

SYRAH RESOURCES LIMITED
ABN 77 125 242 284

Financial Report
For the half-year ended 31 December 2009

SYRAH RESOURCES LIMITED
ABN 77 125 242 284

CORPORATE DIRECTORY

Board of Directors

Tom Eadie (Chairman)
Alistair Campbell (Managing Director)
Terry Lees (Exploration Director)

Company Secretary

David Ogg

Place of Business

Level 9/356 Collins Street
Melbourne VIC 3000
Ph: +613 9670 7264
Fax: +613 9642 0698
Web: www.syrahresources.com.au

Auditors

Leydin Freyer Audit Pty Ltd
Chartered Accountants
Suite 304, 22 St Kilda Road
St Kilda VIC 3182

Legal Advisors

Middletons
Level 25, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

Baker McKenzie
Level 39, Rialto
525 Collins Street
Melbourne VIC 3000

Share Registry

Security Transfer Registrars Pty Ltd
Alexandra House
Suite 1, 770 Canning Highway
Applecross WA 6153

Bankers

ANZ Bank
388 Collins Street
Melbourne VIC 3000

Commonwealth Bank
367 Collins Street
Melbourne VIC 3000

Stock Exchange Listing

Syrah Resources Limited is listed on the Australian Stock Exchange. Home Stock Exchange is Melbourne.
ASX Code: SYR

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DIRECTORS' REPORT

The Directors of Syrah Resources Limited submit herewith the financial report for the half-year ended 31 December 2009. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names of the Company's Directors in office during or since the end of the half-year are:

Name	
Tom Eadie	Chairman
Alistair Campbell	Managing Director
Terry Lees	Exploration Director

REVIEW OF OPERATIONS

Exploration Activities

Syrah continued its focus on business development in Saudi Arabia where the number of Exploration Licence Applications has been increased to 14 at the end of December. These applications continue to be processed by the Deputy Ministry of Mineral Resources.

In December 2009 Syrah signed a Heads of Agreement with Mashoura Company to form a new joint venture company to conduct exploration and mining in Saudi Arabia. The Exploration Licence applications made by Syrah will be transferred into the joint venture on a 80% Syrah and 20% Mashoura ownership basis. Mashoura has agreed to supply in-country services to support the joint venture.

Syrah continued to reduce its exploration activities on its Australian projects by relinquishing high risk projects and sourcing joint venture partners where possible. After numerous appraisals and endeavours, the Norfolk and Archie-Mackenzie projects were relinquished. The Levuka and Levuka South projects are also in the process of being relinquished at year end.

At the Lyndhurst project in South Australia, Syrah signed a joint venture agreement with Zurich Resources Pty Ltd. Zurich can earn up to 80% ownership in these tenements by completing agreed work programs and expenditure commitments. Zurich plans to conduct geophysical programs to explore for sulphide copper as well as continue appraisal of the oxide copper prospects such as White Lead where Syrah successfully discovered mineralisation in 2008.

The information in this report as it relates to geology, geochemical, geophysical and exploration results was compiled by Mr. Terry Lees, fellow of the AIG, who is a Competent Person and Exploration Director of Syrah Resources Ltd. Mr. Lees has more than 20 years experience in the activities being reported on and consents to the inclusion of this information in the form and context in which it appears in this report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under s.307C of the *Corporation Act 2001* in relation to the review of the half-year is included on page 5.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink that reads "Alistair Campbell". The signature is written in a cursive, flowing style.

