



**SYRAH** RESOURCES



# CORPORATE GOVERNANCE

**STATEMENT**

23 March 2018



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# OVERVIEW

The Board and management of Syrah Resources Limited (**Syrah** or the **Company**) is committed to ensuring the Company has an appropriate corporate governance framework to protect and enhance the Company's performance and overall shareholder value.

Where the Company's corporate governance practices deviate from the practices recommended by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**), the Board's reasoning for deviation is set out in detail under ASX Recommendations below.

Information in this statement is current as at the date of this statement unless otherwise noted and has been approved by the Board of Syrah.

## GOVERNANCE STRUCTURE

The governance and performance of Syrah is overseen by the Board of directors elected by shareholders.



## STRUCTURE AND COMPOSITION OF THE BOARD

The current structure and composition of the Board is set out below.

NAME OF DIRECTOR	POSITION	EXPERIENCE AND EXPERTISE HIGHLIGHTS <sup>1</sup>	LENGTH OF SERVICE	INDEPENDENCE	AND RATIONALE
James Askew B.Eng, M.Eng	Non-Executive Chairman	Mining engineer with over 40 years' experience as a Director and CEO of Australian and international publicly listed mining, mining finance and related companies.  Continuous involvement with the African mining industry since 1985.  Chairman of OceanaGold Corporation, Non-Executive Director of Evolution Mining Limited and Endeavour Mining Corporation.	3 years and 5 months	<b>Yes</b>	No relevant relationships or interests. <sup>2</sup>
Shaun Verner MSc, B.Bus, B.Arts	Managing Director	Senior resource industry executive with extensive general management and cross-functional commercial, operations, supply chain, and leadership experience.  20 years' experience at BHP Billiton in a variety of executive roles, with international commercial and operational experience across a range of commodities.	1 year and 2 months	No	Managing Director & CEO
Sam Riggall LLB(Hons), B.Com, MBA	Non-Executive Director	CEO of Cleanteq Holdings Limited, previously Executive Vice-President of Business Development and Strategic Planning at Ivanhoe Mines Limited. Broad experience with Rio Tinto Limited for over a decade covering industrial minerals, project generation and evaluation, business development and capital market transactions.	3 years and 5 months	<b>Yes</b>	No relevant relationships or interests.
Stefano Giorgini B.Bus(Acc), FCPA, GAICD	Non-Executive Director	Over 30 years' experience in senior finance, risk, governance, business development and commercial roles in international resources and metals manufacturing.  BHP roles included Vice President Finance/CFO for the Aluminium, Manganese and Nickel Business and Head of Group Risk Assessment & Assurance, Chairman of BHP Marine & General Insurances Pty Ltd and executive director roles for numerous international resource ventures based in Australia, South America and Africa.	6 months	<b>Yes</b>	No relevant relationships or interests.
Christina Lampe-Onnerud B.Sc, Ph.D	Non-Executive Director	20 years' experience in research, development and commercialisation of Lithium-ion battery technologies for consumer electronics, electric automotive and energy storage.  Founder of Boston-Power, Inc. and senior roles at Bridgewater Associates, LP, Arthur D. Little and Bell Communications Research, Inc.	1 year and 10 months	No	CEO of Cadenza Innovation which provides Technology Development Services to the Company.
Jose Manuel Caldeira Law degree and accounting diploma	Non-Executive Director	Prominent and senior lawyer in Mozambique with over 30 years' commercial and government experience. Senior partner at Sal & Caldeira Advogados, Lda in Mozambique, one of the leading law firms in Mozambique and a former judge of the Maputo City Court.	3 years and 7 months	No	Partner of Sal & Caldeira Advogados Lda, the Company's primary legal representative in Mozambique.
<b>Average Length of Service:</b>			<b>2 years and 4 months</b>		

**As previously announced to the market on 30 November 2017, the Board is in the process of recruiting an additional Non-Executive Director.**

**That director will be an Independent Director, bringing the Board to an overall majority of independent directors.**

<sup>1</sup> Full biographies are provided in the 2017 Annual Report.

<sup>2</sup> After the resignation of the former Managing Director in 2016, for a period of less than 4 months Mr Askew in his role as Chairman acted in an executive capacity to provide leadership to the company until the completion of the global executive search process that resulted in the appointment of Mr Shaun Verner as Managing Director & CEO. The Board does not consider that this short period, consistent with his responsibilities as Chair in such circumstances, has impacted Mr Askew's independence in any way.

