

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES**

**A.B.N 61 115 768 986**

**FINANCIAL REPORT**

**30 JUNE 2010**

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

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**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**CORPORATE DIRECTORY**

**DIRECTORS**

Martin Pyle (Non-executive Chairman)  
Russell Davis (Managing Director)  
Jan Hope (Non-executive Director)  
Ki Deok Park (Non-executive Director)  
Bruce McCullagh (Director and Company Secretary)

**REGISTERED OFFICE**

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

**SOLICITORS**

Blakiston & Crabb  
1202 Hay Street  
West Perth, WA 6005

**AUDITORS**

Mack & Co  
Level 2, 35 Havelock Street  
West Perth, WA 6005

**SHARE REGISTRAR**

Computershare Investor Services Pty Limited  
Level 2, Reserve Bank Building  
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

**BANKER**

Westpac Banking Corporation  
1257 Hay Street  
West Perth, WA 6005

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**DIRECTORS' REPORT**

Your directors present the following report on Syndicated Metals Limited and the entities it controlled (group) during or at the end of the financial year for the financial year ended 30 June 2010.

**PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES**

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

**OPERATING RESULTS**

The net loss of the entity for the financial year after provision for income tax was \$1,626,982 (2009: \$1,013,349).

**REVIEW OF OPERATIONS**

The Company's principal operations involve mineral exploration within tenements prospective for copper, gold, molybdenum, rhenium, uranium, zinc and phosphate in the Mount Isa region in northwest Queensland.

The Company has interests in two advanced projects within 60 kilometres of Mount Isa including the Mount Remarkable Project where mineral resources have been reported for the Barbara South and Barbara North Copper-Gold deposits and the Kalman South Project where mineral resources have been reported for the Kalman Molybdenum-Rhenium-Copper-Gold deposit.

During 2010 exploration has focussed on RC and diamond drilling programs designed to expand the current resources.

The Exmouth project in Western Australia is prospective for phosphate, silver and base metals. No significant field programs were completed during the year.

**FINANCIAL POSITION**

The net assets of the entity increased from \$5,491,868 at 30 June 2009 to \$6,996,036 at 30 June 2010. This net increase was influenced by a capital raising of \$2,363,000.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

The company raised \$2,363,000 during the current year by issuing ordinary shares in the company. There have not been any other significant changes in the state of affairs of the entity during the financial year.

**DIVIDENDS PAID OR RECOMMENDED**

No dividend has been paid or declared since the start of the financial period and no dividend is recommended.

**EVENTS SUBSEQUENT TO THE REPORT DATE**

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 entity, the results of those operations or the state of affairs of the entity, in future years.

**LIKELY DEVELOPMENT AND EXPECTED RESULTS OF OPERATIONS**

Likely developments in the operations of the entity 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 entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**SYNDICATED METALS LIMITED  
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**DIRECTORS' REPORT**

**INFORMATION ON DIRECTORS**

**DIRECTORS**

The directors of the company at any time during or since the end of the financial year are;

**Martin Pyle**

**Chairman**

Mr Martin Pyle was appointed to the Board of the Company in May 2010 as Non-Executive Chairman. Martin brings over 23 years of mineral industry experience to the Company as a corporate finance executive with reputable Australian broking firms, mining analyst, geologist and resource company director. Mr Pyle currently serves on the Boards of the following public companies; Aurora Minerals Limited, Desert Energy Limited, Eleckra Mines Limited and Midwinter Resources NL.

Mr Pyle holds an interest in 970,000 shares of the company and 75,000 options of the company.

**Russell Davis**

**Managing Director, BSc (Hons), MBA, MAIMM, FFIN**

Mr Russell Davis is a founding director of Syndicated Metals appointed to the board in 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 a number of international and Australian companies. He has held senior positions including Chief Mine Geologist, Exploration Manager and Regional Manager and most recently Exploration Director of Eleckra Mines Limited.

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 Australia and an MBA 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 is currently a non-executive director of Eleckra Mines Limited.

Mr Davis holds an interest in 5,966,597 shares of the company and 6,000,000 options of the company.

**Bruce McCullagh**

**Director and Company Secretary, CPA AICS**

Mr Bruce McCullagh was appointed to the Board in August 2005 and has wide experience in accounting, company secretarial and management in mineral and petroleum companies in Australia, the Libyan Arab Republic, the United Arab Emirates and USA. He has also previously held roles combining directorships and company secretarial duties with listed mineral and petroleum exploration companies in Australia.

