S&P/ASX300 Index (ASX:XKO) as at 1 January 2021, classified under the “Materials” (formally “Metals & Mining”) industry under the GICS classification system as follows:

ADBRI Limited	Gold Road Resources Limited	OZ Minerals Limited
Alkane Resources Limited	IGO Limited	Pact Group Holdings Limited
Alumina Limited	Iluka Resources Limited	Perenti Global Limited
Amcor Plc Cdi	IMDEX Limited	Perseus Mining Limited
Aurelia Metals Limited	Incitec Pivot Limited	Pilbara Minerals Limited
Bellevue Gold Limited	Ioneer Limited	Ramelius Resources Limited
BHP Group Limited	James Hardie Industries Plc	Red 5 Limited
Bluescope Steel Limited	Jupiter Mines Limited	Regis Resources Limited
Boral Limited	Lynas Rare Earths Limited	Resolute Mining Limited
Brickworks Limited	MACA Limited	Rio Tinto Limited
Capricorn Metals Ltd	Macmahon Holdings Limited	Sandfire Resources Limited
Champion Iron Limited	Mineral Resources Limited	Silver Lake Resources Limited
CSR Limited	Mount Gibson Iron Limited	Sims Limited
Dacian Gold Limited	Newcrest Mining Limited	South32 Limited
De Grey Mining Limited	Nickel Mines Limited	SSR Mining
Deterra Royalties Ltd	Northern Star Resources Limited	St Barbara Limited
Evolution Mining Limited	Nufarm Limited	West African Resources Limited
Fletcher Building Limited	Orica Limited	Western Areas Limited
Fortescue Metals Group Limited	Orocobre Limited	Westgold Resources Limited
Galaxy Resources Limited	Orora Limited	

iv. Year ended 31 December 2022 Grant

The TSR comparator group as selected by the Board of Directors for performance rights for the year ending 31 December 2024 comprise of the companies in the S&P/ASX300 Index (ASX:XKO) as at 1 January 2022, classified under the “Materials” (formally “Metals & Mining”) industry under the GICS classification system as follows:

ADBRI Limited	Gold Road Resources Ltd	Perseus Mining Limited
Allkem Limited	IGO Limited	Piedmont Lithium Inc Cdi
Alumina Limited	Iluka Resources Limited	Pilbara Minerals Limited
Amcor Plc Cdi	Imdex Ltd	Ramelius Resources Limited
Aurelia Metals Limited	Incitec Pivot Limited	Red 5 Limited
Australian Strategic Materials Ltd	Ioneer Limited	Regis Resources Limited
Bellevue Gold Limited	James Hardie Industries Plc	Resolute Mining Limited
BHP Group Ltd	Liontown Resources Limited	Rio Tinto Limited
Bluescope Steel Limited	Lynas Rare Earths Limited	Sandfire Resources Limited
Boral Limited	Mineral Resources Limited	Silver Lake Resources Limited
Brickworks Limited	Mount Gibson Iron Limited	Sims Ltd
Capricorn Metals Ltd	Newcrest Mining Limited	South32 Ltd
Chalice Mining Limited	Nickel Mines Ltd	SSR Mining Inc Cdi
Champion Iron Ltd	Northern Star Resources Ltd	St Barbara Ltd
Coronado Global Resources Inc. Cdi	Nufarm Limited	Vulcan Energy Resources Ltd
CSR Limited	Orica Limited	West African Resources Ltd
De Grey Mining Ltd	Orora Ltd	Western Areas Limited
Deterra Royalties Ltd	OZ Minerals Limited	Westgold Resources Ltd
Evolution Mining Limited	Pact Group Holdings Ltd	
Fortescue Metals Group Ltd	Perenti Global Limited	

If at any time during the Vesting Period a company in the Comparator Group suffers an insolvency event, undertakes material merger or acquisition activity or is delisted from the ASX it will cease to become part of the Comparator Group.

The table below summarises the number and movements in Performance Rights issued under the Equity Incentive Plan during the year:

Table 7: Equity Incentive Plan Performance Rights

	2021 NUMBER	2020 NUMBER
Movement for the year ended 31 December 2021:		
Balance at the beginning of the year	17,369,660	1,513,470
Granted during the year	3,410,166	16,060,139 ⁽³⁾
Exercised during the period	(1,140,928)	-
Lapsed during the year	(1,631,621)	(191,709)
Forfeited during the year	-	(12,240)
Balance at the end of the year	18,007,277 ⁽¹⁾	17,369,660 ⁽²⁾
At 31 December 2021:		
Vested	1,391,266	-
Unvested	16,616,011	17,369,660
Total	18,007,277	17,369,660

(1) 774,686 of these performance rights related to the 2019 LTI lapsed in 2022 as the performance criteria were not met. In addition to this, 2,311,541 5YPRI Performance Rights vested (KMP and others outside of KMP) following assessment at the end of the 31 December 2021 Year 2 performance period in 2022 and the balance of 67,500 Year 2 5YPRI Performance Rights lapsed in 2022 as the performance criteria were not met. In addition, a total of 200,000 Performance Rights relating to Retention & Performance Incentives also vested subsequent to 31 December 2021.

(2) Included in the prior year column is an amount of 32,485 performance rights relating to the 2018 LTI lapsed in 2021 as the performance criteria were not met. In addition to this, 1,932,000 5YPRI Performance Rights vested (KMP and others outside of KMP) following assessment at the end of the 31 December 2020 Year 1 performance period in 2021 and the balance of 468,000 Year 1 5YPRI Performance Rights lapsed in 2021 as the performance criteria were not met. In addition, a total of 600,194 Performance Rights relating to Retention & Performance Incentives also vested subsequent to 31 December 2020.

(3) Included in the prior year column is an amount granted during 2020 relating to 12,000,000 5YPRI Performance Rights issued during FY20.

The Board of Directors has resolved to grant Performance Rights to S Verner as his LTI in respect of the period commencing on 1 January 2022, subject to shareholder approval, and 345,513 performance rights to other Key Management Personnel in respect of the period commencing on 1 January 2022. The Board of Directors also resolved to grant 821,750 performance rights to other executives and senior managers in respect of the period commencing on 1 January 2022 in accordance with the relevant employment contracts. These performance rights were issued on 10 March 2022 and are not included in the above table. See also Section C for details of the 5YPRI.

The table below summarises the number and movements in Performance Rights issued under the Non-Executive Director Share Rights during the year:

Table 8: Non-Executive Director Share Rights

	2021 NUMBER	2020 NUMBER
Movement for the year ended 31 December 2021:		
Balance at the beginning of the year	188,324	-
Granted during the year	-	188,324
Lapsed during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Balance at the end of the year	188,324 ⁽¹⁾	188,324 ⁽²⁾
At 31 December 2021:		
Vested	188,324	-
Unvested	-	188,324
Total	188,324	188,324

(1) NED Rights in relation to the June 2020, September 2020, December 2020, March 2021, June 2021, September 2021 and December 2021 quarters were issued subsequent to 31 December 2021, on 18 March 2022.

(2) During the prior year, the Company received shareholder approval of a Non-Executive Director Share Plan, which is a salary sacrifice plan pursuant to which NED's may elect to sacrifice up to 100% of their annual NED's fees to acquire Non-Executive Director Share Rights (NED Rights). The Company issued a total of 188,324 NED Rights in relation to the March 2020 quarter, specifically for the months of February 2020 and March 2020 during the year. These securities were issued under ASX Listing Rule 10.14. NED Rights in relation to the June 2020, September 2020, and December 2020 quarters were yet to be issued as at 31 December 2020.

The table below summarises the number and movements in performance rights issued under the LTIP during the year:

Table 9: LTIP Performance Rights

	2021 NUMBER	2020 NUMBER
Movement for the year ended 31 December 2021:		
Balance at the beginning of the year	189,962	513,504
Granted during the year	-	-
Lapsed during the year	(189,962)	(285,256)
Forfeited during the year	-	(38,286)
Exercised during the year	-	-
Balance at the end of the year	-	189,962 ⁽¹⁾
At 31 December 2021:		
Vested	-	-
Unvested	-	189,962
Total	-	189,962

(1) 189,962 of these rights lapsed in 2021 as the performance criteria were not met.

Former Long Term Incentive Plan ("LTIP")

As at 31 December 2021, there were no options outstanding (31 December 2020: Nil) under the LTIP. The table below summarises the number and movements in options under this plan during the year:

Table 10: LTIP Options

	2021 NUMBER	2020 NUMBER
Movement for the year ended 31 December 2021:		
Balance at the beginning of the year	-	1,000,000
Granted during the year	-	-
Forfeited during the year	-	-
Expired during the year	-	(1,000,000)
Balance at the end of the year	-	-
At 31 December 2021:		
Vested	-	-
Unvested	-	-
TOTAL	-	-

In the event that a participant in the LTIP ceases to be a director or employee of the Group, the treatment of any options held by the participant will depend on the circumstances surrounding the cessation of his/her directorship/employment.

In general terms, and subject to the discretion of the Plan Committee, if the participant is a "bad leaver", any unvested options will immediately lapse; whereas if the participant is not a "bad leaver", he/she will be entitled to retain a pro-rata amount of unvested options (based on the proportion of the vesting period that the participant was a director/employee).

The Plan Committee also has power to deem that options will lapse or be forfeited in a number of scenarios, including if a participant commits an act of fraud, defalcation or gross misconduct, or materially breaches his or her duties or brings the Syrah Group (or any member thereof) into disrepute or if the Plan Committee determines there has been a material misstatement or omission in the financial statements which affects those options.

In the event of a change of control, all unvested options will vest.

Current Equity Incentive Plan

As at 31 December 2021, there were 600,000 options outstanding under this plan (31 December 2020: 1,600,000). The table below summarises the number and movements in Options under this plan during the year:

Table 11: Equity Incentive Plan Options

	2021 NUMBER	2020 NUMBER
Movement for the year ended 31 December 2021:		
Balance at the beginning of the year	1,600,000	1,600,000
Granted during the year	-	-
Forfeited during the year	-	-
Expired during the year	(1,000,000)	-
Balance at the end of the year	600,000	1,600,000
At 31 December 2021:		
Vested	600,000	1,600,000
Unvested	-	-
TOTAL	600,000	1,600,000

In the event that a participant in the Equity Incentive Plan ceases to be an employee of the Group, the treatment of any options held by the participant will depend on the circumstances surrounding the cessation of his/her employment. In general terms, and subject to the discretion of the Board of Directors, if the participant is a "bad leaver" (for example resigns or ceases employment due to poor performance), any unvested options will immediately lapse and any vested options must be exercised

within 60 days of ceasing employment after which time the vested options lapse; whereas if the participant is not a “bad leaver”, he/she will be entitled to retain a pro-rata amount of unvested options (based on the proportion of the vesting period that has elapsed).

In the case of a director who participates in the Equity Incentive Plan and subject to the discretion of the Board of Directors, if a director ceases to hold office as a director of the Company all unvested options will lapse and all vested but exercised options will remain on foot and will be exercisable until the last exercise date (after which time they will lapse).

The Board of Directors also has power to deem that options will lapse or be forfeited in a number of scenarios, including if a participant commits an act of fraud, defalcation or gross misconduct, or materially breaches his or her duties or brings the Group (or any member thereof) into disrepute or if the Board determines there has been a material misstatement or omission in the financial statements that the Board of Directors considers may require a re-statement of the Group’s financial accounts.

In the event of a change of control, all unvested options will vest unless the Board determines otherwise.

(F) DETAILS OF REMUNERATION EXPENSES

The following tables show details of the remuneration expense recognised for the Group’s Non-Executive Directors, Executive Directors and other Key Management Personnel for the current and previous financial periods measured in accordance with the requirements of the accounting standards:

Table 12: Remuneration for the financial year ended 31 December 2021

	FIXED REMUNERATION						VARIABLE REMUNERATION					
	CASH											
	SALARY & FEES ⁽¹⁾	LEAVE ⁽²⁾	SUPER-ANNUATION	TERM-INATON BENEFITS	NON-MONETARY BENEFITS	SHARE RIGHTS ⁽³⁾	STI CASH ⁽⁴⁾	STI SHARES ⁽⁴⁾	LTI RIGHTS ⁽⁵⁾	OPTIONS ⁽⁵⁾	TOTAL	PERFORM-ANCE RELATED
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%
NON-EXECUTIVE DIRECTORS												
J Askew ⁽⁶⁾	-	-	-	-	-	139,008	-	-	-	-	139,008	-
J Caldeira	43,205	-	-	-	-	43,205	-	-	-	-	86,410	-
L Bahash	45,084	-	-	-	-	45,084	-	-	-	-	90,168	-
S Watts	75,626	-	7,694	-	-	3,288	-	-	7,257	-	93,865	-
J Beevers	69,107	-	2,705	-	-	14,796	-	-	37,525	-	124,133	-
Sub-total	233,022	-	10,399	-	-	245,381	-	-	44,782	-	533,584	-
EXECUTIVE DIRECTOR												
S Verner ⁽⁷⁾	351,374	19,083	19,724	-	9,154	-	119,254	119,254	351,519	-	989,362	60%
Sub-total	351,374	19,083	19,724	-	9,154	-	119,254	119,254	351,519	-	989,362	-
KEY MANAGEMENT PERSONNEL												
J Costa	310,139	10,903	19,724	-	-	-	85,960	85,960	268,473	-	781,159	56%
S Wells	281,774	10,221	27,473	-	-	-	80,587	80,587	181,199	-	661,841	52%
Sub-total	591,913	21,124	47,197	-	-	-	166,547	166,547	449,672	-	1,443,000	-
TOTAL⁽⁸⁾	1,176,309	40,207	77,320	-	9,154	245,381	285,801	285,801	845,973	-	2,965,946	-

- (1) All amounts translated from Australian Dollars to United States Dollars at an average exchange for the year ended 31 December 2021 of 0.7514.
- (2) Represents annual leave and long service leave entitlements, being the movement in the entitlements measured on an accrual basis during the financial period.
- (3) Non-Executive Director Share Plan, which is a salary sacrifice plan pursuant to which NED’s may elect to sacrifice up to 100% of their annual NED’s fees to acquire Non-Executive Director Share Rights (NED Rights). The NED Rights in relation to the June 2020, September 2020, December 2020, March 2021, June 2021, September 2021 and December 2021 quarters were issued subsequent to 31 December 2021, on 18 March 2022.
- (4) Represents STI payments made in shares on 10 March 2022, and cash on 15 March 2022, in respect of performance for the year ended 31 December 2021 as approved by the Remuneration, Nomination and Governance Committee.
- (5) Represents amounts expensed through the Company’s profit and loss for performance rights and options issued under the Company’s EIP. These amounts are recognised in the Company’s profit and loss over the vesting period in accordance with AASB 2 Share-based Payments.
- (6) Director’s fees paid to J Askew are paid to International Mining and Finance Corp, a company of which he is a Director.
- (7) The Board of Directors has resolved to grant EIP performance rights to S Verner and 345,513 performance rights to other Key Management Personnel in respect of the period commencing on 1 January 2022. The performance rights to S Verner remain subject to shareholder approval.
- (8) Non-Executive Directors are entitled to receive a travel stipend of \$3,757 (A\$5,000) for each international trip where the travel time is in excess of seven hours of international travel.

