

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

FINANCIAL REPORT

JUNE 30 2008

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

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SYNDICATED METALS LIMITED
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DIRECTORS' REPORT

Your directors submit the financial accounts of the company for the year ended June 30 2008.

DIRECTORS

The names of the directors in office at any time during or since the end of the year are:

Bruce McCullagh – Appointed 1 September 2005

Russell Davis – Appointed 15 August 2005

Andrew Dinning – Appointed 3 August 2007

Jan Hope – Appointed 6 September 2007

Directors have been in office to the date of this report unless otherwise stated.

The following person held the position of company secretary at the end of the financial year:

Bruce McCullagh was appointed on 1 September 2005.

PRINCIPAL ACTIVITIES

The principal activity of the company during the course of the year was mineral exploration. There was no significant change in the nature of the company's activities during the financial year.

OPERATING RESULTS

The net loss of the company for the financial year after provision for income tax was \$168,316 (2007: \$59,228 profit).

DIVIDENDS PAID OR RECOMMENDED

No dividend has been paid or declared since the start of the financial period.

REVIEW OF OPERATIONS

The Company's principal operations involve mineral exploration within tenements in the Mount Isa region in northwest Queensland. The Company listed on the ASX in December 2007 following a raising of \$6 million. A maiden resource estimate for the Kalman South molybdenum-copper-gold-rhenium deposit in Queensland was announced by the Company's joint venture partner in December 2007, followed by a subsequent resource upgrade in September 2008. The first RC drilling program was completed on three copper targets at the Mt Remarkable Project. An infill drilling program was completed on the Barbara copper-gold prospect. Regional sampling programs identified new copper and lead-zinc drilling targets at Mount Remarkable. The Exmouth project in Western Australia indicates the possibility of phosphate, and to expand the phosphate portfolio, applications have been made to acquire additional tenements at Dandaragan in WA and in the Georgina Basin near Mt Isa. A reconnaissance sampling program has been completed at Exmouth for base metal and phosphate.

A more detailed review of operations is outlined in this annual report.

FINANCIAL POSITION

The net assets of the company have increased from \$101,039 at 30 June 2007 to \$6,291,833 at 30 June 2008. This increase is largely as a result of capital raisings, net of capital raising costs, of \$6,180,010.

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DIRECTORS' REPORT

SIGNIFICATION CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the company occurred during the financial year:

- The company completed successful capital raisings totalling \$6,180,010 after capital raising costs;
- The company was admitted to listing on the Australian Securities Exchange (ASX).

AFTER BALANCE DATE EVENTS

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

LIKELY DEVELOPMENT AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report, as inclusion of such information is likely to result in unreasonable prejudice to the company.

ENVIRONMENTAL REGULATION

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFYING OFFICERS

During the financial year the company paid a premium of \$11,846 in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings that may be brought against the directors and secretary of the company.

INFORMATION ON DIRECTORS

Bruce McCullagh – Chairman and Company Secretary

CPA AICS

Bruce McCullagh has wide experience in accounting, company secretarial and management in mineral and petroleum companies including Occidental Petroleum and Conoco in Australia, the Libyan Arab Republic, the Arabian Gulf and USA and is a Certified Practising Accountant and an Associate of the Institute of Chartered Secretaries. He was appointed Company Secretary to Asarco Australia Ltd in 1987 and continued with that organisation as Wiluna Mines Ltd, through to 1996, and since that time has held roles combining directorships and company secretarial duties with listed mineral and petroleum exploration companies including directorships with Sabre Resources Limited from 3 July 1999 through to 4 October 2006 and with Golden Deeps Limited, from 21 September 1998 through to 4 October 2006.

Mr McCullagh holds an interest in 5,410,000 shares of the company and 2,000,000 options of the company.

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DIRECTORS' REPORT

Russell Davis – Managing Director

BSc (Hons), MBA, MAIMM, FFIN

Russell Davis is a founding director of Syndicated Metals appointed to the board on 15 August 2005. He is a geologist with over 25 years experience in mineral exploration, management, property acquisition, mining and development. During this period he has worked on the exploration and development of a range of commodities for several international companies within Australian and South East Asia. He has held senior positions including Chief Mine Geologist, Exploration Manager and Regional Manager and most recently Exploration Director of Eleckra Mines Limited, having been appointed to that listed entity on 4 July 2006.

Mr Davis holds a Bachelor of Science with Honours from University of Queensland, a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australian and an Masters of Business and Administration from Deakin University. Mr Davis is a Member of the Australasian Institute of Mining and Metallurgy and a Fellow of the Financial Services Institute of Australasia.

Mr Davis holds an interest in 5,595,005 shares of the company and 3,000,000 options of the company.

Andrew Dinning – Non executive Director

BEng, MBA

Mr Dinning has over 20 years industry experience, including 12 years with the WMC group of companies in a number of senior management roles including the management of some of WMC's principal gold assets. Mr Dinning also has experience working in Russia and raising money in the London capital markets. He has been the Chief Operating Officer for Moto Goldmines Limited ("Moto") since October 2005 and an Executive Director of Moto since August 2006. Mr Dinning has a Mining Engineering Degree, First Class Mine Managers Certificate and a Masters of Business Administration.

