



**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES**

**ABN 61 115 768 986**

**FINANCIAL REPORT FOR THE HALF YEAR ENDED**

**31 DECEMBER 2015**

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**CONTENTS**

CORPORATE DIRECTORY .....	3
DIRECTORS' REPORT .....	4
AUDITOR'S INDEPENDENCE DECLARATION.....	12
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....	13
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	14
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	15
CONSOLIDATED STATEMENT OF CASH FLOWS .....	16
CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS.....	17
DIRECTORS' DECLARATION.....	24
INDEPENDENT AUDITOR'S REVIEW REPORT .....	25

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**CORPORATE DIRECTORY**

**DIRECTORS**

Peter Langworthy (Non-executive Chairman)  
Andrew Munckton (Managing Director)  
David Morgan (Non-executive Director)  
Robert Cooper (Non-executive Director)

**REGISTERED OFFICE**

68A Hay St  
Subiaco, WA 6008  
Telephone: (08) 9380 9440

**SOLICITORS**

Gilbert + Tobin  
1202 Hay Street  
West Perth, WA 6005

**AUDITORS**

PKF Mack  
Level 4, 35 Havelock Street  
West Perth, WA 6005

**SHARE REGISTRY**

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth, WA 6000  
Telephone: (08) 9323 2000  
Facsimile: (08) 9323 2033

**STOCK EXCHANGE LISTING**

Australian Securities Exchange  
Home Exchange: Perth, Western Australia  
Code: SMD

**BANK**

Westpac Banking Corporation  
1257 Hay Street  
West Perth, WA 6005

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**DIRECTORS' REPORT**

Your directors submit the financial accounts of Syndicated Metals Limited and controlled entities (the Group) for the half year ended 31 December 2015.

**DIRECTORS**

The following persons were directors of Syndicated Metals Limited (the Company) during the whole of the half year and up to the date of this report unless otherwise stated:

Mr Peter Langworthy  
Mr Andrew Munckton  
Mr David Morgan  
Mr Robert Cooper

**PRINCIPAL ACTIVITIES**

The principal activity of the Group is mineral exploration.

**OPERATING RESULTS**

The net loss of the Group for the financial period after provision for income tax was \$6,675,931 (2014: \$638,219).

**DIVIDENDS PAID OR RECOMMENDED**

No dividend has been paid or declared during the half year and up to the date of this report.

**REVIEW OF OPERATIONS**

**Overview**

During the half year the Company delineated a number of new regional copper exploration targets from successful soil sampling programs completed at its 100%-owned Mt Remarkable Project in north-west Queensland.

An airborne Versatile Time Electro Magnetics (VTEM) survey over the area was completed to characterise the electro-magnetic (EM) response of the prospects before finalisation of a drilling program, which commenced in mid-September following processing of the geophysical data. A single deep diamond hole was also completed targeting extensions of the Barbara copper deposit at depth.

In October, the Company announced the results of the Barbara Copper-Gold Project mining and off-site processing study and outlined its new strategic direction. The Company is evaluating potential new projects for gold and base metals exploration and development in Australia outside north Queensland while seeking partners to advance our Mt Remarkable and Fountain Range projects north and south of Mt Isa.

In December the Company announced that it was undertaking a capital raising comprising a share placement at 0.5 cents per share to raise \$200,000 and a non-renounceable entitlement offer on the basis of one share for every six shares held on the record date also at an issue price of 0.5 cents per share. Participants in both the share placement and the entitlement offer were offered the opportunity to subscribe for 1 free attaching unlisted option for every 2 Shares issued, with each option having an exercise price of 1.2 cents and expiring on 8 February 2018.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**REVIEW OF OPERATIONS (continued)**

**Exploration and Development**

**Barbara Copper Project – Feasibility Study**

During the period the Company reported the key results of the Feasibility Study on open pit mining at its Barbara Joint Venture Copper-Gold Project in north-west Queensland. The Feasibility Study was funded and undertaken by its joint venture partner CopperChem Limited as part of its earn-in requirements to the Barbara Joint Venture.

The Feasibility Study defined a financially robust, short-term open pit copper project (Probable Ore Reserve of 818Kt at 2.23% Cu, 0.20g/t Au and 2.78g/t Ag) with a pre-tax free cash flow of A\$17 million, based on total payable metal production of 16,223 tonnes of copper, 2,753 ounces of gold and 43,327 ounces of silver.

The Project has an estimated 21-month mine life, based on the development of two open pits with processing to be completed in Cloncurry and Mt Isa under a toll-treatment scenario.

Full details of the Feasibility Study are contained in the ASX Announcement released on 28 October 2015. The Company's plans in regard to further development of the Barbara Project are detailed in the Corporate Section of this Report.

**Barbara Copper Project – Barbara Deeps Drilling**

In July, a multi-purpose RC/diamond rig was mobilised to the Barbara Project to target a previously identified, strong, down-hole electro-magnetic (DHEM) conductor located to the north of and below the proposed outline of the Barbara open pit.

