



**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES**

**ABN 61 115 768 986**

**FINANCIAL REPORT FOR THE HALF YEAR ENDED**

**31 DECEMBER 2012**

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

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**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 (Executive Director)  
Jan Hope (Non-executive Director)

**REGISTERED OFFICE**

68A Hay St  
Subiaco, WA 6008  
Telephone: (08) 9380 9440  
Facsimile: (08) 9380 9449

**SOLICITORS**

Gilbert + Tobin  
1202 Hay Street  
West Perth, WA 6005

**AUDITORS**

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

**SHARE REGISTRY**

Computershare Investor Services Pty Limited  
Level 2, 45 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 2012.

**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:

Mr Peter Langworthy  
Mr Andrew Munckton  
Mr David Morgan  
Ms Jan Hope

Mr Ki Deok Park resigned from the role of Non-Executive Director on 30 October 2012.

**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 \$326,584 (2011: \$1,449,660).

**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**

The Company's principal focus of activity during the half year ended 31 December 2012 was base metal and gold exploration at its Northern Hub and Southern Hub projects in the Mount Isa region of Northwest Queensland.

*Northern Hub*

Following the change of management and strategic review in the first half of 2012, Syndicated commenced exploration of the Northern Hub projects. The Company conducted exploration programs focused on the high grade copper-gold potential of the Yamamilla and Floodbird deposits from within the Deep Yellow Joint Venture. The program of work involved RC drilling, downhole EM and mapping of the area. Initial results were strongly encouraging with drilling intersecting narrow, high grade Copper-Gold mineralisation at Yamamilla and broader but lower grade IOCG style Copper-Gold mineralisation at Floodbird.

At Barbara where the Company has Mineral Resources totalling 5.3 million tonnes at 1.4% Cu and 0.3ppm Au further RC drilling was conducted to extend along strike to the north-west of the northern lode. Drilling intersected narrow high grade Cu-Au mineralisation within a broader envelope of lower grade Cu-Co-Au mineralisation similar to mineralisation at the main Barbara lodes. The drilling indicated the presence of a potential third lode of mineralisation termed Alpha where the Company will be seeking to expand the Mineral Resources. In late 2012 the Company submitted a substantial series of samples from Barbara to Ammtec for metallurgical test work in preparation for a decision on the direction of the projects development during 2013.

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**REVIEW OF OPERATIONS (continued)**

*Southern Hub*

Within the Southern Hub, exploration programs were focussed at Dronfield where several surface EM anomalies were followed up with limited drilling programs to assess their potential to host significant Cu-Au and or Pb-Zn-Ag mineralisation. RC drilling at the northern anomaly at Dronfield intersected anomalous Pb-Zn-Ag mineralisation within a graphitic black shale unit of the Corella formation in conjunction with the Pilgrim Fault. Further work in 2013 is planned to follow up this encouraging intersection.

At Kalman West, part of the Kalman JV with Cerro Resources the Company conducted soil geochemical sampling programs to closely define the location of near surface Cu-Au mineralisation encountered in regional stream sediment sampling programs. Also within the Southern Hub tenements a sizeable program of mapping, project and data review was conducted to generate and prioritise targets for the 2013 program. Targets identified include Duke, Nil Desperandum, Duchess and Countess.

In October 2012 the Company raised approximately \$2.85 million from professional and sophisticated investors to fund its ongoing work programs through 2013. As at 31 December 2012 the cash balance of the Company was \$2.9 million.

**EVENTS SUBSEQUENT TO REPORTING DATE**

No matter or circumstance has arisen subsequent to 31 December 2012 that has significantly affected, or may significantly affect the operations or the state of affairs of the Group in future financial years.

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 6 for the half year ended 31 December 2012.

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



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Andrew Munckton  
Managing Director

12 February 2013

**COMPETENT PERSON'S COMPLIANCE STATEMENT**

The information in this report that relates to Exploration Results and Mineral Resources 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 2004 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 Results and Mineral Resources in the form and context in which they appear.