Table 13: Remuneration for the financial year ended 31 December 2020

	FIXED REMUNERATION					VARIABLE REMUNERATION						
	CASH					SHARE RIGHTS ⁽³⁾	STI CASH ⁽⁴⁾	STI SHARES ⁽⁴⁾	LTI RIGHTS ⁽⁵⁾	OPTIONS ⁽⁵⁾	TOTAL	PERFORMANCE RELATED
	SALARY & FEES ⁽¹⁾	LEAVE ⁽²⁾	SUPER-ANNUATION	TERMINATION BENEFITS	NON-MONETARY BENEFITS							
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%
NON-EXECUTIVE DIRECTORS												
J Askew ⁽⁶⁾	10,645	-	-	-	-	117,090	-	-	-	-	127,735	-
J Caldeira	46,462	-	-	-	-	36,393	-	-	-	-	82,855	-
L Bahash	48,332	-	-	-	-	37,975	-	-	-	-	86,307	-
S Watts	68,284	-	6,889	-	-	4,230	-	-	10,541	-	89,944	-
J Beevers ⁽⁷⁾	46,759	-	1,450	-	-	-	-	-	-	-	48,209	-
S Riggall ⁽⁸⁾	28,639	-	2,870	-	-	-	-	-	-	-	31,509	-
Sub-total	249,121	-	11,209	-	-	195,688	-	-	10,541	-	466,559	-
EXECUTIVE DIRECTOR												
S Verner ⁽⁹⁾	322,966	20,042	17,261	-	9,176	-	109,020	109,020	367,047	-	954,532	61%
Sub-total	322,966	20,042	17,261	-	9,176	-	109,020	109,020	367,047	-	954,532	-
KEY MANAGEMENT PERSONNEL												
J Costa	280,668	12,246	21,748	-	-	-	79,612	79,612	247,427	-	721,313	56%
S Wells	258,921	11,481	24,597	-	-	-	72,864	72,864	135,500	60,750	636,977	54%
J Morrissey ⁽¹⁰⁾	51,784	2,363	10,704	97,895	-	-	-	-	-	-	162,746	-
J Currie ⁽¹¹⁾	15,931	643	6,433	144,730	-	-	-	-	-	-	167,737	-
Sub-total	607,304	26,733	63,482	242,625	-	-	152,476	152,476	382,927	60,750	1,688,773	-
TOTAL⁽¹²⁾	1,179,391	46,775	91,952	242,625	9,176	195,688	261,496	261,496	760,515	60,750	3,109,864	-

(1) All amounts translated from Australian Dollars to United States Dollars at an average exchange for the year ended 31 December 2020 of 0.6905.

(2) Represents annual leave and long service leave entitlements, being the movement in the entitlements measured on an accrual basis during the financial period.

(3) During the year, the Company received shareholder approval of a Non-Executive Director Share Plan, which is a salary sacrifice plan pursuant to which NED's may elect to sacrifice up to 100% of their annual NED's fees to acquire Non-Executive Director Share Rights (NED Rights). The Company issued a total of 188,324 NED Rights in relation to the March 2020 quarter, specifically for the months of February 2020 and March 2020 during the year. NED Rights in relation to the June 2020, September 2020, and December 2020 quarters were issued on 18 March 2022.

(4) Represents STI payments made in shares on 17 March 2021, and cash on 12 March 2021, in respect of performance for the year ended 31 December 2020 as approved by the Remuneration, Nomination and Governance Committee.

(5) Represents amounts expensed through the Company's profit and loss for performance rights and options issued under the Company's LTIP and EIP. These amounts are recognised in the Company's profit and loss over the vesting period in accordance with AASB 2 Share-based Payments.

(6) Director's fees paid to J Askew are paid to International Mining and Finance Corp, a company of which he is a Director.

(7) The Board of Directors has also resolved to grant 100,000 performance rights to J Beevers as part of his Director Contract, subject to shareholder approval at the 2021 Annual General Meeting.

(8) S Riggall ceased as a Non-Executive Director of the Company effective from 22 May 2020.

(9) The Board of Directors has resolved to grant 467,727 EIP performance rights to S Verner and 537,020 performance rights to other Key Management Personnel for the year ending 31 December 2020. The performance rights granted to S Verner remain subject to shareholder approval.

(10) J Morrissey ceased employment with the Company on 31 March 2020.

(11) J Currie ceased employment with the Company as Chief Legal Officer on 28 January 2020.

(12) Non-Executive Directors are entitled to receive a travel stipend of \$3,452 (A\$5,000) for each international trip where the travel time is in excess of seven hours of international travel.

(G) EXECUTIVE SERVICE AGREEMENTS

Remuneration and other key terms of employment for Executive Directors and Key Management Personnel for the year ending 31 December 2021 as formalised in Employment Agreements and summarised in the following table:

Table 14: Overview of Executive Service Agreements

NAME	POSITION	TERM OF AGREEMENT	TOTAL FIXED REMUNERATION	ANNUAL STI OPPORTUNITY	ANNUAL LTI GRANT	NOTICE PERIOD BY EXECUTIVE	NOTICE PERIOD BY COMPANY	TERMINATION PAYMENT
S Verner	Managing Director and Chief Executive Officer	Ongoing	A\$495,000	75% of TFR	75% of TFR	6 months	6 months	12 months Total Fixed Remuneration
S Wells	Chief Financial Officer	Ongoing	A\$412,500	50% of TFR	50% of TFR	6 months	6 months	6 months Total Fixed Remuneration
J Costa	Chief Operating Officer	Ongoing	A\$440,000	50% of TFR	50% of TFR	6 months	6 months	6 months Total Fixed Remuneration

(H) TERMS AND CONDITIONS OF SHARE-BASED PAYMENT ARRANGEMENTS

Performance Rights

The terms and conditions of each grant of performance rights affecting the remuneration of Directors and Key Management Personnel in the current or a future reporting period are as follows:

Table 15: Overview of Performance Rights

GRANT DATE	VESTING DATE	EXERCISE PRICE	NUMBER OF RIGHTS ⁽¹⁾	VALUE PER RIGHT AT GRANT DATE
21-Mar-19	01-Jan-22	-	128,923 ⁽²⁾	A\$1.70
27-May-19	01-Jan-22	-	217,558 ⁽²⁾	A\$1.70
06-Mar-20	01-Jan-23	-	994,172	A\$0.30
12-Mar-20	01-Jan-22	-	48,015	A\$0.04
22-May-20	01-Jan-23	-	865,892	A\$0.18
22-May-20	Various	-	3,844,000	A\$0.29
22-May-20	03-Jun-22	-	100,000	A\$0.29
02-Jun-20	Various	-	5,002,500	A\$0.30
08-Mar-21	01-Jan-24	-	537,020	A\$0.86
21-May-21	01-Jan-24	-	467,727	A\$0.68
21-May-21	22-May-23	-	100,000	A\$0.93
TOTAL			12,305,807	

(1) The Board of Directors has resolved to grant 345,513 Performance Rights to Key Management Personnel pursuant to the LTI program in respect of the period commencing 1 January 2022 which were issued on 10 March 2022. In addition, the Board resolved to grant Performance Rights to S. Verner as his LTI, in respect of the period commencing on 1 January 2022, subject to shareholder approval.

(2) These Performance Rights lapsed subsequent to year end as a result of vesting conditions not being met.

The proportion of Performance Rights that vest is determined in accordance with the Vesting Conditions. Any Performance Rights that do not vest at the end of the Vesting Period will lapse. The LTIP provides that vested Performance Rights that have not been exercised or automatically exercised (depending on the terms of the relevant offer letter) will expire two years from the First Exercise Date (unless otherwise stated in the relevant offer letter or certificate). The EIP provides that performance rights will lapse on the earlier of the date so nominated in the offer letter (2021/2020: two years from the date of the vesting notice), 15 years after allocation (if no date is specified), in accordance with the rules of the EIP, upon a failure to meet a Vesting Condition (or any other applicable condition) or receipt of a notice from the participant electing to surrender the Right.

Options

The terms and conditions of each grant of options affecting the remuneration of Directors and Key Management Personnel in the current or a future reporting period are as follows:

Table 16: Overview of Options

GRANT DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF RIGHTS	VALUE PER RIGHT AT GRANT DATE
7-Oct-19	7-Oct-20	7-Oct-22	A\$0.70 ⁽²⁾	600,000 ⁽¹⁾	A\$0.19

(1) 600,000 unlisted options issued to S Wells, Chief Financial Officer.

(2) Effective from 17 March 2022, the exercise price of these options was reduced by \$0.03 (3 cents) per option to \$0.67 in accordance with the terms of the Employee Incentive Plan adopted on 17 May 2018 and refreshed on 21 May 2021, ASX Listing Rules 3.11.2 and 6.22 as a result of the issuance of shares from a 1 for 5.9 pro-rata accelerated non-renounceable entitlement offer.

Non-Executive Director Share Rights

The terms and conditions of each grant of Non-Executive Director Share Rights affecting the remuneration of Directors in the current or a future reporting period are as follows:

Table 17: Overview of Non-Executive Director Share Rights

GRANT DATE	VESTING DATE	EXERCISE PRICE	NUMBER OF RIGHTS	VALUE PER RIGHT AT GRANT DATE
2-Jun-20	31-Mar-21	-	70,696	A\$0.29
5-Jun-20	31-Mar-21	-	6,318	A\$0.41
6-Jun-20	31-Mar-21	-	111,310	A\$0.41
TOTAL			188,324⁽¹⁾	

(1) During the prior year, the Company received shareholder approval of a Non-Executive Director Share Plan, which is a salary sacrifice plan pursuant to which NED's may elect to sacrifice up to 100% of their annual NED's fees to acquire Non-Executive Director Share Rights (NED Rights). The Company issued a total of 188,324 NED Rights in relation to the March 2020 quarter, specifically for the months of February 2020 and March 2020 during the prior year. These securities were issued under ASX Listing Rule 10.14. NED Rights in relation to the June 2020, September 2020, December 2020, March 2021, June 2021, September 2021 and December 2021 quarters were issued subsequent to 31 December 2021, on 18 March 2022. A resolution was included in the 2021 Notice of Annual General Meeting, in which shareholder approval was sought and obtained on 21 May 2021 in relation to adding J. Beevers into the Non-Executive Director Share Plan as an eligible participant.

(I) DIRECTORS AND KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

Shareholdings

A reconciliation of the number of shares held by Directors and Key Management Personnel, including their personally related parties, in the Company is set out below:

Table 18: Shares Held by Directors/Key Management Personnel

	BALANCE 1 JANUARY 2021	ORDINARY SHARES GRANTED	ORDINARY SHARES ISSUED ON EXERCISE OF OPTIONS	ON MARKET ACQUISITIONS/ (DISPOSALS)	OTHER ⁽¹⁾	BALANCE 31 DECEMBER 2021
DIRECTORS						
J Askew	497,517	-	-	-	9,420	506,937
J Caldeira	12,082	-	-	-	-	12,082
L Bahash	15,583	-	-	-	-	15,583
S Watts	38,000	-	-	-	3,140	41,140
J Beevers	33,000	-	-	-	-	33,000
EXECUTIVE DIRECTOR						
S Verner	547,174	126,813 ⁽²⁾⁽³⁾	-	-	-	673,987
KEY MANAGEMENT PERSONNEL						
S Wells	70,774	84,756 ⁽³⁾⁽⁴⁾	-	-	9,420	164,950
J Costa	222,269	92,605 ⁽³⁾⁽⁴⁾	523,250	(239,851)	9,420	607,693

(1) Represents participation in the Share Purchase Plan.

(2) Fully paid ordinary shares issued to S Verner pursuant to the resolution passed at Annual General Meeting 21 May 2021.

(3) The Board of Directors resolved to issue 111,287 shares to S Verner and 155,420 shares to Key Management Personnel pursuant to the STI Program for the 2021 year. The shares to be issued to S Verner remain subject to shareholder approval at the Annual General Meeting. The shares issued to Key Management Personnel were issued on 10 March 2022 and are not included in the above reconciliation.

(4) Shares issued on 17 March 2021 pursuant to the STI Program in respect of the year ended 31 December 2020.

Performance rights

A reconciliation of the number of Performance Rights held by Directors and Key Management Personnel, including their personally related parties, in the Company is set out below.

Table 19: Performance Rights Held by Directors/Key Management Personnel

	GRANT	BALANCE 1 JANUARY 2021	GRANTED DURING THE PERIOD	LAPSED DURING THE PERIOD	NET CHANGE OTHER ⁽⁷⁾	BALANCE 31 DECEMBER 2021	VESTED	UNVESTED	VALUE OF RIGHTS GRANTED DURING THE PERIOD ⁽⁸⁾	MAXIMUM VALUE YET TO VEST ⁽⁹⁾
DIRECTORS										
S Verner	2021 ⁽¹⁾	-	467,727	-	-	467,727	-	467,727	316,300	211,060
	2020	4,865,892	-	(156,000)	-	4,709,892	644,000	4,065,892 ⁽²⁾	-	748,632
	2019	217,558	-	-	-	217,558	-	217,558 ⁽³⁾	-	-
	2018	93,974	-	(93,974)	-	-	-	-	-	-
	Total	5,177,424	467,727	(249,974)	-	5,395,177	644,000	4,751,177	316,300	959,692
J Beevers	2021 ⁽⁶⁾	-	100,000	-	-	100,000	-	100,000	93,000	43,060
	Total	-	100,000	-	-	100,000	-	100,000	93,000	43,060
S Watts	2020	100,000	-	-	-	100,000	-	100,000	-	4,075
	Total	100,000	-	-	-	100,000	-	100,000	-	4,075
KEY MANAGEMENT PERSONNEL										
J Costa	2021 ⁽¹⁾	-	277,172	-	-	277,172	-	277,172	238,063	158,854
	2020	3,763,121	-	(126,750)	(523,250)	3,113,121	-	3,113,121 ⁽⁴⁾	-	625,981
	2019	128,923	-	-	-	128,923	-	128,923 ⁽³⁾	-	-
	2018	32,485	-	(32,485)	-	-	-	-	-	-
	Total	3,924,529	277,172	(159,235)	(523,250)	3,519,216	-	3,519,216	238,063	784,835
S Wells	2021 ⁽¹⁾	-	259,848	-	-	259,848	-	259,848	223,183	148,925
	2020	3,029,066	-	(97,500)	-	2,931,566	402,500	2,529,066 ⁽⁵⁾	-	490,060
	Total	3,029,066	259,848	(97,500)	-	3,191,414	402,500	2,788,914	223,183	638,985

(1) The Board of Directors has also resolved to grant Performance Rights to S Verner as his LTI, in respect of the period commencing on 1 January 2022, subject to shareholder approval. 1,167,263 Performance Rights were issued to Key Management Personnel and other executives and senior managers pursuant to the LTI program in respect of the period commencing on 1 January 2022. The performance rights issued to Key Management Personnel were issued on 10 March 2022 and are not included in the above reconciliation. J Costa and S Wells were granted 184,643 and 160,870 performance rights respectively in relation to the LTI program in respect of the period commencing on 1 January 2022.

(2) The performance rights issued under the 5YPRI program in 2020 were subject to testing of vesting conditions in early 2022 in relation to Year 2 of the five-year 5YPRI program. The Board approved that 100% of the Year 2 5YPRI program vested following the end of the 31 December 2021 performance period, resulting in 800,000 5YPRI Performance Rights vesting for S. Verner.

(3) The performance rights issued under the LTI Program in 2019, were subject to testing of vesting conditions in early 2022. All such rights lapsed on their terms.

(4) The performance rights issued under the 5YPRI program in 2020 were subject to testing of vesting conditions in early 2022 in relation to Year 2 of the five-year 5YPRI program. The Board approved that 100% of the Year 2 5YPRI program vested following the end of the 31 December 2021 performance period, resulting in 650,000 5YPRI Performance Rights vesting for J. Costa.

(5) The performance rights issued under the 5YPRI program in 2020 were subject to testing of vesting conditions in early 2022 in relation to Year 2 of the five-year 5YPRI program. The Board approved that 100% of the Year 2 5YPRI program vested following the end of the 31 December 2021 performance period, resulting in 500,000 5YPRI Performance Rights vesting for S. Wells. In addition, 48,015 performance rights issued in relation to the 2019 LTI, were subject to testing of vesting conditions in early 2022. All such rights lapsed on their terms.