Mr McCullagh holds an interest in 5,430,000 shares of the company and 3,500,000 options of the company.

**SYNDICATED METALS LIMITED  
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**DIRECTORS' REPORT**

**INFORMATION ON DIRECTORS (CONT)**

**Andrew Dinning**

**Non Executive Director, BEng, MBA**

Mr Andrew Dinning was appointed to the board on 3 August 2007 and 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 was the Chief Operating Officer for Moto Goldmines Limited ("Moto") from October 2005 and became Executive Director of Moto in August 2006. Mr Dinning has a Mining Engineering Degree, First Class Mine Managers Certificate and a Masters of Business Administration. Mr Dinning resigned from the Board on August 3 2010.

Mr Dinning held an interest in 240,000 shares of the company and 1,900,000 options of the company.

**Jan Hope**

**Non Executive Director**

Ms Jan Hope was appointed to the board on 6 September 2007 and 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. Ms Hope 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 became firmly established as a successful national corporate communications consultancy specialising in financial public relations for a wide range of ASX listed companies. Ms Hope 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 630,000 shares of the company, and 2,600,000 options of the company.

**Ki Deok Park**

**Non Executive Director**

Ki Deok Park was appointed to the Board on February 11 2010. He has significant experience in business development, equity and debt financing, accounting and management in non-ferrous metal industries in Korea and Australia. An experienced accountant and business developer, he has held management positions and accounting roles with both Sun Metals Corporation Pty Ltd since August 2000 and Korea Zinc Company Ltd since December 1992. He is currently an executive director and chief financial officer of Sun Metals Corporation zinc refinery in Townsville, Queensland and a director of Minocqua Metals Pty Ltd together with being a director of various Australian subsidiary companies of Korea Zinc Ltd.

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

The position of company secretary was held by Bruce McCullagh throughout and since the end of the financial year.

**SYNDICATED METALS LIMITED  
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**DIRECTORS' REPORT**

**MEETINGS OF DIRECTORS**

During the financial period, 6 meetings of directors were held. The number of meetings attended by each director during the period is shown below:-

	<b>Board meetings</b>	
	<b>Eligible to Attend</b>	<b>Attended</b>
Martin Pyle	Nil	Nil
Ki Deok Park	3	1
Bruce McCullagh	6	6
R Davis	6	6
A Dinning	6	6
J Hope	6	6

**INDEMNIFYING OFFICERS**

During the financial year the company paid a premium of \$12,055 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.

**PRINCIPLES OF COMPENSATION**

**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 directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth.

**SHARE OPTIONS**

**Unissued shares under options**

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

<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price (cents)</b>	<b>Quantity</b>
23/09/2008	30/08/2011	40	500,000
18/02/2010	30/12/2011	20	6,950,000
17/09/2007	3/09/2012	30	6,000,000
7/01/2008	3/09/2012	30	1,000,000
8/12/2008	3/09/2012	30	1,000,000
8/11/2009	31/10/2012	40	1,000,000
22/12/2009	30/11/2014	35	2,800,000
22/12/2009	30/11/2014	45	2,800,000
22/12/2009	30/11/2014	55	2,800,000
29/06/2010	30/11/2014	25	600,000
			25,450,000

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

**SYNDICATED METALS LIMITED  
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**DIRECTORS' REPORT**

**SHARE OPTIONS (CONT)**

**Options granted to directors and executives**

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following directors and one executive officer of the Company as part of their remuneration:

	<b>Expiry date</b>	<b>Exercise price (cents)</b>	<b>No of options granted</b>
<b>Directors</b>			
R Davis	3/09/2012	30	3,000,000
R Davis	30/11/2014	35	1,000,000
R Davis	30/11/2014	45	1,000,000
R Davis	30/11/2014	55	1,000,000
B McCullagh	3/09/2012	30	2,000,000
B McCullagh	30/11/2014	35	500,000
B McCullagh	30/11/2014	45	500,000
B McCullagh	30/11/2014	55	500,000
A Dinning	3/09/2012	30	1,000,000
A Dinning	30/11/2014	35	300,000
A Dinning	30/11/2014	45	300,000
A Dinning	30/11/2014	55	300,000
J Hope	3/09/2012	30	1,000,000
J Hope	30/11/2014	35	500,000
J Hope	30/11/2014	45	500,000
J Hope	30/11/2014	55	500,000
<b>Executive</b>			
M Whittle	3/09/2012	30	1,000,000
M Whittle	30/11/2014	35	500,000
M Whittle	30/11/2014	45	500,000
M Whittle	30/11/2014	55	500,000
			<hr/>
			16,400,000

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

Options were granted for nil consideration.

