SYRAH RESOURCES

ANNUAL REPORT 2020

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
Syrah Resources Limited
Level 28, 360 Collins Street
Melbourne VIC 3000
Telephone: +61 3 9670 7264
Email: enquiries@syrahresources.com.au
Website: www.syrahresources.com.au

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Office 22F, Gold Tower, Cluster I
Jumeirah Lakes Towers
Dubai, United Arab Emirates
Telephone: +971 4244 5955
Email: marketing@syrahresources.com.au

Mozambique Office
Twigg Exploration and Mining Limitada
Millennium Park Building
Avenida Vladimir Lenine
Nr 174, Block B, Level 5 Andar
Maputo, Mozambique
Website: www.twigg.co.mz

Louisiana Office
Syrah Technologies LLC
2001 D. A.
Biglane Road, Vidalia
LA, 71373
United States of America

SHARE REGISTRY

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Telephone: 1300 850 505 (within Australia)
+61 3 9415 4000 (overseas)
Email: web.queries@computershare.com.au
Website: www.computershare.com.au

AUDITORS

PricewaterhouseCoopers
2 Riverside Quay
Southbank VIC 3006

SOLICITORS

Gilbert + Tobin
Level 22, 101 Collins Street
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 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

2020 HIGHLIGHTS

> Strong health and safety record with Total Recordable Injury Frequency Rate ("TRIFR") of 0.7 as at end of 2020 and focus on high internal standards of COVID-19 protocols and compliance with government directives

> Progression of strategy to become the preeminent vertically integrated supplier of natural graphite Active Anode Material ("AAM") to ex-Asia markets, with:

  > Bankable Feasibility Study ("BFS") confirming robust economics for large-scale AAM production from Syrah's facility in Vidalia, Louisiana, USA ("Vidalia")

  > Active Anode Material ("AAM") produced using Vidalia precursor

  > Ongoing qualification of Vidalia product with potential downstream customers

  > Integration with world's largest natural graphite mine at Balama Graphite Operation ("Balama")

> Production at Balama Graphite Operation ("Balama") suspended during 2020 due to impacts of COVID-19 (travel restrictions, lower demand). Positioned to preserve cash during 2020 while retaining operating and marketing capability to promptly restart production, as announced post year end

> Balance sheet strengthened through 2020 and following year-end via institutional and retail equity capital raisings, and option to issue 2 Convertible Notes to raise total gross proceeds of up to A$130 million

CHAIRMAN'S LETTER

In my 2019 Chairman's letter I outlined the focus areas for 2020 of ensuring adaptability of Balama to market conditions, and the ongoing development of our downstream business. With 2020 providing ongoing COVID-19 related disruption, it is pleasing to note that progress was delivered in both areas of the business despite challenging circumstances.

At Balama, the asset's adaptability to market conditions was tested to the limit, with COVID-19 compounding what was already challenged market conditions going into 2020. Syrah suspended production at Balama in March 2020 due to impacts of COVID-19, specifically: travel restrictions limiting the mobility of the Balama workforce; and weak end user demand due to lockdowns, mobility restrictions and economic uncertainty negatively impacting Electric Vehicle ("EV") sales.

We maintained readiness and periodically assessed a potential restart of production at Balama with consideration of travel restrictions and the evolving natural graphite market conditions through the year. With an improved market balance observed in late 2020 and into 2021, we were pleased to announce a Balama restart subsequent to year-end in February 2021. Balama was well positioned to preserve cash during its temporary production suspension whilst also retaining operating and marketing capability to recommence production promptly upon a restart decision.

At Vidalia, significant progress was made in the ongoing development of our downstream business in 2020, with two major milestones achieved. Firstly, a Bankable Feasibility Study ("BFS") was completed that confirmed robust economics for large-scale Active Anode Material ("AAM") production from Syrah's facility in Vidalia. Secondly, first production of finished AAM was achieved via toll treatment of Vidalia precursor. These two milestones position the company strongly for ongoing commercial and technical engagement with potential customers and other stakeholders to progress our strategy of becoming the pre-eminent vertically integrated producer of natural graphite AAM to supply ex-Asia markets.

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

An equity issue during the year strengthens Syrah's balance sheet and positions the Company to progress towards a final investment decision for expansion of production capacity at Vidalia during H2 2021 and manage a restart at Balama in an orderly manner.

I was pleased to welcome John Beevers to your Board during 2020. John brings 30 years' experience in the Mining Resources and Services industries and extensive functional, operational and leadership experience at both the General Management and Executive Level. In other Board movements, Sam Riggall stood down during the year to focus on other commitments. I'd like to thank Sam for his significant contribution to the Company as Syrah matured from project developer to a significant participant in the global graphite market.

The Board recognise that 2020 was a turbulent year for Syrah investors and we thank you for your continued support. We believe the business is well positioned and are confident we have the management team to capitalise on improved market conditions through 2021. The company's focus for the year ahead remains unchanged, as we continue to further strengthen Balama's position in the global flake graphite market and progress our vision to become the preeminent vertically integrated supplier of natural graphite AAM to ex-Asia markets through the development of the Vidalia AAM operation.

Jim Askew

Chairman

MANAGING DIRECTOR AND CEO'S LETTER

Syrah's high standards of international Health, Safety, Environmental and Community ("HSEC") standards that are embedded across our operational, marketing, and corporate activities served us well through 2020 as we navigated a challenging year.

Early in the year as the COVID-19 situation emerged in China, Syrah's Crisis and Emergency Management Teams ("C&EMT") were activated in a pre-emptive manner to assess, manage and where possible, minimise the impacts on employees, the business and key stakeholders. By the time the World Health Organisation subsequently declared COVID-19 a global pandemic on 11 March 2020, the Company had implemented strict protocols and mitigation measures across the Group.

The health, wellbeing and safety of employees and contractors remains Syrah's highest priority and the Company is committed to make decisions in conjunction with Government advice at a minimum, and further where we can, in order to mitigate the risk of COVID-19 transmission to our workplaces or the communities in which we operate.

The Company remained committed to key local sustainability and community initiatives in Mozambique through 2020 and our experience operating in Mozambique continues to be one of positive engagement with key stakeholders. Our Environmental Monitoring Program continued through 2020 in-line with over 200 licence conditions with zero significant environmental incidents to date, contributing to the successful renewal of our 5-year Environmental Licence during the year.

Commencement of product qualification from Vidalia and completion of the BFS during 2020 significantly progressed the Company's strategy to become a vertically integrated producer of natural graphite AAM to service ex-Asia markets, which are currently 100% reliant on China for their battery anode supply chains. The progress at Vidalia and its vertical integration with Balama 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 Environmental, Social and Governance ("ESG") auditability back to the graphite source.

The underlying thematic of electrification of the transport sector via lithium ion powered EVs continues to gain momentum. Government and commercial recognition of the strategic importance of battery raw materials supply – whether that be graphite, lithium, nickel, or cobalt precursors – has never been stronger. However, ex-China capacity is grossly lagging in independent development and China continues to grow and consolidate in the battery supply chain. Disruption caused by shutdowns in China during COVID-19 has demonstrated the reliance of Europe and USA on China for supply of lithium-ion battery materials. Without short-term action, such as the progression of projects like Vidalia, Europe and the USA risk losing independence in their strategic battery raw materials supply chains. Although market conditions were challenging through 2020, we are encouraged by significantly improved downstream market conditions observed in late 2020 and into 2021.

The team at Syrah will continue to work relentlessly to achieve our strategic objectives, including the ongoing establishment of Balama's position in the global flake graphite market and progress towards our vision to become the preeminent vertically integrated supplier of natural graphite AAM to ex-Asia markets. Syrah's progress compared to our competitors with regards to our sunk asset base and our marketing and operating capability, uniquely positions Syrah to benefit from USA and EU focus on long-term critical battery mineral supply. The company will continue commercial and government engagement to grow shareholder value through Syrah's unique position in this rapidly developing global market.

Shaun Verner

Managing Director and Chief Executive Officer

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 (appointed 22 May 2020)

Sam Riggall
Non-Executive Director (ceased 22 May 2020)

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: 6 years and 5 months

Interest in shares, options and performance rights:

SECURITIES	NUMBER
Ordinary shares	377,517
Options over ordinary shares	Nil
Performance rights	Nil
NED rights	111,310

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: 4 years and 2 months

Interest in shares, options and performance rights:

SECURITIES	NUMBER
Ordinary shares	547,174
Options over ordinary shares	-
Performance rights	4,927,450(1)

(1) The 4,927,450 Performance Rights noted above for S Verner are current as at the date of the Director's Report. 93,974 Performance Rights lapsed on 19 February 2021, and 156,000 5YPRI Performance Rights lapsed on 2 March 2021 and both 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: 6 years and 7 months

Interest in shares, options and performance rights:

SECURITIES	NUMBER
Ordinary shares	12,082
Options over ordinary shares	Nil
Performance rights	Nil
NED rights	34,596

Lisa Bahash

Non-Executive Director

Experience and expertise: Ms Bahash has 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:

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

Directorships of listed entities within the past three years: None

Special responsibilities:

> Chair of the Remuneration, Nomination and Governance Committee

> Member of the Sustainability Committee

Length of service: 2 year and 9 months

Interest in shares, options and performance rights:

SECURITIES	NUMBER
Ordinary shares	15,583
Options over ordinary shares	400,000
Performance rights	Nil
NED rights	36,100

Sara Watts

Non-Executive Director

Experience and expertise: Ms Watts has been a director and audit and risk chair for 12 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: None

Directorships of listed entities within the past three years: None

Special responsibilities:

> Chair of the Audit and Risk Committee

Length of service: 1 year and 10 months

Interest in shares, options and performance rights:

SECURITIES	NUMBER
Ordinary shares	41,140
Options over ordinary share	Nil
Performance rights	100,000
NED rights	6,318

John Beevers

Non-Executive Director (appointed 22 May 2020)

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: 10 months

Interest in shares, options and performance rights:

SECURITIES	NUMBER
Ordinary shares	33,000
Options over ordinary share	Nil
Performance rights	Nil
NED rights	Nil

INFORMATION ON FORMER DIRECTORS

Sam Riggall

Non-Executive Director (ceased 22 May 2020)

Experience and expertise: Mr Riggall is Chief Executive Officer of CleanTeQ Holdings Limited, an Australian and Canadian-listed technology company focused on development of resources for new energy and materials markets, and director of VRB Energy, one of China's largest vanadium redox flow battery manufacturers. Previously Executive Vice-President of Business Development and Strategic Planning at Ivanhoe Mines Ltd, and Director of Oyu Tolgoi LLC, and has over a decade's experience with Rio Tinto Ltd covering industrial minerals, project generation and evaluation, business development and capital market transactions. He brings significant insight to the impact of disruptive technologies on metals markets with a strong track record of identifying and building value through innovation.

Other current directorships in listed entities:

> Chief Executive Officer of CleanTeQ Holdings Limited

Directorships of listed entities within the past three years:

> Managing Director and Chief Executive Officer of CleanTeQ Holdings Limited (since July 2015)

Special responsibilities:

> Member of the Remuneration, Nomination and Governance Committee (ceased as Chair 25 July 2019)

> Member of the Audit and Risk Committee (ceased as Committee Chair 25 July 2019)

Length of service: 5 years and 7 months

Interest in shares, options and performance rights:

SECURITIES	NUMBER
Ordinary shares	Nil
Options over ordinary share	Nil
Performance rights	Nil
NED rights	Nil

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 wholly owned subsidiaries) during the year consisted of:

> Production of natural graphite products from the Balama Graphite Operation in Mozambique (production suspended through 2020 due to COVID-19 impacts);

> Sales of natural graphite and ongoing development of logistics, sales and marketing arrangements with targeted customers;

> Continued development of the use of high-quality graphite from Balama as an input into the production of Vidalia and industrial products; and

> Development and execution of a downstream, AAM strategy in the USA.

DIVIDENDS

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

REVIEW OF OPERATIONS

OPERATING AND 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 2020 was $60.9 million (2019: loss after income tax of $130.5 million).

Revenue for the year ended 31 December 2020 comprised sales of natural graphite products of $10.8 million (2019: $72.2 million) and interest income of $0.4 million (2019: $1.1 million) from cash reserves placed on term deposits during the year.

Cost of sales reported for the financial period was $49.3 million (2019: $105.5 million), mainly comprised of mining and production costs of $28.4 million (2019: $79.2 million), logistics costs of $9.6 million (2019: $14.8 million), and depreciation and amortisation expense relating to Balama of $9.8 million (2019: $11.9 million). Total other expenses for the financial period were $15.3 million (2019: $26.8 million) and included the following:

> Distribution costs of $3.9 million (2019: $11.2 million), of which $1.8 million (2019: $8.5 million) were shipping costs;

> Administrative expenses of $6.6 million (2019: $8.6 million), of which $4.7 million (2019: $5.7 million) related to employee benefits; and,

> Write-down of inventories due to valuation of inventories at the lower of cost or net realisable value of $2.6 million (2019: $6.7 million).

Net finance expense of $4.4 million (2019: net finance expense of $0.9 million) related to income from investment in term deposits of $0.4 million (2019: $1.1 million), offset by interest incurred on the Convertible Note of $3.3 million (2019: $0.6 million) and Leases of $1.2 million (2019: $1.3 million).

Total comprehensive loss attributable to shareholders of Syrah Resources Limited for the year was $61.7 million (2019: $131.5 million).

Statement of Financial Position

Total assets of the consolidated entity as at 31 December 2020 were $431.9 million (2019: $432.1 million), with the decrease principally as a result of lower current assets including Cash and Cash Equivalents, Inventories and Trade and Other Receivables balances offset by increases in Property, Plant and Equipment and Mining Assets.

The consolidated entity's Cash and Cash Equivalents as at 31 December 2020 were $75.0 million (2019: $80.6 million) and working capital, being Current Assets less Current Liabilities, was $84.1 million (2019: $89.5 million). The net decrease in Cash and Cash Equivalents and working capital is a result of operating cash outflow of the Balama operation through suspended production and ongoing development of the Group's Vidalia Project, offset by net proceeds received from the Institutional Placement completed in December 2020.

Mining Assets increased to $134.2 million as at 31 December 2020 (2019: $120.7 million) mainly due to the capitalisation of community development expenditure commitments and change in the estimate for the rehabilitation provision, both of which are capitalised into Mining Assets.

Property, Plant and Equipment increased to $164.4 million as at 31 December 2020 (2019: $160.7 million), with the majority relates to capitalisation of the costs associated with Balama Tailing Storage Facility 2 and progression of the Vidalia Project.

Non-Current Trade and Other Receivables decreased to $13.2 million as at 31 December 2020 (2019: $19.6 million) with the majority relating to outstanding Input Tax Credits in Mozambique of $6.8 million (2019: $14.4 million). During the year ended 31 December 2020 cash refunds totaling $8.6 million were received for Input Tax Credits (2019: $10.7 million). The Group views the outstanding balance of Input Tax Credits as ultimately recoverable and continues to work with relevant authorities in Mozambique to recover these amounts.

The consolidated entity also has a deposit of $6.4 million as at 31 December 2020 (2019: $5.2 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 $99.2 million as at 31 December 2020 (2019: $80.3 million), which includes Trade and Other Payables of $7.6 million (2019: $11.5 million); a provision for decommissioning and rehabilitation for Balama of $13.6 million (2019: $10.0 million); a provision for Balama community development of $11.3 million (2019: Nil); Borrowings from issue of Convertible Note including capitalised interest expense and transaction costs of $47.5 million (2019: $39.7 million) and Lease Liabilities of $16.8 million (2019: $18.6 million).