Mr Dinning holds an interest in 240,000 shares of the company and 1,000,000 options of the company.

Jan Hope – Non executive Director

Jan Hope is a public relations and investor relations professional with over 20 years experience who has provided strategic advice and input over many years to CEO's and senior management at many different levels of the mining, financial, technology, and environmental fields. Jan recently stood down from her role as Executive Director of the public relations firm, Jan Hope and Partners, a company which she founded in 1986, and which subsequently become firmly established as a successful national corporate communications consultancy specialising in financial public relations for a wide range of ASX listed companies. Jan was appointed a non executive director of the ASX listed company, Ampella Mining Ltd on 21 May 2007 and resigned from the company, as Chairman, on 3 September 2008.

Ms Hope holds an interest in 330,000 shares of the company.

MEETINGS OF DIRECTORS

During the financial period, 14 meetings of directors were held. The number of meetings attended by each director during the period is stated below:-

	Number of eligible to attend	Number attended
Bruce McCullagh	14	13
R Davis	14	14
A Dinning	12	6
J Hope	10	7

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DIRECTORS' REPORT

OPTIONS

At the date of this report, the unissued ordinary shares of Syndicated Metals Limited under options are as follows:

Grant date	Expiry date	Exercise price	Number under option
17/09/2007	03/09/2012	30c	6,000,000
07/01/2008	03/09/2012	30c	1,000,000

Each option entitles the holder to one fully paid ordinary share in the company at an exercise price of 30c at any time up to 3 September 2012. To the date of this report no shares had been issued as a result of the exercise of options.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

NON AUDIT SERVICES

The board of directors is satisfied that the provision of non audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons:

- All non-audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the audit; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid to the external auditors during the year ended 30 June 2008:

	\$
Taxation services	900
Due diligence investigation	8,950
	<u>9,850</u>

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended June 30 2008 has been received and is included in the financial report.

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DIRECTORS' REPORT

REMUNERATION REPORT - AUDITED

This report details the nature and amount of remuneration for each key management person of Syndicated Metals Limited, and for the executives receiving the highest remuneration.

Remuneration policy

The remuneration policy of Syndicated Metals Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The board of Syndicated Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for key management personnel of the company is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the board.
- All key management personnel receive a base salary (which is based on industry experience), superannuation and options.
- The board of directors will review key management personnel packages annually by reference to the company's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed with each executive. The board may, however, exercise its discretion in relation to approving incentives and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to key management personnel is valued at the cost to the company and either expensed through the income statement or capitalised to exploration, evaluation and development costs on the balance sheet as appropriate. Options are valued using the Black-Scholes or binomial methodologies.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders. Fees for non-executive directors are not linked to the performance of the company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

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DIRECTORS' REPORT

Remuneration of directors and key management personnel

For the year ended 30 June 2008

	Short-term Benefits		Post	Equity based options	Total	Percentage of remuneration as options %
	Directors fees	Salary and consulting fees	employment Superannuation			
	\$	\$	\$	\$	\$	
Directors						
R J Davis	-	132,500	11,925	1,500	145,925	1.03
A R Dinning	33,750	-	3,037	500	37,287	1.34
J L Hope	33,750	-	3,037	-	36,787	-
B R McCullagh	27,877	63,400	6,433	1,000	98,710	1.00
	<u>95,377</u>	<u>195,900</u>	<u>24,432</u>	<u>3,000</u>	<u>318,709</u>	
Executive						
M Whittle	-	80,000	7,200	176,100	263,300	66.90
Total	<u>95,377</u>	<u>275,900</u>	<u>31,632</u>	<u>179,100</u>	<u>582,009</u>	

For the year ended 30 June 2007

No remuneration was paid in the year ended 30 June 2007.

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives by the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy to will be effective in increasing shareholder wealth.

Options granted as remuneration

	Granted	Grant Date	Value per Option at Grant Date	Exercise Price	First Exercise Date	Last Exercise Date
	No		Cents	Cents		
Directors and key management personnel						
B McCullagh	2,000,000	17.09.2007	0.05	30	17.09.2007	03.09.2012
R Davis	3,000,000	17.09.2007	0.05	30	17.09.2007	03.09.2012
A Dinning	1,000,000	17.09.2007	0.05	30	17.09.2007	03.09.2012
M Whittle	1,000,000	07.01.2008	17.61	30	07.01.2008	03.09.2012
	<u>7,000,000</u>					

The service and performance criteria set to determine remuneration are included in this remuneration report.

All options were granted for nil consideration.

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Shares issued on exercise of compensation options

	Options granted as part of remuneration \$	Total remuneration represented by options %	Options exercised \$	Options lapsed (\$)	Total \$
Directors					
B McCullagh	1,000	1.0	-	-	1,000
R Davis	1,500	1.03	-	-	1,500
A Dinning	500	1.34	-	-	500
Executive					
M Whittle	176,100	66.9	-	-	176,100

Signed in accordance with a resolution of the Board of Directors.