**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.



**SYNDICATED METALS LIMITED  
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**DIRECTORS' REPORT**

**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 were paid out to Mack & Co Chartered Accountants for non-audit services provided during the year ended 30 June 2010:

Taxation Services	\$3,300
	<u>\$3,300</u>

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2010 has been received and is included in the financial report.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
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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 its controlled entities (group), 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.

**SYNDICATED METALS LIMITED  
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**DIRECTORS' REPORT**

**Remuneration of directors and key management personnel**

**For the year ended 30 June 2010**

	<b>Short-Term Benefits</b>		<b>Post-Employment Benefits</b>	<b>Share-Based Payments</b>		<b>Value of options as proportion of remuneration</b>
	<b>Directors Fees</b>	<b>Salary and Fees</b>	<b>Superannuation</b>	<b>Options</b>	<b>Total</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>Directors</b>						
R J Davis	-	200,000	18,000	231,000	449,000	51
A R Dinning	45,000	-	4,050	69,300	118,350	59
J L Hope	45,000	-	4,050	115,500	164,550	70
B R McCullagh	50,000	90,800	12,672	115,500	268,972	43
KD Park	18,750	-	1,687	-	20,437	-
M J Pyle	2,603	2,603	468	-	5,674	-
	<b>161,353</b>	<b>293,403</b>	<b>40,927</b>	<b>531,300</b>	<b>1,026,983</b>	
<b>Executive</b>						
M Whittle	-	160,000	14,400	115,500	289,900	40
<b>Total</b>	<b>161,353</b>	<b>453,403</b>	<b>55,327</b>	<b>646,800</b>	<b>1,316,883</b>	

**For the year ended 30 June 2009**

	<b>Short-Term Benefits</b>		<b>Post-Employment Benefits</b>	<b>Share-Based Payments</b>		<b>Value of options as proportion of remuneration</b>
	<b>Directors Fees</b>	<b>Salary and Fees</b>	<b>Superannuation</b>	<b>Options</b>	<b>Total</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>Directors</b>						
R J Davis	-	200,000	18,000	-	218,000	-
A R Dinning	45,000	-	4,050	-	49,050	-
J L Hope	45,000	-	4,050	150,070	199,120	75
B R McCullagh	50,000	57,300	9,657	-	116,957	-
	<b>140,000</b>	<b>257,300</b>	<b>35,757</b>	<b>150,070</b>	<b>583,127</b>	
<b>Executive</b>						
M Whittle	-	180,000	14,400	-	194,400	-
<b>Total</b>	<b>140,000</b>	<b>437,300</b>	<b>50,157</b>	<b>150,070</b>	<b>777,527</b>	

**Performance income as a proportion of total income**

Mark Whittle was paid a bonus of \$20,000 during the 2009 year.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**DIRECTORS' REPORT**

**Options and rights over equity instruments granted as compensation - audited**

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reported period and details on options that vested during the reporting period are as follows;


	<b>Number of options granted and vested during 2010</b>	<b>Grant Date</b>	<b>Fair value per option at grant date (\$)</b>	<b>Exercise price per option (\$)</b>	<b>Expiry date</b>
<b>Directors</b>					
B McCullagh	500,000	30/11/2009	0.231	0.35	30/11/2014
R Davis	1,000,000	30/11/2009	0.231	0.35	30/11/2014
A Dinning	300,000	30/11/2009	0.231	0.35	30/11/2014
J Hope	500,000	30/11/2009	0.231	0.35	30/11/2014
<b>Executive</b>					
M Whittle	500,000	30/11/2009	0.231	0.35	30/11/2014

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

**Exercise of options granted as compensation – audited**

No options were exercised during the reporting period.