Net assets of the consolidated entity decreased during the financial period to $332.8 million as at 31 December 2020 (2019: $351.9 million).

Statement of Cash Flows

Cash Flows from Operating Activities

Net cash outflow from operating activities for the year ended 31 December 2020 was $32.9 million (2019: $33.6 million), and principally consisted of negative operating cashflow from the Balama operation due to the production, as well as corporate office, compliance and other employee benefits expenses.

Cash Flows from Investing Activities

Net cash outflow from investing activities was $11.8 million for the year (2019: $36.6 million) and principally consisted of payments for progression of the downstream Vidalia Project.

Cash Flow from Financing Activities

Net cash inflow from financing activities was $38.5 million during the year ended 31 December 2020 (2019: $73.6 million) and principally consisted of proceeds received from the Institutional Placement 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 2020 was EBITDA of -$35.2 million (2019: EBITDA of -$135.2 million).

This loss principally consisted of Cost of Goods Sold of $39.5 million (2019: $93.6 million), Write-down of Inventories due to valuation of inventories at the lower of costs or net realisable value of $2.6 million (2019: $6.7 million), and Shipping Costs of $1.8 million (2019: $8.5 million), offset by Revenue of $10.8 million from sales of natural graphite products (2019: $72.2 million).

Total segment assets for Balama were $295.5 million as at 31 December 2020 (2019: $304.7 million) and principally comprised of Mining Assets of $134.2 million (2019: $120.7 million); Property, Plant and Equipment and Right of use Assets of $103.6 million (2019: $114.9 million), Deferred Tax Assets of $27.0 million (2019: $27.8 million), and Trade and Other Receivables of $14.9 million (2019: $23.1 million), The decrease in total segment assets principally relates to amortisation on Property, Plant and Mining Assets and lower balance of Trade and Other Receivables offset by Property, Plant and Equipment and Mining Assets additions.

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

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.

Syrah adopts a risk and opportunities based approach to managing key material sustainability matters across the business with all relevant information captured under the Company's Risk Management Framework, which is reviewed at least monthly by the Executive Committee.

Asset-level sustainability reporting has been guided by the Global Reporting Initiative ("GRI"), the United Nations Sustainable Development Goals, the International Council on Mining & Metals ("ICMM") 10 Principles for Sustainable Development and other internationally recognised standards to assess and report sustainability performance in line with industry benchmarks.

Corporate governance frameworks have also been established across the Syrah Group to enhance the Company's overall performance and shareholder value.

Health and Safety

The Company considers Health and Safety to be the highest priority for the Company.

Syrah's Crisis and Emergency Management Teams ("C&EMT") was activated in a pre-emptive manner early in 2020 to assess, manage and where possible, minimise the impacts of COVID-19 on employees, the business and key stakeholders and remains active. The Company is committed to make decisions in conjunction with Government advice at a minimum, and further where we can, in order to mitigate the risk of COVID-19 transmission to our workplaces or the communities in which we operate.

Through a year of significant operational change, Syrah continued its strong health and safety performance at Balama with a Total Recordable Injury Frequency Rate ("TRIFR") at Balama of 0.7 as at 31 December 2020.

Balama's Malaria Mitigation Program continued through 2020 aimed at reducing lost time due to illness, which 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.

Environment

In 2020, the Environmental Monitoring Program ("EMP") continued with over 200 environmental license conditions met and no significant incidents or major non-compliances reported to date. Monitoring activities, including the measurement of surface and ground water quality, noise, dust levels, geo-hydrology, radiation and air quality continued as part of the Company's EMP, contributing to the successful renewal of our 5-year Environmental Licence during the year.

As at 31 December 2020, the Company has placed in favour of the Ministry of Mineral Resources and Energy ("MIREME") in Mozambique a bank guarantee totaling $6.2 million in relation to the rehabilitation or removal of project infrastructure for Balama as per the Mine Closure Plan commitments.

Quantifying and benchmarking the carbon footprint of battery anode material made from Balama natural graphite versus other raw materials (natural and synthetic) is an ongoing strategic priority for the Company. The Balama team continue to assess options to reduce the carbon footprint of the operation. To this end, Syrah signed a MoU with Solar Century Africa Limited ("Solarcentury") during the quarter to progress a solar and battery storage hybrid power system to work in conjunction with the existing 15Mw diesel generation power plant at Balama in Mozambique, which was chosen as a low risk power generation option for the initial establishment of operations at Balama.

Community Development

The Company is committed to partnering with the community and stakeholders for sustainable development and recognises that maintaining open, productive and inclusive relationships with our Host Communities and other key stakeholders will help to ensure business activities generate mutual benefit and protect the Company's social license to operate.

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

- Physical Projects
- Employment and Training
- Health Promotion

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 collectively decide upon sustainable development priorities and associated community projects. The LDC meets on a quarterly basis to discuss potential future community projects and to review the progress of community projects that have already been approved and are under implementation. A Community Projects Evaluation Tool has 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, and are aligned with Syrah's Values and Community Relations strategy.

Projects progressed via the LDA through 2020 include: Poultry Farming Program; Wiwanana Orera Sewing Association; Muapé and Pirira Primary School Constructions, Maputo Road Rehabilitation; and Ntete Community Building.

Production

Syrah suspended production at Balama in March 2020 due to impacts of COVID-19, specifically: travel restrictions limiting the mobility of the Balama workforce; and weak end user demand due to lockdowns, mobility restrictions and economic uncertainty negatively impacting EV sales. Production at Balama in 2020 prior to production being temporarily suspended was 12kt (2019 production: 153kt). We were pleased to announce a Balama restart subsequent to year-end in February 2021. Balama was well positioned to preserve cash during its temporary production suspension whilst also retaining operating and marketing capability to promptly recommence production upon a restart decision.

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 Limitada. 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 2019

CLASSIFICATION	TONNES (Mt)	TGC (%)
Balama West	**639**	**10**
Measured	23.5	17.5
Indicated	255	10.2
Inferred	360	9.3
Balama East	**783**	**11**
Measured	-	-
Indicated	123	13.4
Inferred	660	10.1
Total	**1,422**	**10**
Measured	23.5	17.5
Indicated	378	11.2
Inferred	1,020	9.8

As at 31 December 2020

CLASSIFICATION	TONNES (Mt)	TGC (%)
Balama West	**639**	**10**
Measured	23.5	17.5
Indicated	255	10.2
Inferred	360	9.3
Balama East	**783**	**11**
Measured	-	-
Indicated	123	13.4
Inferred	660	10.1
Total	**1,422**	**10**
Measured	23.5	17.5
Indicated	378	11.2
Inferred	1,020	9.8

Explanation of material changes:

There has been no material change in the Graphite Mineral Resource estimate since 2019 Annual Report.

Table 2: Vanadium Mineral Resources Estimate

As at 31 December 2019 @ 3% Cut-off

CLASSIFICATION	TONNES (Mt)	V_2O_5 (%)
Balama West	**639**	**0.2**
Measured	23.5	0.34
Indicated	255	0.21
Inferred	360	0.2
Balama East	**783**	**0.2**
Measured	-	-
Indicated	123	0.35
Inferred	660	0.2
Total	**1,422**	**0.2**
Measured	23.5	0.34
Indicated	378	0.26
Inferred	1,020	0.2

As at 31 December 2020 @ 3% Cut-off

CLASSIFICATION	TONNES (Mt)	V_2O_5 (%)
Balama West	**639**	**0.2**
Measured	23.5	0.34
Indicated	255	0.21
Inferred	360	0.2
Balama East	**783**	**0.2**
Measured	-	-
Indicated	123	0.35
Inferred	660	0.2
Total	**1,422**	**0.2**
Measured	23.5	0.34
Indicated	378	0.26
Inferred	1,020	0.2

Explanation of material changes:

There has been no material change in the Vanadium Mineral Resource estimate since 2019 Annual Report.

Graphite Mineral Reserves Estimate

There has been no material change in the Ore Reserve estimate since 2019 Annual Report.

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 2019 (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 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

Explanation of material changes:

There has been no material change in the Ore Reserve estimate since 2019 Annual Report.

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

Balama was well positioned to preserve cash during its temporary production suspension whilst also retaining operating and marketing capability to promptly recommence production upon a restart decision. Whilst production was suspended at Balama through most of 2020, sales were ongoing through the year from available finished product inventories, providing valuable ongoing market interaction and feedback. Total natural graphite sales for 2020 were 22kt (2019 natural graphite sales: 163kt) at a weighted price of US$474 per tonne (CIF).

EV sales recovered in H2 2020 with growth of 89% YoY, which contrasts with H1 2020 sales which were down 17% YoY. Significant increases in battery anode production have occurred through H2 2020 and evidence of improved upstream market balance was noted late in 2020 via improvement in observed natural graphite prices and increased customer enquiry. We were pleased to announce a Balama restart subsequent to year-end in February 2021.

CORPORATE

Financial Summary

The segment result for Corporate for the year ended

31 December 2020 was EBITDA of -$8.4 million (2019: EBITDA of -$8.5 million).

This loss principally consisted of employee benefits of $4.7 million (2019: $5.7 million), net FX expenses of $2.3 million (2019: $0.4 million), legal and consulting costs of $1.1 million (2019: $1.3 million) and general corporate administration costs of $0.7 million (2019: $1.5 million). These costs include 'non-cash' costs of $1.8 million (2019: $1.3 million), relating to share-based payments.

Total segment assets were $75.8 million as at 31 December 2020 (2019: $82.0 million), with the decrease mainly driven by the lower Cash and Cash Equivalents closing balance.

Corporate segment assets as at 31 December 2020 include $75.0 million of Cash and Cash Equivalents (2019: $80.6 million) which will be used to fund:

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

VIDALIA PROJECT

Financial Summary

The segment result for the Vidalia Project for the year ended 31 December 2020 was EBITDA of -$0.1 million (2019: EBITDA of -$0.0 million).

Total segment assets for Vidalia Project were $60.6 million as at 31 December 2020 (2019: $44.9 million) and principally comprised of capitalised construction costs for Vidalia Project.

Syrah is on track to become a commercial vertically integrated producer of natural graphite AAM outside of China, with plans to serve the growing US and European markets.

A Bankable Feasibility Study ("BFS") completed during 2020 confirmed a strong business case for natural graphite AAM production at Syrah's Vidalia facility in USA. Completion of the BFS allows commercial discussions for project development to progress with potential offtake partners and financiers. Front End Engineering and Design ("FEED") for an initial 10ktpa AAM facility at Vidalia was initiated in 2020 to progress towards preparedness for a construction investment decision in H2 2021.

Syrah commenced product qualification activities with interested customers in 2020, with dispatch of AAM produced via toll treatment of Vidalia purified spherical graphite (anode precursor). Syrah utilised tolling in 2020 to accelerate the provision of material to potential customers ahead of installation of a furnace at Vidalia in Q1 2021, which is expected to enable AAM production of equivalent specification to the toll produced material.

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% V_2O_5.

Vanadium (a designated critical mineral) in the processed Balama graphite ore, which would otherwise report to tailings, can be refined into a saleable product (V_2O_5)[1] and presents a medium term, high value opportunity.

Balama contains a globally significant vanadium resource, with potential for ~5ktpa[1] of V_2O_5 production (vs. 2019 global production of ~73kt[2]). 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 post successful restart of Balama Graphite Operation.

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;
> Cash (C1) operating cost structure (FOB Port of Nacala) of US$430 to US$460 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 2021. In particular:

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

Vidalia Project

Syrah remains on track to become a vertically integrated producer of natural graphite AAM to supply ex-Asia markets; and in 2021, Syrah plans to progress towards a final investment decision for the construction of a 10ktpa AAM plant at Vidalia during 2H 2021, subject to end customer commitments or strategic financial partnerships.

1 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

2 https://pubs.usgs.gov/periodicals/mcs2020/mcs2020-vanadium.pdf

Vanadium Project

The Vanadium resource at Balama remains 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.

The 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 graphite as a result of the commissioning of new mines 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.

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 restarting of production following suspension, the subsequent 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 to 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. 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.

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 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) 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. A commercial scale facility may require additional permits, authorisation and/or licences in relation to a variety of matters including 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. At this time the majority of such acts have been at least 300km from Balama and have not directly impacted Balama or transport routes for Syrah's products, however there is no guarantee that such acts will not spread closer to Balama.

Syrah has strengthened its security measures and protocols in response to these events, however such security measures and protocols are no 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).

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.

ACTIVE ANODE MATERIAL

Relative to Balama, Syrah's Vidalia Project is at an early stage.

Installation of a furnace in 2021, along with the existing installed and commissioned plant, is planned to enable demonstration of AAM production to facilitate ongoing product qualification activities. Accordingly, it is subject to a range of risks and variables which may impact upon Syrah's ability to execute that strategy. These risks and variables include, but not limited to:

> Ongoing commissioning of the qualification plant, the risks inherent in any commissioning activities are present including in relation to performance of the plant and associated infrastructure, product grade or quality and other production related activities (including failures or deficiencies in processes, plant or equipment);

> Market risk associated with Vidalia including in relation to pricing and demand (see further details outlined in "Market Risk" section above);

> Construction and the commissioning risk of the purification equipment for batch processing of purified spherical graphite;

> Any subsequent expansion including risks relating 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 or availability of labour, consumables, spare parts, plant and equipment, IT failures or disruptions and other global trends or events (such as the COVID-19 pandemic), including the national or regional governmental response to such events.

A study was undertaken in 2020 to evaluate the feasibility of larger scale AAM production at Vidalia. Post completion the Feasibility Study in 2020, Syrah continues to undertake Front End Engineering and Design ("FEED") and Detailed Design with intent to progress towards an investment decision to expand the existing plant. The FEED or Detailed Design may uncover failures or deficiencies in processes, systems, plant and equipment required for the Vidalia Project and addressing such failures or deficiencies may result in Syrah incurring unexpected costs and production commencing later than anticipated. Any of these outcomes could have a material adverse impact on Syrah's results of operations and financial performance in relation, but not limited to:

> Operational risks including that the performance of the qualification plant may be below expectations;

> Obtaining all necessary permits, authorisations and approvals for the intended purified spherical graphite and anode material operations and any expansion of those operations beyond the initial plant capacity, including in relation to the discharge of wastewater, air emissions and a potential (but unlikely) change in design basis requiring the utilisation of hazardous materials;

> The costs of developing a large scale Vidalia plant (should this be considered in the best interests of the Company); and

> The success of any strategic relationships into which Syrah enters with third parties in connection with the execution of the Vidalia strategy.

The risks and costs relating to a larger scale plant development will be further assessed during FEED and Detailed Design which is currently underway. If any of these risks or variables were to materialise, costs were greater than expected or if there is lower than expected demand for Syrah's AAM, then Syrah's Vidalia Project related activities may not proceed as presently intended, or (if they do proceed) they may take longer or cost more than anticipated and/or not generate the expected levels of revenue or profit. This in turn could have a material adverse effect on the recoverable amount of assets.

