



## 2022 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS

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

### ADDRESS BY THE CHAIRMAN, JIM ASKEW

Good morning and welcome to Syrah Resources' 2022 Annual General Meeting.

Syrah's focus areas in 2021 were strengthening Balama's position in the global natural graphite market following a restart decision and progressing our vision to become a vertically integrated supplier of natural graphite Active Anode Material ("AAM") to ex-Asia markets through the development of a large-scale Vidalia AAM facility. 2021 was year of positive transition at Balama with an improving market balance and exceptional progress at Vidalia, culminating in the announcement of an offtake agreement for AAM with Tesla.

We announced the recommencement of production at Balama ahead of schedule in March 2021. The decision to restart Balama production was informed by evidence of improved upstream market conditions, which benefited from exceptional growth in global electric vehicle sales, good customer contracting, and a 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 team's 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 results of varied cost initiatives are now being shown in Balama operations. 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, I expect that Balama's competitive cost profile will be demonstrated as production and sales are increased. And with an improving basket price for Balama product, I am optimistic that the cash flow potential of Balama can be exhibited in the near-term.

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 and procurement 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. These steps firmly establish Syrah as a first mover in the integrated downstream anode market outside of China and has created a unique and differentiated position with its business that is not easily replicated.

The issue of a A\$28 million convertible note tranche to AustralianSuper in 2021, as well as a 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. In April 2022, the Company announced the achievement of the Conditional Commitment from the US Department of Energy for a loan up to \$107 million to fund the Vidalia Initial Expansion. Syrah is well capitalised to deliver its vision and growth strategy.

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 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.

Syrah's development of Balama envisioned a multi-generational asset, and assessing management performance through 2021 was again challenging, given the COVID-19 pandemic and unprecedented disruption in the shipping market constrained Balama production and sales and resulted in increased shipping costs being absorbed by the Company. Notwithstanding the unique challenges in the external operating environment that were evident through the 2021, corporate Key Performance Indicators ("KPIs") for 2021 Short Term Incentives were unchanged during the year.

Through the year, we maintained our strong ESG performance, made excellent progress on the Vidalia Initial Expansion project, demonstrated very good operational and cost performance at Balama with inventory capacity constraints, developed the Pemba breakbulk shipment option and developed the Balama product brand with global customers with shipping disruption and competition from Chinese domestic supply.

From the start of 2021, the Board determined that the Executive team should be evaluated on performance of the Company's controllable factors. Corporate KPIs that had been set at the beginning of 2021 for Balama production, costs and sales and Vidalia Initial Expansion project progress were not fully met. However, the attainment of the corporate KPIs during a challenging year, along with strong performance against personal KPIs, saw a high average Short Term Incentive grant being awarded for 2021.

The Long Term Incentive plan is designed to align with Shareholder value creation, and 0% of the Long Term Incentive vested at the end of 2021. In 2020, the Board of Directors implemented a Five Year Performance and Retention Incentive ("5YPRI"), designed to take into account the recent operational review and restructure in late 2019 and to ensure that selected personnel are remunerated in a manner which encourages high performance in driving Shareholder value creation. 89% of the Year 2 tranche of the 5YPRI vested and 1,642,500 performance rights under the 5YPRI lapsed at the end of 2021

reflecting the balance of the achievement of Year 2 KPIs and certain senior management personnel no longer being eligible to participate in the 5YPRI. The Board believes that retention of the Executive and Senior Leadership teams is critical for future success, particularly given the unique knowledge and experience required to operate in this specialised market and increased demand for experienced executives in the market Syrah operates in. This is reflected in the Long Term Incentive and ongoing 5YPRI in place beyond 2021.

Our Company's vision is to become the world's leading supplier of superior quality graphite and anode material products, working closely with customers and the supply chain to add value in battery and industrial markets. The focus for 2022 is to establish Balama's position in the global natural graphite market via a disciplined increase production and product sales globally in-line with natural graphite market conditions and shipping availability and to become a large scale producer of natural graphite AAM. These objectives are critical to generating shareholder value and financial returns for our Shareholders.

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.

Your Board believes that 2021 was a transformative year for Syrah and the Company has entered an exciting phase of growth. The Executive and Senior Leadership teams are strongly committed to Syrah's long term success. We are well positioned and remain confident we have the team to capitalise on strengthening market conditions in natural graphite and battery anode materials through 2022 and beyond. Balama is a large-scale, low-cost operation, hosting a high-quality resource and with a proven track record of product sales into battery and industrial markets. Finally, the Board thanks you for your continued support of Syrah.

-Ends-

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

Shaun Verner, Managing Director

**Investor Relations Contact:**

Viren Hira

Contact: +61 3 9670 7264

Email: [v.hira@syrahresources.com.au](mailto:v.hira@syrahresources.com.au)

**Media Enquiries Contact:**

Nathan Ryan

Contact: 0420 582 887

Email: [nathan.ryan@nwrcommunications.com.au](mailto:nathan.ryan@nwrcommunications.com.au)

**About Syrah Resources**

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

## **Forward Looking Statement**

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

*Forward looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This document contains such statements that are subject to risk factors associated with the mineral and resources exploration, development and production industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to the following risks: dependence on commodity prices, availability of funding, impact of inflation on costs, exploration risks, including the risks of obtaining necessary licences and diminishing quantities or grades of reserves, risks associated with remoteness, environmental regulation risk, currency and exchange rate risk, political risk, war and terrorism and global economic conditions, as well as earnings, capital expenditure, cash flow and capital structure risks and general business risks. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward looking statements in this document will actually occur. Actual results, performance or achievement may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. The forward looking statements in this document speak only as of the date of this document. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, the Company disclaims any obligation or undertaking to provide any updates or revisions to any forward looking statements in this document to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this document will under any circumstances create an implication that there has been no change in the affairs of Syrah since the date of this document.*