A single deep diamond drill hole (with an RC pre-collar) was drilled to a depth of approximately 350m targeting this position. The hole was designed to evaluate the potential for future underground mining below the known open pit resource.

The hole, BADD055A, which targeted the centre of the modelled DHEM plate, intersected zones of semi-massive and stringer pyrrhotite with intermittent stringer chalcopyrite mineralisation in the expected position of the Mid Lode mineralisation and the modelled DHEM plate. Assays returned a low-grade intersection of 32.2m @ 0.23% Cu from 325.2m down-hole.

The drill hole intersected the down-plunge extension to a broad zone of low grade mineralisation encountered in previous RC drilling in holes BARC088, BARC090 and BARC118 (see ASX Announcement 8<sup>th</sup> Jan 2014) but without the zones of high-grade copper mineralisation in the hangingwall, central and footwall positions encountered in other holes. The relatively low grade of this intersection downgraded the potential for a future underground development at Barbara.

**Mt Remarkable/Northern Hub Regional Exploration**

During the period the Company completed an extensive regional airborne VTEM survey across its 100%-owned Northern Hub Project, together with follow-up soil sampling over the identified VTEM anomalies in order to verify drill targets. As a result of these near-mine and regional copper exploration programs, the Company identified a series of new exploration targets and completed drill testing of some of these targets.

The overall objective of these regional exploration programs was to delineate additional copper resources within a 10-25km radius of the Barbara Copper-Gold Project. Exploration targeted both high-grade Barbara-style deposits as well as larger, IOCG-style deposits.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**REVIEW OF OPERATIONS (continued)**

VTEM Survey Results

Extensive airborne VTEM surveys were flown over the Ballara Saddle, Blue Star and Neptune project areas, located 10-25km south-east of Barbara as well as the Mt Remarkable area to the north of the Barbara Project. The surveys, which are detailed below, were designed to firm up potential drilling targets identified during previous regional soil sampling programs which yielded multiple copper-in-soil anomalies, particularly at Ballara Saddle and Blue Star:

- Ballara Saddle – 125 line kilometres of airborne VTEM at 200m line spacing flown in a NE-SW orientation;
- Blue Star and Neptune – 430 line kilometres of airborne VTEM at 200m line spacings flown in a NE-SW orientation; and
- Mt Remarkable – 787 line kilometres of airborne VTEM at 200m line spacings flown in a NW-SE orientation

All data was received, and interpretation completed, during the period.

Soil Sampling

Extensive regional soil sampling programs were completed across the Northern Hub Project area. These programs comprised approximately 7,700 soil samples taken at 50m intervals and 400m line spacings covering the area around Ballara Saddle, Blue Star, Neptune and Mt Remarkable.

The soil sampling program targeted the corridor of mineralisation which is believed to flank, and originate from, a number of regional scale faults including the Mt Remarkable, Trey Bit and Wonga Faults. Numerous old workings are located intermittently around the faults where the Company has mapped prospective locations for both Barbara-style high-grade shear and vein (SAV) copper mineralisation as well as larger iron oxide copper gold (IOCG) style alteration zones.

Detailed, closer spaced (50 metre by 25 metre) soil sampling programs were also undertaken over conductors highlighted in the VTEM surveys to confirm that copper-in-soil anomalism lies above or adjacent to the conductors and as a tool for prioritising further exploration including initial RC drilling.

Results – Ballara Saddle

The VTEM survey area covered both the Ballara Saddle and Drought Master prospects, which are believed to host iron oxide copper gold (IOCG)-style mineralisation which generally does not exhibit VTEM survey anomalism. The VTEM survey results highlighted only weakly conductive anomalies at the Ballara Saddle prospect.

Results – Blue Star and Neptune

The VTEM survey covered an area approximately 10km E-W by 11km N-S. The survey covered both the Trey Bit Fault and a number of parallel faults which were expected to control predominantly shear and vein style (SAV) mineralisation in the area.

The survey highlighted more than a dozen discrete conductive bodies with the strongest responses from the Gospel, Blue Star, Triton and Halimede prospects in the northern half of the survey area, and from a cluster of responses named Neso, Nereid and Proteus (collectively the Neptune prospect) in the south-east corner of the survey area.

A strong VTEM response in the very southern extent of the survey named Psamathe corresponds to a Corella Formation sedimentary horizon and warrants follow up mapping and investigation.

Detailed close-spaced soil sampling programs were undertaken over the priority VTEM responses, all of which indicated strongly anomalous copper-in-soil results above and adjacent to the VTEM anomalies.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**REVIEW OF OPERATIONS (continued)**

RC Drilling Program

In September and October Syndicated completed a reverse circulation (RC) drilling program across several target areas within its Northern Hub Project in north-west Queensland. The overall objective of this program was to test copper-gold targets within a 10-25km radius of the Barbara Copper-Gold Project that were generated by VTEM and soil sampling programs completed within the Company's Mt Remarkable Project.