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. The Group has commenced production of saleable Products from Balama but 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, general administrative expenditures and Vidalia Project activities, as well as acquisitions and new or existing projects. This includes Syrah's Vidalia Project, and 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 Note issued to AustralianSuper on 28 October 2019 on the terms summarised in ASX Release dated 19 June 2019, (which terms also relate to the issue of Convertible Note Series 2 and Convertible Note Series 3, should Syrah elect to issue these notes), there is a possibility that the Note may need to be redeemed (wholly or in part) either at maturity or earlier in accordance with the terms of the Convertible Note. Specifically, Syrah may be required to redeem the Notes for cash, if: (i) AustralianSuper has not elected to convert the Convertible Note 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 Note into fully paid ordinary shares of Syrah; or (iii) AustralianSuper elects to redeem rather than convert the Convertible Note 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).

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), 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 Project 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) 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.

The Balama restart was announced in February 2021 (post year-end 2020). Balama was positioned to preserve cash during its temporary production suspension period whilst also retaining operating and marketing capability to promptly recommence production upon a restart decision.

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.

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

Syrah announced the results of a Share Purchase Plan ("SPP") on 20 January 2021. The SPP provided Eligible Shareholders with the opportunity to apply for up to A$30,000 worth of new fully paid ordinary shares ("New Shares") in the Company at the same price (A$0.90 per share) as a A$56 million Placement that was completed on 11 December 2020. The SPP received valid applications totaling approximately A$63.7 million, well in excess of the targeted A$12 million. As a result of the oversubscription, Syrah's Board of Directors exercised its discretion under the terms of the SPP to accept a total of A$18 million in applications for the issue of approximately 20 million New Shares under the SPP.

Syrah announced the decision to restart production at the Balama on 22 February 2021. Production was temporarily suspended at Balama in March 2020 due to impacts of COVID-19, specifically: travel restrictions, limiting the mobility of the Balama workforce; and, weak end user demand due to lockdowns, mobility restrictions and economic uncertainty negatively impacting EV sales. In July 2020 Syrah announced a labour restructure at Balama and other actions to preserve cash during the period of suspended production, whilst also retaining operating and marketing capability to restart production. At the time of the restart decision, Syrah deemed it was able to manage within current travel restrictions, and market conditions deemed supportive of recommencing production. At the time of the restart decision on 22 February 2021, Syrah estimated a 2 to 3 months lead time to recommencement of production.

On 10 December 2020, Syrah announced an equity capital raising and a proposal to issue A$56 million in 2 convertible notes, at Syrah's option, in two equal tranches before 31 March 2021 and 30 June 2021 to AustralianSuper Pty Ltd as trustee for AustralianSuper (AustralianSuper) ("Convertible Notes"). Issue of the Notes was subject to certain conditions, including shareholder approval under ASX Listing Rule 7.1. A General Meeting was held on 26 February 2021, where shareholders provided approval to issue the Convertible Notes to AustralianSuper. Syrah has elected not to issue the Convertible Note which required notice to be given by 31 March 2021, although retained the option to issue the Convertible Note issuable by 30 June 2021.

During March 2021, Syrah announced the installation of a furnace at Vidalia to enable AAM production using natural graphite from Syrah's Balama operation. Precursor material (purified spherical graphite) from Vidalia was toll treated to AAM in Q4 2020 to accelerate the commencement of product qualification with potential customers. The furnace at Vidalia will now be used to produce AAM for ongoing product qualification, which is an iterative process of product testing with potential customers.

In accordance with the obligations imposed on its subsidiary Twigg Exploration and Mining Limitada under the Mining Agreement with the Mozambique Government, Syrah completed the transfer of a 5% quotaholding in Twigg Exploration and Mining Limitada to Empresa Mocambicana De Exploracao Mineira, S.A..

No other events have occurred subsequent to 31 December 2020 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 2020, 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(1)	6	6	2	2	-	-	2	2
S Riggall(2)	3	3	2	2	-	-	2	2

(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 2020.

(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 2020.

(1) J Beevers was appointed as Non-Executive Director on 22 May 2020.

(2) S Riggall ceased as Non-Executive Director on 22 May 2020. He attended all required meetings prior to his resignation.

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 2020. The remuneration report is structured as follows:

(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 2020 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 2020 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 (appointed 22 May 2020)
Sam Riggall	Non-Executive Director (ceased 22 May 2020)

KEY MANAGEMENT PERSONNEL

The following persons were the Key Management Personnel of Syrah during the year ended 31 December 2020 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
Jennifer Currie	Chief Legal Officer and Company Secretary (ceased as Company Secretary 5 September 2019; ceased as Chief Legal Officer 28 January 2020)
Jordan Morrissey	Chief People Officer (role restructured to that of a Transition Officer effective 18 October 2019 and ceased employment with Syrah on 31 March 2020)

(C) KEY REMUNERATION OUTCOMES AND UPDATES

(i) What has changed in relation to remuneration during the year ended 31 December 2020

Non-Executive Director Remuneration	> Non-Executive Directors received no fee increases during the year ended 31 December 2020 > The Board of Directors resolved to implement a new Non-Executive Director Share Rights Plan ("NEDSP"), which was approved by shareholders at the Annual General Meeting held on 22 May 2020. The NEDSP will enable Non-Executive Directors to receive a portion of their remuneration as Performance Rights and operates as follows: > (a) The NEDSP commenced on 1 February 2020, and was approved by shareholders at last year's Annual General Meeting; > (b) Non-Executive Directors will elect the proportion they would like paid in cash and paid in share rights on an annual basis; > (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	> None of Syrah's Key Management Personnel received a remuneration increase during the year ended 31 December 2020 > 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 2020
STI Outcomes	> The average STI outcome for the Managing Director and Chief Executive Officer and Key Management Personnel was 97.9% of Target opportunity for the year ended 31 December 2020 based on the assessment of corporate and personal performance metrics. This outcome reflected 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, and in the context of a reduced Executive team following the restructure at the end of 2019.
LTI Outcomes	> For the Performance Rights awarded during the 2018 financial year and tested as at 31 December 2020, none vested. This reflects the Total Shareholder Return ("TSR") performance of the Company during the three years to 31 December 2020 relative to the average TSR performance of the comparator group
Five Year Performance and Retention Incentive	Last year, 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 recent operational review and restructure in late 2019, including the recent restructure of the senior executive team. The program is also designed to align with the maturity date of the Convertible Note and to ensure that selected personnel are remunerated in a manner which encourages high performance and is aligned with driving growth in Shareholder value. A summary of the Five Year Performance and Retention Incentive is outlined below: (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 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 2020, S Verner was issued 4,000,000 performance rights under the 5YPRI program, following shareholder approval at the 2020 Annual General Meeting. These 5YPRI vest one-fifth annually, subject to meeting certain KPI performance hurdles as outlined above. In February 2021, the Remuneration, Nomination and Governance Committee assessed the Year 1 tranche of these performance rights, and determined that 644,000 Performance Rights vested, with the balance of 156,000 Performance Rights for Year 1 lapsing. Other Key management personnel were also issued performance rights under the 5YPRI program last year, including the CFO, S Wells who received 2,500,000 performance rights and the COO, J Costa who received 3,250,000 performance rights. Other executives were also issued performance rights under the 5YPRI program last year totalling 2,250,000. The Remuneration, Nomination and Governance Committee assessed the Year 1 tranche of these performance rights to KMP's and other executives, and determined that a total of 1,288,000 Performance Rights vested, with the balance of 312,000 Performance Rights for Year 1 lapsing in relation to these KMP's and other executives.

(ii) What changes are planned or approved for remuneration for the year commencing 1 January 2021

LTI Performance Hurdles	The Board of Directors has resolved to adopt the same performance hurdles for the 2021 LTI Program as were used in 2020, 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 2021, 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 2021, 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 new Non-Executive Director Share Rights Plan ("NEDSP") is intended to continue, as approved at last year's 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 approved by shareholders at last year's Annual General Meeting; (b) Non-Executive Directors will elect the proportion they would like paid in cash and paid in share rights on an annual basis; (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. During the year ended 31 December 2020, changes were made to Non-Executive Director remuneration via the implementation of the NEDSP, 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; and

> demonstrate a clear relationship between the Group's overall performance and the performance of executives.

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 2020 or 31 December 2019.

EQUITY INCENTIVE PLAN RULES

The Company has an Equity Incentive Plan established and approved by shareholders at the Annual General Meeting on 17 May 2018 ("EIP"), 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.

SHARE OPTION PLAN RULES

The Company has a former Share Option Plan ("SOP") in existence. The SOP was established and approved by shareholders at an Annual General Meeting held on 19 November 2013 and enabled the Company, at the discretion of the Board of Directors, to offer employees and directors options. The SOP is now effectively dormant applying only to options granted prior to November 2015, with no new options issued under this plan.

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 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 2020 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

		2020		2019	
ANNUAL FEES		**A$**	**US$(1)**	**A$**	**US$(1)**
Board Fees	Chairperson	160,000	110,473	160,000	111,198
	Members	95,000	65,593	95,000	66,024
Sub-Committees					
Audit and Risk Committee	Chairperson	20,000	13,809	20,000	13,900
	Members	10,000	6,905	10,000	6,950
Sustainability Committee	Chairperson	15,000	10,357	15,000	10,425
	Members	10,000	6,905	10,000	6,950
Remuneration, Nomination and Governance Committee	Chairperson	15,000	10,357	15,000	10,425
	Members	10,000	6,905	10,000	6,950

(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 2020 of 0.6905 (2019: 0.6950).

In addition to the above fees, 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 (2019: $3,475 (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 2020 were between 0% and 50% paid in the Company's fully paid ordinary shares ("Shares") (2019: between 0% and 50% in shares). These components for the year ended 31 December 2020 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

	TOTAL FIXED REMUNERATION		AT RISK REMUNERATION			
			STI		LTI	
NAME	DEC-20	DEC-19	DEC-20	DEC-19	DEC-20	DEC-19
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%	50%	25%	25%	25%	25%
J Morrissey(2)	50%	50%	25%	25%	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 2021).

Total Fixed Remuneration for Key Management Personnel for financial year ended 31 December 2020 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 2020

Table 4: STI Program (31 December 2020)

<table>
<tr><th>FEATURE</th><th>DESCRIPTION</th></tr>
<tr><td>Target Opportunity</td><td>Managing Director – 75% of Total Fixed Remuneration ("TFR") for target performance.
Other Executives – 50% of Total Fixed Remuneration for target performance.
The Board of Directors reserves the discretion to reward exceptional achievement for stretch performance on any particular performance measure.</td></tr>
<tr><td>Group Performance Metrics & Award Outcome</td><td>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 2020:
<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 Progress</td><td>10%</td><td>Progression of Vidalia growth strategies</td></tr>
<tr><td>Sales Volume & Price</td><td>10%</td><td>Delivery against volume and weighted average basket price targets</td></tr>
<tr><td>Strategic</td><td>10%</td><td>Balance sheet strength for operations and growth, and Vidalia strategies</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>
The Board assessed an overall attainment of 45.3% out of 50% for the corporate performance metrics for the year ended 31 December 2020. This was based on recognition of the Company’s achievement of a number of its performance targets[(1)] during a challenging year including maintaining its strong ESG performance, significant work in reducing costs across the business in response to a sudden change in operating conditions (market and COVID-19), progression of Vidalia project through the Bankable Feasibility Study (“BFS”) and ongoing market interaction and development in preparation for a Balama restart.
(1) Corporate KPIs were revised marginally through the mid-year review process to account for COVID-19 conditions and temporary suspension of production at Balama.</td></tr>
<tr><td>Determination of Outcomes</td><td>The STI outcomes were determined by the Remuneration, Nomination and Governance Committee, with oversight from the Board of Directors.</td></tr>
<tr><td>Delivery of STI</td><td>Between 0% and 50% of the STI for the year ending 31 December 2020 was paid in shares, issued under the Company’s Equity Incentive Plan.</td></tr>
</table>

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 2020.

Table 5: STI Opportunity (31 December 2020)

	TARGET OPPORTUNITY		AMOUNT GRANTED	AMOUNT FORFEITED
NAME	% OFFER	AMOUNT$(1)	%	%
Executive Director				
S Verner	75%	$255,183	85%	15%
Key Management Personnel				
S Wells	50%	$141,768	103%	0%
J Costa	50%	$151,220	105%	0%
J Currie(2)	-	-	-	-
J Morrissey(3)	-	-	-	-

(1) Amounts translated from Australian Dollars to US Dollars using an average exchange rate for the year ended 31 December 2020 of 0.6905.
(2) J Currie ceased employment with the Company as Chief Legal Officer on 28 January 2020.
(3) J Morrissey ceased employment with the Company on 31 March 2020.

(ii) Short Term Incentive Program – 31 December 2021

Table 6: STI Program (31 December 2021)

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 2021:

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 Project	16%	Delivery of key strategic project milestones
Technical 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 opportunities
Total corporate performance measures	**50%**	
Personal performance metrics	50%	Targeted metrics relevant to individual roles
Total	**100%**	

FEATURE	DESCRIPTION
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 2021 will be determined by the Remuneration, Nomination and Governance Committee, with oversight from the Board of Directors.

Five Year Performance and Retention Incentive

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) 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 2021 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 2021, 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 and 2021 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 (100% OF PERFORMANCE RIGHTS FOR 2016 TO 2017 AND 50% OF PERFORMANCE RIGHTS FROM 2018 ONWARDS)	PERFORMANCE AGAINST ABSOLUTE TSR MEASURE (50% OF PERFORMANCE RIGHTS FROM 2018 ONWARDS)	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 2018 Grant

The TSR comparator group as selected by the Board of Directors for the performance rights for the year ended 31 December 2018 for testing as at 31 December 2020 are the companies in the S&P/ASX300 Index (ASX:XKO) as at 1 January 2018, classified under the "Metals & Mining" (now renamed "Materials") industry under the GICS classification system, being:

Alacer Gold Corp.	Independence Group NL	Regis Resources Limited
Alumina Limited	Lynas Corporation Limited	Resolute Mining Limited
Ausdrill Limited	MACA Limited	Rio Tinto Limited
Beadell Resources Limited	Magnis Energy Technologies Ltd	Sandfire Resources NL
BHP Group Limited	Metals X Limited	Saracen Mineral Holdings Limited
BlueScope Steel Limited	Mineral Resources Limited	Silver Lake Resources Limited
Dacian Gold Limited	Newcrest Mining Limited	Sims Metal Management Limited
Evolution Mining Limited	Northern Star Resources Limited	South32 Limited
Fortescue Metals Group Limited	OceanaGold Corporation	St Barbara Limited
Galaxy Resources Limited	Orocobre Limited	Western Areas Limited
Gold Road Resources Limited	OZ Minerals Limited	Westgold Resources Limited
Iluka Resources Limited	Perseus Mining Limited	
Imdex Limited	Pilbara Minerals Limited	

The Board reserves the right to adjust the composition and number of the companies in the TSR Comparator Group (2018 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 2018 Grant

None of the performance rights granted for the 2018 financial year and tested as at 31 December 2020 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 2019 Grant

The TSR comparator group as selected by the Board of Directors for performance rights for the year ending 31 December 2019 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	

iii. 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
Amcor 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	

iv. 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	

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

	2020 NUMBER	2019 NUMBER
Movement for the year ended 31 December 2020:		
Balance at the beginning of the year	1,513,470	69,205
Granted during the year	16,060,139[2]	1,862,733
Lapsed during the year	-	(297,296)
Forfeited during the year	(191,709)	(96,692)
Exercised during the year	(12,240)	(24,480)
Balance at the end of the year	17,369,660[1]	1,513,470
At 31 December 2020:		
Vested	-	12,240
Unvested	17,369,660	1,501,230
Total	**17,369,660**	**1,513,470**

(1) 32,485 of these 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.