## OVERVIEW (CONT)

### BOARD SKILLS MATRIX

The skills and experience the Board has and is focused on providing to the Company are set out below.

SKILLS AND EXPERIENCE	DESCRIPTION	BOARD (6 MEMBERS)	AUDIT COMMITTEE (3 MEMBERS)	SUSTAINABILITY AND RISK COMMITTEE (3 MEMBERS)	REMUNERATION AND NOMINATION COMMITTEE (3 MEMBERS)
<b>Executive Leadership</b>	Sustainable success in business in at a senior executive level, including experience in multiple global locations.	6	3	3	3
<b>Legal, Governance and Compliance</b>	Experience in managing the rigorous legal, governance and compliance standards required in a listed environment, and in complex, regulated operating environments.	6	3	3	3
<b>Financial Expertise</b>	Senior executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls, including an ability to probe the adequacies of financial and risk controls, particularly in an international environment.	3	3	2	1
<b>Strategic and Commercial Expertise</b>	Ability to identify and critically assess strategic opportunities and threats and to develop appropriate strategies in the context of the Company's policies, business objectives, capital management and changing market conditions.	5	2	2	3
<b>Risk Management</b>	Track record of developing, implementing and monitoring risk management processes, to ensure long term resilience to systemic risk, including in cybersecurity.	5	2	2	3
<b>Health, safety and environment</b>	Health, safety and environmental experience, and expertise in policies supporting corporate social responsibility.	5	2	2	3
<b>Sales and Marketing</b>	Track record in the development of sales and marketing strategy, relationships and agreements.	4	2	1	2
<b>Business Development</b>	Expertise in strategic acquisitions and major global public markets.	4	2	2	3
<b>Mining and Resources</b>	Senior executive experience in the mining and resource sector with a focus on creating long-term shareholder value in the areas of discovery, development or operations.	5	3	3	2
<b>Materials Processing</b>	Experience in large scale processing of industrial minerals or similar products, experience in energy storage, the renewable energy sector, or industrial research and development.	3	1	1	3

## STRUCTURE AND COMPOSITION OF THE BOARD SUB-COMMITTEES

The Board has standing sub-committees to examine particular issues in detail and make recommendations to the Board.

COMMITTEE	AUDIT	SUSTAINABILITY AND RISK	REMUNERATION AND NOMINATION
<b>Chair</b>	Stefano Giorgini	James Askew	Sam Riggall
<b>Independent Chair</b>	Yes	Yes	Yes
<b>Other Members</b>	Jose Caldeira Sam Riggall	Jose Caldeira Stefano Giorgini	James Askew Christina Lampe-Onnerud
<b>Majority Independent?</b>	Yes	Yes	Yes
<b>All Non-Executive Directors?</b>	Yes	Yes	Yes
<b>Committee's relevant qualifications and experience</b>	All members have formal accounting, finance, commerce or MBA qualifications combined with substantial relevant experience.	All members have extensive experience with mining risks and risk management and in particular have African mining risk management experience.	The Committee Chair has a legal background. Two Committee members have extensive market facing experience with publicly listed entities. All members are experienced in managing remuneration structures to incentivise appropriate performance.
<b>Key Roles/Responsibilities</b>	<ul style="list-style-type: none"> <li>&gt; Integrity of external financial reporting</li> <li>&gt; Financial risk management and internal controls</li> <li>&gt; Processes for compliance with ASX disclosure (including continuous disclosure)</li> <li>&gt; Reviewing appointment, remuneration, independence and competence of external auditors</li> <li>&gt; Processes for managing relevant legal and regulatory risk</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Processes for ensuring/ monitoring sustainability in community relationships, health, safety, security and environmental matters</li> <li>&gt; Oversight and monitoring of corporate risk management systems and internal controls</li> <li>&gt; Processes for managing legal and regulatory risk</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Remuneration policies and practices for Managing Director &amp; CEO and senior executives</li> <li>&gt; Incentive plans, including equity based plans</li> <li>&gt; Non-executive director remuneration</li> <li>&gt; Succession planning</li> <li>&gt; Performance and education of directors</li> <li>&gt; Director selection and appointment (including appropriate checks prior to appointment).</li> </ul>