Exploration targeted both high-grade Barbara-style deposits as well as larger, IOCG-style deposits associated with the Mt Remarkable Fault with a view to identifying potential areas where additional near-surface resources can be delineated relatively quickly and cheaply. Additional resources defined within economic haulage distance of the Barbara deposit would enhance the potential of the Barbara project.

The targets were delineated following analysis of airborne VTEM data, soil sampling data and geological mapping and ground-checking over the Neso, Nereid and Proteus prospects.

RC drill holes were targeted approximately 75m to 100m below surface and towards conductive plates modelled from the recent VTEM survey results for both the Neso and Proteus prospects. Drilling was aimed at determining the relationship between the modelled VTEM plates and the sampled and mapped surface geology.

At Neso, 250m of RC drilling was completed in two holes. Drilling intersected an iron-rich (in weathered rock) and pyrite rich (in fresh rock) altered breccia zone at the contact of the dolerite and Leichardt Volcanics. The target zone contained low grade (less than 0.2% Cu) mineralisation in strongly pyritic alteration which corresponded to the modelled position of the VTEM plate. No high grade (greater than 1% Cu) mineralisation was encountered within the broader mineralised zone.

The intersection of a pyrite rich breccia zone at approximately 75m below surface in NSRC001 is consistent with the interpretation of a steeply west dipping and north-west striking vein and shear zone derived from the Hardaway Granite intrusion located underneath and to the south-west of the Neso prospect. The vein and shear zone is interpreted from surface geological mapping and 3D modelling of the VTEM data.

At Proteus, 241m of RC drilling was completed in two holes. Results included:

- 14m @ 0.24% Cu from 33m down-hole; and
- 26m @ 0.40% Cu and 0.02g/t Au from 44m down-hole.

The intersection of low-grade copper mineralisation at approximately 30m below surface in PTRC002 in a pyrite-rich alteration zone associated with quartz-calcite veining is consistent with the interpretation of a steeply west-dipping and north-west striking vein structure interpreted from surface geological mapping and 3D modelling of the VTEM data.

Deep Yellow Joint Venture

During the half year, the Company consolidated the ownership of its Northern Hub Copper Project in north-west Queensland after reaching agreement with Deep Yellow Limited (ASX: DYL – "Deep Yellow") to dissolve the Mount Isa Other Minerals Joint Venture (MIOMJV) entered into in July 2011.

Under the terms agreed with Deep Yellow, Syndicated acquired 100% of the Mineral Rights over tenement EPM14281, which contains the Yamamilla prospect, part of the Ballara Saddle prospect and the Winston Churchill prospect.

Syndicated had previously earned 80% of the Base Metal Rights for EPM14281 by spending \$800,000 under the terms of the MIOMJV, and agreed to grant Deep Yellow a 1% Net Smelter Royalty (NSR) over minerals mined from EPM14281 in exchange for the remaining interest.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**REVIEW OF OPERATIONS (continued)**

The remaining tenements covered by the MIOMJV, comprising EPM14916 and EPM15070, have been returned unencumbered to Deep Yellow.

The dissolution of the joint venture with Deep Yellow simplifies the ownership structure of the Company's Northern Hub tenements and gives it 100 per cent ownership of a portfolio of promising exploration prospects at Yamamilla, Ballara Saddle and Winston Churchill.

**Fountain Range/Southern Hub Regional Exploration**

At the Southern Hub, the Company continued desktop studies during the period.

The area is being targeted for high-grade copper and gold mineralisation similar to deposits historically mined at Duchess (205Kt @ 12.5% Cu), Tick Hill (705Kt @ 22.5g/t Au) and Trekelano (2.4Mt @ 2.5% Cu and 0.3g/t Au).

In addition, the Company is also targeting large-scale IOCG-style mineralisation associated with granite intrusions and the Pilgrim Fault.

Priority projects include the completion of soil sampling over the tenements which cover the Mt Erle Granite.

**Corporate**

*New Strategic Direction & Cost Reductions*

During the half year, Syndicated announced the implementation of a new corporate and strategic direction aimed at repositioning the Company for future growth.

The two-pronged strategy is aimed at progressing opportunities to unlock the value of the Company's existing north-west Queensland copper assets – including the advanced Barbara copper deposit and Syndicated's extensive exploration tenure in the region – while at the same time identifying and acquiring new resource assets and project opportunities outside of north-west Queensland.

One of Syndicated's key strategies this year has been to undertake an extensive regional exploration program in the Barbara region in order to identify opportunities to expand its resource inventory and support the potential for an alternative standalone treatment facility at Barbara.

The Company completed a review of the results of this exploration program and received the Barbara Feasibility Study completed by CopperChem.

While exploration has delineated a large number of exploration targets – with only a limited number of these opportunities tested by the recent drilling program – the review has concluded that there are limited opportunities, in the short term, to delineate additional Barbara-style mineralisation in the near-surface environment.