(2) Included in the amount granted during the year is 12,000,000 5YPRI Performance Rights issued during FY20.

The Board of Directors has resolved to grant 467,727 EIP performance rights to S Verner, subject to shareholder approval, 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. The Board of Directors also resolved to grant 823,508 performance rights to other executives and senior managers for the year ended 31 December 2020 in accordance with the relevant employment contracts. These performance rights were issued on 17 March 2021 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

	2020 NUMBER	2019 NUMBER
Movement for the year ended 31 December 2020:		
Balance at the beginning of the year	-	-
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)	-
At 31 December 2020:		
Vested	-	-
Unvested	188,324	-
Total	**188,324**	**-**

(1) 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. These securities were issued under ASX Listing Rule 10.14. NED Rights in relation to the June 2020, September 2020, and December 2020 quarters will be issued subsequent to year end.

(2) A resolution will be included in the 2021 Notice of Annual General Meeting to seek approval to add J. Beevers into the Non-Executive Director Share Plan as an eligible participant. J. Beevers was appointed as a Non-Executive Director on 22 May 2020.

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

Table 9: LTIP Performance Rights

	2020 NUMBER	2019 NUMBER
Movement for the year ended 31 December 2020:		
Balance at the beginning of the year	513,504	1,020,826
Granted during the year	-	-
Lapsed during the year	(285,256)	(332,624)
Forfeited during the year	(38,286)	(56,035)
Exercised during the year	-	(118,663)
Balance at the end of the year	189,962(1)	513,504
At 31 December 2020:		
Vested	-	-
Unvested	189,962	513,504
Total	**189,962**	**513,504**

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

Share Options

Former Share Option Plan ("SOP")

As at 31 December 2020, there were no options outstanding (31 December 2019: Nil) under this plan. The table below summarises the number and movements in Options under this plan during the year:

Table 10: SOP Options

	2020 NUMBER	2019 NUMBER
Movement for the year ended 31 December 2020:		
Balance at the beginning of the year	-	900,000
Exercised during the year	-	-
Expired during the year	-	(900,000)
Balance at the end of the year	-	-
At 31 December 2020:		
Vested	-	-
Unvested	-	-
TOTAL	**-**	**-**

Unvested options issued under the SOP will be forfeited upon cessation of employment prior to the conclusion of the vesting period.

In the event of cessation of employment by reason of death, any vested options are exercisable within three months by a legal representative otherwise the options will lapse. All other vested options are exercisable within 30 days of cessation of employment otherwise the options will lapse.

Former Long Term Incentive Plan ("LTIP")

As at 31 December 2020, there were no options outstanding (31 December 2019: 1,000,000) under the LTIP. The table below summarises the number and movements in options under this plan during the year:

Table 11: LTIP Options

	2020 NUMBER	2019 NUMBER
Movement for the year ended 31 December 2020:		
Balance at the beginning of the year	1,000,000	3,300,000
Granted during the year	-	-
Forfeited during the year	-	(1,500,000)
Expired during the year	(1,000,000)	(800,000)
Balance at the end of the year	-	1,000,000
At 31 December 2020:		
Vested	-	1,000,000
Unvested	-	-
TOTAL	**-**	**1,000,000**

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 2020, there were 1,600,000 options outstanding under this plan (31 December 2019: 1,600,000). The table below summarises the number and movements in Options under this plan during the year:

Table 12: Equity Incentive Plan Options

	2020 NUMBER	2019 NUMBER
Movement for the year ended 31 December 2020:		
Balance at the beginning of the year	1,600,000	600,000
Granted during the year	-	1,000,000
Forfeited during the year	-	-
Expired during the year	-	-
Balance at the end of the year	1,600,000	1,600,000
At 31 December 2020:		
Vested	1,600,000	1,000,000
Unvested	-	600,000
TOTAL	**1,600,000**	**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 13: Remuneration for the financial year ended 31 December 2020

	FIXED REMUNERATION					VARIABLE REMUNERATION						
	CASH											
	SALARY & FEES(1)	LEAVE(2)	SUPER-ANNUA-TION	TERM-INATION 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)	10,645	-	-	-	-	117,090	-	-	-	-	127,735	-
J Caldeira	46,462	-	-	-	-	36,393	-	-	-	-	82,855	-
L Bahash	48,332	-	-	-	-	37,975	-	-	-	-	86,307	-
S Watts	65,867	-	6,889	-	-	6,647	-	-	10,541	-	89,944	-
J Beevers(7)	46,759	-	1,450	-	-	-	-	-	-	-	48,209	-
S Riggall(8)	28,639	-	2,870	-	-	-	-	-	-	-	31,509	-
Sub-total	**246,704**	**-**	**11,209**	**-**	**-**	**198,105**	**-**	**-**	**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)	**1,176,974**	**46,775**	**91,952**	**242,625**	**9,176**	**198,105**	**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 will be issued subsequent to year end.

(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.

Table 14: Remuneration for the financial year ended 31 December 2019

	FIXED REMUNERATION					VARIABLE REMUNERATION					
	CASH										
	SALARY & FEES[(1)]	LEAVE[(2)]	SUPER-ANNUA-TION	TERM-INATION BENEFITS	NON-MONETARY BENEFITS	STI CASH[(3)]	STI SHARES[(3)]	LTI RIGHTS[(4)]	OPTIONS[(4)]	TOTAL	PERFORM-ANCE RELATED
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	%
NON-EXECUTIVE DIRECTORS											
J Askew[(5)]	139,442	-	-	-	-	-	-	-	-	139,442	-
S Riggall	84,707	-	8,047	-	-	-	-	-	-	92,754	-
J Caldeira	86,873	-		-	-	-	-	-	-	86,873	-
L Bahash	91,862	-		-	-	-	-	-	52,819	144,681	-
S Watts[(6)]	47,988	-	4,559	-	-	-	-	-	-	52,547	-
C Lampe-Onnerud[(7)]	21,718	-		-	-	-	-	-	-	21,718	-
Sub-total	**472,590**	**-**	**12,606**	**-**	**-**	**-**	**-**	**-**	**52,819**	**538,015**	**-**
EXECUTIVE DIRECTOR											
S Verner	325,085	21,329	17,375	-	9,236	86,041	86,041	252,256	-	797,363	53%
Sub-total	**325,085**	**21,329**	**17,375**	**-**	**9,236**	**86,041**	**86,041**[(8)]	**252,256**	**-**	**797,363**	
KEY MANAGEMENT PERSONNEL											
J Costa	277,994	21,176	26,409	-	-	97,029	32,343	80,171	91,733	626,855	48%
S Wells[(9)]	102,909	5,151	9,776	-	-	21,257	21,257	- [(9)]	18,497	178,847	34%
J Currie[(10)]	208,495	7,757	19,807	-	-	114,151	-	(56,953)[(11)]	-[(11)]	293,257	20%
J Morrissey[(12)]	208,495	15,634	19,807	-	-	82,760	42,807	77,302	-	446,805	45%
D Corr[(13)]	187,765	10,053	17,837	102,389	-	-		(512,190)	-	(194,146)	-
R Schaefer[(14)]	208,495	14,162	21,331	40,095	-	57,076	57,076	108,030	-	506,265	44%
Sub-total	**1,194,153**	**73,933**	**114,967**	**142,484**	**-**	**372,273**	**153,483**	**(303,640)**	**110,230**	**1,857,883**	
TOTAL[(15)]	**1,991,828**	**95,262**	**144,948**	**142,484**	**9,236**	**458,314**	**239,524**	**(51,384)**	**163,049**	**3,193,261**	

(1) All amounts translated from Australian Dollars to United States Dollars at an average exchange for the year ended 31 December 2019 of 0.6950.

(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) Represents STI payments made in shares and/or cash on 12 March 2020, in respect of performance for the year ended 31 December 2019 as approved by the Remuneration, Nomination and Governance Committee.

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

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

(6) The Board of Directors has also resolved to grant 100,000 performance rights to S Watts as part of her Director Contract, subject to shareholder approval at the 2020 Annual General Meeting.

(7) C Lampe-Onnerud ceased as a Non-Executive Director of the Company effective from 24 March 2019.

(8) The Board of Directors has resolved to grant 865,892 EIP performance rights to S Verner and 994,172 performance rights to other Key Management Personnel for the year ending 31 December 2019. The performance rights granted to S Verner remain subject to shareholder approval.

(9) S Wells commenced employment with the Company as Chief Financial Officer on 2 September 2019 and he received a pro rata grant of 48,015 performance rights for the 2019 year on 12 March 2020

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

(11) J Currie relinquished all of her options and performance rights on 16 December 2019.

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

(13) D Corr ceased employment with the Company as Chief Financial Officer on 31 October 2019.

(14) R Schaefer ceased employment with the Company on 31 December 2019.

(15) Non-Executive Directors are entitled receive a travel stipend of $3,475 (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 2020 as formalised in Employment Agreements and summarised in the following table:

Table 15: Overview of Executive Service Agreements

NAME	POSITION	TERM OF AGREEMENT	TOTAL FIXED REMUNER-ATION	ANNUAL STI OPPORT-UNITY	ANNUAL LTI GRANT	NOTICE PERIOD BY EXECUTIVE	NOTICE PERIOD BY COMPANY	TERMINATION PAYMENT
S Verner	Managing Director and Chief Executive Officer	Ongoing	A$492,750	75% of TFR	75% of TFR	6 months	6 months	12 months Total Fixed Remuneration
S Wells	Chief Financial Officer	Ongoing	A$410,625	50% of TFR	50% of TFR	6 months	6 months	6 months Total Fixed Remuneration
J Costa	Chief Operating Officer	Ongoing	A$438,000	50% of TFR	50% of TFR	6 months	6 months	6 months Total Fixed Remuneration
J Currie	Chief Legal Officer and Company Secretary	Ceased(1)	A$328,500	50% of TFR	50% of TFR	3 months	3 months	3 months Total Fixed Remuneration
J Morrissey	Chief People Officer	Ceased(2)	A$328,500	50% of TFR	50% of TFR	3 months	3 months	3 months Total Fixed Remuneration

(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.

(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 16: Overview of Performance Rights

GRANT DATE	VESTING DATE	EXERCISE PRICE	NUMBER OF RIGHTS[1]	VALUE PER RIGHT AT GRANT DATE
18-May-18	1-Jan-21	-	93,974[2]	A$3.93
25-Jun-18	1-Jan-21	-	32,485[2]	A$3.93
21-Mar-19	1-Jan-22	-	128,923	A$1.70
27-May-19	1-Jan-22	-	217,558	A$1.70
6-Mar-20	1-Jan-23	-	994,172	A$0.30
12-Mar-20	1-Jan-22	-	48,015	A$0.04
22-May-20	1-Jan-23	-	865,892	A$0.18
22-May-20	Various	-	4,000,000[3]	A$0.29
22-May-20	3-Jun-22	-	100,000	A$0.29
2-Jun-20	Various	-	5,750,000[3]	A$0.30
TOTAL			**12,231,019**	

(1) The Board of Directors has 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. In addition, a total of 537,020 Performance Rights were issued to Key Management Personnel pursuant to the LTI program in respect of the period commencing 1 January 2021. The Board of Directors has also resolved to grant 467,727 Performance Rights to S. Verner as his LTI, subject to shareholder approval.

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

(3) A total of 380,250 5YPRI Performance Rights lapsed in relation to Directors and Key Management Personnel subsequent to 31 December 2020.

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 (2020/2019: 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 17: Overview of Options

GRANT DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF RIGHTS	VALUE PER RIGHT AT GRANT DATE
25-Jun-18	4-Jun-19	25-Jun-21	A$4.34[1]	600,000[2]	A$0.52
27-May-19	16-Jul-19	16-Jul-21	A$2.86	400,000[3]	A$0.19
7-Oct-19	7-Oct-20	7-Oct-22	A$0.70	600,000[4]	A$0.19

(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) 600,000 unlisted options issued to J Costa, Chief Operating Officer.

(3) 400,000 unlisted options issued to L Bahash, Non-Executive Director.

(4) 600,000 unlisted options issued to S Wells, Chief Financial Officer.

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 18: 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 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 will be issued subsequent to year end. A resolution will be included in the 2021 Notice of Annual General Meeting to seek approval to add J. Beevers into the Non-Executive Director Share Plan as an eligible participant. J. Beevers was appointed as a Non-Executive Director on 22 May 2020.

(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 19: Shares Held by Directors/Key Management Personnel

	BALANCE 1 JANUARY 2020	ORDINARY SHARES GRANTED	ORDINARY SHARES ISSUED ON EXERCISE OF OPTIONS	ON MARKET ACQUISITIONS/ (DISPOSALS)	OTHER	BALANCE 31 DECEMBER 2020
DIRECTORS						
J Askew	377,517	-	-	120,000	-	497,517
J Caldeira	12,082	-	-	-	-	12,082
L Bahash	15,583	-	-	-	-	15,583
S Watts	38,000	-	-	-	-	38,000
J Beevers(1)	-	-	-	33,000	-	33,000
S Riggall(2)	24,752	-	-	-	(24,752)	-
EXECUTIVE DIRECTOR						
S Verner	260,701	286,473 (3)(4)	-	-	-	547,174
KEY MANAGEMENT PERSONNEL						
S Wells	-	70,774(4)(5)	-	-	-	70,774
J Costa	114,584	107,685(4)(5)	-	-	-	222,269
J Currie(6)	-	-	-	-	-	-
J Morrissey(7)	16,143	142,524(4)	-	-	(158,667)	-

(1) J Beevers was appointed as a Non-Executive Director of the Company on 22 May 2020.

(2) S Riggall resigned as a Non-Executive Director of the Company on 22 May 2020.

(3) Fully paid ordinary shares issued to S Verner pursuant to the resolution passed at Annual General Meeting 22 May 2020.

(4) The Board of Directors resolved to issue 126,812 shares to S Verner and 177,361 shares to Key Management Personnel pursuant to the STI Program for the 2020 year. The shares to be 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 17 March 2021 and are not included in the above reconciliation.

(5) Shares issued on 12 March 2020 pursuant to the STI Program in respect of the year ended 31 December 2019.

(6) J Currie ceased employment with the Company on 28 January 2020.