## ETHICAL STANDARDS, INTEGRITY AND CULTURE

**Key policies provide the foundation for the Company's culture:**

**Syrah Resources - Code of Conduct**  
Sets out the Company's expectations of all Directors, Officers and Employees and is supported by the following core policies

**Working with Integrity Policy**  
Underpins everything we do at Syrah Resources

**Key policies governing how we work:**

<b>Health and Safety Policy</b>	<b>Diversity Policy</b>	<b>Social Policy</b>	<b>Environment Policy</b>	<b>Human Rights Policy</b>
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**Key shareholder protections:**

<b>Securities Trading Policy</b>	<b>Risk Management Framework</b>	<b>Continuous Disclosure Policy</b>
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**Reinforced and supported by:**

**Whistleblower Policy**  
Provides specific reporting channels for inappropriate conduct (including anonymous reporting options)

**Further supported by the Company's Vision and Values:**

**Syrah Resources - Vision**  
Syrah will be the world's leading supplier of superior quality graphite products, working closely with customers and the supply chain to add value in battery and industrial markets

**Our Values**  
*Syrah Resources is committed to:*

<b>Working Safely at all times</b> 	<b>Partnering with Stakeholders</b> for community and environmental sustainability 	<b>Integrity and Fairness</b> in all our business dealings 	<b>Being Accountable</b> for all our decisions and actions 	<b>Setting Goals</b> And supporting people to achieve them 
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**We will work as a team and act as owners**



# ASX RECOMMENDATIONS

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 1.1 – Board and Management Roles</b></p> <p>A listed entity should disclose:</p> <p>a. the respective roles and responsibilities of its board and management; and</p> <p>b. those matters expressly reserved to the Board and those delegated to management.</p>	Yes	<p>The Board is accountable to shareholders for the performance of the Company and is responsible for the overall governance of the Company in accordance with the Company's Constitution.</p> <p>These responsibilities are accomplished by active engagement in:</p> <ul style="list-style-type: none"> <li>&gt; developing, approving and monitoring implementation of the corporate strategy;</li> <li>&gt; monitoring the Company's operational and financial performance, including major capital expenditure, major corporate transactions, and approving and reviewing the annual budget and financial plans;</li> <li>&gt; reviewing and determining auditor appointment and independence;</li> <li>&gt; providing effective oversight of management performance and overseeing the management succession planning processes;</li> <li>&gt; monitoring and testing the Company's risk management and internal controls, codes of conduct, and legal and regulatory compliance processes;</li> <li>&gt; appointing the Chairman, and reviewing Board composition and director performance; and</li> <li>&gt; review and monitoring of the Company's corporate governance process, including continuous disclosure processes.</li> </ul> <p>The Board's Charter sets out in detail the Board's roles and responsibilities, the role and responsibilities of the Chairman, matters reserved to the Board, its membership and operation and the delegations to Board sub-committees and management. Details of the standing Board sub-committees are set out in the Overview above.</p> <p>As set out in the Board Charter, the Managing Director &amp; CEO is responsible for managing the day-to-day affairs of the Company.</p> <p>With the support of the Executive Committee, the Managing Director &amp; CEO manages Syrah in accordance with the Board-approved corporate strategic objectives, plans, budgets and risk appetite set by the Board. A detailed delegated authorities policy prescribes the decision making and expenditure limits which apply at various levels of management.</p> <p>A copy of the Constitution, Board Charter and standing sub-committee Charters are available on the Company's website at <a href="http://www.syrahresources.com.au">www.syrahresources.com.au</a>.</p>
<p><b>ASX Recommendation 1.2 – Appointment of Directors</b></p> <p>A listed entity should:</p> <p>a. undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>b. provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	Yes	<p>Prior to appointing a new director or putting forward to security holders a candidate for election as a director, the Board ensures that appropriate checks are undertaken to determine the candidate's suitability, including checks regarding character, experience, education, criminal record and bankruptcy history. The Board is assisted in this process by the Remuneration and Nomination Committee, as described in the Committee Charter available on the Company's website.</p> <p>When an existing or potential new director is put forward for election or re-election, all material information in the Company's possession is disclosed in the Notice of Meeting sent to security holders to enable them to make an informed decision on whether or not to elect or re-elect an existing or potential new director.</p>