Bruce McCullagh
Director

Date: 19th September 2008

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SYNDICATED METALS LIMITED

I declare that to the best of my knowledge and belief, during the period ended June 30 2008 there have been:

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

mack & co
Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
West Perth WA 6005

n a Calder
N A Calder, Partner

SEPTEMBER 19 2008
Date

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CORPORATE GOVERNANCE STATEMENT

The following table lists each of the ASX Corporate Governance Principles:

1. Lay solid foundations for management and oversight
2. Structure the board to add value
3. Promote ethical and responsible decision making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the right of shareholders
7. Recognise and manage risk
8. Encourage enhanced performance
9. Remunerate fairly and responsibly
10. Recognise the legitimate interests of stakeholders

Syndicated Metals Limited (“**Company**”) has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Commensurate with the spirit of the ASX Corporate Governance Council’s *Corporate Governance Principals and Recommendations*, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where, after due consideration, the Company’s corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the “if not why not” regime.

Further information about the Company’s corporate governance practices including the relevant information on the Company’s charters, code of conduct and other policies and procedures is set out on the Company’s website at www.syndicatedmetals.com.au.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Summary Statement

“If not, Why Not” Disclosure

During the Company’s 2007/2008 financial year (“Reporting Period”) the Company has followed each of the Principles and Recommendations other than in relation to the matters specified below.

Principle 2

Recommendation 2.1: A majority of the Board should be independent directors.

Notification of departure:

Company does not have a majority of independent directors. Currently the 4 member Board is comprised of an equal number of independent and non independent directors.

Explanation for departure:

The Board considers that the composition of the Board is adequate for the company’s current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company’s business.

Recommendation 2.2: The chairman should be an independent director.

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CORPORATE GOVERNANCE STATEMENT

Notification of departure:

The Chairman, Bruce McCullagh, is not an independent director as he also acts in an executive capacity as company secretary. Further, Mr McCullagh has a substantial shareholding.

Explanation for departure:

The Board believes that Mr McCullagh is the most appropriate person for the position of Chairman because of his industry experience. The Company has appointed a lead independent director to take over the role of chair when the Chairman is unable to act in that capacity as a result of his lack of independence. Further, the Company has a Policy of Independent Professional Advice to assist directors with independent judgement.

Recommendation 2.4: The board should establish a nomination committee.

Notification of departure:

There is no separate nomination committee

Explanation for departure:

The full Board considers those matters that would usually be the responsibility of a nomination committee. Given that the Board comprises just 4 directors, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. The Board has adopted a Nomination Committee Charter which it applies, as relevant.

Principle 4

Recommendation 4.2: The board should establish an audit committee and structure it in accordance with Recommendation 4.3

Notification of departure:

A separate audit committee has not been formed and therefore is not structured in accordance with the compositional recommendation.

Explanation for departure:

The role of the audit committee is carried out by the full Board. The Board considers that given its size and composition, no efficiencies or other benefits would be gained by establishing a separate committee. When considering audit related matters, the Board functions in accordance with its Audit Committee Charter, which also includes a provision that members of the Board may meet with the external auditor, without management present, as required.

Principle 9

Recommendation 9.2: The board should establish a remuneration committee.

Notification of departure:

There is no separate remuneration committee.

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CORPORATE GOVERNANCE STATEMENT

Explanation for departure:

The role of the remuneration committee is carried out by the full Board. The Board considers that no efficiencies or other benefits would be gained by establishing a separate remuneration committee. However, the Board has adopted a Remuneration Committee Charter, which it applies when convening as the remuneration committee. No directors participate in any deliberations regarding their own remuneration issues.

NOMINATION COMMITTEE

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period, however nomination related discussions occurred from time to time during the year, as required. To assist the Board to fulfil its function as a Nomination Committee, it has adopted a Nomination Committee Charter (available on the Company's website).

AUDIT COMMITTEE

The full Board, in its capacity as Audit Committee considered audit matters within a meeting of directors held during the Reporting Period, on April 24th 2008. To assist the Board to fulfil its function as the Audit Committee, it has adopted an Audit Committee Charter (available on the Company's website). Details of each of the director's qualifications are set out in the Director's Report.

REMUNERATION COMMITTEE

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Director's Report. The full Board, in its capacity as the Remuneration Committee scheduled one meeting during the reporting period, a meeting on January 4, 2008 of which 3 of the 4 Board members were present, (Andrew Dinning was unable to attend). To assist the Board to fulfil its function as a Remuneration Committee, it has adopted a Remuneration Committee Charter (available on the Company's website).

OTHER

Skills, Expertise, Experience and term of office of each Director

A profile of each director containing their skills, experience and expertise is set out in the Directors' Report.

Assurances to the Board

The Independent Directors of the Board have received assurances from management that the Company's management of its material business risks are effective. Further, the Managing Director and the Company Secretary have provided a declaration in accordance with section 295A of the Corporations Act that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risk.