Therefore it is unlikely that additional resources will be defined to complement the Barbara project and allow establishment of on-site processing facilities. Accordingly, the exploitation of the Barbara Mineral Resource will be confined to the scope of works defined in the mining and off-site processing study (refer to the ASX announcement of 28 October 2015).



**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**REVIEW OF OPERATIONS (continued)**

Syndicated has reached in-principle agreement with CopperChem to embark on a new strategic direction, which is based on:

- Pursuing opportunities to progress and/or monetise the Company's existing north-west Queensland resource assets, including the Barbara Joint Venture assets; and
- Identifying new resource assets and project opportunities outside of north-west Queensland with the potential to create value for Syndicated shareholders, including projects where the Company can leverage the experience and contact network of its Board of Directors.

It should be noted that CopperChem's support of this strategy is conditional on any new opportunities being consistent with CopperChem's corporate and strategic objectives, and each asset or opportunity will be assessed on a case-by-case basis.

Syndicated remains open-minded about which assets and opportunities it will pursue, but its preference is for advanced, high quality Australian gold and/or base metals resource assets.

In light of the Company's new strategic direction, Syndicated implemented a number of Board, management and corporate changes as part of an ongoing cost reduction program across all aspects of its operations to ensure that it appropriately manages its cash position and remains well placed for future growth.

The Company has retained its current Managing Director and three Non-executive Director positions, however the Board including the Managing Director agreed to reduce their remuneration levels by 33% effective 1 October 2015.

The Company has also reduced costs in relation to its office overheads in both Perth and Mt Isa. The Mt Isa office lease was terminated in mid-November and the Company continues to seek to relocate from its existing Perth office location to smaller premises. The Company will engage consultants on a casual basis in order to continue to meet the requirements of its tenement, joint venture, corporate and statutory commitments.

*Share Placement and Entitlement Offer*

On 7 December the Company announced that it was undertaking a capital raising comprising a share placement at 0.5 cents per share to raise \$200,000 and a non-renounceable entitlement offer on the basis of one share for every six shares held on the record date (17 December 2015) also at an issue price of 0.5 cents per share to raise up to \$333,500 before expenses. Participants in both the share placement and the entitlement offer were offered the opportunity to subscribe for 1 free attaching unlisted option for every 2 shares issued, with each option having an exercise price of 1.2 cents and expiring on 8 February 2018. The option offer was made under the prospectus for the entitlement offer.

The share placement was undertaken in two tranches. Tranche 1 (T1) consisted of 26,000,000 fully paid ordinary shares which were issued on 8 December to sophisticated and professional investors under the Company's 15% placement capacity raising \$130,000. The balance of the placement shares (T2) consisting of 14,000,000 shares to be issued to entities associated with directors Mr Langworthy and Mr Morgan to raise \$70,000, required shareholder approval to be obtained at a meeting of shareholders to be held on 29 January 2016.

The funds raised under the Placement and the Entitlement Offer are to be used to fund the assessment of new gold and base metals project opportunities outside of the existing North-West Queensland tenement holding, exploration and asset maintenance activities associated with the Company's Queensland copper-gold projects to ensure the tenement holding is kept in good standing, finalisation of mining lease approvals for the Barbara Joint Venture in association with CopperChem Limited, general working capital and administrative expenses and the expenses of the offers.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**REVIEW OF OPERATIONS (continued)**

Refer to the 'Events Subsequent To Reporting Date' note for further details in regard to the entitlements issue and share placement.

Annual General Meeting

The Company's 2015 Annual General Meeting was held on 26 November 2015. All five resolutions received strong support and were passed on a show of hands.

**EVENTS SUBSEQUENT TO REPORTING DATE**

On 4 February 2016, the Company announced that its 1-for-6 entitlement issue for up to 66,707,350 new shares at an issue price of 0.5 cents per share with a free attaching 1 for 2 option exercisable at 1.2 cents and expiring on 8 February 2018 for up to 33,353,675 options, had closed.

The Company received valid applications from shareholders totaling \$219,216, comprising \$134,530 (26,906,039 new shares) taken up by shareholders pursuant to their entitlements and an additional \$84,686 (16,937,325 new shares) from shareholders applying for additional shares. This represented a take-up of 65.7% from existing shareholders (including the additional shares applied for by existing shareholders). Shareholders who applied for their full entitlement were also able to apply to participate in the shortfall by subscribing for additional shares and attaching options in excess of their entitlement.

On 8 February 2016, the Company issued 32,118,364 fully paid ordinary shares along with 16,059,182 unlisted options to shareholders who had applied for their entitlement and any additional shares under the entitlement issue.

The shortfall component from the entitlements issue totaled \$114,319 (being 22,863,987 shares at an issue price of 0.5 cents per share). CopperChem Limited received shareholder approval on 29 January 2016 to participate in shortfall up to approved limits. Allocation of shortfall to CopperChem is also limited under the 3% creep provision of the Corporations Act such that following the allocation of shortfall CopperChem's ownership in the Company may not exceed 33.89%. Accordingly, CopperChem has been allotted its full entitlement under the entitlement issue and a portion of the shortfall shares applied for.