## ASX RECOMMENDATIONS (CONT)

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 1.3 – Appointment Terms</b></p> <p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Yes	<p>All Non-Executive Directors have entered into a service agreement with the Company setting out:</p> <ul style="list-style-type: none"> <li>&gt; the term of the appointment, which is consistent with the processes in the Constitution, the Corporations Act 2001 (Cth) and the ASX Listing Rules;</li> <li>&gt; the time commitment envisaged, including any expectations regarding involvement with committee work and any other special duties attaching to the position;</li> <li>&gt; remuneration, including superannuation entitlements;</li> <li>&gt; the requirement to disclose directors' interests and any matters which may affect the director's independence;</li> <li>&gt; the requirement to comply with the Company's Securities trading policy;</li> <li>&gt; the entity's policy that Non-Executive Directors may seek independent professional advice at the expense of the Company if the director feels such advice necessary for them to discharge their responsibilities and duties as a director;</li> <li>&gt; the circumstances in which the director's office becomes vacant; and</li> <li>&gt; ongoing confidentiality obligations.</li> </ul> <p>Each director has a Deed of Access, Insurance and Indemnity, under which they are indemnified against liability in connection with their role as a director and Syrah is required to maintain a directors' and officers' insurance policy. The Deed also confirms the director's rights of access to board papers and records.</p> <p>Each Senior Executive, including the Managing Director &amp; CEO, is appointed pursuant to an agreement which sets out a description of their position, duties and responsibilities, reporting lines, remuneration details and the circumstances under which employment can be terminated.</p> <p>A summary of key terms of the service agreements for Senior Executives of the Company are disclosed in the Remuneration Report section of the Company's Annual Report.</p>
<p><b>ASX Recommendation 1.4 – Company Secretary</b></p> <p>The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Yes	<p>The Company Secretary is accountable directly to the Board, though the Chair, on all matters to do with the proper functioning of the Board.</p> <p>The Company Secretary's role includes advising the Board and its committees on governance matters; monitoring that Board and committee policy and procedures are followed; coordinating the timely completion and despatch of Board and committee papers; ensuring that the business at board and committee meetings is accurately captured in the minutes; and helping to organise and facilitate the induction and professional development of directors.</p> <p>All directors have unfettered access to the Company Secretary and the appointment and removal of the Company Secretary must be made or approved by the Board.</p>

## ASX RECOMMENDATIONS (CONT)

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION																		
<p><b>ASX Recommendation 1.5 – Diversity</b></p> <p>A listed entity should:</p> <p>a. have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;</p> <p>b. disclose that policy or a summary of it; and</p> <p>c. disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or</p> <p>(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</p>	<p>Partial</p>	<p>The Board and the Company are committed to workplace diversity and creating an inclusive workplace that embraces and values diversity capable of delivering long term shareholder value.</p> <p>Our Diversity Policy is available at <a href="http://www.syrahresources.com.au">www.syrahresources.com.au</a>. It details the key objectives of the policy and includes a requirement to set measurable objective.</p> <p>A key focus for the Company in 2018 is setting those measurable objectives for gender diversity, and implementing our annual assessment processes and continuous improvement to its supporting policies and processes.</p> <p>The Company is proud to report that in a heavily male-dominated sector, the Company continued to build on progress made during the 2016 year to increase female representation at its Executive Team and General Manager levels.</p> <table border="1"> <thead> <tr> <th></th> <th>MALE</th> <th>FEMALE</th> </tr> </thead> <tbody> <tr> <td>Board of Directors</td> <td>83%</td> <td>17%</td> </tr> <tr> <td>Executive Team</td> <td>75%</td> <td>25%</td> </tr> <tr> <td>General Managers</td> <td>50%</td> <td>50%</td> </tr> <tr> <td>Managers</td> <td>82%</td> <td>18%</td> </tr> <tr> <td>Total</td> <td>84%</td> <td>16%</td> </tr> </tbody> </table> <p>The Board is committed to appointing the best person into any position in the Company, whilst simultaneously taking steps to provide supporting infrastructure for diversity and bringing an open-minded approach to the skills and experience required for each role.</p> <p>The Company is not considered a “relevant employer” under the Workplace General Equality Act 2012, as it is not a non-public sector employer with 100 or more employees in Australia for any six months or more of a reporting period.</p>		MALE	FEMALE	Board of Directors	83%	17%	Executive Team	75%	25%	General Managers	50%	50%	Managers	82%	18%	Total	84%	16%
	MALE	FEMALE																		
Board of Directors	83%	17%																		
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Managers	82%	18%																		
Total	84%	16%																		
<p><b>ASX Recommendation 1.6 – Board Performance Review</b></p> <p>A listed entity should:</p> <p>a. have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</p> <p>b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Yes</p>	<p>The Board and its sub-committees have an annual review process prescribed in the Board Charter and supported by the Remuneration and Nomination Committee.</p> <p>A professional independent consultant facilitated an external review in 2017.</p>																		