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CORPORATE GOVERNANCE STATEMENT

Identification of Independent Directors and the Company's Materiality Thresholds

In considering the independence of directors, the Board refers to its *Policy on Assessing the Independence of Directors* (available on the Company's website).

- Balance sheet items are material if they have a value of more than 10% of the pro-forma net asset.
- Profit and loss items are material if they have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's right to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The independent directors of the Company are Jan hope and Andrew Dinning.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's Policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

Confirmation whether performance Evaluation of the Board and its members have taken place and how concluded

With the early stage of the development of the Company, a formal review of the performance of the Board was not conducted. However, the Chairman assesses the performance of the Board, and individual directors, and key executives, on an informal basis.

Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

There are not any termination or retirement benefits for non-executive directors (other than for superannuation).

SYNDICATED METALS LIMITED
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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF SYNDICATED METALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Syndicated Metals Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Syndicated Metals Limited would be on the same terms if provided to the directors as at the date of this auditor's report.

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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF SYNDICATED METALS LIMITED

Audit Opinion

In our opinion:

- a. the financial report of Syndicated Metals Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b. the financial report also complies with International financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report under the heading "Remuneration Report – Audited" for the year ended 30 June 2008.

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.

Audit Opinion

In our opinion the remuneration report of Syndicated Metals Limited for the year ended 30 June 2008 complies with section 300A of the Corporations Act 2001.

mack & co

Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
West Perth WA 6005

n a Calder

N A Calder, Partner

SEPTEMBER 19 2008

Date

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001:
 - (a) comply with accounting standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the period ended on that date.
2. The Chief Executive Officer and Chief Finance Officer have declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 295A of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. 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.

This declaration is made in accordance with a resolution of the Board of Directors.


Bruce McCullagh
Director

Dated: 19th September 2008

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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
Farm-in revenue		-	130,000
Interest income		239,633	3,485
Profit on sale of investment		-	952
		<u>239,633</u>	<u>134,437</u>
Administration expenses		(98,699)	-
Borrowing costs		(2,641)	(111)
Corporate expenses		(54,985)	-
Depreciation		(20,400)	-
Employee benefits		(134,280)	-
Expenditure on tenements		-	(173,634)
Other expenses		(11,546)	(7,159)
Loss on sale of investments		(2,570)	-
		<u>(325,121)</u>	<u>(180,904)</u>
Loss before unrealised gains/(loss)		(85,488)	(46,467)
Change in fair value of investments		(104,701)	127,568
(Loss)/profit before income tax expense		(190,189)	81,101
Income tax benefit/(expense)	3	21,873	(21,873)
(Loss)/profit after related income tax expense		<u>(168,316)</u>	<u>59,228</u>
		Cents	Cents
Basic (loss)/earnings per share		(0.36)	1.18
Diluted (loss)/earnings per share		(0.36)	1.18

The accompanying notes form part of these financial statements

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BALANCE SHEET
AS AT 30 JUNE 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents	4	4,879,833	3,971
Receivables	5	206,217	6,097
Investments	6	<u>32,589</u>	<u>186,790</u>
TOTAL CURRENT ASSETS		<u>5,118,639</u>	<u>196,858</u>
NON CURRENT ASSETS			
Property, plant and equipment	7	170,451	-
Exploration, evaluation and development costs		<u>1,190,311</u>	<u>-</u>
TOTAL NON CURRENT ASSETS		<u>1,360,762</u>	<u>-</u>
TOTAL ASSETS		<u>6,479,401</u>	<u>196,858</u>
CURRENT LIABILITIES			
Payables	8	119,470	28,835
Financial liabilities	9	11,786	45,111
Short term provisions	10	<u>17,836</u>	<u>-</u>
TOTAL CURRENT LIABILITIES		<u>149,092</u>	<u>73,946</u>
NON CURRENT LIABILITIES			
Financial liabilities	11	38,476	-
Deferred tax liability		<u>-</u>	<u>21,873</u>
TOTAL NON CURRENT LIABILITIES		<u>38,476</u>	<u>21,873</u>
TOTAL LIABILITIES		<u>187,568</u>	<u>95,819</u>
NET ASSETS		<u>6,291,833</u>	<u>101,039</u>
EQUITY			
Issued capital	12	6,230,011	50,001
Option reserve	13	179,100	-
Accumulated (loss)/profit		<u>(117,278)</u>	<u>51,038</u>
TOTAL EQUITY		<u>6,291,833</u>	<u>101,039</u>

The accompanying notes form part of these financial statements.

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
Opening balance 30 June 2006	50,001	-	(8,190)	41,811
Net profit	-	-	59,228	59,228
Balance at 30 June 2007	50,001	-	51,038	101,039
Issue of ordinary shares	6,835,000	-	-	6,835,000
Less capital raising costs	(654,990)	-	-	(654,990)
Issue of options to directors and employees	-	179,100	-	179,100
Net loss	-	-	(168,316)	(168,316)
Balance at 30 June 2008	<u>6,230,011</u>	<u>179,100</u>	<u>(117,278)</u>	<u>6,291,833</u>

The accompanying notes form part of these financial statements.