(7) J Morrissey ceased employment with the Company on 31 March 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 20: Performance Rights Held by Directors/Key Management Personnel

	GRANT	BALANCE 1 JANUARY 2020	GRANTED DURING THE PERIOD	LAPSED DURING THE PERIOD	NET CHANGE OTHER[7]	BALANCE 31 DECEMBER 2020	VESTED	UNVESTED
DIRECTORS								
S Verner	2020[1]	-	4,865,892	-	-	4,865,892	-	4,865,892[2]
	2019	217,558	-	-	-	217,558	-	217,558
	2018	93,974	-	-	-	93,974	-	93,974[3]
	2017	121,773	-	(121,773)	-	-	-	-
	Total	**433,305**	**4,865,892**	**(121,773)**	**-**	**5,177,424**	**-**	**5,177,424**
S Watts	2020[6]	-	100,000	-	-	100,000	-	100,000
	Total	**-**	**100,000**	**-**	**-**	**100,000**	**-**	**100,000**
KEY MANAGEMENT PERSONNEL								
J Costa	2020[1]	-	3,763,121	-	-	3,763,121		3,763,121[4]
	2019	128,923	-	-	-	128,923	-	128,923
	2018	32,485	-	-	-	32,485	-	32,485[3]
	Total	**161,408**	**3,763,121**	**-**	**-**	**3,924,529**	**-**	**3,924,529**
S Wells[5]	2020[1]	-	3,029,066	-	-	3,029,066	-	3,029,066
	2019	-	-	-	-	-	-	-
	Total	**-**	**3,029,066**	**-**	**-**	**3,029,066**	**-**	**3,029,066**
J Morrissey	2020	-	-	-	-	-	-	-
	2019	96,692		-	(96,692)	-	-	-
	2018	38,286	-	-	(38,286)	-	-	-
	2017	52,319	-	(52,319)	-	-	-	-
	Total	**187,297**	**-**	**(52,319)**	**(134,978)**	**-**	**-**	**-**

(1) The Board of Directors has also resolved to grant 467,727 Performance Rights to S Verner as his LTI, subject to shareholder approval. 1,360,528 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 2021. The performance rights issued to Key Management Personnel were issued on 17 March 2021 and are not included in the above reconciliation. J Costa and S Wells were granted 277,172 and 259,848 performance rights respectively in relation to the LTI program in respect of the period commencing on 1 January 2021. S. Wells was also granted 48,015 performance rights in relation to his pro-rata LTI in respect of the period commencing on 1 January 2019 (this number is included in the table above).

(2) The performance rights issued under the 5YPRI program in 2020 were subject to testing of vesting conditions in early 2021 in relation to Year 1 of the five-year 5YPRI program. The Board approved that 80.50% of the Year 1 5YPRI program vested following the end of the 31 December 2020 performance period, resulting in 644,000 5YPRI Performance Rights vesting for S. Verner. The balance of Year 1, being 156,000 Performance Rights, lapsed.

(3) The performance rights issued under the LTI Program in 2018, were subject to testing of vesting conditions in early 2021. 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 2021 in relation to Year 1 of the five-year 5YPRI program. The Board approved that 80.50% of the Year 1 5YPRI program vested following the end of the 31 December 2020 performance period, resulting in 523,250 5YPRI Performance Rights vesting for J. Costa. The balance of Year 1, being 126,750 Performance Rights, lapsed.

(5) The performance rights issued under the 5YPRI program in 2020 were subject to testing of vesting conditions in early 2021 in relation to Year 1 of the five-year 5YPRI program. The Board approved that 80.50% of the Year 1 5YPRI program vested following the end of the 31 December 2020 performance period, resulting in 402,500 5YPRI Performance Rights vesting for S. Wells. The balance of Year 1, being 97,500 Performance Rights, lapsed.

(6) 100,000 Performance Rights granted to S Watts following shareholder approval at the Company's Annual General Meeting held on 22 May 2020.

(7) Performance Rights relinquished during the period.

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 21: Non-Executive Director Share Rights Held by Directors

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

(1) 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. These securities were issued under ASX Listing Rule 10.14. NED Rights in relation to the June 2020, September 2020, and December 2020 quarters will be issued subsequent to year end.

(2) A resolution will be included in the 2021 Notice of Annual General Meeting to seek approval to add J. Beevers into the Non-Executive Director Share Plan as an eligible participant. J. Beevers was appointed as a Non-Executive Director on 22 May 2020.

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 22: Options Held by Directors/ Key Management Personnel

	BALANCE 1 JANUARY 2020	GRANTED BALANCE DURING THE PERIOD	OPTIONS EXERCISED	NET CHANGE OTHER (INC EXPIRY / LAPSE)	BALANCE 31 DECEMBER 2020	VESTED	UNVESTED	EXERCISE PRICE
DIRECTORS								
L Bahash	400,000	-	-	-	400,000	400,000	-	$2.86(1)
EXECUTIVE DIRECTOR								
S Verner(2)	1,000,000	-	-	(1,000,000)	-	-	-	$4.27(1)
KEY MANAGEMENT PERSONNEL								
J Costa	600,000	-	-	-	600,000	600,000	-	$4.34(1)
S Wells	600,000	-	-	-	600,000	600,000	-	$0.70

(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) 600,000 options were issued to S Verner on his appointment as Executive General Manager – Sales and Marketing. S Verner was appointed as Managing Director and Chief Executive Officer of the Company on 3 February 2017. As a result of this appointment the 600,000 options were cancelled and replaced with 1,000,000 unlisted options exercisable at A$4.30 and expiring in three years from the date of grant. The issuance of these options was approved by the shareholders at the Annual General Meeting held on 19 May 2017 and issued on 26 May 2017. The options expired unexercised on 26 May 2020.

(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 23: Transactions with Directors/ Key Management Personnel

	2020 US$	2019 US$
Provision of services		
Legal services provided by Sal & Caldeira Advogados, Lda[1]	79,989	195,343
Product technology development services provided Cadenza Innovation Inc[2]	-	301,119
	79,989	**496,462**

(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.

(2) Represents product technology development services provided to the Company by Cadenza Innovation Inc. C Lampe-Onnerud was a Non-Executive Director of the Company and is Founder and Chief Executive Officer of Cadenza Innovation Inc. C Lampe-Onnerud ceased as a Non-Executive Director effective 24 March 2019.

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:

	2020 US$	2019 US$
Trade and other payables		
Legal Services provided by Sal & Caldeira Advogados, Lda[1]	-	8,508

(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.

(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 2020	31-DEC 2019	31-DEC 2018	31-DEC 2017	31-DEC 2016
Market capitalisation (US$'000)	352,754	136,156	386,705	1,045,520	582,107
Closing share price (US$)	0.74	0.33	1.13	3.52	2.21
Loss after income tax for the period (US$'000)	(60,870)	(130,549)	(28,970)	(28,970)	(14,491)
Basic earnings per share (US cents)	(14.59)	(34.56)	(9.30)	(4.51)	(5.84)

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 2020 are as follows:

Table 24: 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")					
25-Jun-18	4-Jun-19	25-Jun-21	A$4.34 (1)	600,000	A$0.52
27-May-19	16-Jul-19	16-Jul-21	A$2.86 (1)	400,000	A$0.19
07-Oct-19	07-Oct-20	07-Oct-22	A$0.70	600,000	A$0.19
Total Options				**1,600,000**	
Performance Rights					
LTIP					
14-Mar-18	1-Jan-21	-	-	95,988(2)	A$3.93
18-May-18	31-Dec-20	-	-	93,974(2)	A$3.93
EIP					
25-Jun-18	31-Dec-20			32,485(2)	A$3.93
21-Mar-19	1-Jan-22	-	-	536,252	A$1.70
27-May-19	1-Jan-22	-	-	217,558	A$1.70
30-Aug-19	31-Dec-20	-	-	600,194	A$0.70
6-Mar-20	1-Jan-23	-	-	2,949,992	A$0.30
12-Mar-20	1-Jan-22	-	-	67,287	A$0.04
22-May-20	1-Jan-23	-	-	865,892	A$0.18
22-May-20	Various	-	-	4,000,000(2)	A$0.29
2-Jun-20	Various	-	-	8,000,000(2)	A$0.30
22-May-20	3-Jun-22	-	-	100,000	A$0.29
Total Performance Rights				**17,559,622**(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 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) 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. 1,360,528 Performance Rights were issued to Key Management Personnel and other executives and senior managers pursuant to the LTI program on 17 March 2021 in respect of the period commencing 1 January 2021. In addition, the Board of Directors has also resolved to grant 467,727 Performance Rights to S Verner as his LTI, subject to shareholder approval. Subsequent to 31 December 2020, a total of 690,447 Performance Rights lapsed unexercised.

(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. These securities were issued under ASX Listing Rule 10.14. NED Rights in relation to the June 2020, September 2020, and December 2020 quarters will be issued subsequent to year end.

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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.

(ii) Shares issued on exercise of options

No options were exercised during the year ended 31 December 2020 and up to the date of this report.

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.

	2020 US$'000	2019 US$'000
Assurance Services		
PwC Australian firm	209	204
Network firms of PwC Australian firm	65	87
Total remuneration for audit services	**274**	**291**
Non-assurance services		
PwC Australian firm		
Tax compliance services	28	66
Tax consulting services	73	121
Network firms of PwC Australian firm		
Other consulting services	4	5
Total remuneration for non-assurance services	**105**	**192**
Total remuneration paid to PricewaterhouseCoopers	**379**	**483**

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 49.

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.

Shaun Verner

Managing Director and Chief Executive Officer

Melbourne, Australia

30 March 2021

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Auditor's Independence Declaration

As lead auditor for the audit of Syrah Resources Limited for the year ended 31 December 2020, 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.

Ben Gargett
Partner
PricewaterhouseCoopers

Melbourne
30 March 2021

PricewaterhouseCoopers, ABN 52 780 433 757
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CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

The financial statements are presented in US Dollars.

Syrah Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 28
360 Collins Street
Melbourne VIC 3000 Australia

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on pages 4 to 21, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 30 March 2021. 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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	2020 US$'000	2019 US$'000
Revenue from continuing operations			
Revenue	3	10,789	72,186
Cost of sales	4	(49,281)	(105,477)
Gross profit/(loss)		**(38,492)**	**(33,291)**
Distribution costs	5	(3,854)	(11,169)
Administrative expenses	6	(6,611)	(8,644)
Other income/(expenses)		(2,214)	(330)
Write-down of inventories		(2,594)	(6,687)
Total expenses		(15,273)	(26,830)
Impairment of assets	9	-	(96,868)
Profit/(loss) before net finance income and income tax		**(53,765)**	**(156,989)**
Finance income		372	1,145
Finance expenses		(4,770)	(2,006)
Net finance income/(expenses)		**(4,398)**	**(861)**
Profit/(loss) before income tax		(58,163)	(157,850)
Income tax (expense)/benefit	7	(2,707)	27,301
Loss after income tax for the year attributable to the owners of Syrah Resources Limited		(60,870)	(130,549)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to the profit or loss			
Exchange differences on translation of foreign subsidiaries	10b	(817)	(924)
Other comprehensive income/(loss) for the year, net of tax		(817)	(924)
Total comprehensive income/(loss) for the year attributable to the owners of Syrah Resources Limited		**(61,687)**	**(131,473)**
Loss per share attributable to the owners of Syrah Resources Limited		**Cents**	**Cents**
Basic loss per share	18	(14.59)	(34.56)
Diluted loss per share	18	(14.59)	(34.56)

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 2020

	NOTES	2020 US$'000	2019 US$'000
Assets			
Current assets			
Cash and cash equivalents	8a	74,992	80,577
Trade and other receivables	8b	1,937	4,471
Inventories	9a	15,737	18,023
Available-for-sale financial assets		299	162
Total current assets		**92,965**	**103,233**
Non-current assets			
Trade and other receivables	8b	13,248	19,593
Property, plant and equipment	9c	164,444	160,671
Mining assets	9b	134,208	120,731
Intangible assets		93	151
Deferred tax assets	9d	26,984	27,753
Total non-current assets		**338,977**	**328,899**
Total assets		**431,942**	**432,132**
Liabilities			
Current liabilities			
Trade and other payables	8c	6,588	11,464
Lease liabilities	8d	1,417	1,837
Provisions	9e	841	481
Total current liabilities		**8,846**	**13,782**
Non-current liabilities			
Trade and other payables	8c	985	-
Borrowings	8e	47,468	39,688
Lease liabilities	8d	15,354	16,794
Deferred tax liabilities	9d	1,938	-
Provisions	9e	24,559	10,007
Total non-current liabilities		**90,304**	**66,489**
Total liabilities		**99,150**	**80,271**
Net assets		**332,792**	**351,861**
Equity			
Issued capital	10a	604,920	563,694
Reserves	10b	(7,994)	(7,337)
Accumulated losses		(264,134)	(204,496)
Total equity		**332,792**	**351,861**

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 2020

	CONTRIBUTED EQUITY	ACCUMULATED LOSSES	RESERVES	TOTAL EQUITY
	US$'000	US$'000	US$'000	US$'000
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)
Transactions with owners in their capacity as owners:				
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**
Balance at 1 January 2019	**525,085**	**(77,219)**	**(2,656)**	**445,210**
Change in accounting policy	-	(628)	-	(628)
Restated total equity at 1 January 2019	**525,085**	**(77,847)**	**(2,656)**	**444,582**
Loss after income tax expense for the year	-	(130,549)	-	(130,549)
Other comprehensive income/(loss) for the year, net of tax	-	-	(924)	(924)
Total comprehensive income/(loss) for the year	-	(130,549)	(924)	(131,473)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	37,507	-	-	37,507
Share-based payments	-	-	1,245	1,245
Transfers from share-based payments reserve:				
- Issuance of shares	1,102	-	(1,102)	-
- Expired/lapsed options and performance rights	-	3,900	(3,900)	-
	38,609	3,900	(3,757)	38,752
Balance at 31 December 2019	**563,694**	**(204,496)**	**(7,337)**	**351,861**

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 2020

	NOTES	2020 US$'000	2019 US$'000
Cash flows from operating activities			
Receipts from customers		12,845	69,519
Payments to suppliers and employees (inclusive of goods and services tax)		(46,233)	(104,417)
Interest received		472	1,312
Net cash inflow/(outflow) from operating activities	11	**(32,916)**	**(33,586)**
Cash flows from investing activities			
Payments for property, plant and equipment		(10,537)	(29,930)
Payments for mining assets		-	(5,412)
Payments for intangibles		-	(20)
Payments for security deposits		(1,252)	(1,248)
Net cash inflow/(outflow) from investing activities		**(11,789)**	**(36,610)**
Cash flows from financing activities			
Proceeds from issue of shares		42,363	39,206
Proceeds from issue of convertible note		-	39,072
Share issue transaction costs		(1,554)	(1,699)
Payment for interest on lease liabilities		(1,214)	(1,272)
Payments of lease liabilities		(1,064)	(1,682)
Repayment of borrowings		(210)	-
Proceeds from borrowings		210	-
Net cash inflow/(outflow) from financing activities		**38,531**	**73,625**
Net (decrease)/increase in cash and cash equivalents		**(6,174)**	**3,429**
Cash and cash equivalents at beginning of the financial year		80,577	77,149
Effects of exchange rate changes on cash and cash equivalents		589	(1)
Cash and cash equivalents at end of the financial year	8a	**74,992**	**80,577**

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.

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:

- Impairment of non-current assets – assessment of indicators of impairment and review of asset carrying values – note 9(c)
- 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)
- Liquidity – note 12(c)

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 2020: 0.7702) (31 December 2019: 0.7006) and the Statement of Comprehensive Income is translated at the average exchange rate for the financial year (2020: 0.6905) (2019: 0.6950). 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.
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 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)
Year ended 31 December 2019				
Total segment revenue	72,234	-	-	72,234
Inter-segment revenue	(48)	-	-	(48)
Revenue from external customers	72,186	-	-	72,186
Total segment EBITDA	(135,206)	(41)	(8,529)	(143,776)
Total segment current assets				
31 December 2020	17,387	1	75,577	92,965
31 December 2019	21,581	-	81,652	103,233
Total segment non current assets				
31 December 2020	278,139	60,643	195	338,977
31 December 2019	283,123	45,432	344	328,899
Total segment liabilities				
31 December 2020	(47,285)	(2,374)	(49,491)	(99,150)
31 December 2019	(38,381)	(531)	(41,359)	(80,271)

NOTE 3. REVENUE

	2020	2019
	US$'000	US$'000
Revenue from external customers	10,789	72,186
Timing of revenue recognition		
- At a point in time – Product	9,536	66,303
- Over time – Freight	1,253	5,883

(a) Geographical information

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

	2020	2019
	US$'000	US$'000
China	878	54,787
Europe	5,836	8,612
India	1,884	3,919
Asia (excl. China & India)	292	2,906
Americas	1,887	1,900
Other locations	12	62
	10,789	72,186

(b) Major customer information

Revenue from four major customers in Europe, which individually accounted for approximately 7% or greater of total segment revenues, amounted to $5.8 million arising from the sale of natural graphite products on a CIF basis.