## 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 2012, 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 & Co



SIMON FERMANIS  
PARTNER

12 FEBRUARY 2013  
WEST PERTH,  
WESTERN AUSTRALIA

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**SYNDICATED METALS LIMITED  
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	Note	31 December 2012 \$	31 December 2011 \$
Interest income		44,846	70,480
Borrowing costs		(2,486)	(348)
Share based payments		(29,255)	(789,500)
Depreciation		(36,245)	(28,249)
Employee benefits expense		(311,909)	(103,840)
Exploration expenditure written off		(27,819)	(414,596)
Other expenses		(483,650)	(166,272)
Change in fair value of investments		8,043	(17,335)
<b>Loss before income tax</b>		<b>(838,475)</b>	<b>(1,449,660)</b>
Income tax (expense)/benefit	6	511,891	-
<b>Loss for the period</b>		<b>(326,584)</b>	<b>(1,449,660)</b>
<b>Other comprehensive income</b>			
Other comprehensive income (net of tax)		-	-
<b>Total comprehensive loss for the period</b>		<b>(326,584)</b>	<b>(1,449,660)</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share		(0.22)	(1.28)

The accompanying notes form part of these financial statements

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

	Note	31 December 2012 \$	30 June 2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,899,440	1,979,546
Trade and other receivables		129,033	83,609
<b>TOTAL CURRENT ASSETS</b>		<b>3,028,473</b>	<b>2,063,155</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		202,572	142,450
Financial assets		18,028	9,985
Exploration and evaluation costs		12,096,422	10,349,469
<b>TOTAL NON CURRENT ASSETS</b>		<b>12,317,022</b>	<b>10,501,904</b>
<b>TOTAL ASSETS</b>		<b>15,345,495</b>	<b>12,565,059</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		576,594	218,504
Financial liabilities		22,115	21,068
Provisions		51,678	10,933
<b>TOTAL CURRENT LIABILITIES</b>		<b>650,387</b>	<b>250,505</b>
<b>NON CURRENT LIABILITIES</b>			
Financial liabilities		26,322	37,641
Provisions		-	4,170
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>26,322</b>	<b>41,811</b>
<b>TOTAL LIABILITIES</b>		<b>676,709</b>	<b>292,316</b>
<b>NET ASSETS</b>		<b>14,668,786</b>	<b>12,272,743</b>
<b>EQUITY</b>			
Issued capital	7	18,877,658	16,184,286
Share based payments reserve	8	2,996,307	3,452,222
Accumulated losses		(7,205,179)	(7,363,765)
<b>TOTAL EQUITY</b>		<b>14,668,786</b>	<b>12,272,743</b>

The accompanying notes form part of these financial statements.



**SYNDICATED METALS LIMITED  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	<b>16,184,286</b>	<b>3,452,222</b>	<b>(7,363,765)</b>	<b>12,272,743</b>
Loss for the period	-	-	(326,584)	(326,584)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(326,584)	(326,584)
<i>Transactions with owners, recorded directly in equity</i>				
Options expired	-	(485,170)	485,170	-
Issue of share capital	2,844,585	-	-	2,844,585
Share issue costs	(151,213)	-	-	(151,213)
Fair value of options issued	-	29,255	-	29,255
<b>Balance at 31 December 2012</b>	<b>18,877,658</b>	<b>2,996,307</b>	<b>(7,205,179)</b>	<b>14,668,786</b>
<b>Balance at 1 July 2011</b>	<b>13,430,963</b>	<b>2,008,684</b>	<b>(4,565,977)</b>	<b>10,873,670</b>
Loss for the period	-	-	(1,449,660)	(1,449,660)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(1,449,660)	(1,449,660)
<i>Transactions with owners, recorded directly in equity</i>				
Options expired	-	(63,314)	63,314	-
Issue of share capital	737,750	-	-	737,750
Share issue costs	(8,682)	-	-	(8,682)
Fair value of options issued	-	684,000	-	684,000
<b>Balance at 31 December 2011</b>	<b>14,160,031</b>	<b>2,629,370</b>	<b>(5,952,323)</b>	<b>10,837,078</b>

The accompanying notes form part of these financial statements.