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
Cash flow from/(used in) operating activities			
Receipts from customers		-	30,000
Payments to suppliers		(266,499)	(157,256)
Interest received		82,536	3,484
Interest paid		(2,565)	-
		(186,528)	(123,772)
Cash flow from/(used in) operating activities	15	(186,528)	(123,772)
Cash flow from/(used in) investing activities			
Purchase of plant and equipment		(190,851)	-
Proceeds from sale of investments		46,930	41,730
Payment of exploration, evaluation and development costs		(980,353)	-
		(1,124,274)	41,730
Cash flow (used in)/from investing activities		(1,124,274)	41,730
Cash flow from/(used in) financing activities			
Proceeds from share issue		6,735,000	-
Cost of issue of shares		(554,990)	-
Loan received		1,392	45,000
Loan repaid		(45,000)	-
Hire purchase borrowing		53,870	-
Hire purchase repayments		(3,608)	-
		6,186,664	45,000
Cash flow from financing activities		6,186,664	45,000
Net increase/(decrease) in cash and cash equivalents		4,875,862	(37,042)
Cash and cash equivalents at start of period		3,971	41,013
Cash and cash equivalents at end of period	15	4,879,833	3,971

The accompanying notes form part of these financial statements.

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Syndicated Metals Limited which is a listed public company limited by shares incorporated and domiciled in Australia.

The financial report of Syndicated Metals Limited complies with all International Financial Reporting Standards (IFRS) in their entirety.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of financial assets for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

Significant Accounting Policies

(a) Exploration, evaluation, development and restoration costs

Exploration and evaluation expenditure

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward in respect of areas of interest for which the rights of tenure are current and where:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation, to the area are continuing.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where carried-forward expenditure does not satisfy the policy stated above it is written off to the income statement in the review period.

Accumulated costs in relation to an abandoned area are written off to the income statement in the period in which the decision to abandon the area is made.

Rehabilitation, restoration and environmental costs

Long-term environmental obligations are based on the Company's environmental management plans, in compliance with current environmental and regulatory requirements.

The costs will include obligations relating to reclamation, waste site closure, plant closure and other costs associated with the restoration of the site, when relevant.

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Full provision is made based on the net present value of the estimated cost of restoring the environment disturbance that has been incurred as at the balance date. Increases due to additional environmental disturbance (to the extent that it relates to the development of an asset) are capitalised and amortised over the remaining lives of the mines.

Annual increases in provision relating to the change in the present value of the provision are accounted for in earnings.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

(b) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred income tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on either accounting profit or taxable profit or loss.

Deferred income tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Interest income is recognised as it accrues.

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(e) Receivables

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(f) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Investments

Securities in listed entities are initially bought to account at cost. These securities are recorded at fair value at balance date. Unrealised gains/losses on securities held for short term investment are accounted for as set out in Note 1 (p) (i) financial assets at fair value through profit or loss. Unrealised gains/losses on securities held for long term investment are accounted for as set out in Note 1 (p) (iii) available for sale financial assets.

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture	25 %
Plant and equipment	30 %
Vehicles	25 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to the asset are transferred to retained earnings.

(i) Leased Non Current Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

Other operating lease payments are charged to the income statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(j) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Employee Benefits

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised 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.

(ii) Employee benefits payable later than one year

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(iii) Superannuation

Contributions are made by the company to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(iv) Employee benefit on costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(l) Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(m) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST where applicable.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(p) Financial Instruments

The company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date being the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale investments revaluation reserve are recognised in equity in the "available for sale revaluation reserve". When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing methods refined to reflect the issuer's specific circumstances.

The company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(q) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

NOTE 2: SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements incorporated in the financial report are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(i) Classification of investments

The company has decided to classify investments in listed securities as held for trading. These securities are accounted for at fair value. Any increments or decrements in their value at year end are charged or credited to the income statement.

(ii) Taxation

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from temporary differences, are recognised only where it is considered more likely than not they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences are recognised to the extent that there are future profits.

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
NOTE 3: INCOME TAX EXPENSE		
The prima facie tax payable on the operating profit/(loss) is reconciled to the income tax provided in the accounts as follows:		
Prima facie tax payable on operating profit/(loss) before income tax at 30%	(57,057)	24,330
Increase in future income tax benefits not brought to account	57,057	-
Reversal of deferred tax liability previously brought to account	(21,873)	-
Less effect of deferred tax balances not previously brought to account	-	(2,457)
	(21,873)	21,873

The following deferred tax balances have not been recognised:

Deferred tax assets at 30%:

Carry forward revenue losses	407,183	-
Capital raising costs	157,198	-
Provisions and accruals	14,585	-
Other	3,208	-
	582,174	-

The tax benefits of the above deferred tax assets will only be obtained if:

- a. The company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.
- b. The company continues to comply with the conditions for deductibility imposed by law; and
- c. No changes in income tax legislation adversely affect the company in utilising the benefits.