## ASX RECOMMENDATIONS (CONT)

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 1.7 – Executive Performance Review</b></p> <p>A listed entity should:</p> <p>a. have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>The performance of all Senior Executives, including the Managing Director &amp; CEO, are formally reviewed on a semi-annual basis.</p> <p>The Board, in consultation with the Remuneration and Nomination Committee, is responsible for evaluating the performance of the Managing Director &amp; CEO.</p> <p>Senior Executives are evaluated by the Managing Director &amp; CEO taking into account feedback from the Board and with remuneration results reviewed and approved by the Remuneration and Nomination Committee.</p> <p>Performance is reviewed against specific and measurable company and individual performance measures which are designed to facilitate achievement of the Company’s objectives whilst appropriately managing its risks.</p> <p>A performance evaluation of all Senior Executives including the Managing Director &amp; CEO, was undertaken during Q2 and Q4 2017.</p>

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 2.1 – Nomination Committee</b></p> <p>The board of a listed entity should:</p> <p>a. have a nomination committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>b. if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Yes	<p>The Remuneration and Nomination Committee has three members, all of whom are non-executive and a majority are independent directors. The Committee is chaired by an independent director who is not the Chair of the Board.</p> <p>The Remuneration and Nomination Committee charter is available at <a href="http://www.syrahresources.com.au">www.syrahresources.com.au</a>.</p> <p>An overview of the Committee membership, responsibilities, qualifications and experience is provided above under “Overview”.</p> <p>The Committee composition changed at the end of 2017. Meeting details, former committee members and attendances are set out in the Annual Report.</p> <p>All Committee members attended each meeting held during the 2017 year.</p>
<p><b>ASX Recommendation 2.2 – Skills Matrix</b></p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Yes	<p>The Board Skills Matrix is set out above under Overview. The Board is in the process of recruiting an additional independent, non-executive director with expertise that will complement the Board’s existing skills and experience.</p>

## ASX RECOMMENDATIONS (CONT)

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 2.3 – Independent Directors</b></p> <p>A listed entity should disclose:</p> <ol style="list-style-type: none"> <li>the names of the directors considered by the Board to be independent directors;</li> <li>if a director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</li> <li>the length of service of each director.</li> </ol>	Yes	<p>Syrah Resources has conducted a review of director independence in accordance with the assessment criteria set out in the ASX Recommendations. The results of that assessment are set out in the Overview above.</p> <p>The length of service of each director is set out in the Overview above.</p>
<p><b>ASX Recommendation 2.4 – Majority Independence</b></p> <p>A majority of the Board of a listed entity should be independent directors.</p>	Partial	<p>The Board is currently comprised of equal numbers of independent and non-independent directors.</p> <p>As previously announced to the market on 30 November 2017, the Board is in the process of recruiting an additional Non-Executive Director. That director will be an independent director, bringing the Board to an overall majority of independent directors.</p>
<p><b>ASX Recommendation 2.5 – Independent Chair</b></p> <p>The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	Yes	<p>The Company's Chairman, Mr James Askew, is an independent non-executive director who is not the same person as the Company's CEO, Mr Shaun Verner.</p>
<p><b>ASX Recommendation 2.6 – Induction, Education &amp; Training</b></p> <p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	Yes	<p>The Remuneration and Nomination Committee is responsible for establishing induction programs for new directors to gain an understanding of:</p> <ul style="list-style-type: none"> <li>&gt; the respective rights, duties and responsibilities and roles of the directors and the Board; and</li> <li>&gt; the Company's financial position, strategies, operations and risk management policies.</li> </ul> <p>Each new director has the opportunity to meet with existing Board members and relevant Senior Executives.</p> <p>Directors have the opportunity to undertake courses with the Australian Institute of Company Directors or other professional bodies as required, subject to the approval of the Chairman.</p> <p>All Board members are expected to maintain the skills required to discharge their roles.</p>