(6) 100,000 Performance Rights granted to J Beevers following shareholder approval at the Company's Annual General Meeting held on 21 May 2021.

(7) Performance Rights exercised during the period.

(8) The value at grant date calculated in accordance with AASB 2 Share-based Payment of performance rights granted during the year as part of remuneration.

(9) The maximum value of the performance rights yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed. The minimum value of the performance rights yet to vest is nil, as the rights will lapse if the vesting conditions are not met.

Non-Executive Director Share Rights

A reconciliation of the number of Non-Executive Director Share Rights held by Directors, including their personally related parties, in the Company is set out below.

Table 20: Non-Executive Director Share Rights Held by Directors

		BALANCE 1 JANUARY 2021	GRANTED DURING THE PERIOD	LAPSED DURING THE PERIOD	NET CHANGE OTHER	BALANCE 31 DECEMBER 2021	VESTED	UNVESTED
DIRECTORS								
J Askew	2021 ⁽¹⁾	-	-	-	-	-	-	-
	2020	111,310	-	-	-	111,310	111,310	-
	Total	111,310	-	-	-	111,310	111,310	-
J Caldeira	2021 ⁽¹⁾	-	-	-	-	-	-	-
	2020	34,596	-	-	-	34,596	34,596	-
	Total	34,596	-	-	-	34,596	34,596	-
L Bahash	2021 ⁽¹⁾	-	-	-	-	-	-	-
	2020	36,100	-	-	-	36,100	36,100	-
	Total	36,100	-	-	-	36,100	36,100	-
S Watts	2021 ⁽¹⁾	-	-	-	-	-	-	-
	2020	6,318	-	-	-	6,318	6,318	-
	Total	6,318	-	-	-	6,318	6,318	-
J Beevers ⁽²⁾	2021 ⁽¹⁾	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-

- (1) During the prior year, the Company received shareholder approval of a Non-Executive Director Share Plan, which is a salary sacrifice plan pursuant to which NED's may elect to sacrifice up to 100% of their annual NED's fees to acquire Non-Executive Director Share Rights (NED Rights). The Company issued a total of 188,324 NED Rights in relation to the March 2020 quarter, specifically for the months of February 2020 and March 2020 during the prior year. These securities were issued under ASX Listing Rule 10.14. NED Rights in relation to the June 2020, September 2020, December 2020, March 2021, June 2021, September 2021 and December 2021 quarters were issued subsequent to 31 December 2021, on 18 March 2022. In accordance with the NEDSP, the number of NED Rights issued was calculated having regard to a 30-trading day volume weighted average price of Syrah's shares on the ASX during the relevant quarter to which the grant relates. Accordingly, J. Askew, J. Caldeira, L. Bahash, S. Watts, and J. Beevers were issued with 457,797; 142,278; 148,470; 19,613 and 13,797 NED Rights, respectively.
- (2) A resolution was included in the 2021 Notice of Annual General Meeting, in which shareholder approval was sought and obtained on 21 May 2021 in relation to adding J. Beevers into the Non-Executive Director Share Plan as an eligible participant.

Options

A reconciliation of the number of Options held by Directors and Key Management Personnel, including their personally related parties, over unissued ordinary shares in the Company is set out below:

Table 21: Options Held by Directors/Key Management Personnel

	BALANCE 1 JANUARY 2021	GRANTED BALANCE DURING THE PERIOD	OPTIONS EXERCISED	NET CHANGE OTHER (INC EXPIRY / LAPSE)	BALANCE 31 DECEMBER 2021	VESTED	UNVESTED	EXERCISE PRICE
DIRECTORS								
L Bahash	400,000	-	-	(400,000)	-	-	-	\$2.86 ⁽¹⁾
KEY MANAGEMENT PERSONNEL								
J Costa	600,000	-	-	(600,000)	-	-	-	\$4.34 ⁽¹⁾
S Wells	600,000	-	-	-	600,000	600,000	-	\$0.70 ⁽²⁾

- (1) Effective from 30 July 2019, the exercise price of these options was reduced by \$0.03 (3 cents) per option in accordance with the terms of the Long-Term Incentive Plan dated 13 May 2015, ASX Listing Rules 3.11.2 and 6.22 as a result of the issuance of shares from a 1 for 5 pro-rata accelerated non-renounceable entitlement offer.
- (2) Effective from 17 March 2022, the exercise price of these options was reduced by \$0.03 (3 cents) per option to \$0.67 in accordance with the terms of the Employee Incentive Plan adopted on 17 May 2018 and refreshed on 21 May 2021, ASX Listing Rules 3.11.2 and 6.22 as a result of the issuance of shares from a 1 for 5.9 pro-rata accelerated non-renounceable entitlement offer.

(J) OTHER TRANSACTIONS WITH DIRECTORS AND KEY MANAGEMENT PERSONNEL

Aggregate amounts of other transactions with Directors and Key Management Personnel is set out below

Table 22: Transactions with Directors/ Key Management Personnel

	2021 US\$	2020 US\$
Provision of services		
Legal services provided by Sal & Caldeira Advogados, Lda ⁽¹⁾	77,084	79,989

(1) Represents legal services provided to the Company by Sal & Caldeira Advogados, Ltd in Mozambique. J Caldeira is a Non-Executive Director of the Company and is a Senior Partner at Sal & Caldeira Advogados, Lda.

These services are provided on arm's length commercial terms and conditions. Where any director has a conflict of interest they do not participate in any decision of the Board or management in relation to that matter.

The following balances were outstanding at the end of the period in relation to the above transactions:

	2021 US\$	2020 US\$
Trade and other payables		
Legal Services provided by Sal & Caldeira Advogados, Lda ⁽¹⁾	11,535	-

(1) Represents outstanding balances arising of legal services provided to the Company by Sal & Caldeira Advogados, Ltd in Mozambique. J Caldeira is a Non-Executive Director of the Company and is a Senior Partner at Sal & Caldeira Advogados, Lda.

There are no loans made from or to Directors or Key Management Personnel, or related entities, by the Group

(K) ADDITIONAL INFORMATION

The Company aims to align executive remuneration to drive short, medium and long-term outcomes for the business which creates shareholder value. The table below shows the Group's performance over the past five years. These performance measures may not necessarily be consistent with the measures used in determining performance-based remuneration and accordingly there may not always be a direct correlation between these measures and the variable remuneration awarded.

	31-DEC 2021	31-DEC 2020	31-DEC 2019	31-DEC 2018	31-DEC 2017
Market capitalisation (US\$'000)	644,150	352,754	136,156	386,705	1,045,520
Closing share price (US\$)	1.29	0.74	0.33	1.13	3.52
Loss after income tax for the period (US\$'000)	(56,870)	(60,870)	(130,549)	(28,970)	(28,970)
Basic earnings per share (US cents)	(10.79)	(14.59)	(34.56)	(9.30)	(4.51)

Share Options and Performance Rights

(i) Unissued ordinary shares

Unissued ordinary shares of Syrah Resources Limited under option, performance rights and Non-Executive Director Share Rights as at 31 December 2021 are as follows:

Table 23: Unissued Ordinary Shares under Option, Performance Rights and Non-Executive Director Share Rights

GRANT DATE	VESTING AND EXERCISABLE DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF SHARES UNDER OPTION / PERFORMANCE RIGHTS	VALUE PER OPTION/ PERFORMANCE RIGHT AT GRANT DATE
Share Options					
Equity Incentive Plan ("EIP")					
07-Oct-19	07-Oct-20	07-Oct-22	A\$0.70 ⁽¹⁾	600,000	A\$0.19
Total Options				600,000	
Performance Rights					
EIP					
21-Mar-19	01-Jan-22	-	-	489,840 ⁽²⁾	A\$1.70
27-May-19	01-Jan-22	-	-	217,558 ⁽²⁾	A\$1.70
30-Aug-19	31-Dec-20	-	-	163,641	A\$0.70
06-Mar-20	01-Jan-23	-	-	2,765,268	A\$0.30
12-Mar-20	01-Jan-22	-	-	67,287 ⁽²⁾	A\$0.04
22-May-20	01-Jan-23	-	-	865,892	A\$0.18
22-May-20	Various	-	-	3,844,000	A\$0.29
02-Jun-20	Various	-	-	6,083,625 ⁽²⁾	A\$0.30
22-May-20	03-Jun-22	-	-	100,000	A\$0.29
21-May-21	22-May-23	-	-	100,000	A\$0.93
21-May-21	01-Jan-24	-	-	467,727	A\$0.68
17-Mar-21	01-Jan-24	-	-	1,360,528	A\$0.86
07-Apr-21	Various	-	-	400,000	A\$1.10
24-May-21	Various	-	-	816,164	A\$1.04
24-May-21	01-Jan-24	-	-	206,681	A\$0.80
29-Jun-21	01-Jan-24	-	-	38,357	A\$0.77
20-Dec-21	01-Jan-24	-	-	20,709	A\$0.97
Total Performance Rights				18,007,277⁽²⁾	
Non-Executive Director Share Rights					
2-Jun-20	31-Mar-21	-	-	70,696 ⁽³⁾	A\$0.29
5-Jun-20	31-Mar-21	-	-	6,318 ⁽³⁾	A\$0.41
6-Jun-20	31-Mar-21	-	-	111,310 ⁽³⁾	A\$0.41
Total Non-Executive Director Share Rights				188,324	

(1) Effective from 17 March 2022, the exercise price of these options was reduced by \$0.03 (3 cents) per option to \$0.67 in accordance with the terms of the Employee Incentive Plan adopted on 17 May 2018 and refreshed on 21 May 2021, ASX Listing Rules 3.11.2 and 6.22 as a result of the issuance of shares from a 1 for 5.9 pro-rata accelerated non-renounceable entitlement offer.

(2) The Board of Directors has also resolved to grant 1,167,263 Performance Rights to Key Management Personnel and other executives and senior managers pursuant to the LTI program and were issued on 10 March 2022 in respect of the period commencing 1 January 2022. In addition, the Board of Directors has also resolved to grant Performance Rights to S Verner as his LTI in respect of the period commencing on 1 January 2022, subject to shareholder approval. Subsequent to 31 December 2021, a total of 1,550,861 Performance Rights lapsed unexercised.

(3) During the prior year, the Company received shareholder approval of a Non-Executive Director Share Plan, which is a salary sacrifice plan pursuant to which NED's may elect to sacrifice up to 100% of their annual NED's fees to acquire Non-Executive Director Share Rights (NED Rights). The Company issued a total of 188,324 NED Rights in relation to the March 2020 quarter, specifically for the months of February 2020 and March 2020 during the prior year. These securities were issued under ASX Listing Rule 10.14. NED Rights in relation to the June 2020, September 2020, December 2020, March 2021, June 2021, September 2021 and December 2021 quarters were issued subsequent to 31 December 2021, on 18 March 2022. In accordance with the NEDSP, the number of NED Rights issued was calculated having regard to a 30-trading day volume weighted average price of Syrah's shares on the ASX during the relevant quarter to which the grant relates. Accordingly, J. Askew, J. Caldeira, L. Bahash, S. Watts, and J. Beevers were issued with 457,797; 142,278; 148,470; 19,613 and 13,797 NED Rights, respectively. A resolution was included in the 2021 Notice of Annual General Meeting, in which shareholder approval was sought and obtained on 21 May 2021 in relation to adding J. Beevers into the Non-Executive Director Share Plan as an eligible participant.

The proportion of Performance Rights that vest is determined in accordance with the Vesting Conditions. Any Performance Rights that do not vest at the end of the Vesting Period will lapse. The LTIP provides that vested Performance Rights will that have not been exercised or automatically exercised (depending on the terms of the relevant offer letter) will expire two years from the First Exercise Date (unless otherwise stated in the relevant offer letter or certificate). The Equity Incentive Plan provides that performance rights will lapse on the earlier of the date so nominated in the offer letter, in accordance with the rules of the Equity Incentive Plan, upon failure to meet a Vesting Condition (or any other applicable condition) or receipt of a notice from the participant electing to surrender the Right.

No option holder has any right under the options to participate in any share issue of the Company.

INDEMNIFICATION OF OFFICERS

During the year the Company paid a premium in respect of a contract insuring the directors of the Company, the company secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has entered into a Deed of Indemnity, Insurance and Access with each director, secretary and executive officer. In summary the Deed provides for:

- > Access to corporate records for each director, secretary or executive officer for a period after ceasing to hold office in the Company;
- > The provision of Directors and Officers Liability Insurance; and
- > Indemnity for legal costs incurred by directors, secretary or executive officers in carrying out the business affairs of the Company.

INDEMNITY OF AUDITORS

The Company has entered into an agreement to indemnify its auditor, PricewaterhouseCoopers Australia, against any claims or liabilities (including legal costs) asserted by third parties arising out of their services as auditor of the Company, where the liabilities arise as a direct result of the Company's breach of its obligations to the Auditors, unless prohibited by the Corporations Act.

AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act.

AUDIT AND NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below:

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act for the following reasons:

- > All non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- > None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the financial year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

	2021 US\$'000	2020 US\$'000
Assurance Services		
PwC Australian firm	191	209
Network firms of PwC Australian firm	79	65
Total remuneration for audit services	270	274
Non-assurance services		
PwC Australian firm		
Tax compliance services	34	28
Tax consulting services	60	73
Network firms of PwC Australian firm		
Other consulting services	-	4
Total remuneration for non-assurance services	94	105
Total remuneration paid to PricewaterhouseCoopers	364	379

The Group's policy allows the engagement of PricewaterhouseCoopers on certain assignments additional to their statutory audit duties where PricewaterhouseCoopers expertise and experience with the Group are important, subject to a cap in fees on individual assignments, and a cap on aggregate fees over the course of a year. Certain assignments, and assignments in excess of these caps, require approval from the Audit and Risk Committee.

These assignments are principally tax consulting and advice or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting assignments.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 50.

ROUNDING OF AMOUNTS

The amounts contained in this report and in the financial report have been rounded off to the nearest US\$'000 (where rounding is applicable) under the relief available to the Company under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

The report is made in accordance with a resolution of Directors.

A handwritten signature in black ink, consisting of a stylized 'S' followed by a vertical line and a horizontal flourish.

Shaun Verner

Managing Director and Chief Executive Officer

Melbourne, Australia

24 March 2022

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the audit of Syrah Resources Limited for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Syrah Resources Limited and the entities it controlled during the period.

A handwritten signature in grey ink, appearing to read 'Ben Gargett'.

Ben Gargett
Partner
PricewaterhouseCoopers

Melbourne
24 March 2022

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Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

The financial statements are presented in US Dollars.