	2008	2007
	\$	\$
Deferred tax liabilities at 30%:		
Exploration, evaluation and development costs	357,093	-
Accrued interest revenue	47,129	-
	404,222	-

The above deferred tax liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the deferred tax asset has not been recognised.

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
NOTE 4: CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash on hand	200	-
Cash at bank	174,775	3,971
Term deposits	4,704,858	-
	4,879,833	3,971
NOTE 5: CURRENT ASSETS - RECEIVABLES		
Accrued interest receivable	157,097	-
Input tax credits	49,120	6,097
	206,217	6,097
NOTE 6: CURRENT ASSETS - INVESTMENTS		
Listed shares at market value	32,589	186,790
NOTE 7: NON CURRENT ASSETS – PROPERTY, PLANT & EQUIPMENT		
Plant and equipment at cost	88,789	-
Less: accumulated depreciation	(10,886)	-
	77,903	-
Furniture at cost	53,665	-
Less: accumulated depreciation	(5,481)	-
	48,184	-
Vehicles at cost	48,397	-
Less: accumulated depreciation	(4,033)	-
	44,364	-
Total plant and equipment	170,451	-

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set as follows:

	Plant and equipment	Furniture	Vehicles	total
	\$	\$	\$	\$
Carrying amount at 1 July 2007	-	-	-	-
Additions	88,789	53,665	48,397	190,851
Depreciation expense	(10,886)	(5,481)	(4,033)	(20,400)
Carrying amount at 30 June 2008	77,903	48,184	44,364	170,451

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
NOTE 8: CURRENT LIABILITIES - PAYABLES		
Trade and other payables	39,235	-
Accruals	80,235	28,835
	119,470	28,835

NOTE 9: CURRENT LIABILITIES – FINANCIAL LIABILITIES

Loans – unsecured	-	45,111
Due on hire purchase	16,411	-
Less unexpired charges	(4,625)	-
	11,786	45,111

The unsecured loans were advanced by directors of the company and bore interest at the rate of 6% per annum. They were repaid in October 2007.

	2008	2007
	\$	\$
NOTE 10: CURRENT LIABILITIES – SHORT TERM PROVISIONS		
Provision for annual leave	17,836	-

NOTE 11: NON CURRENT LIABILITIES – FINANCIAL LIABILITIES

Due on hire purchase	43,762	-
Less unexpired charges	(5,286)	-
	38,476	-

NOTE 12: ISSUED CAPITAL

	2008	2007	2008	2007
	Shares	Shares	\$	\$
(a) Share capital				
Fully paid ordinary shares	57,350,005	5,000,001	6,885,001	50,001
Less capital raising costs	-	-	(654,990)	-
	57,350,005	5,000,001	6,230,011	50,001

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$
15/08/2005	Issue of share on incorporation	1	1.00	1
30/11/2005	Issue of shares for cash	5,000,000	0.01	50,000
	Balance at 30 June 2007	5,000,001		50,001
17/09/2007	Share split on basis of 5 for 1	20,000,004	-	-
04/10/2007	Issue of shares for cash	7,350,000	0.10	735,000
05/11/2007	Public issue for cash	24,000,000	0.25	6,000,000
05/11/2007	Issue of shares to Hartley's Ltd as part consideration for services	1,000,000	0.10	100,000
	Balance at 30 June 2008	57,350,005		6,885,001

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 12: ISSUED CAPITAL

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

	2008	2007
	\$	\$

NOTE 13: OPTION RESERVE

Balance at beginning of financial period	-	-
Option expense	179,100	-
Balance at end of financial period	179,100	-

NOTE 14: AUDITORS REMUNERATION

Audit and review of financial reports of the company	45,500	4,000
Other services		
Taxation	900	-
Preparation of investigating accountants report for prospectus	8,950	-

NOTE 15: NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:

Cash on hand	200	-
Term deposits	4,704,858	-
Cash at bank	174,775	3,971
	4,879,833	3,971

Reconciliation of cash flow from operations with loss from ordinary activities before income tax.

(Loss)/Profit before income tax	(190,189)	81,101
Add non cash items		
Change decrease/(increase) in fair value of investments	104,701	(127,568)
Depreciation	20,400	-
Revenue satisfied by issue of shares	-	(100,000)
Loss/(profit) on sale of investment	2,570	(952)
Equity based employee benefits	3,000	-
(Increase) in receivables	(200,120)	(5,299)
Increase in accruals and trade creditors	73,110	28,835
Increase in loan	-	111
	(186,528)	(123,772)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 16: SHARE BASED PAYMENTS

The following share based payment arrangements existed at 30 June 2008:

On 19 September 2007 6,000,000 options were issued to directors for free. Each option entitles the holder to one fully paid share in the company at an exercise price of 30c at any time from the date that the company was admitted to the official list of the Australian Securities Exchange up to 3 September 2012.

On 7 January 2008 1,000,000 options were issued to a key executive for free. Each option entitles the holder to one fully paid ordinary share in the company at an exercise price of 30c at any time up to 3 September 2012.