The Directors are able to place the shortfall shares within three months of the closing date. The Company has received expressions of interest regarding the opportunity to subscribe for the remaining shortfall.

Also on 8 February 2016, the Company issued 14,000,000 Tranche 2 placement shares, 17,880,000 top-up shares to CopperChem and 28,940,000 unlisted options comprising 13,000,000 options attached to the Tranche 1 placement shares issued on 8 December 2015, 7,000,000 options attached to the Tranche 2 placement shares and 8,940,000 options attached to the top-up shares. All of these shares and options were issued under the same pricing and terms as the shares and options issued under the entitlement issue.

Shareholder approval to issue the Tranche 2 placement shares to entities associated with directors Mr Langworthy and Mr Morgan was obtained at a meeting of shareholders held on 29 January 2016.

Refer to the ASX Announcements released on 8 February 2016 for further details relating to the above share and option issues.

Apart from the above, no matter or circumstance has arisen subsequent to 31 December 2015 that has significantly affected, or may significantly affect the operations or the state of affairs of the Group in future financial years.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 12 for the half year ended 31 December 2015.

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



---

Andrew Munckton  
Managing Director

8 March 2016

**Competent Person's Compliance Statement**

*The information in this report that relates to Mineral Resources is based on information compiled by Mr Jim Whitelock and Mr Michael Martin. Both Mr Whitelock and Mr Martin are Members of The Australasian Institute of Geoscientists (AIG) and both has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Whitelock is a full-time employee of CopperChem Limited and Mr Martin is a full time employee of OMNI GeoX. Both Mr Whitelock and Mr Martin consent to the inclusion in the report of the Mineral Resources in the form and context in which they appear.*

*The information in this report that relates to Ore Reserves is based on information compiled by Mr Andrew Munckton who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Munckton is a full-time employee of Syndicated Metals Limited and consents to the inclusion in the report of the Ore Reserves in the form and context in which they appear.*

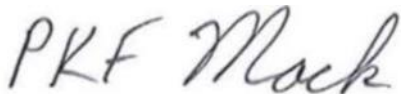
*The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Andrew Munckton who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Munckton is a full-time employee of Syndicated Metals Limited and consents to the inclusion in the report of the Exploration Targets and Exploration Results in the form and context in which they appear.*

**Exploration Targets**

*This report comments on and discusses Syndicated Metals Limited's exploration in terms of target size and type. The information relating to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. The potential quantity and quality of material discussed as Exploration Targets is conceptual in nature since there has been insufficient work completed to define them as Mineral Resources or Ore Reserves. It is uncertain if further exploration work will result in the determination of a Mineral Resource or Ore Reserve.*

## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF SYNDICATED METALS LIMITED

In relation to our review of the financial report of Syndicated Metals Limited for the half year ended 31 December 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF MACK



SHANE CROSS  
PARTNER

8 MARCH 2016  
WEST PERTH  
WESTERN AUSTRALIA

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | [www.pkfmack.com.au](http://www.pkfmack.com.au)  
PKF Mack | ABN 64 591 268 274  
4th Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia  
PO Box 609 | West Perth | Western Australia 6872 | Australia

PKF Mack is a member of the PKF International Limited network of legally independent member firms. PKF Mack is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF Mack does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Note	31 December 2015 \$	31 December 2014 \$
Interest income		8,295	25,196
Sundry income		2,000	-
Borrowing costs		-	(393)
Share based payments		-	(180,503)
Depreciation		(7,770)	(8,708)
Employee benefits expense		(179,180)	(239,802)
Exploration expenditure written off		(31,760)	(798)
Exploration expenditure impairment		(6,523,235)	-
Other expenses		(195,619)	(233,211)
<b>Loss before income tax</b>		<b>(6,927,269)</b>	<b>(638,219)</b>
Income tax (expense)/benefit	6	251,338	-
<b>Loss for the period</b>		<b>(6,675,931)</b>	<b>(638,219)</b>
<b>Other comprehensive income</b>			
Other comprehensive income (net of tax)		-	-
<b>Total comprehensive loss for the period</b>		<b>(6,675,931)</b>	<b>(638,219)</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share		(1.77)	(0.23)