Syrah Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

Registered Office:
c/- Vistra Australia (Melbourne) Pty
Ltd Level 4 96-100 Albert Road,
South Melbourne, VIC 3205

Principal Place of Business:
c/- Work Club Melbourne
Olderfleet
477 Collins Street,
Melbourne, VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on pages 5 to 22, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 24 March 2022. The Directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available on our website: www.syrahresources.com.au

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	NOTES	US\$'000	US\$'000
Revenue from continuing operations			
Revenue	3	29,044	10,789
Cost of sales	4	(61,663)	(49,281)
Gross profit/(loss)		(32,619)	(38,492)
Distribution costs	5	(7,158)	(3,854)
Administrative expenses	6	(9,546)	(6,611)
Other income/(expenses)		2,671	(2,214)
Write-down of inventories		(1,296)	(2,594)
Total expenses		(15,329)	(15,273)
Profit/(loss) before net finance income and income tax		(47,948)	(53,765)
Finance income		130	372
Finance expenses		(6,345)	(4,770)
Net finance income/(expenses)		(6,215)	(4,398)
Profit/(loss) before income tax		(54,163)	(58,163)
Income tax (expense)/benefit	7	(2,707)	(2,707)
Loss after income tax for the year		(56,870)	(60,870)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to the profit or loss</i>			
Exchange differences on translation of foreign subsidiaries	10b	354	(817)
Other comprehensive income/(loss) for the year, net of tax		354	(817)
Total comprehensive income/(loss) for the year		(56,516)	(61,687)
Total comprehensive income/(loss) for the year attributable to:			
- Equity holders of Syrah Resources Limited		(53,560)	(61,687)
- Non-controlling interest		(2,956)	-
		(56,516)	(61,687)
Loss per share attributable to the owners of Syrah Resources Limited		Cents	Cents
Basic loss per share	18	(10.79)	(14.59)
Diluted loss per share	18	(10.79)	(14.59)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		2021	2020
	NOTES	US\$'000	US\$'000
Assets			
Current assets			
Cash and cash equivalents	8a	52,914	74,992
Trade and other receivables	8b	7,865	1,937
Inventories	9a	20,385	15,737
Available-for-sale financial assets		395	299
Total current assets		81,559	92,965
Non-current assets			
Trade and other receivables	8b	7,955	13,248
Property, plant and equipment	9c	180,520	164,444
Mining assets	9b	132,764	134,208
Intangible assets		129	93
Deferred tax assets	9d	25,961	26,984
Total non-current assets		347,329	338,977
Total assets		428,888	431,942
Liabilities			
Current liabilities			
Trade and other payables	8c	18,062	6,588
Lease liabilities	8d	3,229	1,417
Provisions	9e	2,173	841
Total current liabilities		23,464	8,846
Non-current liabilities			
Trade and other payables	8c	1,496	985
Borrowings	8e	69,852	47,468
Lease liabilities	8d	12,980	15,354
Deferred tax liabilities	9d	3,622	1,938
Provisions	9e	24,960	24,559
Total non-current liabilities		112,910	90,304
Total liabilities		136,374	99,150
Net assets		292,514	332,792
Equity			
Issued capital	10a	619,285	604,920
Reserves	10b	(14,008)	(7,994)
Accumulated losses		(317,008)	(264,134)
Non-controlling interest	10c	4,245	-
Total equity		292,514	332,792

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	CONTRI- BUTED EQUITY	ACCUM- ULATED LOSSES	NON-CON- TROLLING INTEREST	RESERVES	TOTAL EQUITY
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2021	604,920	(264,134)	-	(7,994)	332,792
Loss after income tax expense for the year	-	(53,914)	-	-	(53,914)
Non-controlling interest	-	-	(2,956)	-	(2,956)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	354	354
Total comprehensive income/(loss) for the year	-	(53,914)	(2,956)	354	(56,516)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	13,488	-	-	-	13,488
Share-based payments	-	-	-	2,750	2,750
Issuance of 5% Non-controlling interest	-	-	7,201	(7,201)	-
Transfers from share-based payments reserve:					
- Issuance of shares	877	-	-	(877)	-
- Expired/lapsed options and performance rights	-	1,040	-	(1,040)	-
	14,365	1,040	7,201	(6,368)	16,238
Balance at 31 December 2021	619,285	(317,008)	4,245	(14,008)	292,514
Balance at 1 January 2020	563,694	(204,496)	-	(7,337)	351,861
Loss after income tax expense for the year	-	(60,870)	-	-	(60,870)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	(817)	(817)
Total comprehensive income/(loss) for the year	-	(60,870)	-	(817)	(61,687)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	40,809	-	-	-	40,809
Share-based payments	-	-	-	1,809	1,809
Transfers from share-based payments reserve:					
- Issuance of shares	417	-	-	(417)	-
- Expired/lapsed options and performance rights	-	1,232	-	(1,232)	-
	41,226	1,232	-	160	42,618
Balance at 31 December 2020	604,920	(264,134)	-	(7,994)	332,792

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	NOTES	US\$'000	US\$'000
Cash flows from operating activities			
Receipts from customers		25,361	12,845
Payments to suppliers and employees (inclusive of goods and services tax)		(60,564)	(46,233)
Interest received		135	472
Net cash inflow/(outflow) from operating activities	11	(35,068)	(32,916)
Cash flows from investing activities			
Payments for property, plant and equipment		(21,622)	(10,537)
Payments for intangibles		(86)	-
Payments for security deposits		-	(1,252)
Receipts from security deposits		2,363	-
Net cash inflow/(outflow) from investing activities		(19,345)	(11,789)
Cash flows from financing activities			
Proceeds from issue of shares		13,733	42,363
Proceeds from issue of convertible note		21,050	-
Share issue transaction costs		(223)	(1,554)
Payment for interest on lease liabilities		(1,215)	(1,214)
Payments of lease liabilities		(583)	(1,064)
Repayment of borrowings		-	(210)
Proceeds from borrowings		-	210
Net cash inflow/(outflow) from financing activities		32,762	38,531
Net (decrease)/increase in cash and cash equivalents		(21,651)	(6,174)
Cash and cash equivalents at beginning of the financial year		74,992	80,577
Effects of exchange rate changes on cash and cash equivalents		(427)	589
Cash and cash equivalents at end of the financial year	8a	52,914	74,992

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

HOW THE NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the Group, including:

- a. accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction
- b. analysis and sub-totals, including segment information
- c. information about estimates and judgements made in relation to particular items.

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NOTE 1. INTRODUCTION

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Syrah Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of the Syrah Resources Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain assets which, as noted, are at fair value.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the respective notes.

Estimate and assumptions which are material to the financial report are found in the following notes:

- > Close-down restoration and environmental obligations – estimation costs and the timing of expenditure – note 9(e)
- > Recoverability of deferred tax assets for carried forward tax losses – note 9(d)
- > Recoverability of input tax credits – note 8(b)
- > Carry forward value of exploration and evaluation – note 9(b)
- > Provisions – note 9(e)

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 19.

b) Reporting currency

Functional and presentation currency

The presentation currency of the Group is US Dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. All exchange differences in the consolidated financial statements are taken to the Statement of Comprehensive Income with the exception of exchange differences on certain US Dollar denominated receivables (held by the parent entity which has a functional currency of Australian Dollars) where the foreign currency components are deemed to be hedges of a net investment in a foreign operation. These are recognised in other comprehensive income and accumulated in a reserve until the amounts are settled or the foreign operation is disposed of (for net investment hedges), at which time they are recognised in the Statement of Comprehensive Income.

Translation

The assets and liabilities of entities within the group with functional currency other than US Dollars (being the presentation currency of the Group) are translated into US Dollars at the exchange rate at reporting date (31 December 2021: 0.7256) (31 December 2020: 0.7702) and the Statement of Comprehensive Income is translated at the average exchange rate for the financial year (2021: 0.7514) (2020: 0.6905). On consolidation, exchange differences arising from the translation of these subsidiaries are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

NOTE 2. SEGMENT INFORMATION

a) Description of segments

Management has determined and presented operating segments based on the reports reviewed by the Executive Management Team, who are the Group's chief operating decision makers in terms of assessing performance and allocating resources. The Board of Directors reviews the performance of the Group on a similar basis.

The Group primarily monitors performance according to the following three segments:

- Balama** Production, distribution and sale of natural flake graphite from the Balama Graphite Operation in Mozambique.
- Vidalia** Ongoing assessment and development of downstream Vidalia AAM opportunities for natural flake graphite including the development of a processing facility in the USA, potential customer engagement, and research and development.
- Corporate** Corporate administration and investing activities.

b) Segment information

	BALAMA	VIDALIA	CORPORATE	CONSOLIDATED
	US\$'000	US\$'000	US\$'000	US\$'000
Year ended 31 December 2021				
Total segment revenue	29,070	-	-	29,070
Inter-segment revenue	(26)	-	-	(26)
Revenue from external customers	29,044	-	-	29,044
Total segment EBITDA	(31,042)	(299)	(6,497)	(37,838)
Year ended 31 December 2020				
Total segment revenue	10,809	-	-	10,809
Inter-segment revenue	(20)	-	-	(20)
Revenue from external customers	10,789	-	-	10,789
Total segment EBITDA	(35,150)	(142)	(8,354)	(43,646)
Total segment current assets				
31 December 2021	28,064	12	53,483	81,559
31 December 2020	17,387	1	75,577	92,965
Total segment non-current assets				
31 December 2021	268,186	79,020	123	347,329
31 December 2020	278,139	60,643	195	338,977
Total segment liabilities				
31 December 2021	(58,168)	(6,794)	(71,412)	(136,374)
31 December 2020	(47,285)	(2,374)	(49,491)	(99,150)

NOTE 3. REVENUE

	2021	2020
	US\$'000	US\$'000
Revenue from external customers	29,044	10,789
Timing of revenue recognition		
- At a point in time – Product	24,518	9,536
- Over time – Freight	4,526	1,253

(a) Geographical information

Segment revenues from sales to external customers based on the geographical location of the port of discharge.

	2021	2020
	US\$'000	US\$'000
China	13,089	878
Europe	9,355	5,836
India	2,730	1,884
Americas	3,844	1,887
Other locations	26	304
	29,044	10,789

(b) Major customer information

Revenue from seven major customers (three in China, three in Europe and one in Americas) individually accounted for approximately 6% or greater of total segment revenues, and in aggregate amounted to \$18.2 million from the sale of natural graphite products on a CIF basis. Sales to Chinese customers were 45% of the total revenue, while sales to European, American, and Indian customers were 32%, 13% and 9%, respectively.

NOTE 4. COST OF SALES

	2021	2020
	US\$'000	US\$'000
Mining and production costs	44,230	28,395
Logistics costs	11,860	9,634
Government royalties	433	60
Depreciation and amortisation expense	10,151	9,772
Changes in inventories	(7,126)	892
Other costs	2,115	528
	61,663	49,281

NOTE 5. DISTRIBUTION COSTS

	2021	2020
	US\$'000	US\$'000
Shipping costs	5,367	1,812
Depreciation and amortisation	38	62
Other selling costs	1,753	1,980
	7,158	3,854

NOTE 6. ADMINISTRATIVE EXPENSES

	2021	2020
	US\$'000	US\$'000
<i>Employee benefits:</i>		
Salaries and wages	3,337	2,527
Share-based payments	2,770	1,809
Employee entitlements	227	161
Defined contribution superannuation expense	237	202
Total employee benefits expense	6,571	4,699
<i>Legal and consulting expenses:</i>		
Legal expenses	279	189
Consulting expenses	1,237	879
Total legal and consulting expenses	1,516	1,068
<i>Other expenses:</i>		
Other expenses	1,459	844
Total other expenses	1,459	844
Total administrative expenses	9,546	6,611

NOTE 7. INCOME TAX EXPENSE

a) Income tax expense

	2021	2020
	US\$'000	US\$'000
Current tax expense	-	-
Deferred tax expense	2,707	2,707
Total tax expense/(benefit)	2,707	2,707
<i>Deferred income tax</i>		
(Increase)/decrease in deferred tax assets	1,023	769
Increase/(decrease) in deferred tax liabilities	1,684	1,938
Total deferred tax expense/(benefit)	2,707	2,707

b) Numerical reconciliation of income tax for the year to prima facie tax payable

	2021	2020
	US\$'000	US\$'000
Loss from continuing operations before income tax	(54,163)	(58,163)
Tax at the Australian tax rate of 30% (2020 – 30%)	(16,249)	(17,449)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
- Share-based payments	831	543
- Other non-deductible expenses	1,195	656
- Difference in overseas tax rates	1,578	2,371
- Movement in unrecognised temporary differences	685	1,496
- (Under)/over provision in the prior year	(19)	130
- Current year taxation losses not recognised as deferred tax assets	10,880	12,398
- Other permanent differences	3,806	2,562
Income tax expense/(benefit)	2,707	2,707

c) Taxation losses and unrecognised temporary differences

	2021	2020
	US\$'000	US\$'000
Unused taxation losses for which no deferred tax asset has been recognised	131,053	94,215
Potential taxation benefit at 30%	39,316	28,265
Temporary differences for which no deferred tax asset (net) has been recognised	2	171

The taxation benefits of taxation losses and temporary differences not brought to account will only be obtained if:

- > the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised in the respective jurisdictions and within the allowed timeframes for tax loss utilization
- > the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
- > no change in tax legislation adversely affects the consolidated entity in realising the benefits from deducting the losses.

NOTE 8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a) Cash and cash equivalents

	2021	2020
	US\$'000	US\$'000
Cash at bank and in hand	21,109	9,994
Deposits at call	31,805	64,998
	52,914	74,992

Total cash is held in current accounts or money market deposits with major financial institutions under normal terms and conditions appropriate to the operation of the accounts. These deposits earn interest at rates set by these institutions. As at 31 December 2021 the weighted average interest rate on current accounts and term deposits was 0.21% (2020: 0.22%).

(i) Risk exposure

The Group's exposure to foreign exchange and interest rate risk is discussed in note 12. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

b) Trade and other receivables

	2021	2020
	US\$'000	US\$'000
Current		
Trade receivables	4,316	611
Prepayments	2,876	500
Other receivables	665	662
Input tax credits	8	164
Total current trade and other receivables	7,865	1,937
Non-current		
Input tax credits	4,678	6,784
Provision for impairment of input tax credits ⁽¹⁾	(824)	-
Security deposits ⁽²⁾	4,101	6,464
Total non-current trade and other receivables	7,955	13,248

(1) The Company regularly assesses the recoverability of input tax credits. As a result of the most recent assessment, the Company determined that there was some doubt relating to the recoverability of input tax credits at Twigg prior to 2017. As a result, a provision of \$0.8 million for impairment of input tax credits has been recognised as at 31 December 2021.

(2) Security deposits are restricted deposits that are used for monetary backing for performance guarantees

(i) Classification of Trade Receivables

Trade receivables are amounts due from customers from the sale of graphite. They are generally due for settlement within 30 days and therefore are all classified as current.

(ii) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 12.

(iii) Fair value measurement and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 12 for more information on the credit quality of the Group's trade and other receivables. For non-current receivables, the fair values are also not significantly different from their carrying amounts.

Significant estimates and judgements

As at 31 December 2021, the balance of input tax credits held by Twigg was \$3.9 million (2020: \$6.8 million). The Company regularly assesses the recoverability of input tax credits. As a result of the most recent assessment, the Company determined that there was some doubt relating to the recoverability of input tax credits at Twigg which originated prior to 2017. As a result, a provision of \$0.8 million for impairment of input tax credits has been recognised as at 31 December 2021. During the year ended 31 December 2021, recoveries of input tax credits of \$1.2 million were received (31 December 2020: \$8.6 million). Should management determine that some of these input tax credits are not recoverable in future, the Group will reclassify those amounts to the cost base of related assets, or recognise an expense in the profit or loss in the period the determination is made. The outstanding balance for input tax credit is classified as non-current due to uncertainties on the timing of receipts.

c) Trade and other payables

	2021	2020
	US\$'000	US\$'000
Current		
Trade payables and accruals	16,570	5,448
Other payables	1,492	1,140
Total current trade and other payables	18,062	6,588
Non-current		
Trade payables and accruals	1,496	985
Total non-current trade and other payables	1,496	985

(i) Risk exposure

Trade payables are non-interest bearing and are normally settled on repayment terms between 7 and 30 days. Information about the Group's exposure to foreign exchange risk is provided in note 12.

(ii) Fair value measurement

Due to the short-term nature of these payables, their carrying amount is assumed to approximate their fair value.

d) Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2021	2020
	US\$'000	US\$'000
Right of use assets		
Properties	9,666	11,163
Equipment	1,217	2,199
	10,883	13,362
Lease liabilities		
Current	3,229	1,417
Non-current	12,980	15,354
	16,209	16,771

The lease liability is measured at the present value of the fixed and variable lease payments, net of cash lease incentives, that are not paid at the balance date. Lease payments are apportioned between finance charges and a reduction of the lease liability using the incremental borrowing rate implicit in the lease where available, or an assumed Group incremental borrowing rate, to achieve a constant rate of interest on the remaining balance of the liability.