## ASX RECOMMENDATIONS (CONT)

### PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 3.1 – Code of Conduct</b></p> <p>A listed entity should:</p> <p>a. have a code of conduct for its directors, senior executives and employees; and</p> <p>b. disclose that code or a summary of it.</p>	Yes	<p>Syrah Resources is committed to maintaining international performance standards for corporate governance and compliance, through systems and processes which enable employees and contractors to work with integrity and fairness at all times.</p> <p>The Company has a Code of Conduct for directors, Senior Executives and employees and a number of key supporting policies, including a Whistleblower Policy. Details are set out in the overview above and copies of the policies are available on the Company's website <a href="http://www.syrahresources.com.au">www.syrahresources.com.au</a>.</p>

### PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 4.1 – Audit Committee</b></p> <p>The board of a listed entity should:</p> <p>a. have an Audit Committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b. if it does not have an Audit Committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Yes	<p>The Audit Committee has three members, all of whom are non-executive and a majority are independent directors.</p> <p>The Committee is chaired by an independent director who is not the same person as the Chair of the Board and is a highly experienced finance professional.</p> <p>The Audit Committee charter is available at <a href="http://www.syrahresources.com.au">www.syrahresources.com.au</a>.</p> <p>An overview of the Committee current membership, responsibilities, qualifications and experience is provided above under "Overview". The Committee composition changed at the end of 2017.</p> <p>Meeting details, former Committee members and attendances are set out in the Annual Report. All Committee members attended each meeting held during the year.</p>

## ASX RECOMMENDATIONS (CONT)

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 4.2 – Management Assurances</b></p> <p>The Board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	<p>Prior to approval of the Company’s financial statements the Board receives from the CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>
<p><b>ASX Recommendation 4.3 – External Auditor Attends AGM</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes	<p>The Company’s external auditor is PricewaterhouseCoopers.</p> <p>All Board and Board sub-committee papers are available to the external auditor and they are invited to attend all Audit Committee meetings and are available to the Audit Committee members at any time.</p> <p>As required by the Corporations Act the external auditor attends all AGMs and is available to answer questions from security holders relevant to the audit their report and independence, and the accounting policies adopted by the Company.</p>

## PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 5.1 – Continuous Disclosure Policy</b></p> <p>A listed entity should:</p> <ol style="list-style-type: none"> <li>have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>disclose that policy or a summary of it.</li> </ol>	Yes	<p>The Company’s Continuous Disclosure Policy is available on the Company’s website at <a href="http://www.syrahresources.com.au">www.syrahresources.com.au</a>.</p> <p>This Policy sets out the key obligations of directors, officers and employees in relation to continuous disclosure as well as the Company’s obligations under the ASX Listing Rules and the Corporations Act. The Policy also provides procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements.</p> <p>The Board has overarching responsibility for compliance with Syrah Resources’ continuous disclosure obligations and Board approval is required for certain key matters (as set out in the policy) and other matters may be referred to the Board by the Managing Director or the Company Secretary. All other matters may be approved by the Managing Director.</p> <p>The Board is committed to the promotion of investor confidence by ensuring that trading in the Company’s securities takes place in an efficient, competitive and informed market. In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The Company website includes all information disclosed to the ASX.</p> <p>The Continuous Disclosure Policy is periodically reviewed by the Board to ensure that it is effective and remains consistent and current with relevant laws and ASX requirements.</p>