None of the above options are listed on any Stock Exchange.

	2008		2007	
	Number of options No	Weighted average exercise price Cents	Number of options No	Weighted average exercise price cents
Outstanding at the beginning of the year	-	-	-	-
Granted	7,000,000	30	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year end	<u>7,000,000</u>	<u>30</u>	<u>-</u>	<u>-</u>
Exercisable at year end	<u>7,000,000</u>	<u>30</u>	<u>-</u>	<u>-</u>

The options outstanding at 30 June 2008 had a weighted average exercise price of \$0.30 and a weighted average remaining contractual life of 4.17 years.

The options on issue were independently valued by Mr S Andrawes of BDO Kendalls Corporate Finance (WA) Pty Ltd. The valuations were done using the Black Scholes and Binomial methods for the options issued on 19 September 2007 and using the Binomial method for the options issued on 7 January 2008. The basis input data used in the calculations is set out below:

	Options issued on 19/09/2007	Options issued on 07/01/2008
Underlying share value	\$0.01	\$0.29
Exercise price	\$0.30	\$0.30
Dividend rate	Nil	Nil
Standard deviation of returns (annualised)	70%	70%
Risk free rate	6.09%	6.3%
Expiration date	03/09/2012	03/09/2012
Expiration period	5 years	4.66 years
Valuation per option	\$0.0005	\$0.1761
Total value of options	\$3,000	\$176,100

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 16: SHARE BASED PAYMENTS (cont)

The value of the options has been included in the financial statements as follows:

Employee benefits expense in the income statement	\$3,000
Exploration, evaluation and development costs in the balance sheet	\$176,100

NOTE 17: COMMITMENTS FOR FUTURE EXPENDITURE

The Company has commitments for future expenditure in respect of its tenements, lease of office space and lease of office equipment. Commitments are as follows:

	2008 \$	2007 \$
Commitments on tenements payable		
- within 12 months	973,000	-
- between 12 months and 5 years	1,173,000	-
	2,146,000	-
Lease of office and equipment payable		
- within 12 months	30,841	-
- between 12 months and 5 years	57,369	-
	88,210	-

NOTE 18: CHANGE IN ACCOUNTING POLICY

The following Australian Accounting Standards have been issued or amended but are not yet effective. They have not been adopted in the preparation of the financial statements for the year ended 30 June 2008.

Reference	Title	Summary	Application date of standard	Impact on company financial report	Application date of company
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 <i>Operating Segments</i>	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the company's financial statements. However the new standard may have an impact on the segment disclosures included in the company's financial report.	1 July 2009
AASB 8	Operating Segments	This new standard will replace AASB 114 Segment Reporting and adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 above.	1 July 2009

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NOTE 18: CHANGE IN ACCOUNTING POLICY

Reference	Title	Summary	Application date of standard	Impact on company financial report	Application date of company
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Amending standard issued as a consequence of AASB 123 (revised) Borrowing Costs.	1 January 2009	As the company does not currently construct or produce any qualifying assets which are financed by borrowings the revised standard will have no impact.	1 July 2009
AASB 123	Borrowing Costs	AASB 123 previously permitted entities to choose between expensing all borrowing costs and capitalizing those that were attributable to the acquisition, construction or production of a qualifying asset. The revised version of AASB 23 requires borrowing costs to be capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset.	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009
AASB 101 (revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the company's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The company has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009

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FOR THE YEAR ENDED 30 JUNE 2008

NOTE 18: CHANGE IN ACCOUNTING POLICY

Reference	Title	Summary	Application date of standard	Impact on company financial report	Application date of company
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of ‘vesting conditions’, introducing the term ‘non-vesting conditions’ for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The company does make share based payments but payments made to date have not had vesting conditions attached. As such there will be no financial impact.	1 July 2009
AASB 3 (revised)	Business combinations	The revised standard introduces a number of changes to the accounting for business combinations	1 July 2009	The company has no planned business combinations. As such there will be no financial impact.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (revised) and AASB 127 (revised) above.	1 July 2009
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12	Amending standard issued as a consequence of AASB Interpretation 12 <i>Service Concession Arrangements</i> .	1 January 2008	As the company currently has no service concession arrangements or public-private-partnerships (PPP), it is expected that this Interpretation will have no impact on its financial report.	1 July 2008

NOTE 19: FINANCIAL INSTRUMENTS

(a) Financial risk management

The company’s financial instruments consist of deposits with banks, trade receivables and payables, short term investments and available for sale investments. Derivative financial instruments are not used by the company. Senior executives meet regularly to analyse and monitor the financial risk associated with the financial instruments used by the company.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 19: FINANCIAL INSTRUMENTS

(b) Interest risk rate

The company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities are as follows:

