

**SYRAH RESOURCES LIMITED**  
**ABN 77 125 242 284**

**Financial Report**  
**For the half-year ended 31 December 2008**

**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 Corporate 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 2008. 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 carried out exploration activities in South Australia and on several projects in Queensland.

At Lyndhurst in the northern Flinders Ranges, South Australia, Syrah conducted a 2,237m RAB drilling program at the White Lead prospect. This drill program, conducted in September 2008, followed-up encouraging copper oxide intercepts from a RC program completed in April 2008. These two drilling campaigns have successfully defined numerous zones of near-surface copper mineralisation. Whilst drilling remains at pre-resource definition phase, White Lead shows strong potential and will be subject to further drilling in 2009.

In northwest Queensland the Levuka South tenement was granted and drill target definition conducted across the two contiguous Levuka tenements now held by Syrah. A number of new drill targets have been defined via review of geophysical and structural data, and these targets are now being considered for testing in future drilling campaigns.

After numerous field campaigns which failed to define a strong drill target, the Munna project in southeast Queensland was relinquished.

At Archie-Mackenzie in northwest Queensland, a review of geological, structural and geophysical data was conducted to derive new drilling targets. These are being ranked and considered for drilling in 2009.

The Norfolk project tenement applications in northwest Queensland were granted in September 2008. An application has been made for ARC Linkage funding to assist with the development of drill targets associated with the 20km diameter inferred meteorite impact structure called the Camooweal Structure.

#### **Joint Venture Proposal – Alintepe and Inlice Gold Projects, Turkey**

In October 2008 Syrah reached conditional agreement with Stratex International PLC to joint venture the Altintepe and Inlice gold projects in Turkey. After detailed due diligence, Syrah made a decision not to proceed with the joint venture.

***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.***

**SYRAH RESOURCES LIMITED**  
**ABN 77 125 242 284**

**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,

11 March 2009

## **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 2008, 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

11 March 2009

## **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 2008, 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 2008 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 2008 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

11 March 2009

**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,

11 March 2009

**SYRAH RESOURCES LIMITED**  
**ABN 77 125 242 284**

**CONDENSED INCOME STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<b>Half-year ended 31 December 2008 \$</b>	<b>Half-year ended 31 December 2007 \$</b>
Other Revenue	82,184	88,667
Employment expenses	(277,072)	(159,278)
Administration expenses	(84,467)	(129,391)
Share based payments	-	(170,650)
Exploration costs written off	(372,567)	(1,036)
<b>Profit/(loss) before tax for the period</b>	<b>(651,922)</b>	<b>(371,688)</b>
Income tax expense	-	-
<b>Profit/(loss) after tax for the period</b>	<b>(651,922)</b>	<b>(371,688)</b>
	<b>Cents per Share</b>	<b>Cents per Share</b>
<b>Earnings/(Loss) per Share</b>		
Basic Earnings/(Loss) per share	(2.17)	(1.71)
Diluted Earnings/(Loss) per share	(2.01)	(1.60)

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

**SYRAH RESOURCES LIMITED**  
**ABN 77 125 242 284**

**CONDENSED BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

	<b>31 December 2008 \$</b>	<b>30 June 2008 \$</b>
<b>Current Assets</b>		
Cash and cash equivalents	2,154,710	2,843,309
Trade and other receivables	<u>27,490</u>	<u>41,548</u>
<b>Total Current Assets</b>	<u>2,182,200</u>	<u>2,884,857</u>
<b>Non Current Assets</b>		
Plant and Equipment	2,992	3,651
Exploration Expenditure	1,834,509	1,777,053
Intangible Assets	5,206	6,991
Other non-current assets	<u>2,500</u>	<u>7,500</u>
<b>Total Non-Current Assets</b>	<u>1,845,207</u>	<u>1,795,195</u>
<b>Total Assets</b>	<u>4,027,407</u>	<u>4,680,052</u>
<b>Current Liabilities</b>		
Trade and other payables	42,351	48,602
Provisions	<u>20,720</u>	<u>16,207</u>
<b>Total Current Liabilities</b>	<u>63,071</u>	<u>64,809</u>
<b>Non Current Liabilities</b>		
Borrowings	-	-
Provisions	<u>4,208</u>	<u>3,193</u>
<b>Total Non Current Liabilities</b>	<u>4,208</u>	<u>3,193</u>
<b>Total Liabilities</b>	<u>67,279</u>	<u>68,002</u>
<b>Net Assets</b>	<u>3,960,128</u>	<u>4,612,050</u>
<b>Equity</b>		
Issued Capital	5,736,754	5,736,754
Reserves	170,650	170,650
Accumulated (losses)	<u>(1,947,276)</u>	<u>(1,295,354)</u>
<b>Total Equity</b>	<u>3,960,128</u>	<u>4,612,050</u>