NOTE 4. COST OF SALES

	2020	2019
	US$'000	US$'000
Mining and production costs	28,395	79,238
Logistics costs	9,634	14,769
Government royalties	60	1,269
Depreciation and amortisation expense	9,772	11,929
Changes in inventories	892	(1,728)
Other costs	528	-
	49,281	105,477

NOTE 5. DISTRIBUTION COSTS

	2020	2019
	US$'000	US$'000
Shipping costs	1,812	8,523
Depreciation and amortisation	62	95
Other selling costs	1,980	2,551
	3,854	11,169

NOTE 6. ADMINISTRATIVE EXPENSES

Loss before income tax from continuing operations includes the following specific expenses:

	2020	2019
	US$'000	US$'000
Employee benefits:		
Salaries and wages	2,527	3,965
Share-based payments	1,809	1,295
Employee entitlements	161	228
Defined contribution superannuation expense	202	246
Total employee benefits expense	4,699	5,734
Legal and consulting expenses:		
Legal expenses	189	127
Consulting expenses	879	1,131
Total legal and consulting expenses	1,068	1,258
Other expenses:		
Other expenses	844	1,652
Total other expenses	844	1,652
Total administrative expenses	6,611	8,644

NOTE 7. INCOME TAX EXPENSE

a) Income tax expense

	2020	2019
	US$'000	US$'000
Current tax expense	-	-
Deferred tax expense	2,707	(27,301)
Total tax expense/(benefit)	2,707	(27,301)
Deferred income tax		
(Increase)/decrease in deferred tax assets	769	(5,985)
Increase/(decrease) in deferred tax liabilities	1,938	(21,316)
Total deferred tax expense/(benefit)	2,707	(27,301)

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

	2020	2019
	US$'000	US$'000
Loss from continuing operations before income tax	(58,163)	(157,850)
Tax at the Australian tax rate of 30% (2019 – 30%)	(17,449)	(47,355)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
- Share-based payments	543	388
- Other non-deductible expenses	656	215
- Difference in overseas tax rates	2,371	(1,882)
- Movement in unrecognised temporary differences	1,496	(305)
- (Under)/over provision in the prior year	130	(2,016)
- Current year taxation losses not recognised as deferred tax assets	12,398	22,663
- Other permanent differences	2,562	991
Income tax expense/(benefit)	2,707	(27,301)

c) Taxation losses and unrecognised temporary differences

	2020	2019
	US$'000	US$'000
Unused taxation losses for which no deferred tax asset has been recognised	94,215	105,811
Potential taxation benefit at 30%	28,265	31,743
Temporary differences for which no deferred tax asset (net) has been recognised	171	590

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

	2020	2019
	US$'000	US$'000
Cash at bank and in hand	9,994	17,700
Deposits at call	64,998	62,877
	74,992	80,577

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 2020 the weighted average interest rate on current accounts and term deposits was 0.22% (2019: 1.28%).

(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

	2020	2019
	US$'000	US$'000
Current		
Trade receivables	611	2,667
Prepayments	500	992
Other receivables	662	801
Input tax credits	164	11
Total current trade and other receivables	1,937	4,471
Non-current		
Input tax credits	6,784	14,381
Security deposits[1]	6,464	5,212
Total non-current trade and other receivables	13,248	19,593

(1) 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

Input tax credits in Twigg amounting to $6.8 million (31 December 2019: $14.4 million) have been recognised at cost. The Group views these input tax credits as recoverable through a cash refund or tax credits based on interpretation of the relevant tax and investment laws. During the year ended 31 December 2020, cash refunds totaling $8.6 million (31 December 2019: $10.7 million) for input tax credits were received. 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

	2020	2019
	US$'000	US$'000
Current		
Trade payables and accruals	5,448	10,318
Other payables	1,140	1,146
Total current trade and other payables	6,588	11,464
Non-current		
Trade payables and accruals	985	-
Total non-current trade and other payables	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 leasee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2020	2019
	US$'000	**US$'000**
Right of use assets		
Properties	11,163	13,523
Equipment	2,199	3,181
	13,362	16,704
Lease liabilities		
Current	1,417	1,837
Non-current	15,354	16,794
	16,771	18,631

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:

	2020	2019
	US$'000	**US$'000**
Depreciation charge of Right of use assets		
Properties	1,574	1,672
Equipment	982	1,216
	2,556	2,888
Interest expense (included in finance cost)	1,178	1,296
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	44	50
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	3	3

The total cash outflow for leases in 2020 was $2.3 million (2019: $3.0 million)

e) Borrowings

	2020	2019
	US$'000	US$'000
Initial face value of Convertible Note[(1)] issued	39,093	39,093
Capitalised to principal outstanding		
- Interest expense	4,234	569
- Transaction costs	782	782
Deferred transaction costs	(584)	(756)
Exchange differences	3,943	-
Total Convertible Note	47,468	39,688

(1) In October 2019, Syrah Resources Limited issued a 5-year unsecured A$55.8 million Convertible Note to AustralianSuper Pty Ltd as Trustee for AustralianSuper. Under the terms of the Convertible Note, 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 $0.8 million of transaction costs related to the issuance of the Convertible Note which were capitalised when the Convertible Note was issued and are amortised to finance expense over the term of the Convertible Note.

The initial conversion of the Convertible Note is A$1.0036 per ordinary share. The Noteholder may elect to fully convert the Convertible Note into fully paid ordinary shares of Syrah Resources Limited at 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.

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

a) Inventories

	2020	2019
	US$'000	US$'000
Stores and materials	14,149	12,928
Finished goods	1,588	5,095
	15,737	18,023

Inventory write-down

Write-down of inventories to net realisable value totaled $2.6 million in 2020 (2019: $6.7 million) and were recognised as an expense in the income statement.

b) Mining assets

	2020	2019
	US$'000	US$'000
Exploration and evaluation	1,311	1,306
Mine properties and development	132,897	119,425
Total mining assets	134,208	120,731

Movements in Mine Properties and Development are set out below:

	EXPLORATION AND EVALUATION	MINE PROPERTIES AND DEVELOPMENT	MINES UNDER CONSTRUCTION	TOTAL
	US$'000	US$'000	US$'000	US$'000
At 1 January 2020				
Cost	1,306	178,922	-	180,228
Accumulated depreciation and impairment	-	(59,497)	-	(59,497)
Net book amount	1,306	119,425	-	120,731
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
For the financial year ended 31 December 2019				
Balance at beginning of the year	1,306	33,297	296,599	331,202
Current year expenditure capitalised (net)	-	626	-	626
Change in rehabilitation estimate	-	3,253	-	3,253
Transfers(1)	-	141,747	(296,599)	(154,852)
Amortisation expenses	-	(3,274)	-	(3,274)
Impairment losses	-	(56,224)	-	(56,224)
Balance at end of the year	1,306	119,425	-	120,731

(1) Following the declaration of commercial production on 1 January 2019, $137.2 million was transferred to Property, Plant and Equipment and $17.7 million to Inventories.

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 and Mines Under Construction

Mine Properties and Development and Mines Under Construction mainly relate to the development, construction and pre-commercial production costs of Balama in Mozambique. Inventories and separately identifiable property, plant and equipment were transferred to these categories on achievement of commercial production.

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 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 charge	(306)	(4,207)	(129)	-	(2,556)	(7,198)
Exchange differences	-	2	1	924	10	937
Balance at 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
At 1 January 2019						
Cost	797	7,753	214	25,082	-	33,846
Accumulated depreciation and impairment	(158)	(2,091)	(155)	-	-	(2,404)
Net book amount	639	5,662	59	25,082	-	31,442
- Change in accounting policy	-	(5,393)	-	-	12,595	7,202
Restated net book amount	639	269	59	25,082	12,595	38,644
For the financial year ended 31 December 2019						
Balance at beginning of period	639	269	59	25,082	12,595	38,644
Additions	-	7	13	27,543	8,084	35,647
Disposals (at net book value)	-	(9)	-	-	(1,085)	(1,094)
Transfers from Mines Under Construction	13,599	115,963	680	6,949	-	137,191
Depreciation charge	(452)	(5,596)	(154)	-	(2,889)	(9,091)
Impairment losses	(4,474)	(36,170)	-	-	-	(40,644)
Exchange differences		60	-	(41)	(1)	18
Balance at end of the year	9,312	74,524	598	59,533	16,704	160,671
At 31 December 2019						
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

Assets Under Construction

Assets Under Construction at 31 December 2020 consists of capitalised project and product development costs for the downstream Vidalia project of $60.7 million (2019: $52.8 million) and capital costs for Balama of $7.3 million (2019: $6.7 million).

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. The Group conducts a review of the key drivers of the recoverable amount of cash generating units ('CGUs') biannually, which is used as a source of information to determine whether there is an indication of impairment. Other factors, such as changes in assumptions in future commodity prices, exchange rates, production rates and input costs, are also monitored to assess for indications of impairment. Where an indicator of impairment exists, a detailed estimate of the recoverable amount is determined. An impairment loss is recognised for a CGU when the recoverable amount is less than the carrying amount. At the half year reporting date of 30 June 2020, the market capitalisation of the Company was below the book value of net assets which was considered an indicator of a potential impairment of the asset. The share price increase has resulted in the market capitalisation of the Company being above the book value of net assets at the full year reporting date of 31 December 2020, removing this potential trigger of impairment of asset.

CGUs represent a grouping of assets at the lowest level for which there are separately identifiable cash flows that are largely independent of the cash inflows from other assets or groups of assets. The Group has identified Balama and Vidalia Project as CGUs for which impairment testing is undertaken.

As reported at 30 June 2019, Syrah had determined the recoverable amount of Balama was less than the carrying value and a post-tax impairment of US$65.9 million was recognised at 30 June 2019. The circumstances that led to recognition of an impairment at 30 June 2019 was primarily due to slower than previously foreshadowed ramp-up of production at Balama, driven predominately by market demand factors (sales volume and selling prices).

As a result of the indicator of impairment at 30 June 2020, the Group conducted carrying value analysis to determine the recoverable amount of Balama and Vidalia Project CGUs and has not identified any further impairment to the carrying values of non-current assets.

At the end of the financial year, the Group determined that the suspension of production at Balama may represent an indicator of potential impairment of the asset. However an assessment of the events and potential movement in asset value drivers following the carrying value analysis conducted at 30 June 2020 indicated that a further carrying value analysis at 31 December 2020 was not required.

Balama Graphite Operation CGU

(i) Methodology

An impairment loss is recognised for a CGU when the recoverable amount is less than the carrying amount. The recoverable amount of Balama CGU was determined by assessing the fair value less costs of disposal (FVLCOD) of the underlying assets. FVLCOD is estimated based on the net present value of estimated future cash flows (the valuation is classified as level 3 in the fair value hierarchy due to unobservable inputs in the valuation).

Future cash flows and recoverable amount are based on a number of assumptions, including commodity price expectations, foreign exchange rates, discount rates, reserves and resources and expectations regarding future operating performance and capital requirements which are subject to risk and uncertainty. An adverse change in one or more of the assumptions used to estimate fair value could result in a reduction of the CGU's fair value. The costs of disposal have been estimated by management based on standard industry practice.

(ii) Key Assumptions

The net present value of estimated future cash flows for Balama CGU is based on a number of assumptions. Those key assumptions that the recoverable amount is most sensitive to include:

- Commodity prices – future weighted average product prices are estimated with reference to the Group's assessment of short and long-term prices for each key flake and fines graphite product and also based on an estimate of the flake to fines size distribution ratio that improves to a long-term assumption over a period of 6 years. The Group's assessment of long-term price over a period of 6 years in line with industry supply and demand forecasts for the lithium-ion battery industry. The long-term prices for each graphite product are derived from a combination of management assessments of the marginal costs of current producers and of the incentive price for future potential producers which management estimates to be consistent with the assumptions that a market participant would be expected to use on a FVLCOD basis based on available published analyst information. Short and long-term prices are reviewed at least annually.
- Foreign exchange rates – future exchange rates for the Mozambique Metical (MZN) compared to the US dollar are forecast based on external information and are kept constant in real terms after five years.
- Reserves and resources – life of mine production is based on Ore Reserves and a portion of the Mineral Resources (totaling approximately 1% of the total mineral resources excluding ore reserves) as compiled by a Competent Person in accordance with the Australian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2012 (the JORC 2012 code). The extraction, processing and sale of Mineral Resources that do not qualify

for inclusion as Ore Reserves is only included when there is a high degree of confidence that they are economically recoverable. The additional evaluation required to achieve Ore Reserves status for Mineral Resources has not yet been performed as this would involve incurring evaluation costs earlier than is required for efficient planning and operation of the mine. 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. The Reserves and Resources life extends beyond the current mining license expiration date, therefore the valuation assumes an extension of the mining agreement beyond its current tenure.

> Operating performance (production, operating costs and capital costs) – life of mine production, operating cost and capital cost assumptions are based on the Group's most recent life of mine plan and timing of recommencement with consideration of near-term supply and demand market considerations in relation to the timing of recommencement of operations and the progressive ramp-up to name-plate production. Operating costs are based on existing fixed and variable cost base, capturing both completed and in-progress reductions to the cost base since the last asset carrying value assessment, the production capability of the plant at design capacity is informed by the as built design, review of physical parameters by independent technical experts and production improvement plans and assessments by the operations team at Balama.

> Discount rate - estimated future cash flows have been discounted to their present value using a capital asset pricing model to estimate a post-tax real discount rate that reflects a current market assessment of the time value of money and risks specific to the CGU. A discount rate of 12.3% (real post-tax) was applied to 30 June 2020 impairment testing.

(iii) Future changes in assumptions

It is estimated that reasonably possible changes in the following key assumptions within the next financial year would have the following approximate impact on the recoverable amount of Balama CGU:

US$20 per tonne decrease in long-term graphite price (CIF Nacala)	$18 million
5% increase in estimated operating costs	$26 million
1% lower long-term graphite recovery rate	$8 million
10% increase in the discount rate (from 12.30% to 13.53%)	$40 million
6-month delay in Balama production restart	$15 million

A reasonably possible change in circumstances may affect these key assumptions, the fair value and potentially result in a material adjustment to the carrying value of Balama. Action is usually taken to respond to adverse changes in assumptions to mitigate the impact of any such change. If the carrying amount is assessed to be impaired as a result of any such changes, the impairment charge is recognised in the profit or loss in the period in which the changes arise.

Active Anode Material (Vidalia) CGU

(i) Methodology

An impairment loss is recognised for a CGU when the recoverable amount is less than the carrying amount. The recoverable amount of the Vidalia CGU was determined by assessing the fair value of the underlying assets and planned investments outlined in the pre-feasibility study. FVLCOD is estimated based on the net present value of estimated future cash flows.