The accompanying notes form part of these financial statements

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Note	31 December 2015 \$	30 June 2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		612,826	1,705,870
Trade and other receivables		112,891	115,459
<b>TOTAL CURRENT ASSETS</b>		<b>725,717</b>	<b>1,821,329</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		117,135	152,072
Exploration and evaluation costs		5,083,959	10,705,120
<b>TOTAL NON CURRENT ASSETS</b>		<b>5,201,094</b>	<b>10,857,192</b>
<b>TOTAL ASSETS</b>		<b>5,926,811</b>	<b>12,678,521</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		196,819	290,594
Provisions		20,202	91,896
<b>TOTAL CURRENT LIABILITIES</b>		<b>217,021</b>	<b>382,490</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions		3,105	6,498
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>3,105</b>	<b>6,498</b>
<b>TOTAL LIABILITIES</b>		<b>220,126</b>	<b>388,988</b>
<b>NET ASSETS</b>		<b>5,706,685</b>	<b>12,289,533</b>
<b>EQUITY</b>			
Issued capital	7	23,388,016	23,294,933
Share based payments reserve	8	1,075,125	1,075,125
Accumulated losses		(18,756,456)	(12,080,525)
<b>TOTAL EQUITY</b>		<b>5,706,685</b>	<b>12,289,533</b>

The accompanying notes form part of these financial statements.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	<b>23,294,933</b>	<b>1,075,125</b>	<b>(12,080,525)</b>	<b>12,289,533</b>
Loss for the period	-	-	(6,675,931)	(6,675,931)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(6,675,931)	(6,675,931)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of share capital	130,000	-	-	130,000
Share issue costs	(36,917)	-	-	(36,917)
<b>Balance at 31 December 2015</b>	<b>23,388,016</b>	<b>1,075,125</b>	<b>(18,756,456)</b>	<b>5,706,685</b>
	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	<b>21,467,411</b>	<b>3,103,822</b>	<b>(13,215,325)</b>	<b>11,355,908</b>
Loss for the period	-	-	(638,219)	(638,219)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(638,219)	(638,219)
<i>Transactions with owners, recorded directly in equity</i>				
Options expired	-	(2,209,200)	2,209,200	-
Fair value of performance rights issued	-	180,503	-	180,503
<b>Balance at 31 December 2014</b>	<b>21,467,411</b>	<b>1,075,125</b>	<b>(11,644,344)</b>	<b>10,898,192</b>

The accompanying notes form part of these financial statements.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	<b>31 December 2015 \$</b>	<b>31 December 2014 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(424,321)	(498,954)
Interest paid	-	(393)
Interest received	16,608	28,735
Sundry income	2,000	-
R&D income tax benefit	251,338	-
	<hr/>	<hr/>
Net cash used in operating activities	(154,375)	(470,612)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and evaluation	(1,142,858)	(1,541,832)
Purchase of property, plant and equipment	(2,378)	(12,133)
Proceeds from Joint Venture partner	10,442	884,989
	<hr/>	<hr/>
Net cash used in investing activities	(1,134,794)	(668,976)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	130,000	-
Funds held in trust for share issue requiring shareholder approval	70,000	-
Capital raising costs	(3,535)	-
Payment of hire purchase loan	-	(12,366)
Payments for security deposits	(340)	-
	<hr/>	<hr/>
Net cash (used in)/from financing activities	196,125	(12,366)
<b>Net increase/(decrease) in cash and cash equivalents held</b>	(1,093,044)	(1,151,954)
<b>Cash and cash equivalents at beginning of period</b>	<hr/>	<hr/>
	1,705,870	2,206,676
<b>Cash and cash equivalents at end of period</b>	<hr/> <hr/>	<hr/> <hr/>
	612,826	1,054,722

The accompanying notes form part of these financial statements.



**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

**1. REPORTING ENTITY**

The financial report of Syndicated Metals Limited and its controlled entities for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 8 March 2016.

Syndicated Metals Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia and listed on the Australian Securities Exchange. The consolidated interim financial report of the Company for the six months ended 31 December 2015, comprise the Company and its subsidiaries (the "Group").

The principal activity of the Group during the half year was exploration and evaluation of minerals.

The consolidated financial statements of the Group as at and for the year ended 30 June 2015 are available upon request or can be downloaded from the Australian Securities Exchange website.

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

The half year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 'Interim Financial Reporting' as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**b) Basis of preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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 Group's 2015 annual financial report for the financial year ended 30 June 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**c) New or revised accounting standards and interpretations not yet adopted**

The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

**2. BASIS OF PREPARATION (CONT)**

**c) New or revised accounting standards and interpretations not yet adopted (continued)**

<b>AASB No.</b>	<b>Title</b>	<b>Issue Date</b>	<b>Application date of standard</b>
AASB 9	Financial Instruments	1 December 2010	1 January 2018
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1 August 2014	1 January 2016
AASB 2014-4	Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation	1 August 2014	1 January 2016
AASB 2014-9	Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements	1 December 2014	1 January 2016
AASB 2014-10	Amendments to Australian Accounting Standards - Sale of Contribution of Assets between an Investor and its Associate or Joint	1 December 2014	1 January 2016
AASB 1057	Application of Australian Accounting Standards	1 July 2015	1 January 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2015	1 January 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2015	1 January 2016
IFRS 16	Leases	1 January 2015	1 January 2019

**d) Impairment of exploration and evaluation assets**

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the assets' carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements; and
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

**2. BASIS OF PREPARATION (CONT)**

**e) Estimates**

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, significant judgment made by management in applying the consolidated entity's accounting policies and key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2015.