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2021	2020
	US\$'000	US\$'000
Depreciation charge of Right of use assets		
Properties	1,519	1,574
Equipment	982	982
	<u>2,501</u>	<u>2,556</u>
Interest expense (included in finance cost)	1,104	1,178
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	45	44
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	4	3

The total cash outflow for leases in 2021 was \$1.8 million (2020: \$2.3 million).

e) Borrowings

	2021	2020
	US\$'000	US\$'000
Initial face value of Convertible Notes ⁽¹⁾ issued	60,143	39,093
Capitalised to principal outstanding		
- Interest expense	8,827	4,234
- Transaction costs	1,203	782
Deferred transaction costs	(782)	(584)
Exchange differences	461	3,943
Total Convertible Notes	<u>69,852</u>	<u>47,468</u>

(1) Syrah Resources Limited issued a 5-year unsecured A\$55.8 million Convertible Note Series 1 in October 2019 and A\$28.0 million Convertible Note Series 3 in June 2021 to AustralianSuper Pty Ltd as Trustee for AustralianSuper. Under the terms of the Convertible Notes, the Group elected to accrue interest on the principal outstanding at a rate of 8% per annum, capitalised quarterly in arrears. Syrah Resources Limited also incurred total of A\$1.7 million transaction costs related to the issuance of the Convertible Notes which were capitalised when the Notes were issued and are amortised to Finance Expense over the term of the Convertible Notes.

NOTE 9. NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES

a) Inventories

	2021	2020
	US\$'000	US\$'000
Stores and materials	12,967	14,149
Ore stockpile	241	-
Work in progress	23	-
Finished goods	7,154	1,588
	<u>20,385</u>	<u>15,737</u>

Inventory write-down

Write-down of inventories to net realisable value totaled \$1.3 million in 2021 (2020: \$2.6 million) and were recognised as an expense in the income statement.

b) Mining assets

	2021	2020
	US\$'000	US\$'000
Exploration and evaluation	1,308	1,311
Mine properties and development	131,456	132,897
Total mining assets	132,764	134,208

Movements in Mining Assets are set out below:

	EXPLORATION AND EVALUATION	MINE PROPERTIES AND DEVELOPMENT	TOTAL
	US\$'000	US\$'000	US\$'000
At 1 January 2021			
Cost	1,311	136,484	137,795
Accumulated amortisation and impairment	-	(3,587)	(3,587)
Net book amount	1,311	132,897	134,208

For the financial year ended 31 December 2021

Balance at beginning of the year	1,311	132,897	134,208
Additions	-	341	341
Change in rehabilitation estimate	-	1,386	1,386
Amortisation expenses	-	(3,168)	(3,168)
Exchange differences	(3)	-	(3)
Balance at end of the year	1,308	131,456	132,764

For the financial year ended 31 December 2020

Balance at beginning of the year	1,306	119,425	120,731
Additions	-	13,459	13,459
Change in rehabilitation estimate	-	3,600	3,600
Amortisation expenses	-	(3,587)	(3,587)
Exchange differences	5	-	5
Balance at end of the year	1,311	132,897	134,208

Exploration and evaluation

The balance of Exploration and Evaluation relates to the Vanadium project at Balama and continues to be carried forward in accordance with the exploration and evaluation accounting policy. The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation or alternatively the sale of the respective interests at an amount at least equal to book value.

Mine Properties and Development

Mine Properties and Development mainly relate to the development, construction and pre-commercial production costs of Balama in Mozambique.

c) Property, plant and equipment

	LAND AND BUILDINGS	PLANT AND EQUIPMENT	COMPUTER EQUIPMENT	ASSETS UNDER CONSTRUCTION	RIGHT OF USE ASSETS	TOTAL
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2021						
Cost	15,024	119,380	924	67,969	18,680	221,977
Accumulated depreciation and impairment	(5,390)	(46,378)	(447)	-	(5,318)	(57,533)
Net book amount	9,634	73,002	477	67,969	13,362	164,444
For the financial year ended 31 December 2021						
Balance at beginning of period	9,634	73,002	477	67,969	13,362	164,444
Additions	-	6,488	23	17,562	25	24,098
Disposals (at net book value)	-	(19)	(2)	-	-	(21)
Depreciation expense	(375)	(4,357)	(131)	-	(2,501)	(7,364)
Exchange differences	-	(1)	(1)	(632)	(3)	(637)
Balance at end of the year	9,259	75,113	366	84,899	10,883	180,520
At 31 December 2021						
Cost	15,024	125,629	887	84,899	17,952	244,391
Accumulated depreciation and impairment	(5,765)	(50,516)	(521)	-	(7,069)	(63,871)
Net book amount	9,259	75,113	366	84,899	10,883	180,520
At 1 January 2020						
Cost	14,396	116,676	905	59,533	19,599	211,109
Accumulated depreciation and impairment	(5,084)	(42,152)	(307)	-	(2,895)	(50,438)
Net book amount	9,312	74,524	598	59,533	16,704	160,671
For the financial year ended 31 December 2020						
Balance at beginning of period	9,312	74,524	598	59,533	16,704	160,671
Additions	628	2,683	7	7,512	179	11,009
Lease modifications (at net book value)	-	-	-	-	(975)	(975)
Depreciation expense	(306)	(4,207)	(129)	-	(2,556)	(7,198)
Exchange differences	-	2	1	924	10	937
Balance at the end of the year	9,634	73,002	477	67,969	13,362	164,444
At 31 December 2020						
Cost	15,024	119,380	924	67,969	18,680	221,977
Accumulated depreciation and impairment	(5,390)	(46,378)	(447)	-	(5,318)	(57,533)
Net book amount	9,634	73,002	477	67,969	13,362	164,444

Assets Under Construction

Assets Under Construction at 31 December 2021 consists of capitalised project and product development costs for the downstream Vidalia project of \$79.0 million (2020: \$60.7 million) and capital costs for Balama of \$5.9 million (2020: \$7.3 million).

Significant estimates and judgements

Impairment of non-financial assets

The Group performs an impairment assessment where there is an indication of possible impairment. Impairment assessments are performed using information from internal sources as well as external sources, including industry analysts and analysis performed by external parties.

The recoverable amount of each cash generating unit is considered to be the higher of fair value less costs of disposal or value-in-use. Where an impairment assessment is required, the Group undertakes cash flow calculations based on a number of critical estimates, assumptions and forward estimates including commodity price expectations, foreign exchange rates, discount rates, reserves and resources and expectations regarding future development costs as well as production, sales and operating costs which are subject to risk and uncertainty.

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

No indicator of impairment was identified as at 31 December 2021.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of change in Ore Reserves and Mineral Resources, technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets are abandoned or sold and written off or written down.

Determination of Mineral Resources and Ore Reserves

Mineral Resources and Ore Reserves are based on information compiled by a Competent Person as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2012 (the JORC 2012 code). There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of ore reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for decommissioning and restoration.

Impairment of exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to develop and exploit an area of interest or, if not, whether it recovers the related exploration and evaluation asset through sale.

d) Deferred tax balances

	2021	2020
	US\$'000	US\$'000
<i>The balance comprises temporary differences attributable to:</i>		
Deferred tax assets		
Taxation losses ⁽¹⁾	2,302	2,302
Mining assets	23,659	24,682
Total deferred tax assets	25,961	26,984
Deferred tax liabilities		
Non-financial assets	(3,622)	(1,938)
Total deferred tax liabilities	(3,622)	(1,938)

(1) Relates to tax losses generated by Twigg in Mozambique, which have a 5 year utilisation requirement under Mozambique tax laws.

Movements in deferred tax balances - 31 December 2021

	BALANCE AT 1 JANUARY 2021	(CHARGED) / CREDITED TO PROFIT OR LOSS	BALANCE AT 31 DECEMBER 2021
	US\$'000	US\$'000	US\$'000
Deferred tax assets			
Taxation losses	2,302	-	2,302
Mining assets	24,682	(1,023)	23,659
Total deferred tax assets	26,984	(1,023)	25,961
Deferred tax liabilities			
Non-financial assets	(1,938)	(1,684)	(3,622)
Total deferred tax liabilities	(1,938)	(1,684)	(3,622)

Movements in deferred tax balances - 31 December 2020

	BALANCE AT 1 JANUARY 2020	(CHARGED) / CREDITED TO PROFIT OR LOSS	BALANCE AT 31 DECEMBER 2020
	US\$'000	US\$'000	US\$'000
Deferred tax assets			
Taxation losses	2,302	-	2,302
Mining assets	25,451	(769)	24,682
Total deferred tax assets	27,753	(769)	26,984
Deferred tax liabilities			
Non-financial assets	-	(1,938)	(1,938)
Total deferred tax liabilities	-	(1,938)	(1,938)

The Group's accounting policy for taxation requires management judgment in relation to the application of income tax legislation. There are many transactions and calculations undertaken during the ordinary course of business where the ultimate tax determination is uncertain. The Group recognises liabilities for tax, and if applicable taxation investigation or audit issues, based on whether tax will be due and payable. Where the taxation outcome of such matters is different from the amount initially recorded, such difference will impact the current and deferred tax positions in the period in which the assessment is made.

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent upon the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised. In addition, the utilisation of taxation losses also depends on the ability of the tax consolidated entities to satisfy certain tests at the time the losses are recouped.

For the year ended 31 December 2021, Syrah has assessed whether the carried forward tax losses generating the deferred tax assets currently recognised on balance sheet will be utilised within the time periods required under Mozambique tax law. Syrah has determined that carried forward tax losses currently recognised on balance sheet will be utilised. However Syrah has determined that it will not recognise further tax losses on the balance sheet at this point in time.

e) Provisions

	2021	2020
	US\$'000	US\$'000
Current		
Employee benefits	714	522
Other provisions	1,459	319
	<u>2,173</u>	<u>841</u>
Non-current		
Employee benefits	102	79
Decommissioning and restoration	15,004	13,590
Other provisions	9,854	10,890
	<u>24,960</u>	<u>24,559</u>

Movements in decommissioning and restoration provision

	2021	2020
	US\$'000	US\$'000
Balance at beginning of the year	13,590	9,957
Additional provisions:		
- Capitalised to Mine Properties and Development (note 9b)	1,386	3,600
- Unwind of discount	28	33
Balance at end of the year	<u>15,004</u>	<u>13,590</u>

Employee benefits

Employee benefits provisions relate to employee entitlements such as annual leave and long service leave.

Other provisions

Other provisions relating to obligation to incur expenditure on Balama community development initiatives. The provision is capitalised into Mine Properties and Development as shown in Note 9(b).

Significant Estimates and Judgements

The provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessment of the time value of the money. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning and restoration

Decommissioning, dismantling of property, plant and equipment and restoration are normal for the mining industry, and the majority of this expenditure will be incurred at the end of a mine's life. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), the estimated future level of inflation, and time value of money.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including progression of construction/development activities, changes to the relevant legal requirements, the emergence of new restoration techniques or industry experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results. These estimates are reviewed annually and adjusted where necessary to ensure that the most up to date data is used.

The provision is the present value of estimated future expenditure to restore the current level of disturbance. These costs have been capitalised as part of Mine Properties and Development and will be amortised over the estimated life of the mine.

Additional decommissioning and restoration provisions required as a result of continuing activities or future operations will be recognised in the future as and when new areas are disturbed, or new structures built, and the obligation to remediate the affected areas arises.

NOTE 10. EQUITY

a) Issued capital

	2021	2020	2021	2020
	SHARES	SHARES	US\$'000	US\$'000
Issued and fully paid ordinary shares	498,734,723	477,087,059	619,285	604,920
	498,734,723	477,087,059	619,285	604,920

(i) Movements in ordinary share capital

	NUMBER OF SHARES	WEIGHTED AVERAGE ISSUE PRICE (A\$)	TOTAL US\$'000
31 December 2021			
Balance at beginning of the year	477,087,059	-	604,920
Issue of new shares:			
- Share purchase plan	20,004,155	A\$0.90	13,733
- Equity-settled remuneration	1,643,509	-(1)	-
Transfers from share-based payment reserve(2)	-	-	877
Capital raising costs	-	-	(245)
Balance at end of the year	498,734,723	-	619,285
31 December 2020			
Balance at beginning of the year	413,493,062	-	563,694
Issue of new shares:			
- Institutional placement	62,228,746	A\$0.90	42,363
- Equity-settled remuneration	1,365,251	-(1)	-
Transfers from share-based payment reserve(2)	-	-	417
Capital raising costs	-	-	(1,554)
Balance at end of the year	477,087,059	-	604,920

(1) The cost associated with issuance of these shares is included in the transfers from share-based payments reserve line item.

(2) Represents transfers from the share-based payment reserves on issuance of shares.

(ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held.

Ordinary shares entitle their holder to one vote per share, either in person or by proxy, at a meeting of the Company. Ordinary shares have no par value and the Company does not have a limited amount of authorised share capital.

(iii) Share options and share rights

The Company has a share-based payment scheme under which options and share rights have been granted to Non-Executive Directors, Executives and selected Senior Employees. Information in relation to the Group's Long Term Incentive Plan and Share Option Plan Rules including details of options and share rights issued and exercised during the financial year and outstanding at the end of the financial year are set out in note 16.

There are no voting or dividend rights attached to share options and share rights.

(iv) Share buy-back

There is no current on-market share buy-back.

(v) Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may return capital to shareholders, or issue new shares.

b) Reserves

	2021	2020
	US\$'000	US\$'000
Foreign currency translation reserve	(18,026)	(18,380)
Share-based payments reserve	4,018	10,386
	(14,008)	(7,994)

(i) Movements in reserves

Movements in each class of reserve are set out below:

	FOREIGN CURRENCY RESERVE	SHARE-BASED PAYMENTS RESERVE	TOTAL
	US\$'000	US\$'000	US\$'000
31 December 2021			
Balance at beginning of the year	(18,380)	10,386	(7,994)
Foreign currency translation	354	-	354
Share-based payments	-	2,750	2,750
Issuance of 5% non-controlling interest	-	(7,201)	(7,201)
Issuance of shares	-	(877)	(877)
Transfer of expired/lapsed options and performance rights	-	(1,040)	(1,040)
Balance at end of the year	(18,026)	4,018	(14,008)
31 December 2020			
Balance at beginning of the year	(17,563)	10,226	(7,337)
Foreign currency translation	(817)	-	(817)
Share-based payments	-	1,809	1,809
Issuance of shares	-	(417)	(417)
Transfer of expired/lapsed options and performance rights	-	(1,232)	(1,232)
Balance at end of the year	(18,380)	10,386	(7,994)

(ii) Nature and purpose of reserves

Foreign currency reserve

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the profit and loss when the net investment is disposed of.

The Group assesses the functional currency of each entity in the consolidated group when there are changes in circumstances that could result in a change in the currency that predominantly influences the economic results of each respective entity. With effect from 1 January 2017, the functional currency of Twigg was changed from Mozambique Meticals (MZN) to the United States Dollar (USD) on the basis that the USD is the currency that predominately influences the revenues, expenditures and financing activities of this entity going forward.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of equity benefits and equity-settled contractual obligations issued by the Company (refer note 16(b) for further details).

c) Non-controlling interest

In accordance with the obligations imposed on Group's subsidiary Twigg Exploration and Mining Limitada under the Mining Agreement with the Mozambique Government, Syrah completed the transfer of 5% quota holding in Twigg Exploration and Mining Limitada to Empresa Mocambicana De Exploracao Mineira, S.A ("EMEM").