**SYNDICATED METALS LIMITED  
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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	<b>31 December 2012 \$</b>	<b>31 December 2011 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	-	80,755
Payments to suppliers and employees	(703,979)	(454,684)
Interest paid	(2,486)	(348)
Interest received	37,554	110,298
R&D income tax benefit	511,891	-
	<hr/>	<hr/>
Net cash used in operating activities	(157,020)	(263,979)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and development	(1,512,339)	(1,634,419)
Purchase of property, plant and equipment	(95,288)	(12,277)
	<hr/>	<hr/>
Net cash used in investing activities	(1,607,627)	(1,646,696)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares net of costs	2,698,372	703,568
Funds received for shares to be issued	-	140,000
Payment of hire purchase loan	(10,273)	-
Payments for security deposits	(3,558)	-
	<hr/>	<hr/>
Net cash from financing activities	2,684,541	843,568
<b>Net increase/(decrease) in cash and cash equivalents held</b>	919,894	(1,067,107)
<b>Cash and cash equivalents at beginning of period</b>	<hr/>	<hr/>
	1,979,546	3,238,951
<b>Cash and cash equivalents at end of period</b>	<hr/>	<hr/>
	2,899,440	2,171,844

The accompanying notes form part of these financial statements.

**SYNDICATED METALS LIMITED  
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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

**1. REPORTING ENTITY**

The financial report of Syndicated Metals Limited and its controlled entities for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 12 February 2013.

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 2012, comprise the Company and its subsidiaries (the "consolidated entity").

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

The consolidated financial statements of the consolidated entity as at and for the year ended 30 June 2012 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'. 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 2012.

**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 consolidated entity's 2012 annual financial report for the financial year ended 30 June 2012, 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) Adoption of new or revised accounting standards and interpretations**

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. The consolidated entity has not early adopted any Accounting Standards or Interpretations.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the consolidated entity include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'.

**SYNDICATED METALS LIMITED  
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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

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

**c) Adoption of new or revised accounting standards and interpretations**

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior half years. However, the application of AASB 2011-9 has resulted in changes to the consolidated entity's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section:

- (a) items that will not be reclassified subsequently to profit or loss; and
- (b) items that may be reclassified subsequently to profit or loss when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

**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;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

**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 2012.

**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 consolidated entity's chief operating decision maker which, for the consolidated entity, is the Board of Directors. In this regard, such information is provided using different measures to those used in preparing the statement of 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 half year 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 consolidated entity incurred a loss of \$326,584 for the period ended 31 December 2012 (2011: \$1,449,660). Included within this loss was the write off expenditure of \$27,819 (2011: \$414,596).

The ability of the Company and the consolidated entity to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising additional share capital and ultimately developing one of its mineral properties.

The accounts have been prepared on the basis that the Company can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business.

**SYNDICATED METALS LIMITED  
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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

**NOTE 3: OPERATING SEGMENTS**

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker (Board) 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 consolidated entity 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 2012</b>			
Segment revenue	-	44,846	44,846
Segment net loss	27,819	298,765	326,584
Segment assets	12,096,422	3,249,073	15,345,495
Segment liabilities	-	676,709	676,709

	Queensland	Unallocated Items	Total
	\$	\$	\$
<b>31 December 2011</b>			
Segment revenue	-	70,480	70,480
Segment net loss	414,596	1,035,064	1,449,660
Segment assets	9,057,584	2,378,907	11,436,491
Segment liabilities	-	599,413	599,413

**NOTE 4: CONTINGENT ASSETS AND LIABILITIES**

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

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

No matter or circumstance has arisen subsequent to 31 December 2012 that has significantly affected, or may significantly affect the operations or the state of affairs of the consolidated entity in future financial years.