Alistair Campbell
Managing Director

MELBOURNE,

26th February 2010

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of Syrah Resources Limited:

I declare that to the best of my knowledge and belief, in relation to the Independent Half-year Auditor's Review for the half-year ending 31 December 2009, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



MELANIE J LEYDIN
Registered Company Auditor
Registration: 212298

26 February 2010

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SYRAH RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Syrah Resources Limited, which comprises the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity, cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration of the company at the end of the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matters that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Syrah Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Syrah Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Yours faithfully



MELANIE J LEYDIN
Registered Company Auditor
Registration: 212298

26 February 2010

DIRECTORS DECLARATION

The Directors declare that:

- a) in the Directors' opinion, 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
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Alistair Campbell
Managing Director

MELBOURNE,

26th February 2010

SYRAH RESOURCES LIMITED
ABN 20 119 323 385

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Half-year ended 31 December 2009 \$	Half-year ended 31 December 2008 \$
Other revenue	27,120	82,184
Employment expenses	(155,365)	(277,072)
Administrative expenses	(244,512)	(84,467)
Share based payments	(15,200)	-
Exploration costs written off	(282,883)	(372,567)
Profit/(loss) before tax for the period	<u>(670,840)</u>	<u>(651,922)</u>
Income tax expense	-	-
Profit/(loss) after tax for the period	<u>(670,840)</u>	<u>(651,922)</u>
Other Comprehensive Income	-	-
Total comprehensive income for the period	<u>(670,840)</u>	<u>(651,922)</u>
	Cents per Share	Cents per Share
Earnings/(loss) per share		
Basic earnings/(loss) per share	(2.22)	(2.17)
Diluted earnings/(loss) per share	(2.03)	(2.01)

This statement is to be read in conjunction with the notes to the financial statements.

SYRAH RESOURCES LIMITED
ABN 20 119 323 385

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	31 December 2009	30 June 2009
	\$	\$
Current Assets		
Cash and cash equivalents	2,229,031	1,913,168
Trade and other receivables	23,622	8,795
Total Current Assets	2,252,653	1,921,963
Non-Current Assets		
Plant and equipment	1,673	2,332
Exploration expenditure	923,006	1,091,428
Intangible assets	1,636	3,421
Other non-current assets	7,500	7,500
Total Non-Current Assets	933,815	1,104,681
Total Assets	3,186,468	3,026,644
Current Liabilities		
Trade and other payables	41,253	21,956
Provisions	17,446	13,012
Total Current Liabilities	58,699	34,968
Non-Current Liabilities		
Provisions	6,692	3,189
Total Non-Current Liabilities	6,692	3,189
Total Liabilities	65,391	38,157
Net Assets	3,121,077	2,988,487
Equity		
Issued Capital	6,514,354	5,736,754
Reserves	178,755	152,925
Accumulated losses	(3,572,032)	(2,901,192)
Total Equity	3,121,077	2,988,487

This statement is to be read in conjunction with the notes to the financial statements.

SYRAH RESOURCES LIMITED
ABN 20 119 323 385

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Issued Capital	Retained Earnings	Option Reserve	Total
Balance as at 1 July 2008	5,736,754	(1,295,354)	170,650	4,612,050
Profit/(loss) for the period	-	(651,922)	-	(651,922)
Total comprehensive income for the period	-	(651,922)	-	(651,922)
Balance as at 31 December 2008	5,736,754	(1,947,276)	170,650	3,960,128
	Issued Capital	Retained Earnings	Option Reserve	Total
Balance as at 1 July 2009	5,736,754	(2,901,192)	152,925	2,988,487
Profit/(loss) for the period	-	(670,840)	-	(670,840)
Total comprehensive income for the period	-	(670,840)	-	(670,840)
Issue of Shares	810,000	-	-	810,000
Costs of Capital Raising	(32,400)	-	-	(32,400)
Share based payments to directors	-	-	15,200	15,200
Share based payments to non directors	-	-	10,630	10,630
Balance as at 31 December 2009	6,514,354	(3,572,032)	178,755	3,121,077

This statement is to be read in conjunction with the notes to the financial statements.