The transaction was accounted for under AASB 2 Share-based Payment and measured at fair value when the agreement was entered into in 2018. In 2021, the shares were transferred to EMEM at which point the share-based payment reserve was transferred to non-controlling interest.

NOTE 11. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2021	2020
	US\$'000	US\$'000
Loss after income tax expense for the year	(56,870)	(60,870)
<i>Adjustments for:</i>		
Depreciation and amortisation expense	10,630	10,003
Gain/(loss) on fixed asset disposal	21	-
Share-based payments	2,770	1,809
Revaluation of asset	(117)	(137)
Interest expense	6,345	4,733
Net foreign exchange (gain)/loss	(2,868)	2,036
<i>Changes in operating assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(2,968)	9,261
Increase/(decrease) in trade and other payables	9,790	(4,324)
Increase/(decrease) in provisions	139	(420)
(Increase)/decrease in inventory	(4,648)	2,286
(Increase)/decrease in deferred tax assets	1,024	769
Increase/(decrease) in deferred tax liabilities	1,684	1,938
Net cash outflow from operating activities	(35,068)	(32,916)

RISK

This section of the notes discusses the group's exposure to various risk and shows how these could affect the group's financial position and performance.

NOTE	RISK	PAGE
12	FINANCIAL RISK MANAGEMENT	74

NOTE 12. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, foreign exchange risk and aging analysis for credit risk.

The Group continues to assess the impacts on its business broadly, and Financial Risk Management specifically, from COVID-19 and geopolitical events including conflicts. These impacts include demand for its products, supply chain and people movement disruptions, and financial market volatility (including currency markets). Syrah is particularly focused on managing its Liquidity Risk and assessing a range of production and demand scenarios over the next 12 months.

Financial risk management is carried out by the Audit and Risk Committee under guidelines established by the Board. The Group holds the following financial instruments:

	2021	2020
	US\$'000	US\$'000
Financial Assets		
Cash and cash equivalents	52,914	74,992
Trade and other receivables	15,820	15,185
Available-for-sale financial assets	395	299
	69,129	90,476
Financial Liabilities		
Trade and other payables	19,558	7,573
Borrowings	69,852	47,468
Lease liabilities	16,209	16,771
	105,619	71,812

a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Mozambican Meticals (MZN) and Australian Dollars (AUD).

Foreign exchange risk arises from recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency and the impact of exchange rate movements on net investment in foreign subsidiaries. The risk is measured using sensitivity analysis and cash flow forecasting.

At this time the Group does not manage its prospective foreign exchange risk with currency hedges. The Group's exposure to foreign currency risk at the reporting date, expressed in USD, was as follows:

	2021	2020
	US\$'000	US\$'000
Assets		
- US Dollars ⁽¹⁾	26,992	54,604
- Mozambique Meticals	2,957	1,541
- Other	58	33
	30,007	56,178
Liabilities		
- US Dollars	392	352
- Mozambique Meticals	5,764	975
- South African Rand	329	187
- Australian Dollars	745	103
	7,230	1,617
Net surplus/(deficit) position	22,777	54,561

(1) Relates to US Dollar denominated financial assets and liabilities held by the parent entity, Syrah Resources Limited, which has an Australian dollar functional currency.

Group sensitivity

Based on the financial instruments held at 31 December 2021 and the net investments in foreign subsidiaries, had the USD strengthened/weakened by 5% against the above currencies with all other variables held constant, the impact on consolidated results for the financial year would have changed as follow:

	IMPACT ON LOSS AFTER TAX (HIGHER)/ LOWER		IMPACT ON EQUITY HIGHER/ (LOWER)	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
USD +5%	(1,115)	(2,601)	(1,597)	400
USD -5%	1,232	2,875	1,765	(442)

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk relates to interest income on Cash and Cash Equivalents. The entity does not hold any financial assets or liabilities whose fair value would be impacted by interest rates. A reasonably possible movement in interest rates would not have a material impact on the consolidated results or equity for the year.

Under the terms of the Convertible Notes, the Group can elect each quarter to capitalise interest and add the amount to the Principal Outstanding at a rate of 8.0% or pay interest in cash at a rate of 7.5%. These interest rates are fixed for the term of the Convertible Notes.

b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from Cash and Cash Equivalents and deposits with banks and financial institutions as well as amounts owing from the sale of graphite to customers.

The Group limits its counterparty credit risk on liquid funds by dealing only with reputable global banks or financial institutions. The Group's cash reserves are also spread amongst financial institutions to reduce concentration of credit risk.

The Group has policies in place to manage exposures to customers from the sale of graphite including credit coverage by the issuance of letters of credit from high credit quality financial institutions and limits on credit exposures to individual customers where there is no letter of credit by setting maximum credit exposures for individual customers and not releasing bills of lading until receipt of the amount outstanding. Credit exposure limits are approved by the Audit and Risk Committee.

As at 31 December 2021, the trade receivables balance was US\$4.3 million (2020: US\$0.6 million) which are mostly covered within the maximum credit exposures for individual customers and by the non-release of the bill of lading pending the receipt of the amount owing. There were only \$0.6 million of trade receivables overdue as at 31 December 2021 which were fully recovered in early 2022.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group has announced commercial production of natural graphite products from Balama but is not yet cashflow positive. The Company may require additional financing, in addition to cash reserves, to meet operating and capital expenditure requirements for Balama, general and administrative expenditures and Vidalia Facility activities.

Maturities of Financial Liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

AS AT 31 DECEMBER 2021	LESS THAN 6 MONTHS	BETWEEN 6-12 MONTHS	BETWEEN 1-2 YEARS	BETWEEN 2-5 YEARS	OVER 5 YEARS	TOTAL CON- TRACTUAL CASH FLOWS	CARRYING AMOUNT LIABILITIES
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-derivatives							
<i>Non-interest bearing</i>							
- Current Trade and other payables	18,062	-	-	-	-	18,062	18,062
<i>Interest bearing</i>							
- Non current Trade and other payables	-	-	-	-	4,640	4,640	1,496
- Lease liabilities	1,190	1,723	2,447	6,484	8,212	20,055	16,209
- Non-current borrowings ⁽¹⁾	-	-	-	88,360	-	88,360	69,852
Total non-derivative liabilities	19,252	1,723	2,447	94,844	12,852	131,117	105,619

(1) Non-current borrowings represent the Convertible Notes issued by the Group. The Convertible Notes have a 5 year term however the noteholder may elect to convert into fully paid ordinary shares of Syrah Resources Limited any time after 30 months from Date of Completion and prior to maturity or earlier if: a third party makes a takeover offer for all the Shares in the Company; or, the Company announces the execution of a scheme implementation agreement in respect of acquisition of all the Shares in the Company by scheme of arrangement. In an Event of Default the Noteholder may give notice to the Company to demand payment of the Principal Outstanding on the Convertible Notes by way of redemption of the Convertible Notes, in which case the Principal Outstanding shall become immediately due and payable; or, elect to Convert the Convertible Notes into Shares.

AS AT 31 DECEMBER 2020	LESS THAN 6 MONTHS	BETWEEN 6-12 MONTHS	BETWEEN 1-2 YEARS	BETWEEN 2-5 YEARS	OVER 5 YEARS	TOTAL CON- TRACTUAL CASH FLOWS	CARRYING AMOUNT LIABILITIES
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-derivatives							
<i>Non-interest bearing</i>							
- Current Trade and other payables	6,588	-	-	-	-	6,588	6,588
<i>Interest bearing</i>							
- Non current trade and other payables	-	-	-	-	1,630	1,630	985
- Lease liabilities	691	1,046	3,349	6,654	10,481	22,221	16,771
- Non-current borrowings ⁽¹⁾	-	-	-	65,143	-	65,143	47,468
	7,279	1,046	3,349	71,797	12,111	95,582	71,812

(1) Non-current borrowings represent the Convertible Note issued by the Group. The Convertible Note have a 5 year term however the noteholder may elect to convert into fully paid ordinary shares of Syrah Resources Limited any time after 30 months from Date of Completion and prior to maturity or earlier if: a third party makes a takeover offer for all the Shares in the Company; or, the Company announces the execution of a scheme implementation agreement in respect of acquisition of all the Shares in the Company by scheme of arrangement. In an Event of Default the Noteholder may give notice to the Company to demand payment of the Principal Outstanding on the Convertible Note by way of redemption of the Convertible Note, in which case the Principal Outstanding shall become immediately due and payable; or, elect to Convert the Convertible Note into Shares.

d) Capital risk management

When managing capital, the Group's objective is to safeguard the ability to continue as a going concern so that the Group continues to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Management is constantly reviewing and adjusting, where necessary, the capital structure. This involves the use of corporate forecasting models which enable analysis of the Group's financial position including cash flow forecasts to determine future capital management requirements. To ensure sufficient funding, a range of assumptions are modelled to determine sensitivities of the Group's financial position and capital requirements under different circumstances and/or potential outcomes.

UNRECOGNISED ITEMS

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

NOTE	UNRECOGNISED ITEMS	PAGE
13	COMMITMENTS, CONTINGENCIES AND GUARANTEES	78
14	EVENTS OCCURRING AFTER THE REPORTING PERIOD	78

NOTE 13. COMMITMENTS, CONTINGENCIES AND GUARANTEES

a) Capital expenditure commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2021	2020
	US\$'000	US\$'000
Property, plant and equipment	20,598	1,278
Total capital commitments	20,598	1,278

The above capital expenditure commitments are in relation to the development and construction of Balama in Mozambique and the development of the downstream Vidalia project.

b) Contingencies

The Group did not have any contingent assets or liabilities at the end of the current and previous financial years.

c) Guarantees

Bank guarantees from Twigg Exploration and Mining Limitada which unconditionally and irrevocably guarantee in favor of the Ministry of Minerals Resources and Energy (MIREME) in Mozambique, the due and punctual payment of amounts up to a maximum amount of MZN 536 million (US\$8.4 million) as at 31 December 2021 (2020: US\$6.2 million) are required in relation to the rehabilitation or removal of project infrastructure as per the mine closure plan for Balama. The Company is in the process of renewing the bank guarantees.

Parent company guarantee is required to be provided by Syrah Resources Limited in favour of the Government of Mozambique, which unconditionally and irrevocably guarantees amounts up to a maximum of US\$22.5 million to cover any loss or damage or other costs arising out of, or associated with, a breach of the Mining Concession held by Twigg. This guarantee was required to remain in place for a period of two years after the signing of the Mining Agreement. This guarantee expired prior to end of this reporting period, although a formal release of the guarantee by the Government of Mozambique has not yet been received.

NOTE 14. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Following Syrah's announcement in December 2021 regarding the execution of an offtake agreement to supply AAM from Vidalia, on 7 February 2022, Syrah announced that the final investment decision had been taken for Vidalia's initial expansion to 11.25ktpa AAM production capacity. This decision advances Syrah's strategy to become a vertically integrated natural graphite AAM supplier for USA and European battery supply chain participants and OEM customers. At the same time, Syrah announced a fully underwritten institutional placement (Placement) and a 1 for 5.9 pro rata accelerated non-renounceable entitlement offer (Entitlement Offer) to raise a \$250 million (US\$178 million). On 9 February 2022, Syrah announced the successful completion of the Placement and the Institutional Entitlement Offer raising approximately A\$125 million (US\$89 million) and A\$68 million (US\$47 million) respectively. On 3 March 2022, Syrah announced the completion of the Retail Entitlement Offer. Valid applications from eligible retail shareholders for new shares under the Retail Entitlement Offer, and the issue of new shares to sub-underwriters, representing entitlements that were not taken up by eligible retail shareholders under the Retail Entitlement Offer and entitlements of ineligible foreign retail shareholders, raised approximately A\$57 million (US\$40 million).

No other events have occurred subsequent to 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the state of affairs in future financial periods.

ADDITIONAL OTHER INFORMATION

This section of the notes includes additional other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

NOTE	ADDITIONAL OTHER INFORMATION	PAGE
15	RELATED PARTY TRANSACTIONS	80
16	SHARE-BASED PAYMENTS	81
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21	DEED OF CROSS GUARANTEE	86
22	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	89

NOTE 15. RELATED PARTY TRANSACTIONS

a) Ultimate parent

Syrah Resources Limited is the ultimate holding company of the Group.

b) Subsidiaries

Interests in subsidiaries are set out in note 20.

c) Key management personnel compensation

	2021	2020
	US\$	US\$
Short-term employee benefits	1,502,317	1,487,662
Post-employment benefits	77,320	91,952
Other benefits	9,154	251,801
Share-based payments	1,377,155	1,278,449
	2,965,946	3,109,864

Detailed remuneration disclosures are provided in the Remuneration Report on pages 23 to 48 of the Annual Report.

d) Transactions with related parties

Transactions with related parties are set out below:

	2021	2020
	US\$	US\$
<i>Purchases of goods and services</i>		
Legal services provided by Sal & Caldeira Advogados, Lda ⁽¹⁾	77,084	79,989

(1) Represents legal services provided to the Company by Sal & Caldeira Advogados, Ltd in Mozambique. J Caldeira is a Non-Executive Director of the Company and is a Senior Partner at Sal & Caldeira Advogados, Lda.

e) Outstanding balances arising from purchases of goods and services

	2021	2020
	US\$	US\$
Trade and other payables		
Legal services provided by Sal & Caldeira Advogados, Lda ⁽¹⁾	11,535	-

(1) Represents outstanding balances arising of legal services provided to the Company by Sal & Caldeira Advogados, Ltd in Mozambique. J Caldeira is a Non-Executive Director of the Company and is a Senior Partner at Sal & Caldeira Advogados, Lda.

f) Loans to/from related parties

There are no loans made to or from related entities by the Group.

NOTE 16. SHARE-BASED PAYMENTS

a) Types of share based payment plans

The Group has a Non-Executive Director Share Rights Plan, Equity Incentive Plan, Long-Term Incentive Plan and a Share Option Plan in existence.

These share-based payment plans form an important part of a comprehensive remuneration strategy for the Company's employees and Directors and align their interests with those of shareholders by linking rewards to the long-term success of the Company and its financial performance.

(i) Non-Executive Director Share Rights Plan ("NEDSP")

The NEDSP was established and approved by shareholders at the Annual General Meeting on 22 May 2020. The plan is intended to support NEDs to develop a meaningful shareholding in the Company and as a means of aligning the interests of NEDs and shareholders generally through the diversion of current and future cash remuneration to equity. In addition, it will assist the company in implementing its cost reduction strategies and maintain its cash reserves.

The key element of the NEDSP for NEDs is that it provides the opportunity for NEDs to sacrifice part or all of their cash fees in favour of Equity Securities under this plan to build their shareholding in the Company. The introduction of the NEDSP is also intended to remunerate individual NEDs for any material additional efforts that individual NEDs are required to deliver in progressing the Company's goals.

The NEDSP does not attach any performance measures to vesting. This is in line with best practice governance standards which recommend that non-executive directors generally should not receive equity with performance hurdles attached as it may lead to bias in decision-making and compromise their objectivity and in turn their independence.

(ii) Equity Incentive Plan ("EIP")

The EIP was established and approved by shareholders at an Annual General Meeting held on 17 May 2018, and applies to all shares, performance rights and options offered for grant from 17 May 2018 onwards. Under the EIP, the Company may issue performance rights, options and shares to directors and employees of the Company (or a subsidiary). The grant of performance rights, options and shares is subject to such conditions (if any) as determined by the Board of Directors. Any performance rights, options and shares granted under the EIP may be subject to such vesting conditions (if any) as determined by the Board of Directors.

(iii) Long Term Incentive Plan ("LTIP")

The LTIP was established and approved by shareholders at an Annual General Meeting held on 13 November 2015 and enables the Company, at the discretion of the Board of Directors, to offer employees and Directors a number of equity related interests, including options, performance rights and shares. No further options, performance rights or shares will be issued under this plan.