**f) Operating segments**

From 1 July 2011, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which is the Board of Directors. In this regard, such information is provided using different measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included where applicable.

**g) Going concern**

The financial statements have been prepared on the going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a net loss after tax of \$6,675,931 for the period ended 31 December 2015 (31 December 2014: \$638,219). As at 31 December 2015 the Group had net assets of \$5,706,685 (30 June 2015: \$12,289,533) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2015 the Group had \$612,826 (30 June 2015: \$1,705,870) in cash and cash equivalents.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future. Should the Group be unable to raise additional funds, there is a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. As at 31 December 2015 there has been no adjustment in the financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the Group be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the Group not continue as a going concern.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

**NOTE 3: OPERATING SEGMENTS**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker, the Board of Directors, to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments are identified by Management based on the mineral resource and exploration activities in Australia. Discrete financial information about each project is reported to the chief operating decision maker (Board) on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The Group operates predominately in one reportable segment based on geographical areas of the mineral resource and exploration activities in Australia.

	Queensland	Unallocated Items	Total
	\$	\$	\$
<b>31 December 2015</b>			
Segment revenue	2,000	8,295	10,295
Segment net loss	6,554,995	120,936	6,675,931
Segment assets	5,178,348	748,463	5,926,811
Segment liabilities	45,648	174,478	220,126
<b>31 December 2014</b>			
Segment revenue	-	25,196	25,196
Segment net loss	798	637,421	638,219
<b>30 June 2015</b>			
Segment assets	10,842,310	1,836,211	12,678,521
Segment liabilities	284,639	104,349	388,988

**NOTE 4: CONTINGENT ASSETS AND LIABILITIES**

There has been no change in contingent assets and liabilities since the last annual reporting date.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

**NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE**

On 4 February 2016, the Company announced that its 1-for-6 entitlement issue for up to 66,707,350 new shares at an issue price of 0.5 cents per share with a free attaching 1 for 2 option exercisable at 1.2 cents and expiring on 8 February 2018 for up to 33,353,675 options, had closed.

The Company received valid applications from shareholders totaling \$219,216, comprising \$134,530 (26,906,039 new shares) taken up by shareholders pursuant to their entitlements and an additional \$84,686 (16,937,325 new shares) from shareholders applying for additional shares. This represented a take-up of 65.7% from existing shareholders (including the additional shares applied for by existing shareholders). Shareholders who applied for their full entitlement were also able to apply to participate in the shortfall by subscribing for additional shares and attaching options in excess of their entitlement.

On 8 February 2016, the Company issued 32,118,364 fully paid ordinary shares along with 16,059,182 unlisted options to shareholders who had applied for their entitlement and any additional shares under the entitlement issue.

The shortfall component from the entitlements issue totaled \$114,319 (being 22,863,987 shares at an issue price of 0.5 cents per share). CopperChem Limited received shareholder approval on 29 January 2016 to participate in shortfall up to approved limits. Allocation of shortfall to CopperChem is also limited under the 3% creep provision of the Corporations Act such that following the allocation of shortfall CopperChem's ownership in the Company may not exceed 33.89%. Accordingly, CopperChem has been allotted its full entitlement under the entitlement issue and a portion of the shortfall shares applied for.

The Directors are able to place the shortfall shares within three months of the closing date. The Company has received expressions of interest regarding the opportunity to subscribe for the remaining shortfall.

Also on 8 February 2016, the Company issued 14,000,000 Tranche 2 placement shares, 17,880,000 top-up shares to CopperChem and 28,940,000 unlisted options comprising 13,000,000 options attached to the Tranche 1 placement shares issued on 8 December 2015, 7,000,000 options attached to the Tranche 2 placement shares and 8,940,000 options attached to the top-up shares. All of these shares and options were issued under the same pricing and terms as the shares and options issued under the entitlement issue.

Shareholder approval to issue the Tranche 2 placement shares to entities associated with directors Mr Langworthy and Mr Morgan was obtained at a meeting of shareholders held on 29 January 2016.

Refer to the ASX Announcements released on 8 February 2016 for further details relating to the above share and option issues.

Apart from the above, no matter or circumstance has arisen subsequent to 31 December 2015 that has significantly affected, or may significantly affect the operations or the state of affairs of the Group in future financial years.