Future cash flows and recoverable amount of the CGU are based on a number of assumptions, including product selling price expectations, discount rates and expectations regarding future operating performance and capital requirements which are subject to risk and uncertainty. An adverse change in one or more of the assumptions used to estimate fair value could result in a reduction of the CGU's fair value. The costs of disposal have been estimated by management based on standard industry practice.

The accumulated investment of the Group's Vidalia investment is presented as an Asset Under Construction and is recorded at a cost of US$60.6 million as at 31 December 2020. The assumptions underlying the strategic investment decision continue to indicate that the accumulated investment in Vidalia will be recovered.

(ii) Key Assumptions

The Group's Vidalia strategy is evolving as the lithium-ion battery market and associated supply chains develop and is premised upon maintaining strategic optionality to accelerate the Group's entry into the final Active Anode Material ('AAM') product market by:

1. Rapid development of a qualification plant and production of AAM products (5kt per annum milling capacity, batch scale purification capability) from a purpose-built facility in Vidalia, Louisiana, USA to capture first mover advantage and establish a core ex-Asia supply chain position for AAM products;
2. Progression of strategic relationship discussions; and
3. Completion of a bankable feasibility study for a commercial scale AAM development

Future assumptions regarding selling prices of finished product from Vidalia are informed by current observed market prices for equivalent existing products produced by incumbent supply chain participants. Operating costs are informed by studies undertaken to date and from operating data from the plant at Vidalia as at 31 December 2020.

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

	2020	2019
	US$'000	US$'000
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Taxation losses[1]	2,302	2,302
Mining assets	24,682	25,451
Total deferred tax assets	26,984	27,753
Deferred tax liabilities		
Non-financial assets	(1,938)	-
Total deferred tax liabilities	(1,938)	-
Net deferred tax assets/(liabilities)	25,046	27,753

(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 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			
Financial liabilities	-	-	-
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)
Net deferred tax assets	27,753	(2,707)	25,046

Movements in deferred tax balances - 31 December 2019

	BALANCE AT 1 JANUARY 2019	(CHARGED) / CREDITED TO PROFIT OR LOSS	BALANCE AT 31 DECEMBER 2019
	US$'000	US$'000	US$'000
Deferred tax assets			
Financial liabilities	333	(333)	-
Taxation losses	21,435	(19,133)	2,302
Mining assets	-	25,451	25,451
Total deferred tax assets	21,768	5,985	27,753
Deferred tax liabilities			
Mining assets	(21,316)	21,316	-
Total deferred tax liabilities	(21,316)	21,316	-
Net deferred tax assets	452	27,301	27,753

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 2020, 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 there is a sufficient degree of uncertainty in relation to certain tax losses which may not be used within the required time period and as a result have resolved to write off the Deferred Tax Assets relating to those carried forward tax losses, while retaining others where there is more certainty around usage of the tax losses.

e) Provisions

	2020	2019
	US$'000	US$'000
Current		
Employee benefits	522	481
Other provisions	319	
	841	481
Non-current		
Employee benefits	79	50
Decommissioning and restoration	13,590	9,957
Other provisions	10,890	-
	24,559	10,007

Movements in decommissioning and restoration provision

	2020	2019
	US$'000	US$'000
Balance at beginning of the year	9,957	6,561
Additional provisions:		
- Capitalised to Mine Properties and Development (note 9b)	3,600	3,253
- Unwind of discount	33	143
Balance at end of the year	13,590	9,957

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.

Significant Estimates and Judgements

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

	2020	2019	2020	2019
	SHARES	SHARES	US$'000	US$'000
Issued and fully paid ordinary shares	477,087,059	413,493,062	604,920	563,694
	477,087,059	413,493,062	604,920	563,694

(i) Movements in ordinary share capital

	NUMBER OF SHARES	WEIGHTED AVERAGE ISSUE PRICE (A$)	TOTAL US$'000
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
31 December 2019			
Balance at beginning of the year	343,603,692	-	525,085
Issue of new shares:			
- Institutional placement	31,042,087	A$0.81	17,634
- Share purchase plan	37,852,622	A$0.81	21,573
- Equity-settled remuneration	994,661	-(1)	-
Transfers from share-based payment reserve(2)	-	-	1,102
Capital raising costs	-	-	(1,700)
Balance at end of the year	413,493,062	-	563,694

(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

The Company has a share-based payment scheme under which options to subscribe for the Company's shares 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 including details of options issued and exercised during the financial year and options 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. Voting and dividend rights will attach to the ordinary shares when the options have been exercised.

(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.

(vi) Non-controlling interests

A contractual obligation exists to issue a non-controlling non-diluting 5% interest in Twigg to the Mozambique Government entity. As at 31 December 2020, the issuance of shares to the Mozambique Government entity has not occurred. A non-controlling interest in Twigg will be recognised after the issuance of shares to the Mozambique Government entity (refer to note 16(d) for further details).

b) Reserves

	2020	2019
	US$'000	US$'000
Foreign currency translation reserve	(18,380)	(17,563)
Share-based payments reserve	10,386	10,226
	(7,994)	(7,337)

(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 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)
31 December 2019			
Balance at beginning of the year	(16,639)	13,983	(2,656)
Foreign currency translation	(924)	-	(924)
Share-based payments	-	1,245	1,245
Issuance of shares	-	(1,102)	(1,102)
Transfer of expired/lapsed options and performance rights	-	(3,900)	(3,900)
Balance at end of the year	(17,563)	10,226	(7,337)

(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).

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

	2020	2019
	US$'000	US$'000
Loss after income tax expense for the year	(60,870)	(130,549)
Adjustments for:		
Depreciation and amortisation expense	10,003	12,212
Impairment of mining assets	-	96,868
Share-based payments	1,809	1,295
Revaluation of asset	(137)	-
Interest expense	4,733	2,006
Gain on fixed assets disposal	-	(188)
Net foreign exchange (gain)/loss	2,036	355
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	9,261	(2,107)
Increase/(decrease) in trade and other payables	(4,324)	7,086
Increase/(decrease) in provisions	(420)	50
Increase/(decrease) in inventory	2,286	6,687
(Increase)/decrease in deferred tax assets	769	(27,301)
Increase/(decrease) in deferred tax liabilities	1,938	-
Net cash outflow from operating activities	(32,916)	(33,586)

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 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. 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:

	2020	2019
	US$'000	US$'000
Financial Assets		
Cash and cash equivalents	74,992	80,577
Trade and other receivables	15,185	24,063
Available-for-sale financial assets	299	162
	90,476	104,802
Financial Liabilities		
Trade and other payables	7,573	11,464
Borrowings	47,468	39,688
Lease liabilities	16,771	18,631
	71,812	69,783

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:

	2020	2019
	US$'000	US$'000
Assets		
- US Dollars(1)	54,604	23,677
- Mozambique Meticals	1,541	20,515
- Other	33	25
	56,178	44,217
Liabilities		
- US Dollars	352	363
- Mozambique Meticals	975	3,746
- South African Rand	187	837
- Australian Dollars	103	126
	1,617	5,072
Net surplus/(deficit) position	54,561	39,145

(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 2020 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)	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
USD +5%	(2,601)	(1,865)	400	(23,855)
USD -5%	2,875	2,061	(442)	26,402

(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 Note, 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 Note.

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 2020, the trade receivables balance was US$0.6 million (2019: US$ 2.7 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 US$27,000 of trade receivables overdue as at 31 December 2020 which were fully recovered in early 2021.

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 Project 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 2020	LESS THAN 6 MONTHS	BETWEEN 6-12 MONTHS	BETWEEN 1-2 YEARS	BETWEEN 2-5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT LIABILITIES
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Non-derivatives							
Non-interest bearing							
- Current Trade and other payables	6,588	-	-	-	-	6,588	6,588
Interest bearing							
- 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
Total non-derivative liabilities	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 in October 2019. The Convertible Note has 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.

AS AT 31 DECEMBER 2019	LESS THAN 6 MONTHS	BETWEEN 6-12 MONTHS	BETWEEN 1-2 YEARS	BETWEEN 2-5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT LIABILITIES
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Non-derivatives							
Non-interest bearing							
- Trade and other payables	11,464	-	-	-	-	11,464	11,464
Interest bearing							
- Lease liabilities	1,243	1,878	3,199	7,802	10,424	24,546	18,631
- Non-current borrowings(1)	-	-	-	59,281	-	59,281	39,688
Total non-derivative liabilities	12,707	1,878	3,199	67,083	10,424	95,291	69,783

(1) Non-current borrowings represent the Convertible Note issued by the Group in October 2019. The Convertible Note has 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 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:

	2020	2019
	US$'000	US$'000
Property, plant and equipment	1,278	1,628
Total capital commitments	1,278	1,628

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 have been provided by Twigg, which unconditionally and irrevocably guarantee in favor of the Ministry of Mineral Resources and Energy (MIREME) in Mozambique, the due and punctual payment of amounts up to a maximum amount of MZN466.97 million (US$6.2 million) as at 31 December 2020 (2019: US$5.0 million) in relation to the rehabilitation or removal of project infrastructure as per the mine closure plan for the Balama Project.

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.

NOTE 14. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Syrah announced the results of a Share Purchase Plan ("SPP") on 20 January 2021. The SPP provided Eligible Shareholders with the opportunity to apply for up to A$30,000 worth of new fully paid ordinary shares ("New Shares") in the Company at the same price (A$0.90 per share) as a A$56 million Placement that was completed on 11 December 2020. The SPP received valid applications totaling approximately A$63.7 million, well in excess of the targeted A$12 million. As a result of the oversubscription, Syrah's Board of Directors exercised its discretion under the terms of the SPP to accept a total of A$18 million in applications for the issue of approximately 20 million New Shares under the SPP.

Syrah announced the decision to restart production at the Balama on 22 February 2021. Production was temporarily suspended at Balama in March 2020 due to impacts of COVID-19, specifically: travel restrictions, limiting the mobility of the Balama workforce; and, weak end user demand due to lockdowns, mobility restrictions and economic uncertainty negatively impacting electric vehicle sales. In July 2020 Syrah announced a labour restructure at Balama and other actions to preserve cash during the period of suspended production, whilst also retaining operating and marketing capability to restart production. At the time of the restart decision, Syrah deemed it was able to manage within current travel restrictions, and market conditions deemed supportive of recommencing production. At the time of the restart decision on 22 February 2021, Syrah estimated a 2 to 3 months lead time to recommencement of production.

On 10 December 2020, Syrah announced an equity capital raising and a proposal to issue A$56 million in 2 convertible notes, at Syrah's option, in two equal tranches before 31 March 2021 and 30 June 2021 to AustralianSuper Pty Ltd as trustee for AustralianSuper (AustralianSuper) ("Convertible Notes"). Issue of the Notes was subject to certain conditions, including shareholder approval under ASX Listing Rule 7.1. A General Meeting was held on 26 February 2021, where shareholders provided approval to issue the Convertible Notes to AustralianSuper. Syrah has elected not to issue the Convertible Note which required notice to be given by 31 March 2021, although retained the option to issue the Convertible Note issuable by 30 June 2021.

During March 2021, Syrah announced the installation of a furnace at Vidalia to enable AAM production using natural graphite from Syrah's Balama operation. Precursor material (purified spherical graphite) from Vidalia was toll treated to AAM in Q4 2020 to accelerate the commencement of product qualification with potential customers. The furnace at Vidalia will now be used to produce AAM for ongoing product qualification, which is an iterative process of product testing with potential customers.

In accordance with the obligations imposed on its subsidiary Twigg Exploration and Mining Limitada under the Mining Agreement with the Mozambique Government, Syrah completed the transfer of a 5% quotaholding in Twigg Exploration and Mining Limitada to Empresa Mocambicana De Exploracao Mineira, S.A..

No other events have occurred subsequent to 31 December 2020 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 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

	2020	2019
	US$	US$
Short-term employee benefits	1,485,245	2,545,404
Post-employment benefits	91,952	144,948
Other benefits	251,801	151,720
Share-based payments	1,280,866	351,189
	3,109,864	3,193,261

Detailed remuneration disclosures are provided in the Remuneration Report on pages 22 to 47 of the Annual Report.

d) Transactions with related parties

Transactions with related parties are set out below:

	2020	2019
	US$	US$
Purchases of goods and services		
Technology and Product Development services provided by Cadenza Innovation Inc.(1)	-	301,119
Legal services provided by Sal & Caldeira Advogados, Lda(2)	79,989	195,343
	79,989	496,462

(1) Represents product technology development services provided to the Company by Cadenza Innovation Inc. C Lampe-Onnerud was a Non-Executive Director of the Company and is Founder and Chief Executive Officer of Cadenza Innovation Inc. C Lampe-Onnerud ceased as a Non-Executive Director effective 24 March 2019.

(2) 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

	2020	2019
	US$	US$
Trade and other payables		
Legal services provided by Sal & Caldeira Advogados, Lda(1)	-	8,508
	-	8,508

(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.

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.

(iv) Share option plan ("SOP")

The SOP was established and approved by shareholders at an Annual General Meeting held on 19 November 2013 and enables the Company, at the discretion of the Board of Directors, to offer employees and Directors options. No further options 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:

	2020		2019	
	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$3.25	2,600,000	A$4.62	4,800,000
Granted during the year	-	-	A$1.56	1,000,000
Exercised during the year [(1)]	-	-	-	-
Expired during the year	A$4.27	(1,000,000)	A$4.75	(3,200,000)
Balance at end of the year	A$2.61	1,600,000	A$3.25	2,600,000
Vested and exercisable at end of year	A$2.61	1,600,000	A$4.01	2,000,000

(1) There were no options exercised during the year ended 31 December 2020 and 2019.

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 2020 is represented by:

	2020		2019	
	NUMBER OF OPTIONS	EXERCISE PRICE RANGE	NUMBER OF OPTIONS	EXERCISE PRICE RANGE
Options issued as part of the EIP	1,600,000	A$0.70 to A$4.34	1,600,000	A$0.70 to A$4.34
Options issued as part of the LTIP	-	-	1,000,000	A$4.27

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

			2020	2019
GRANT DATE	**EXPIRY DATE**	**EXERCISE PRICE**	**NUMBER**	**NUMBER**
26-May-2017	26-May-2020	A$4.27	-	1,000,000
25-Jun-2018	25-Jun-2021	A$4.34	600,000	600,000
27-May-2019	16-Jul-2021	A$2.86	400,000	400,000
07-Oct-2019	07-Oct-2022	A$0.70	600,000	600,000
Total Options			1,600,000	2,600,000
Weighted average remaining contractual life of options outstanding at the end of the year			0.98 years	1.37 years

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:

	2020	2019
	NUMBER	**NUMBER**
Balance at the beginning of the year	2,026,974	1,090,031
Granted during the year	16,248,463	1,862,733
Exercised during the period	(12,240)	(143,143)
Lapsed during the year	(285,256)	(782,647)
Forfeited during the year	(229,995)	-
Balance at the end of the year	17,747,946	2,026,974
At 31 December 2020:		
- Vested	-	12,240
- Unvested	17,747,946	2,014,734
	17,747,946	2,026,974
Performance testing dates for unvested Performance Rights above are as follows:		
- 31 December 2019	-	285,256
- 31 December 2020	3,126,652	860,926
- 1 January 2021	95,988	-
- 31 March 2021	188,324	-
- 1 January 2022	3,221,098	868,552
- 03 June 2022	100,000	-
- 1 January 2023	6,215,884	-
- 1 January 2024	2,400,000	-
- 1 January 2025	2,400,000	-
	17,747,946	2,014,734

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

d) Non-controlling interests

A contractual obligation exists to issue a non-controlling non-diluting 5% interest in Twigg to the Mozambique Government entity.