**NOTE 6: INCOME TAX BENEFIT**

The income tax benefit of \$511,891 relates to the Research and Development tax offset for the year ended 30 June 2011 which was received by the Company in July 2012.

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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

**NOTE 7: ISSUED CAPITAL**

	31 December 2012 \$	30 June 2012 \$
(a) Issued and fully paid shares - at beginning of period	16,184,286	13,430,963
Additions during period	2,844,585	2,767,105
Less: capital issue costs net of tax	<u>(151,213)</u>	<u>(13,782)</u>
	<u>18,877,658</u>	<u>16,184,286</u>
 (b) Movements in issued and fully paid shares		
	Number of shares	\$
Balance at the beginning of the period	137,229,829	16,184,286
Shares issued on 24 October 2012	13,500,000	945,000
Shares issued on 5 December 2012	27,136,926	1,899,585
Less: capital issue costs	<u>-</u>	<u>(151,213)</u>
Balance at the end of the period	<u>177,866,755</u>	<u>18,877,658</u>
 (c) Movements in listed options		
	Number of options	\$
Balance at the beginning of the period	-	-
Options issued on 4 December 2012	<u>20,318,468</u>	<u>-</u>
Balance at the end of the period	<u>20,318,468</u>	<u>-</u>

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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	31 December 2012 \$	30 June 2012 \$		
<b>NOTE 8: SHARE BASED PAYMENT RESERVE</b>				
(a) Share Based Payment Reserve	2,996,307	3,452,222		
 (b) Movement in share based payment reserve				
	Options (Number)	Performance Rights (Number)	Total (Number)	\$
Balance at the beginning of the period	22,000,000	12,000,000	34,000,000	3,452,222
Options expired 3 September 2012	(8,000,000)	-	(8,000,000)	(329,170)
Options expired 31 October 2012	(1,000,000)	-	(1,000,000)	(156,000)
Performance Rights issued 9 November 2012	-	750,000	12,750,000	29,255
	13,000,000	12,750,000	25,750,000	2,996,307

All of the options have vested.

**Terms and conditions of performance rights**

The terms and conditions relating to grants of performance rights in the current period are as follows;

<b>Grant date/employees entitled</b>	<b>Number of instruments</b>	<b>Contractual life of performance rights (years)</b>
Performance rights granted to employees on 9 November 2012	250,000	4
Performance rights granted to employees on 9 November 2012	250,000	4
Performance rights granted to employees on 9 November 2012	250,000	4
<b>Total</b>	750,000	

**Performance rights - Vesting conditions**

The performance rights are able to be exercised when the volume weighted average price (VWAP) for 10 trading days on ASX equals or exceeds \$0.30 (250,000 performance rights), \$0.45 (250,000 performance rights) and \$0.60 (250,000 performance rights).

**Performance rights - Valuation methodology**

The binomial barrier up and in model was used in the valuation of the performance rights which is suitable for a right with the share price hurdles that are a condition of the rights.

At grant date the underlying share price was 7 cents. A volatility of 100% was applied.

**NOTE 9: DIVIDENDS**

No dividend has been paid or provided for during the half-year ended 31 December 2012.



**SYNDICATED METALS LIMITED  
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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 2012 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 Board of Directors.



---

Andrew Munckton  
Managing Director

12 February 2013



## 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 and controlled entities 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 2012 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.

## Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2(g) in the financial report which states that the consolidated entity incurred a net loss of \$326,584 during the half year ended 31 December 2012 (31 December 2011: \$1,449,660) and had negative operating cash flow of \$157,020 (31 December 2011: \$263,979). These conditions, along with other matters as set forth in Note 2(g), indicate the existence of a material uncertainty which 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, and at the amounts stated in the financial report.



PKF MACK & CO



SIMON FERMANIS  
PARTNER

12 February 2013  
West Perth,  
Western Australia