# ASX RECOMMENDATIONS (CONT)

## PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 6.1 – Information and Governance</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	<p>The Company’s website at <a href="http://www.syrahresources.com.au">www.syrahresources.com.au</a> contains key information about the Company and its corporate governance practices and policies, its social responsibility programs and policies, as well as biographies of the Board members, Company Secretary and Senior Executives.</p> <p>The Company also maintains a separate investor page on its website to provide shareholders with links to annual and interim reports, ASX announcements, presentations and other key information.</p>
<p><b>ASX Recommendation 6.2 – Investor Relations Program</b></p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	<p>The Company has a dedicated General Manager – Investor Relations. Syrah Resources’ investor relations program includes:</p> <ul style="list-style-type: none"> <li>&gt; regular roadshows by the Managing Director &amp; CEO and other relevant Senior Executives to meet with existing and potential investors in Australia and internationally;</li> <li>&gt; regular investor conference calls following the release of quarterly results, which include time for investor questions and answers. Calls are open to investors, media and analysts;</li> <li>&gt; the investor relations team contact details are provided on each ASX announcement and investor queries are responded to by telephone and email;</li> <li>&gt; annual engagement with proxy advisers and corporate governance advisers of major shareholders; and</li> <li>&gt; attendance by Senior Executives and other relevant employees at industry events and functions to enable investors to communicate directly with the Company.</li> </ul>
<p><b>ASX Recommendation 6.3 – Shareholder participation at AGMs</b></p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	<p>The Board encourages full participation of shareholders at the Annual General Meeting (AGM), to ensure a high level of accountability and identification with the Company’s strategy and goals.</p> <p>Prior to the AGM the Company issues a Notice of Meeting, Explanatory Statement and Proxy Form to provide all the information that is relevant to shareholders in making decisions on matters to be voted on at the meeting. Shareholders may elect to receive communications electronically.</p> <p>Details regarding the timing and location of the Company’s General Meetings or Annual General Meeting are disclosed to the ASX in advance to encourage attendance by shareholders.</p> <p>Time is also set aside at the AGM for the Board and Senior Executives to respond to any shareholder queries.</p>
<p><b>ASX Recommendation 6.4 – Electronic Communications</b></p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	<p>Shareholders have the option of electing to receive communications from and sending communications to the Company and its share registry electronically.</p> <p>Syrah Resources actively encourages its shareholders to take up the benefits of electronic communications.</p>



**PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 7.1 – Risk Committee</b></p> <p>The Board of a listed entity should:</p> <p>a. have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.</p>	Yes	<p>The Sustainability and Risk Committee has three members, all of whom are non-executive and a majority are independent directors.</p> <p>The Committee is chaired by an independent director.</p> <p>The Audit Committee charter is available at <a href="http://www.syrahresources.com.au">www.syrahresources.com.au</a>.</p> <p>An overview of the Committee membership, responsibilities, qualifications and experience is provided above under “Overview”.</p> <p>The Committee composition changed at the end of 2017. Meeting details, former Committee members and attendances are set out in the Annual Report.</p> <p>All Committee members attended each meeting held during the 2017 year.</p>
<p><b>ASX Recommendation 7.2 – Risk Framework Review</b></p> <p>The Board or a committee of the Board should:</p> <p>a. review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>b. disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>The Company’s Risk Management Framework is reviewed annually and a review was conducted in Q4 2017, with continuous improvements arising from that review implemented in Q1 2018.</p> <p>The Board retains active oversight of the risk management process, including the risk reporting framework, material risks and material changes to risks, and the Sustainability and Risk Committee and Audit Committee provide detailed oversight and review on a regular basis.</p> <p>Accountabilities and responsibilities for risk management are clearly defined and the Executive Team, the Board and its relevant sub-committees regularly review the Company’s risks, the effectiveness of mitigation strategies and key priorities for further risk management.</p>

## ASX RECOMMENDATIONS (CONT)

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 7.3 – Internal Audit</b></p> <p>A listed entity should disclose:</p> <p>a. if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>b. if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Yes</p>	<p>The Company does not presently have an internal audit function.</p> <p>A global consulting firm was engaged in 2017 to assess internal controls for key processes of the Company and provide feedback on the design of financial controls and recommendations for improvement.</p> <p>Other internal management and independent assurance mechanisms used to evaluate and continually improve risk management and internal control processes include:</p> <ul style="list-style-type: none"> <li>&gt; regular “peer review” of risk mitigation strategies and internal controls by the Executive Team;</li> <li>&gt; engaging independent experts to review the design, development and/or implementation of control systems or processes for specific areas of risk including health and safety, environment, community, crisis management, security and protection of assets; and</li> <li>&gt; feedback from the external auditors on internal financial controls.</li> </ul> <p>The results of internal management and independent expert reviews are shared with the Board and its relevant committees and progress in relation to the implementation of enhancements are monitored.</p> <p>Given that the Company has now commenced operations, the Board intends to progress the implementation of a formal internal audit function during 2018.</p>
<p><b>ASX Recommendation 7.4 – Economic &amp; Sustainability Risks</b></p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>	<p>The Company’s potential material risks are set out in the Annual Report.</p> <p>The Company manages its potential material risks through the risk management framework and processes set out above under Recommendation 7.2.</p> <p>Health and Safety, Environment and Social Sustainability are covered by the Policies set out in the Overview above. A copy of those policies is available on the Company’s website at <a href="http://www.syrahresources.com.au">www.syrahresources.com.au</a>. There are comprehensive internal processes and programs of work, including regular monitoring and reporting, in place to manage those risks.</p> <p>The Company’s exposure to material economic risks are considered, managed and monitored by a number of business functions and processes including:</p> <ul style="list-style-type: none"> <li>&gt; business strategy setting and planning;</li> <li>&gt; market and industry analysis;</li> <li>&gt; macro-economic analysis including global and country specific risks, trends and factors;</li> <li>&gt; financial and capital management.</li> </ul>