	Weighted average effective Interest Rate		Variable Interest Rate		Maturing within one year Fixed Interest Rate		Non interest Bearing maturing within one year	
	2008	2007	2008	2007	2008	2007	2008	2007
	%	%	\$	\$	\$	\$	\$	\$
FINANCIAL ASSETS								
Term deposits	7.3	-	-	-	4,704,858	-	-	-
Cash at bank	6.0	-	174,775	-	-	-	-	3,971
Cash on hand	-	-	-	-	-	-	200	-
Receivables	-	-	-	-	-	-	206,217	6,097
Investments	-	-	-	-	-	-	32,589	186,790
			<u>174,775</u>	<u>-</u>	<u>4,704,858</u>	<u>-</u>	<u>239,006</u>	<u>196,858</u>
FINANCIAL LIABILITIES								
Trade and other payables	-	-	-	-	-	-	39,235	-
Unsecured loans	-	6	-	-	-	45,111	-	-
Hire purchase debt	9.5	-	-	-	50,262	-	-	-
Accruals and provisions	-	-	-	-	-	-	98,071	28,835
			<u>-</u>	<u>-</u>	<u>50,262</u>	<u>45,111</u>	<u>137,306</u>	<u>28,835</u>

(c) Liquidity risk

The company manages liquidity risk using forward cash flow projections, maintaining cash reserves and having minimal borrowings and debt.

(d) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date is the carrying amount of the financial assets disclosed in the balance sheet and notes to the financial statements. There is no collateral or security held for those assets at 30 June 2008.

Credit risk arises from exposure to deposits with banks. Cash deposits are only made with major Australian based banks.

The company has an investment in a company listed on the Australian Stock Exchange. This investment is considered to be liquid in nature.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 19: FINANCIAL INSTRUMENTS

(e) Sensitivity analysis

The company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. The company has no current exposure to foreign currency risk or price risk.

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2008	2007
	\$	\$
Increase/(decrease) in profit resulting from		
- increase in interest rate by 0.5%	24,147	(206)
- decrease in interest rate by 0.5%	(24,147)	206
 Increase/(decrease) in equity resulting from		
- increase in interest rate by 0.5%	24,147	(206)
- decrease in interest rate by 0.5%	(24,147)	206

NOTE 20: SEGMENT REPORTING

The company operates predominantly in one business and geographical segment being exploration for minerals in Australia.

NOTE 21: COMPANY DETAILS

The registered office and principal place of business of the company is 68 Hay Street, Subiaco WA 6008.

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

1. Shareholding

	Number of shareholders	Number of Ordinary Shares
a. Distribution of Shareholders Category (size of holding)		
1 – 1,000	-	0
1,001 – 5,000	21	71,077
5,001 – 10,000	78	750,906
10,001 – 100,000	179	7,486,861
100,001 – and over	66	49,041,161
	<u>344</u>	<u>57,350,005</u>

b. There are no shareholdings held in less than marketable parcels.

	Number of Shares Held	Held %
c. The names of the substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are:		
Russell John Davis together with group members Davis Superannuation Fund and Davis Investment Account	5,540,005	9.66
Mark Whittle together with group member Htsam Holdings Pty Ltd	5,420,000	9.45
McCullagh Superannuation Fund	5,410,000	9.43
Brent Earl Green	5,300,000	9.24
Daniel Johnson	5,040,000	8.78

	Number of Options Held	Held %
d. Option holders as at 18 September 2008, with options exercisable at 30 cents each on or before 3 September 2012 are:		
Davis Superannuation Fund	3,000,000	42.86
McCullagh Superannuation Fund	2,000,000	28.58
Andrew Dinning	1,000,000	14.28
Htsam Holdings Pty Ltd	1,000,000	14.28
Total	<u>7,000,000</u>	<u>100.00</u>

e. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

f. 20 Largest Shareholders – Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. Sun Metals Corporation Pty Ltd	6,000,000	10.46
2. McCullagh Accounting Pty Ltd <McCullagh Superannuation Fund>	5,410,000	9.43
3. Brent Earl Green	5,300,000	9.24
4. Mark Whittle	5,300,000	9.24
5. Russell John Davis	5,000,005	8.72
6. Daniel Johnson	5,000,000	8.72
7. Clive Brown & Cynthia Margaret Brown <The Client Brown Family A/C>	1,000,000	1.74
8. Strathdale Pty Ltd	1,000,000	1.74
9. Zenix Nominees Pty Ltd	1,000,000	1.74
10. Monal Pty Ltd	800,000	1.39
11. Perth Select Seafoods Pty Ltd	800,000	1.39
12. Russell John Davis & Susan Valerie Davis <Davis Superfund A/C>	500,000	0.87
13. Tom Saggars <Saggars Bell S/F A/C>	500,000	0.87
14. Whittingham Securities Pty Limited	500,000	0.87
15. CEN Pty Ltd	460,000	0.80
16. Martin James Pyle <M Pyle Super Fund A/C>	450,000	0.78
17. Donald Norman Coultas	400,000	0.70
18. Sharmane Mattinson	400,000	0.70
19. Tarney Holdings Pty Ltd <DP & FJ Waddell Family A/C>	400,000	0.70
20. Jemaya Pty Ltd <The Featherby Family A/C>	360,000	0.63
	<u>40,580,005</u>	<u>70.76</u>