SYRAH RESOURCES LIMITED
ABN 20 119 323 385

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Half-year ended 31 December 2009 \$	Half-year ended 31 December 2008 \$
Cash flows from operating activities		
Receipts from customers	-	-
Interest Received	25,410	88,958
Payments to suppliers and employees	(468,583)	(357,129)
	<hr/>	<hr/>
Net cash used in operating activities	(443,173)	(268,171)
	<hr/>	<hr/>
Cash flows from investing activities		
Payment for exploration expenditure	(18,564)	(420,428)
	<hr/>	<hr/>
Net cash used from investing activities	(18,564)	(420,428)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from issue of shares	810,000	-
Payment for share issue costs	(32,400)	-
	<hr/>	<hr/>
Net cash flows from investing activities	777,600	-
	<hr/>	<hr/>
Net (Decrease)/Increase in cash and cash equivalents	315,863	(688,599)
	<hr/>	<hr/>
Cash and cash equivalents at beginning of the financial year	1,913,168	2,843,309
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	2,229,031	2,154,710
	<hr/> <hr/>	<hr/> <hr/>

This statement is to be read in conjunction with the notes to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2009 annual financial report for the financial year ended 30 June 2009, other than as stated below.

The Group has adopted all of the new and revised Standard and Interpretations issued by the AASB that are relevant to their operations and effective for the current period.

New and revised Standards and Interpretations effective for the current period that relevant to the Group include:

- AASB 8 : Operating Segments
- AASB 101 : Presentation and Financial Statements

2. SEGMENT INFORMATION

The company operated predominately as an explorer for base and precious metals, with an emphasis on copper and gold exploration within Australia.

The group has adopted AASB 8 Operating Segments with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief decision maker in order to allocate resources to the segment and to assess its performance. The board reviews the company as a whole in the business segment of mineral exploration within Australia. This segment reporting was previously reported under AASB 114 as Primary Reporting – Business Segments and its segment analysis has been continued for the current half-year.

Upon the adoption of AASB, there has been no change to the reportable segments. The Group has therefore not changed any reporting for the previous corresponding period. Syrah Resources Limited operates in the mineral exploration industry within Australia.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. ISSUE OF EQUITY SECURITIES

During the half year ended 31 December 2009, the following securities were issued:

Shares

The Company placed 4,500,000 shares to professional and sophisticated investors at an issue price of \$0.18 raising \$810,600 before costs.

Options

Following approval at the company's Annual general Meeting, the Managing Director was granted 1,000,000 options, exercisable at \$0.04 and expiring 31 July 2014. The options have been valued using the Black Scholes methodology at \$0.0152.

The Company granted 100,000 options to key management personnel, exercisable at \$0.20 and expiring 31 July 2014. The options have been valued using the Black Scholes methodology at \$0.1063.

4. BUSINESS COMBINATIONS

On 21st December, Syrah Resources Limited incorporated Syrah Resources (KSA) Pty Ltd, a 100% owned subsidiary. The consolidated group is as follows:

Name of Entity	Country of Incorporation	Ownership Interest	
		31 Dec 2009	31 Dec 2008
Parent Entity			
Syrah Resources Limited	Australia		
Subsidiaries			
Syrah Resources (KSA) Pty Ltd	Australia	100%	-

There was no activity in Syrah Resources (KSA) during the period.

5. COMMITMENTS

Exploration Tenements – Commitments for Expenditure

In order to maintain current rights of tenure to exploration tenements, the Company and economic entity is required to outlay rentals and to meet the minimum expenditure requirements of the State Mines Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable:

	31 December 2009	30 June 2009
Not later than 1 year	-	853,320
Later than one year but not later than five	-	1,334,765
Later than 5 years	-	-
	-	2,188,085

During the 6 months the Company's commitments for minimum expenditure has been passed to the joint venture partners.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6. EVENTS AFTER THE BALANCE SHEET DATE

There has been no matter or circumstance that has arisen since the date of this report which has significantly affected, or may significantly affect, the operations of the entity, the results of those operations or the state of affairs of the entity in future financial years.