**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 8.1 – Remuneration Committee</b></p> <p>The board of a listed entity should:</p> <p>a. have a Remuneration Committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the Committee;</p> <p>(4) the members of the Committee; and</p> <p>(5) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b. if it does not have a Remuneration Committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Yes	<p>The Remuneration and Nomination Committee has three members, all of whom are non-executive and a majority are independent directors.</p> <p>The Committee is chaired by an independent director who is not the same person as the Chair of the Board.</p> <p>The Committee charter is available at <a href="http://www.syrahresources.com.au">www.syrahresources.com.au</a>.</p> <p>An overview of the Committee membership, responsibilities, qualifications and experience is provided above under “Overview”.</p> <p>The Committee composition changed at the end of 2017. Meeting details, former Committee members and attendances are set out in the Annual Report.</p> <p>All Committee members attended each meeting held during the 2017 year.</p>
<p><b>ASX Recommendation 8.2 – Remuneration Policies &amp; Practices</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	<p>The Company has established remuneration policies and procedures to ensure the following:</p> <ul style="list-style-type: none"> <li>&gt; attract and retain Non-Executive Directors and Senior Executives and employees who will create value for shareholders; and</li> <li>&gt; fairly and responsibly reward employees having regard to the performance of the Group, the performance of each employee and industry remuneration conditions.</li> </ul> <p>Details of these policies and procedures are set out in Remuneration Report section of the Company’s Annual Report, as are the details of remuneration paid to Non-Executive Directors, the Managing Director &amp; CEO and the Executive Team. The Remuneration Report highlights the balance between fixed pay, short term incentive and long term incentives, and the relationship to the Company’s performance.</p> <p>In Q1 2018, the Company engaged an independent remuneration consultant to provide benchmarking data for key roles including Non-Executive Directors, Managing Director and the Executive Team, to assist the Company in ensuring that remuneration packages remain competitive. This was not a remuneration recommendation for the purposes of the <i>Corporations Act</i>.</p>

## ASX RECOMMENDATIONS (CONT)

ASX RECOMMENDATION	COMPLIANCE	DETAILED DESCRIPTION
<p><b>ASX Recommendation 8.3 – Policy on Limiting Economic Risk of Equity Based Remuneration</b></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>a. have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>b. disclose that policy or a summary of it.</li> </ul>	<p>Yes</p>	<p>The Company has a Long-Term Incentive Plan (LTIP) is part of the Company’s remuneration strategy and is designed to align the interests of management and shareholders and assist the Company to attract, motivate and retain executives and selected senior staff.</p> <p>The Company’s Securities Trading Policy specifically prohibits the use of Derivatives in relation to unvested Company Securities in a way that would have the effect of providing greater benefit than would otherwise have been realised by the employee. This is because such use of Derivatives may allow value to be realised from those Securities even if the relevant performance hurdles have not been met, which would break the intended connection between employee performance and shareholder best interests.</p> <p>Use of Derivatives is permitted in relation to vested Company Securities (provided that the balance of the Securities Trading Policy is complied with). Under the Corporations Act Key Management Personnel are prohibited from hedging any remuneration that has not vested or has vested but remains subject to a holding lock.</p> <p>A copy of the Securities Trading Policy is available on the Company’s website at <a href="http://www.syrahresources.com.au">www.syrahresources.com.au</a>.</p>



**SYRAH** RESOURCES



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