Measurement

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options granted is determined by using the Black-Scholes model considering the terms and conditions upon which the instruments were granted and based upon the assumptions detailed above. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

b) Summary and movement of options on issue

The table below summarises the number, weighted average exercise prices and movements in Options on issue during the financial year:

	2021		2020	
	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS
Balance at beginning of the year	A\$ 2.61	1,600,000	A\$3.25	2,600,000
Granted during the year	-	-	-	-
Exercised during the year ⁽¹⁾	-	-	-	-
Expired during the year	A\$ 3.75	(1,000,000)	A\$4.27	(1,000,000)
Balance at end of the year	A\$ 0.70 ⁽²⁾	600,000	A\$2.61	1,600,000
Vested and exercisable at end of year	A\$ 0.70 ⁽²⁾	600,000	A\$2.61	1,600,000

(1) There were no options exercised during the year ended 31 December 2021 and 2020.

(2) Effective from 17 March 2022, the exercise price of these options were reduced by A\$0.03 (3 cents) per options to A\$0.67 in accordance with the terms of the Employee Incentive Plan adopted on 17 May 2018 and refreshed on 21 May 2021, ASX Listing Rules 3.11.2 and 6.22 as a result of the issuance of shares from a 1 for 5.9 pro-rata accelerated non-renounceable entitlement offer.

Each option is convertible into one ordinary share. There are no voting or dividend rights attached to the options. Voting and dividend rights will attach to the ordinary shares when the options have been exercised.

The outstanding balance of options as at 31 December 2021 is represented by:

	2021		2020	
	NUMBER OF OPTIONS	EXERCISE PRICE RANGE	NUMBER OF OPTIONS	EXERCISE PRICE RANGE
Options issued as part of the EIP	600,000	A\$0.70 ⁽¹⁾	1,600,000	A\$0.70 ⁽¹⁾ to A\$4.34

Share options outstanding at the end of the financial year have the following expiry dates and exercise prices:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	2021	2020
			NUMBER	NUMBER
25-Jun-2018	25-Jun-2021	A\$4.34	-	600,000
27-May-2019	16-Jul-2021	A\$2.86	-	400,000
07-Oct-2019	07-Oct-2022	A\$0.70 ⁽¹⁾	600,000	600,000
Total Options			600,000	1,600,000
Weighted average remaining contractual life of options outstanding at the end of the year			0.77 year	0.98 year

(1) Effective from 17 March 2022, the exercise price of these options were reduced by A\$0.03 (3 cents) per options to A\$0.67 in accordance with the terms of the Employee Incentive Plan adopted on 17 May 2018 and refreshed on 21 May 2021, ASX Listing Rules 3.11.2 and 6.22 as a result of the issuance of shares from a 1 for 5.9 pro-rata accelerated non-renounceable entitlement offer.

c) Summary and movement of performance rights on issue

The table below summarises the number and movements in Performance Rights issued during the financial year:

	2021	2020
	NUMBER	NUMBER
Balance at the beginning of the year	17,747,946	2,026,974
Granted during the year	3,410,166	16,248,463
Exercised during the period	(1,140,928)	(12,240)
Lapsed during the year	(1,821,583)	(285,256)
Forfeited during the year	-	(229,995)
Balance at the end of the year	18,195,601	17,747,946
At 31 December 2021:		
- Vested	1,579,590	-
- Unvested	16,616,011	17,747,946
	18,195,601	17,747,946

Performance testing dates for unvested Performance Rights above are as follows:

- 31 December 2020	-	3,126,652
- 01 January 2021	-	95,988
- 31 March 2021	-	188,324
- 01 January 2022	3,290,850	3,221,098
- 03 June 2022	100,000	100,000
- 01 January 2023	6,231,160	6,215,884
- 22 May 2023	100,000	-
- 01 January 2024	4,494,001	2,400,000
- 01 January 2025	2,400,000	2,400,000
	16,616,011	17,747,946

Performance rights on issue as part of the NEDSP, EIP and LTIP have a nil exercise price.

d) Non-controlling interest

In accordance with the obligations imposed on Group's subsidiary Twigg Exploration and Mining Limitada under the Mining Agreement with the Mozambique Government, Syrah completed the transfer of 5% quota holding in Twigg Exploration and Mining Limitada to EMEM.

The transaction was accounted for under AASB 2 *Share-based payment* and measured at fair value when the agreement was entered into in 2018. In 2021, the shares were transferred to EMEM at which point the share-based payment reserve was transferred to non-controlling interest.

e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the financial year were as follows:

	2021	2020
	US\$'000	US\$'000
Recognised in profit and loss:		
Employee benefits		
- Options issued under the EIP	-	61
- Performance rights issued under the EIP	1,787	1,326
- Performance rights issued under the NEDSP	385	96
- Equity settled remuneration	598	326
	2,770	1,809

NOTE 17. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

	2021	2020
	US\$'000	US\$'000
Assurance services:		
PwC Australian firm	191	209
Network firms of PwC Australian firm	79	65
Total remuneration for audit services	270	274
Non-assurance services:		
PwC Australian firm		
Tax compliance services	34	28
Tax consulting services	60	73
Network firms of PwC Australian firm		
Other consulting services	-	4
Total remuneration for non-assurance services	94	105
Total remuneration paid to PricewaterhouseCoopers	364	379

NOTE 18. EARNINGS PER SHARE

	2021	2020
	US Cents	US Cents
Earnings/(losses) per share		
Basic loss per share	(10.79)	(14.59)
Diluted loss per share	(10.79)	(14.59)

a) Reconciliations of earnings used in calculating earnings per share

	2021	2020
	US\$'000	US\$'000
Basic loss		
Total profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic loss per share	(53,560)	(60,870)
Diluted loss		
Total profit/(loss) attributable to the ordinary equity holders of the Company used in calculating diluted loss per share	(53,560)	(60,870)

b) Weighted average number of shares used as the denominator

	2021	2020
	NUMBER	NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	496,600,032	417,270,716
Weighted average number of ordinary shares used as the denominator in calculating diluted loss per share	496,600,032	417,270,716

Options

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 *Earnings per Share*. The rights to options are non-dilutive as the group is loss making.

NOTE 19. PARENT ENTITY FINANCIAL INFORMATION

a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2021	2020
	US\$'000	US\$'000
Balance sheet		
Current assets	40,755	71,560
Total assets	458,021	498,380
Current liabilities	1,769	2,270
Total liabilities	71,730	50,476
Shareholders' equity		
Issued capital	619,285	604,920
Reserves	(19,123)	11,924
Accumulated losses	(213,870)	(168,940)
Total equity	386,292	447,904
Loss after income tax for the year	(45,970)	(11,706)
Other comprehensive income/ (loss)	(31,880)	46,074
Total comprehensive income/ (loss) for the year	(77,850)	34,368

b) Contingent liabilities of the parent entity

The parent entity has no contingent liabilities as at 31 December 2021 and 31 December 2020.

c) Guarantees of the parent entity

A parent company guarantee is required to be provided by Syrah Resources Limited in favour of the Government of Mozambique, which unconditionally and irrevocably guarantees amounts up to a maximum of US\$22.5 million to cover any loss or damage or other costs arising out of, or associated with, a breach of the Mining Concession held by Twigg. This guarantee was required to remain in place for a period of two years after the signing of the Mining Agreement. This guarantee expired prior to end of this reporting period, although a formal release of the guarantee by the Government of Mozambique has not yet been received.

At the commencement of the production suspension at Balama, Syrah Global DMCC and Grindrod Mauritius agreed to an immediate reduction in monthly cash payments for contracted fixed costs through to December 2021 in exchange for a commitment to repay the foregone amount of a maximum US\$7.2m once volume and price reach certain thresholds on a consistent basis, or at the end of the contract term if not repaid by then, secured by a parent company guarantee. Under the terms of the agreement, the repayment obligation would be lower if Balama resumed production earlier than December 2021 and does not receive the monthly fixed cost reduction, or if certain services were used prior to the end of the arrangement. The arrangement ended on 31 December 2021 and the amount owed is US\$4.6m.

NOTE 20. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 22.

NAME	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	PERCENTAGE OF EQUITY INTEREST HELD BY THE GROUP	
		2021 (%)	2020 (%)
Jacana Resources Proprietary Limited	Australia	100	100
Syrah Resources (KSA) Pty Ltd	Australia	100	100
Twigg Exploration and Mining, Limitada	Mozambique	95 ⁽¹⁾	100
Jacana Resources (Zambia) Ltd	Zambia	100	100
Syrah Resources Saudi Arabia LLC	Saudi Arabia	100	100
Syrah Resources Group Holdings Pty Ltd	Australia	100	100
Syrah Resources and Trading DMCC	United Arab Emirates	100	100
Syrah Global DMCC	United Arab Emirates	100	100
Syrah US Holdings Pty Ltd	Australia	100	100
Syrah Technologies LLC	United States of America	100	100

(1) In accordance with the obligations under the Mining Agreement between the Mozambique Government and Twigg Exploration and Mining Limitada, the Mozambique Government holds a 5% minority interest in Twigg through EMEM.

NOTE 21. DEED OF CROSS GUARANTEE

The following entities are party to a deed of cross guarantee (Deed), as defined in ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (ASIC Instrument):

Syrah Resources Limited

Jacana Resources Proprietary Limited (formerly Jacana Resources Limited)

The above companies represent a 'Closed Group' for the purposes of the ASIC Instrument, and as there are no other parties to the Deed that are controlled by Syrah Resources Limited, they also represent the 'Extended Closed Group'. The effect of the Deed is that each party to the Deed guarantees the debts of the other entities in the Closed Group in the event of winding up.

Pursuant to the ASIC Instrument, the eligible wholly-owned entities within the Closed Group have been relieved from the requirement to prepare financial statements and a directors' report under the ASIC Instrument issued by the Australian Securities and Investments Commission (ASIC).

a) Consolidated statement of comprehensive income and summary of movements in consolidated accumulated losses

Set out below is a consolidated statement of comprehensive income and a summary of movements in consolidated accumulated losses for the current or previous financial year for the 'Closed Group'.

	2021	2020
	US\$'000	US\$'000
<i>Consolidated statement of comprehensive income</i>		
Revenue from continuing operations	127	283
Expenses:		
Employee benefits expense	(6,237)	(4,428)
Legal and consulting expense	(1,472)	(1,003)
Depreciation and amortisation expense	(193)	(181)
Foreign exchange gains/(losses) net	2,669	(2,272)
Other expenses	(1,191)	(667)
Impairment of assets	(34,690)	-
Finance expenses	(4,993)	(3,450)
Loss for the year before income tax expense	(45,980)	(11,718)
Income tax expense	-	-
Loss after income tax expense for the year	(45,980)	(11,718)
Other comprehensive income/ (loss)		
Exchange differences on translation of foreign subsidiaries	(31,358)	45,257
Total comprehensive income/ (loss) for the year	(77,338)	33,539
<i>Summary of movements in consolidated accumulated losses</i>		
Balance at beginning of the year	(169,997)	(159,463)
Loss after income tax expense for the year	(45,980)	(11,718)
Transfer from share-based payment reserve	1,040	1,184
Balance at end of the year	(214,937)	(169,997)

b) Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at the end of the current and previous financial year for the 'Closed Group'.

	2021	2020
	US\$'000	US\$'000
Current assets		
Cash and cash equivalents	31,848	62,124
Trade and other receivables	173	285
Available-for-sale financial assets	394	299
Total current assets	32,415	62,708
Non-current assets		
Other receivables	623	309
Property, plant and equipment	11,094	10,202
Mining assets	11,580	11,584
Intangibles	79	8
Investments in subsidiaries	404,219	414,388
Total non-current assets	427,595	436,491
Total assets	460,010	499,199
Current liabilities		
Trade and other payables	1,386	1,826
Lease liabilities	12	169
Provisions	371	275
Total current liabilities	1,769	2,270
Non-current liabilities		
Borrowings	69,852	47,468
Lease liabilities	8	-
Provisions	101	79
Total non-current liabilities	69,961	47,547
Total liabilities	71,730	49,817
Net assets	388,280	449,382
Equity		
Issued capital	619,285	604,920
Reserves	(16,077)	14,447
Accumulated losses	(214,928)	(169,985)
Total equity	388,280	449,382

NOTE 22. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied for all the periods presented, unless otherwise stated.

The financial statements are for the consolidated entity consisting of Syrah Resources Limited and its subsidiaries. Syrah Resources Limited and its subsidiaries together are referred to in these financial statements as the Group or the 'consolidated entity'.

a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Syrah Resources Limited ('Company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the financial year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases. Details of subsidiaries are set out in note 20.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the profit and loss.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Syrah Resources Limited.

b) Segment reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. Refer to note 2 for further information on segment descriptions.

c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States dollars (USD).

Transactions and balances

All foreign currency transactions during the financial period are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses that relate to borrowings are presented in the Statement of Comprehensive Income within Finance Costs. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income on a net basis within Other Income or Other Expenses.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- > assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- > income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- > all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the profit and loss, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

d) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised for the major business transactions as follows:

Sales of Graphite

The Group recognises revenue related to the sale of graphite when control of the goods passes to customers and the amount of revenue can be measured reliably. The majority of the Group's sales arrangements specify that control passes when the product is transferred to the vessel on which the product will be shipped. Revenues are generally recognised on the bill of lading date. Revenue is recognised and measured at the fair value of the consideration received or receivable, net of agency commissions. Sales arrangements allow for an adjustment to the sales price based on a survey of the goods by the customer (an assay for mineral content and particle size distribution). If necessary, adjustments to sales revenues arising from a survey of the goods by the customer are accounted for in the period in which the Group agrees to such adjustments.

The Group sells a significant proportion of its products on CIF Incoterm. This means that the Group is responsible for providing shipping services after the date at which control of the goods passes to the customer at the loading port. The Group treats freight, where applicable, as a separate performance obligation and therefore recognises the revenue and associated costs over time.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

e) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences, including unused tax losses, only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and the tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax Consolidation Legislation

Syrah Resources Limited (the "head entity") and its wholly-owned Australian subsidiaries formed an income tax consolidated group on 1 July 2014. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

f) Leases

The Group leases various offices, warehouses and equipment. Rental contracts are typically made for fixed periods of 1 to 11 years but may have extension options.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of office for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- > fixed payments (including in-substance fixed payments), less any lease incentives receivable
- > The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions

To determine the incremental borrowing rate, the group:

- > where possible, uses recent third-party financing received as a starting point and make adjustments specific to the lease, eg term, country, currency and security.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- > the amount of the initial measurement of lease liability
- > any lease payments made at or before the commencement date less any lease incentives received
- > any initial direct costs, and
- > restoration costs

The Right of use Asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of IT equipment and office equipment.

Extension and termination options are included in several leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

g) Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

h) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, Cash and Cash Equivalents comprises cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with maturities of three months or less that are readily convertible to amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within Borrowings in current liabilities on the balance sheet.

i) Trade and other receivables

Trade and other receivables are recognised at amortised cost, less any provision for impairment.

j) Inventories

Inventories are valued at the lower of weighted average cost and estimated net realisable value. Cost is determined primarily on the basis of weighted average costs and comprises of the purchase price of direct materials and the costs of production which include:

- > labour costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- > depreciation of mining assets, property, plant and equipment used in the extraction and processing of ore; and
- > production overheads directly attributable to the extraction and processing of ore.