As at 31 December 2020 of this report, the issuance of shares to the Mozambique Government entity has not occurred however an expense recognised in 2018 with a corresponding increase in the share-based payment reserve to reflect the fair value of the equity instruments to be granted. The fair value was determined based on the net present value of asset level estimated future cash flows and discounted for the lack of control and lack of marketability.

e) Expenses arising from share-based payment transactions

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

	2020	2019
	US$'000	**US$'000**
Recognised in profit and loss:		
Employee benefits		
- Options issued under the EIP	61	163
- Performance rights issued under the EIP	1,326	673
- Performance rights issued under the NEDSP	96	-
- Equity settled remuneration	326	459
	1,809	1,295

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.

	2020	2019
	US$'000	US$'000
Assurance services:		
PwC Australian firm	209	204
Network firms of PwC Australian firm	65	87
Total remuneration for audit services	274	291
Non-assurance services:		
PwC Australian firm		
Tax compliance services	28	66
Tax consulting services	73	121
Network firms of PwC Australian firm		
Other consulting services	4	5
Total remuneration for non-assurance services	105	192
Total remuneration paid to PricewaterhouseCoopers	379	483

NOTE 18. EARNINGS PER SHARE

	2020	2019
	US Cents	US Cents
Earnings/(losses) per share		
Basic loss per share	(14.59)	(34.56)
Diluted loss per share	(14.59)	(34.56)

a) Reconciliations of earnings used in calculating earnings per share

	2020	2019
	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	(60,870)	(130,549)
Diluted loss		
Total profit/(loss) attributable to the ordinary equity holders of the Company used in calculating diluted loss per share	(60,870)	(130,549)

b) Weighted average number of shares used as the denominator

	2020	2019
	NUMBER	NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	417,270,716	377,700,757
Weighted average number of ordinary shares used as the denominator in calculating diluted loss per share	417,270,716	377,700,757

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:

	2020	2019
	US$'000	**US$'000**
Balance sheet		
Current assets	71,560	44,866
Total assets	**498,380**	**413,385**
Current liabilities	2,270	1,820
Total liabilities	**50,476**	**42,467**
Shareholders' equity		
Issued capital	604,920	563,694
Reserves	11,924	(34,309)
Accumulated losses	(168,940)	(158,467)
Total equity	**447,904**	**370,918**
Loss after income tax for the year	**(11,706)**	**(105,906)**
Other comprehensive income/ (loss)	46,074	(3,377)
Total comprehensive income/ (loss) for the year	**34,368**	**(109,283)**

b) Contingent liabilities of the parent entity

The parent entity has no contingent liabilities as at 31 December 2020 and 31 December 2019.

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. The repayment obligation also reduces if Balama resumes production earlier than December 2021 and does not receive the monthly fixed cost reduction.

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.

		PERCENTAGE OF EQUITY INTEREST HELD BY THE GROUP	
NAME	**PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION**	**2020 (%)**	**2019 (%)**
Jacana Resources Proprietary Limited	Australia	100	100
Syrah Resources (KSA) Pty Ltd	Australia	100	100
Twigg Exploration and Mining, Limitada	Mozambique	100(1)	100(1)
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) Twigg entered into a Mining Agreement with the Ministry of Mineral Resources and Energy of the Republic of Mozambique creating a contractual obligation to provide a 5% non-controlling non-diluting interest in Twigg to the Mozambique Government entity. As at 31 December 2020, the issuance of shares to the Mozambique Government entity had not occurred.

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'.

	2020	2019
	US$'000	US$'000
Consolidated statement of comprehensive income		
Revenue from continuing operations	283	288
Expenses:		
Employee benefits expense	(4,428)	(5,689)
Legal and consulting expense	(1,003)	(1,192)
Depreciation and amortisation expense	(181)	(206)
Foreign exchange loss – net	(2,272)	(355)
Other expenses	(667)	(1,315)
Impairment of assets	-	(96,868)
Finance expenses	(3,450)	(587)
Loss for the year before income tax expense	(11,718)	(105,924)
Income tax expense	-	-
Loss after income tax expense for the year	**(11,718)**	**(105,924)**
Other comprehensive income/ (loss)		
Exchange differences on translation of foreign subsidiaries	45,257	(3,325)
Total comprehensive income/ (loss) for the year	**33,539**	**(109,249)**
Summary of movements in consolidated accumulated losses		
Balance at beginning of the year	(159,463)	(57,439)
Loss after income tax expense for the year	(11,718)	(105,924)
Transfer from share-based payment reserve	1,184	3,900
Balance at end of the year	**(169,997)**	**(159,463)**

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'.

	2020	2019
	US$'000	US$'000
Current assets		
Cash and cash equivalents	62,124	36,457
Trade and other receivables	285	194
Available-for-sale financial assets	299	162
Total current assets	**62,708**	**36,813**
Non-current assets		
Other receivables	309	320
Property, plant and equipment	10,202	7,825
Mining assets	11,584	11,579
Intangibles	8	13
Investments in subsidiaries	414,388	358,422
Total non-current assets	**436,491**	**378,159**
Total assets	**499,199**	**414,972**
Current liabilities		
Trade and other payables	1,826	1,446
Lease liabilities	169	152
Provisions	275	222
Total current liabilities	**2,270**	**1,820**
Non-current liabilities		
Borrowings	47,468	39,688
Lease liabilities	-	153
Provisions	79	50
Total non-current liabilities	**47,547**	**39,891**
Total liabilities	**49,817**	**41,711**
Net assets	**449,382**	**373,261**
Equity		
Issued capital	604,920	563,694
Reserves	14,447	(30,970)
Accumulated losses	(169,985)	(159,463)
Total equity	**449,382**	**373,261**

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 2020 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

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 or 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.

DIRECTORS' DECLARATION

SYRAH RESOURCES

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In the Directors' opinion:

(a) the financial statements and notes set out on pages 51 to 98 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 2020 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

30 March 2021

AUDITOR'S REPORT

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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 2020 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 2020
- 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 includes a summary of 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 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 suspension of production at the Balama Graphite Operation and the Vadalia 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. Their procedures included a visit to the Balama Graphite Operation.

- 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 following key audit matters to the Audit and Risk Committee.

Key audit matter	***How our audit addressed the key audit matter***
Carrying value of non-current assets *(Refer to note 9c)* As at 31 December 2020, the Group recognised US$164.4 million of Property, Plant and Equipment and US$134.2 million of Mining Assets (together 'the mining assets'). During the year the Group identified indicators of impairment on both of its Cash Generating Units (CGUs), being Balama Graphite Operation (Balama) and the Vidalia Active Anode Material project (Vidalia). As a result, the Group tested the CGUs for impairment. The recoverable amounts of the CGUs were assessed under the fair value less cost of disposal method, using discounted cash flow models. No impairment charges were recognised during the year. The impairment assessment involved significant judgements, such as: • Forecasting short and long-term graphite prices • Determining reserve and resource estimates and production and processing volumes • Determining an appropriate discount rate • Estimating future operating costs, capital expenditure, foreign exchange rates, and • Estimating the timing of recommencement of mining and processing operations at Balama.	We performed the following procedures, amongst others, for both CGUs: • Assessed whether the composition of each CGU was consistent with our knowledge of the Group's operations and internal reporting. • Evaluated the Group's assessment that there were indicators of impairment during the year ended 31 December 2020 for each CGU, taking into consideration the requirements of Australian Accounting Standards. • Assessed whether each CGU appropriately included all directly attributable assets and liabilities. • Assessed whether the valuation methodology, which utilised discounted cash flow models to estimate the recoverable amount of each CGU, was consistent with Australian Accounting Standards. • Compared the forecast cash flows used in the discounted cash flow models to the most recent budgets and Life of Mine operating plans. • Assessed whether the forecast in the discounted cash flow models used in the impairment assessment were appropriate by performing the following procedures, amongst others:

This was a key audit matter due to the significant carrying value of the Group's property, plant and equipment and mining assets and the judgements involved in developing assumptions used in the discounted cash flow models which determine the recoverable amounts of the CGUs.

- compared the short and long-term graphite pricing data used to current independent industry forecasts
- compared the Group's forecast graphite production over the life of mine to the Group's most recent reserves and resources statements
- considered the ability of the Group to forecast accurately by comparing the forecast cash flows to historical actual cash flows achieved by each CGU
- compared the forecast operating costs and capital expenditure to the most recent internal budgets and Life of Mine operating plans
- compared the forecast operating costs to historical actual expenditures
- assessed the foreign exchange rate assumptions to current external economic forecasts
- together with PwC valuation experts, assessed the discount rate used for each CGU, with reference to externally derived data where possible.

- Performed tests of the mathematical accuracy of the impairment models on a sample basis,
- Evaluated the reasonableness of the disclosures made in Note 9c in light of the requirements of Australian Accounting Standards.

In relation to the Balama CGU, we performed the following additional procedure, amongst others:

- Evaluated the Group's judgement in relation to the likelihood of restart of production and their ability to execute associated scenarios.

Liquidity and Capital Management
(Refer to note 12c)

As described in the financial report, the consolidated financial statements have been prepared by the Group on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business.

To support this basis of preparation, the Group has prepared a forecast of its cash flows, which includes a number of assumptions about the restart of production at the Balama Graphite Operation during 2021, as described in Note 14. The forecast also includes A$18 million from the Share Purchase Plan that closed in January 2021, and a proposed capital raising of A$56 million in convertible notes issuable at Syrah's option in two equal tranches before 31 March 2021 and 30 June 2021.

Assessing the appropriateness of the Group's liquidity and capital management position was a key audit matter due to their importance to the financial report as a whole and the level of judgement involved.

We assessed the significant assumptions in the Group's cash flow forecast for at least 12 months from the date of signing the auditor's report, by performing the following procedures, amongst others:

- We evaluated the appropriateness of the Group's assessment of their ability to continue as a going concern, including whether the level of analysis is appropriate given the nature of the Group, the period covered is at least 12 months from the date of our auditor's report and relevant information has been included as a result of the audit.
- We compared the commodity prices used in the cash flow forecast against available information.
- We evaluated the risks surrounding the restart of production at the Balama Graphite Operation and timing and volume of sales forecasts, including the Group's view of future graphite pricing.
- We compared a sample of forecast operational and capital cash outflows in the model to the budget approved by the Board, and where appropriate to relevant contracts or other external information.
- We compared actual revenue and cost outcomes to the prior period forecasts to assess the historical accuracy of the budgeting processes.
- We tested the shares issued in the capital raising and vouched the cash proceeds received during the year.
- We read the key terms associated with the executed contract for the new convertible notes.
- We also considered the Group's potential opportunities for cash conservation as well as options for raising additional funds.
- We considered the reasonableness of the liquidity and capital risk management disclosures included within the consolidated financial statements, in light of the requirements of Australian Accounting Standards.

Decommissioning and restoration provision *(Refer to Note 9e)* 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 2020 the consolidated statement of financial position included non-current provisions for asset retirement obligations of US$13.6 million. 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.	We obtained the Group's assessment of their obligations to rehabilitate disturbed areas at the Balama Graphite Operation and the estimated future cost of that work, which forms the basis for the provision for decommissioning and restoration costs calculations (the model). We evaluated and tested significant assumptions utilised in the models by performing the following procedures, amongst others: ● 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 Group's external expert who created the Group's closure plan and the assessment of the decommissioning and restoration costs at the Balama Graphite Operation. ● Compared on a sample basis movements in the provision in the year and found them to be consistent with our understanding of the Group's operations and associated rehabilitation plan. ● 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 was consistent with current life of mine plans and rehabilitation plans submitted to relevant authorities for the mine site. ● We 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 2020, 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.

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Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 22 to 47 of the directors' report for the year ended 31 December 2020.

In our opinion, the remuneration report of Syrah Resources Limited for the year ended 31 December 2020 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Ben Gargett
Partner

Melbourne
30 March 2021

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 22 March 2021 except where otherwise indicated.

EQUITY SECURITY HOLDERS

TOP 20 LARGEST QUOTED SECURITY HOLDERS AS AT 22 MARCH 2021

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	111,664,246	22.44
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	67,940,983	13.65
3.	CITICORP NOMINEES PTY LIMITED	35,952,291	7.22
4.	BNP PARIBAS NOMS PTY LTD <DRP>	16,491,666	3.31
5.	NATIONAL NOMINEES LIMITED	15,592,960	3.13
6.	COPPER STRIKE	9,141,369	1.84
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	7,367,398	1.48
8.	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	3,851,073	0.77
9.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	3,736,329	0.75
10.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,377,292	0.68
11.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,960,688	0.59
12.	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	2,890,995	0.58
13.	MS QIONGQIONG HU	2,620,945	0.53
14.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,435,176	0.49
15.	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	2,144,360	0.43
16.	MR ZIDONG CAO + MRS QIONGQIONG HU <WEHEALTH FUND A/C>	2,130,000	0.43
17.	MR ZIDONG CAO	2,087,850	0.42
18.	UBS NOMINEES PTY LTD	1,762,395	0.35
19.	NATIONAL NOMINEES LIMITED <DB A/C>	1,708,301	0.34
20.	MASFEN SECURITIES LIMITED	1,603,714	0.32
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**297,460,031**	**59.77**
Total Remaining Holders Balance		**200,252,413**	**40.23**

UNQUOTED EQUITY SECURITIES AS AT 22 MARCH 2021

	NUMBER ON ISSUE	NUMBER OF HOLDERS
Options over ordinary shares	1,600,000	3
Performance rights over ordinary shares	17,984,241	57
Non-Executive Director Share Rights	188,324	4
Unlisted Convertible Note	1	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	68,292,583
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 22 March 2021:

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 100	2,287	1,223,359	0.25
101 – 1,000	3,486	9,662,686	1.94
1,001 – 10,000	1,659	12,926,068	2.60
10,001 – 100,000	3,071	92,588,067	18.60
>100,001	368	381,312,264	76.61
Rounding			0.00
Total	**10,871**	**497,712,444**	**100.00**
Holding less than a marketable parcel	924	181,064	0.04

UNLISTED OPTIONS

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 100	-	-	-
101 – 1,000	-	-	-
1,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
>100,001	3	1,600,000	100.00
Rounding			0.00
Total	**3**	**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	3,404	0.02
1,001 – 10,000	1	7,566	0.04
10,001 – 100,000	34	1,921,129	10.68
>100,001	21	16,052,142	89.26
Rounding			0.00
Total	**57**	**17,984,241**	**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	1	100.00
101 – 1,000	-	-	-
1,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
>100,001	-	-	-
Rounding			0.00
Total	**1**	**1**	**100.00**
Holding less than a marketable parcel	-	-	-

CONVERTIBLE NOTES

	NUMBER HELD	% OF TOTAL UNLISTED CONVERTIBLE NOTES
AUSTRALIANSUPER PTY LTD AS TRUSTEE FOR AUSTRALIANSUPER	1	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 22 MARCH 2021

PROJECT	LICENSE NUMBER	LICENSE TYPE	COUNTRY	INTEREST OWNED
Balama	6432C	Mining Concession	Mozambique	100%

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