**NOTE 6: INCOME TAX BENEFIT**

The income tax benefit in the current year of \$251,338 relates to the Research and Development tax offset for the year ended 30 June 2015 which was received by the Company in November 2015.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

**NOTE 7: ISSUED CAPITAL**

	31 December 2015 \$	30 June 2015 \$
(a) Issued and fully paid shares - at beginning of period	23,294,933	21,467,411
Additions during period	130,000	1,995,969
Less: capital issue costs net of tax	<u>(36,917)</u>	<u>(168,447)</u>
	<u>23,388,016</u>	<u>23,294,933</u>
 (b) Movements in issued and fully paid shares (ASX: SMD)		
	Number of shares	\$
Balance at the beginning of the period	374,244,100	23,294,933
Shares issued	26,000,000	130,000
Less: capital issue costs	<u>-</u>	<u>(36,917)</u>
Balance at the end of the period	<u>400,244,100</u>	<u>23,388,016</u>

	31 December 2015 \$	30 June 2015 \$
--	---------------------------	-----------------------

**NOTE 8: SHARE BASED PAYMENT RESERVE**

(a) Share Based Payment Reserve			<u>1,075,125</u>	<u>1,075,125</u>
(b) Movement in share based payment reserve	Options (Number)	Performance Rights (Number)	Total (Number)	\$
Balance at the beginning of the period	5,000,000	19,123,704	24,123,704	1,075,125
Additions	-	-	-	-
Expired	-	-	-	-
Balance at the end of the period	<u>5,000,000</u>	<u>19,123,704</u>	<u>24,123,704</u>	<u>1,075,125</u>

All of the options have vested.

There are an additional 6,756,757 unlisted options that were issued in May 2012 as free attaching options to directors, their related entities and other unrelated parties as part of a capital raising. These options expire on 29 May 2016.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

**NOTE 8: SHARE BASED PAYMENT RESERVE (CONT)**

**Terms and conditions of performance rights**

During the period several employee positions were made redundant. Some of the redundant employees held Performance Rights that were previously granted as part of the Company's long term incentive arrangements. All of the Performance Rights were unvested.

The Company's Performance Rights Plan states that upon redundancy the holder of the Performance Rights is entitled to receive shares related to unvested Performance Rights held by them if and to the extent that such unvested Performance Rights become vested within 6 months of the date of redundancy or such longer period as the Board determines. The period may not be longer than the original performance period applicable to the unvested Performance Rights. The Board exercised its discretion under the Plan to amend the expiry date of the Performance Rights from six months to one year from the date of termination. Performance Rights that have not vested within the one year period from termination will automatically lapse.

The amended expiry dates of the Performance Rights are detailed in the following table:

Performance Rights	Original Expiry Date	Amended Expiry Date*	Vesting Conditions
100,000	8/11/2016	31/10/2016	10 day VWAP exceeds \$0.30
100,000	8/11/2016	31/10/2016	10 day VWAP exceeds \$0.45
100,000	8/11/2016	31/10/2016	10 day VWAP exceeds \$0.60
150,000	19/02/2017	30/11/2016	10 day VWAP exceeds \$0.30
150,000	19/02/2017	30/11/2016	10 day VWAP exceeds \$0.45
150,000	19/02/2017	30/11/2016	10 day VWAP exceeds \$0.60
194,158	21/10/2018	31/10/2016	10 day VWAP exceeds \$0.06675
274,808	21/10/2018	31/10/2016	10 day VWAP exceeds \$0.11125
1,099,837	21/10/2018	30/11/2016	10 day VWAP exceeds \$0.06675
1,556,692	21/10/2018	30/11/2016	10 day VWAP exceeds \$0.11125

\*12 months from the termination date as approved by the Board.

**Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefits expense were as follows:

	31 December 2015	31 December 2014
	\$	\$
Performance rights issued	-	180,503
	-	180,503

**NOTE 9: FAIR VALUE MEASUREMENT**

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

**NOTE 10: DIVIDENDS**

No dividend has been paid or provided for during the half-year ended 31 December 2015.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
ABN 61 115 768 986**

**DIRECTORS' DECLARATION**

The directors of the Company declare that:

1. The financial statements and notes, of the consolidated entity are in accordance with the *Corporations Act 2001* including:
  - (a) complying with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date.
2. 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 directors made pursuant to section 303(5) of the *Corporations Act 2001*.



---

Andrew Munckton  
Managing Director

8 March 2016



## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SYNDICATED METALS LTD

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Syndicated Metals Ltd (the Company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at 31 December 2015, or during the half year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### 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 a 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 matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Syndicated Metals Ltd and the entities it controlled during the half year, 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 an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | [www.pkfmack.com.au](http://www.pkfmack.com.au)

PKF Mack | ABN 64 591 268 274

4th Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia

PO Box 609 | West Perth | Western Australia 6872 | Australia

## Conclusion

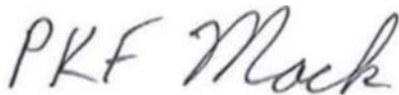
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Syndicated Metals Ltd is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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.

## Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 2 (g) in the financial report, which confirmed that the consolidated entity incurred a net loss after tax of \$6,675,931 during the half year ended 31 December 2015. These conditions, along with other matters as set out in Note 2 (g), indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.



PKF MACK



SHANE CROSS  
PARTNER

8 MARCH 2016  
WEST PERTH  
WESTERN AUSTRALIA