Stockpiles represent ore that has been extracted and is available for further processing and work-in-progress includes partly processed material. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as mined. If the ore will not be processed within 12 months after the balance sheet date it is included within non-current assets. Quantities of stockpiled ore are assessed primarily through surveys and assays.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, including royalties.

k) Property, plant and equipment

Plant and equipment is stated at historical cost less, where applicable, any accumulated depreciation, amortisation or impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Land is not depreciated. Assets Under Construction are measured at cost and are not depreciated until they are ready and available for use. Depreciation on assets is calculated using either a straight-line or diminishing value method to allocate the cost, net of their residual values, over the estimated useful lives or the life of the mine, whichever is shorter. Leasehold improvements and certain leased plant and equipment are depreciated over the shorter lease term.

Other non-mine plant and equipment typically has the following estimated useful lives:

Buildings	10 to 50 years
Plant and equipment	5 to 50 years
Computer equipment	2 to 6 years

The assets residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, at each financial period end.

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the period the asset is derecognised.

l) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment in value. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment in value. The gains or losses recognised in profit and loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Significant costs associated with software are deferred and amortised on either a straight-line or diminishing value method over the estimated useful life, being a finite life not exceeding 5 years.

m) Mine properties and development

Mine Properties and Development

Mine Properties and Development represents the accumulation of all exploration, evaluation and development expenditure incurred by, or on behalf of, the entity in relation to areas of interest in which construction or development has commenced and/or mining of a mineral resource has commenced. Where further development expenditure is incurred in respect of a production property after the commencement of production, such expenditure is carried as part of the cost of that production property only when substantial future economic benefits arise, otherwise such expenditure is classified as part of the cost of production.

Mine development costs for production properties in which the Group has an interest are amortised over the estimated life of mine on a straight-line basis.

n) Exploration and evaluation

Exploration and evaluation expenditure comprise costs which are directly attributable to:

- > research and analysing exploration data;
- > conducting geological studies, exploratory drilling and sampling;
- > examining and testing extraction and treatment methods; and
- > compiling scoping and feasibility studies.

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the balance sheet where it is expected that expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration and evaluation activities are continuing in an area of interest and those activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off to the profit and loss in the financial period in which the decision is made.

Exploration and evaluation expenditure is reclassified to Mine Properties and Development in the financial period when the technical feasibility and commercial viability of extracting a mineral resource is demonstrated. The carrying value of the exploration and evaluation expenditure is assessed for impairment prior to reclassification (refer to note 9).

o) Impairment of assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

At each reporting date, the Group assesses whether there is any indication that other non-financial assets may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit and loss.

Recoverable amount is the greater of fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

Where there is no binding sale agreement or active market, fair value less costs of disposal is based on the best information available to reflect the amount the Group could receive for the cash generating unit in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the pre-impairment value, adjusted for any depreciation that would have been recognised on the asset had the initial impairment loss not occurred. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

p) Ore reserves

The Company estimates its mineral resources and ore reserves based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2012 (the JORC 2012 code). Reserves, and for certain mineral resources, determined in this way are used in the calculation of depreciation, amortisation and impairment charges.

In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction.

q) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- > those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- > those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the Statement of Comprehensive Income or Other Comprehensive Income.

The Group reclassify debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group have transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures financial assets at its fair value plus, in the case of a financial assets not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVPL are expensed in the Statement of Comprehensive Income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classify its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Statement of Comprehensive Income.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of comprehensive income and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the Statement of Comprehensive Income.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in statement of comprehensive income and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to Statement of Comprehensive Income following the derecognition of the investment. Dividends from such investments continue to be recognised in Statement of Comprehensive Income as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the Statement of Comprehensive Income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assess on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit losses for the Group's trade receivables are reviewed on an ongoing basis. The Group has policies in place to manage exposures to customers from the sale of graphite. These include credit coverage by the issuance of letters of credit from high credit quality financial institutions and limits on credit exposures to individual customers where there is no letter of credit.

r) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid. They arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and current trade and other payables are usually paid within 30 days of recognition.

s) Borrowings

Borrowings are recognised initially at fair value. Borrowings are subsequently measured at amortised costs, representing the applicable interest rate on the borrowings, and any value attributed to the option to convert the Note. The fee paid on the establishment of loan facilities was capitalised into the value of the loan, along with interest which can be paid to the Noteholder at a rate of 7.5% or capitalised at a rate of 8.0%.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

t) Provisions

Provisions are recognised when the Group has a present obligation, it is probable that there will be a future sacrifice of economic benefits and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be recovered from a third party, for example under an insurance contract, the receivable is recognised as a separate asset but only when the reimbursement is virtually certain and it can be measured reliably. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the current market assessment of the time value of money. Where this is the case, its carrying amount is the present value of these estimated future cash flows. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning and restoration provision

Decommissioning and restoration provisions include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. The provision is recognised in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs. The costs are estimated on the basis of a closure plan drawn in accordance with the business plan and environmental regulations. The cost estimates are calculated annually during the life of the operation to reflect known developments and are subject to formal review at regular intervals.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the profit or loss in each accounting period as a finance cost. Any changes in the provision, including those resulting from new disturbances, updated cost estimates, changes to the lives of operations and revisions to discount rates, are accounted for prospectively.

On initial recognition of the provision and for prospective changes in estimates, an equivalent amount is capitalised as part of Mine Properties and Development, or the respective asset or area of interest that the restoration obligation relates to. Capitalised decommissioning and restoration provision costs are depreciated over the life of the respective assets. Where future changes in the provision result in a significant addition to the cost of the related asset, consideration will be given to whether an indication of impairment exists and the impairment policy will apply.

u) Employee entitlements

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, rights or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit and loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit and loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- > during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period
- > from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit and loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

v) Contributed equity

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, of the share proceeds received.

w) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

x) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- > the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares;
- > by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- > the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- > the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

y) Goods and services tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

z) Rounding of amounts

The amounts contained in the financial report have been rounded off to the nearest \$'000 (where rounding is applicable) under the relief available to the Company under ASIC Corporations (Rounding in Financial Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

aa) New accounting standards and interpretations

No new or amended accounting standards and interpretations became applicable for the current reporting period which had an impact on the Group's accounting policies.

ab) New accounting standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

DIRECTORS' DECLARATION



SYRAH RESOURCES

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In the Directors' opinion:

(a) the financial statements and notes set out on pages 51 to 96 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (ii) giving true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 20 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 21.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer as required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Shaun Verner

Managing Director

Melbourne, Australia

24 March 2022

AUDITOR'S REPORT



Independent auditor's report

To the members of Syrah Resources Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Syrah Resources Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The Group's operations consist principally of the Balama Graphite Operation located in Mozambique, and the Vidalia Active Anode Material production facility, under development located in Louisiana, USA.



Materiality

- For the purpose of our audit we used overall Group materiality of US\$4.3 million, which represents approximately 1% of the Group's Total Assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose the Group's total assets because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, given the current levels of production at the Balama Graphite Operation and the Vadalia Active Anode Material project being under development.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Australian Group engagement team directed the involvement of the Mozambican component audit team, which performed an audit of the financial information of Twigg Exploration & Mining Limitada, given its financial significance to the Group. All other components of the Group are audited by the Australian Group engagement team.



- We determined the nature, timing and extent of work that needed to be performed by the Mozambican component auditor operating under our instruction. We determined the level of involvement we needed to have in the audit work performed by the component auditor to enable us to conclude whether sufficient appropriate audit evidence had been obtained. Our involvement included discussions, written instructions and inspecting a selection of their workpapers.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
<p>Carrying value of non-current assets (Refer to note 9b & 9e) [US\$313.3 million]</p> <p>As at 31 December 2021, the Group recognised US\$180.5 million of Property, Plant and Equipment and US\$132.8 million of Mining Assets (together 'the mining assets').</p> <p>As required under AASB 136 <i>Impairment of assets</i>, each period the Group assesses all non-current asset balances for indicators of impairment. In the current period, the Group performed its assessment and concluded that no impairment indicators existed for either of its Cash Generating Units (CGUs), being the Balama Graphite Operation (Balama) and the Vidalia Active Anode Material project (Vidalia).</p> <p>This was a key audit matter because of the judgement involved in assessing impairment indicators and the financial significance of the carrying value of the Group's mining assets.</p>	<p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> • Evaluated the Group's assessment of impairment indicators, including the conclusions reached, taking into consideration the requirements of Australian Accounting Standards. • Compared the value of net assets of the Group at 31 December 2021 to the Group's market capitalisation. • In relation to the Balama CGU, we considered whether conditions underlying key valuation assumptions had improved or deteriorated since the impairment test performed in the prior period. • In relation to the Vidalia CGU, we obtained evidence of the Board approved final investment decision on the initial expansion of its active anode material facility in Louisiana, USA. We also obtained the binding active anode material offtake agreement for a large portion of the throughput of the expanded Vidalia facility, which was executed during the year. • We evaluated the reasonableness of the disclosures included within the consolidated financial statements, in light of the requirements of Australian Accounting Standards.



Key audit matter	How our audit addressed the key audit matter
<p>Decommissioning and restoration provision (Refer to note 9e) [US\$15.0 million]</p> <p>As a result of its mining and processing operations the Group is obliged to restore and rehabilitate the land disturbed by its operations. Rehabilitation activities are governed by a combination of legislative and operating licence requirements. As at 31 December 2021 the consolidated statement of financial position included non-current provisions for decommissioning and restoration of US\$15.0 million.</p> <p>This was a key audit matter given the determination of these provisions required judgement by the Group in the assessment of the nature and extent of future works to be performed, the future cost of performing the works, the timing of when the decommissioning and restoration activities will take place and economic assumptions, such as the discount rate and inflation rates, applied to forecast future cash outflows associated with the decommissioning and restoration activities to bring them to their present value.</p>	<p>We obtained the Group's assessment of their obligations to rehabilitate disturbed areas at the Balama Graphite Operation (Balama) and the estimated future cost of that work, which forms the basis for the provision calculation (the model). We evaluated and tested significant assumptions utilised in the model by performing the following procedures, amongst others:</p> <ul style="list-style-type: none"> • Evaluated the Group's decommissioning and restoration cost forecast, including the process by which they were developed. • Considered the competence, capabilities and objectivity of the external expert who created the Group's closure plan and the assessment of the decommissioning and restoration costs at the Balama Graphite Operation. • Compared the Group's assumptions on the cost of rehabilitation activities, on a sample basis, to the cost of other similar activities at the mine site. • Considered the appropriateness of the discount rate and inflation rate utilised in calculating the provision by comparing them to current market consensus rates. • Checked the mathematical accuracy of the model. • Checked whether the timing of the cash flows in the model were consistent with current life of mine plans and rehabilitation plans submitted to relevant authorities for the mine site. • Considered the reasonableness of the decommissioning and restoration provision disclosures included within the consolidated financial statements, in light of the requirements of Australian Accounting Standards.



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 23 to 48 of the directors' report for the year ended 31 December 2021.

In our opinion, the remuneration report of Syrah Resources Limited for the year ended 31 December 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized, handwritten signature of the PricewaterhouseCoopers firm, written in a light grey color.

PricewaterhouseCoopers

A handwritten signature of Ben Gargett, written in a light grey color.

Ben Gargett
Partner

Melbourne
24 March 2022

ADDITIONAL ASX INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The shareholder information set out below was applicable as at 17 March 2022 except where otherwise indicated.

EQUITY SECURITY HOLDERS

TOP 20 LARGEST QUOTED SECURITY HOLDERS AS AT 17 MARCH 2022

The names of the twenty largest security holders of quoted equity securities are listed below:

RANK	NAME	UNITS	% OF UNITS
1.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	188,606,395	28.19
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	87,579,284	13.09
3.	CITICORP NOMINEES PTY LIMITED	77,916,635	11.64
4.	UBS NOMINEES PTY LTD	28,745,862	4.30
5.	BNP PARIBAS NOMS PTY LTD <DRP>	17,827,827	2.66
6.	NATIONAL NOMINEES LIMITED	13,716,234	2.05
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	10,818,181	1.62
8.	COPPER STRIKE	9,141,369	1.37
9.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	5,876,465	0.88
10.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	5,559,800	0.83
11.	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	5,148,545	0.77
12.	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	2,750,149	0.41
13.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,640,481	0.39
14.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,432,403	0.36
15.	MASFEN SECURITIES LIMITED	2,092,117	0.31
16.	BNP PARIBAS NOMS (NZ) LTD <DRP>	1,449,117	0.22
17.	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	1,438,830	0.22
18.	MR GREGORY JAMES ROBINSON	1,100,000	0.16
19.	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,097,937	0.16
20.	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,078,577	0.16
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		467,016,208	69.79
Total Remaining Holders Balance		202,115,314	30.21

UNQUOTED EQUITY SECURITIES AS AT 17 MARCH 2022

	NUMBER ON ISSUE	NUMBER OF HOLDERS
Convertible Note	2	1
Performance rights over ordinary shares	17,252,179	26
Non-Executive Director Share Rights	188,324	4
Unlisted Options	600,000	1

SUBSTANTIAL HOLDERS

Substantial holders in the Company, as disclosed in substantial holder notices given to the Company, are set out below:

RANK	NAME	UNITS
1.	AustralianSuper Pty Ltd	120,858,162
2.	Paradice Investment Management Pty Ltd	37,714,532
3.	Bruce N Gray	35,943,668

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding as at 17 March 2022:

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 100	3,171	1,704,232	0.25
101 – 1,000	4,280	11,832,335	1.77
1,001 – 10,000	1,814	14,153,625	2.12
10,001 – 100,000	3,061	92,968,241	13.89
>100,001	355	548,473,089	81.97
Rounding			0.00
Total	12,681	669,131,522	100.00
Holding less than a marketable parcel	1,002	168,187	0.03

UNLISTED OPTIONS

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 100	-	-	-
101 – 1,000	-	-	-
1,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
>100,001	1	600,000	100.00
Rounding			0.00
Total	1	600,000	100.00
Holding less than a marketable parcel	-	-	-

UNLISTED PERFORMANCE RIGHTS

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 100	-	-	-
101 – 1,000	-	-	-
1,001 – 10,000	-	-	-
10,001 – 100,000	14	2,420,213	14.03
>100,001	12	14,831,966	85.97
Rounding			
Total	26	17,252,179	100.00
Holding less than a marketable parcel	-	-	-

NON-EXECUTIVE DIRECTOR SHARE RIGHTS

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 100	-	-	-
101 – 1,000	-	-	-
1,001 – 10,000	1	6,318	3.35
10,001 – 100,000	2	70,696	37.54
>100,001	1	111,310	59.11
Rounding			0.00
Total	4	188,324	100.00
Holding less than a marketable parcel	-	-	-

CONVERTIBLE NOTES

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 100	1	2	100.00
101 – 1,000	-	-	-
1,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
>100,001	-	-	-
Rounding			0.00
Total	1	2	100.00
Holding less than a marketable parcel	-	-	-

CONVERTIBLE NOTES

	NUMBER HELD	% OF TOTAL UNLISTED CONVERTIBLE NOTES
AUSTRALIANSUPER PTY LTD AS TRUSTEE FOR AUSTRALIANSUPER	2	100.00

VOTING RIGHTS

The voting rights attached to each class of equity security are set out below:

Ordinary Shares

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Unlisted Performance Rights

There are no voting rights attached to unlisted performance rights.

Non-Executive Director Share Rights

There are no voting rights attached to Non-Executive Director Share Rights.

Unlisted Options

There are no voting rights attached to unlisted options.

Convertible Notes

There are no voting rights attached to convertible notes.

There are no other classes of equity securities.

ON MARKET BUY BACK

There is currently no on market buy-back in place.

TENEMENT SCHEDULE AS AT 17 MARCH 2022

PROJECT	LICENSE NUMBER	LICENSE TYPE	COUNTRY	INTEREST OWNED
Balama	6432C	Mining Concession	Mozambique	95%



SYRAH RESOURCES

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