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

**SYRAH RESOURCES LIMITED**  
**ABN 77 125 242 284**

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Issued Capital	Retained Earnings	Option Reserve	Total
Equity as at 1 July 2007	1,800,001	-	-	1,800,001
Profit/(loss) for the period (a)	-	(371,688)	-	(371,688)
Issue of Shares	4,200,000	-	-	4,200,000
Costs of Capital Raising	(263,247)	-	-	(263,247)
Cost of share based payments	-	-	170,650	170,650
<b>Equity as at 31 December 2007</b>	<b>5,736,754</b>	<b>(371,688)</b>	<b>170,650</b>	<b>5,535,716</b>

Equity as at 1 July 2008	<b>5,736,754</b>	<b>(1,295,354)</b>	<b>170,650</b>	<b>4,612,050</b>
Profit/(loss) for the period (a)	-	(651,922)	-	(651,922)
Issue of Shares	-	-	-	-
Costs of Capital Raising	-	-	-	-
Cost of share based payments	-	-	-	-
<b>Equity as at 31 December 2008</b>	<b>5,736,754</b>	<b>(1,947,276)</b>	<b>170,650</b>	<b>3,960,128</b>

(a) Loss for the period equals total recognised income and expense for the period.

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

**SYRAH RESOURCES LIMITED**  
**ABN 20 119 323 385**

**CONDENSED CASH FLOW STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<b>Half-year ended 31 December 2008 \$</b>	<b>Half-year ended 31 December 2007 \$</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	-	-
Interest received	88,958	80,096
Payments to suppliers and employees	<u>(357,129)</u>	<u>(256,055)</u>
Net cash used in operating activities	<u>(268,171)</u>	<u>(175,959)</u>
<b>Cash Flows From Investing Activities</b>		
Payment for plant and equipment and software	-	(13,471)
Payment for exploration expenditure	(420,428)	(181,339)
Payment for deposits paid	<u>-</u>	<u>(7,500)</u>
Net cash (used in)/provided by investing activities	<u>(420,428)</u>	<u>(202,310)</u>
<b>Cash Flows From Financing Activities</b>		
Loans from director related entities	-	3,256
Proceeds from issue of equity securities	-	4,000,000
Payment for share issue costs	<u>-</u>	<u>(263,247)</u>
Net cash flows from financing activities	<u>-</u>	<u>3,740,009</u>
<b>Net Increase (Decrease) in cash and cash equivalents</b>	<b>(688,599)</b>	<b>3,361,740</b>
Cash and cash equivalents at beginning of the half year	<u>2,843,309</u>	<u>200,001</u>
<b>Cash and cash equivalents at the end of the half year</b>	<b><u>2,154,710</u></b>	<b><u>3,561,741</u></b>

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 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 2008 annual financial report for the financial year ended 30 June 2008, other than as stated below.

**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.

**3. ISSUE OF EQUITY SECURITIES**

During the half year ended 31 December 2008, there were no issues of equity securities.

**4. 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:

	<b>31 DECEMBER 2008</b>	<b>30 JUNE 2008</b>
Not later than 1 year	804,500	554,750
Later than one year but not later than five	2,592,500	3,522,250
Later than 5 years	-	32,000
	3,397,000	4,109,000

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**5. EVENTS AFTER THE BALANCE SHEET DATE**

There has been no matter or circumstance 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.