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

  
Bruce McCullagh  
Director

Date: 28 September 2010


2ND FLOOR, 35 HAVELOCK ST, WEST PERTH WA 6005  
PO BOX 609, WEST PERTH WA 6872

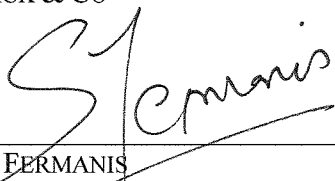
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E-MAIL: MAIL@MACKCO.COM.AU WEB: MACKCO.COM.AU

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF SYNDICATED METALS LIMITED  
AND THE ENTITIES IT CONTROLLED DURING THE YEAR**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 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

  
\_\_\_\_\_  
S S FERMANIS  
PARTNER  
WEST PERTH

DATE: 28 SEPTEMBER 2010

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated 2010 \$	Company 2010 \$	Company 2009 \$
<b>Continuing Operations</b>				
Interest Income	3	173,293	173,293	239,280
Administration expenses		(168,459)	(168,459)	(125,058)
Borrowing costs		(2,364)	(2,364)	(3,697)
Corporate expenses		(50,022)	(50,022)	(60,282)
Depreciation expense		(57,395)	(57,395)	(53,354)
Employee benefits expense		(513,991)	(513,991)	(187,979)
Exploration expenditure written off		(136,375)	(136,375)	(554,869)
Other expenses		(22,389)	(22,389)	(34,175)
Share based payments		(847,200)	(847,200)	(213,384)
Change in fair value of investments		(2,080)	(2,080)	(19,831)
<b>Loss before income tax expense</b>	4	<b>(1,626,982)</b>	<b>(1,626,982)</b>	<b>(1,013,349)</b>
Income tax expense	5	-	-	-
<b>Loss for the period</b>		<b>(1,626,982)</b>	<b>(1,626,982)</b>	<b>(1,013,349)</b>
<b>Other comprehensive Income</b>		-	-	-
<b>Total comprehensive loss for the year</b>		<b>(1,626,982)</b>	<b>(1,626,982)</b>	<b>(1,013,349)</b>
Basic (loss) per share (cents)		(2.27)		(1.76)
Diluted (loss) per share (cents)		(2.27)		(1.76)

The accompanying notes form part of these financial statements

**SYNDICATED METALS LIMITED  
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**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2010**

	<b>Note</b>	<b>Consolidated 2010 \$</b>	<b>Company 2010 \$</b>	<b>Company 2009 \$</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	6	3,075,462	3,075,461	3,500,716
Trade and other receivables	7	181,511	181,511	219,685
<b>TOTAL CURRENT ASSETS</b>		<b>3,256,973</b>	<b>3,256,972</b>	<b>3,720,401</b>
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment	8	91,751	91,751	121,621
Financial assets	9	10,678	10,679	12,758
Exploration and evaluation costs	10	3,929,964	3,929,964	2,055,038
<b>TOTAL NON CURRENT ASSETS</b>		<b>4,032,393</b>	<b>4,032,394</b>	<b>2,189,417</b>
<b>TOTAL ASSETS</b>		<b>7,289,366</b>	<b>7,289,366</b>	<b>5,909,818</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	11	169,763	169,763	330,456
Financial liabilities	12	14,669	14,669	13,227
Provisions	13	74,985	74,985	34,685
<b>TOTAL CURRENT LIABILITIES</b>		<b>259,417</b>	<b>259,417</b>	<b>378,368</b>
<b>NON CURRENT LIABILITIES</b>				
Financial liabilities	12	10,580	10,580	25,249
Provisions	14	23,333	23,333	14,333
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>33,913</b>	<b>33,913</b>	<b>39,582</b>
<b>TOTAL LIABILITIES</b>		<b>293,330</b>	<b>293,330</b>	<b>417,950</b>
<b>NET ASSETS</b>		<b>6,996,036</b>	<b>6,996,036</b>	<b>5,491,868</b>
<b>EQUITY</b>				
Issued capital	15	8,513,961	8,513,961	6,230,011
Option reserve	16	1,239,684	1,239,684	392,484
Accumulated losses		(2,757,609)	(2,757,609)	(1,130,627)
<b>TOTAL EQUITY</b>		<b>6,996,036</b>	<b>6,996,036</b>	<b>5,491,868</b>

The accompanying notes form part of these financial statements.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010**

	<b>Issued Capital \$</b>	<b>Option Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>Consolidated</b>				
<b>Balance at 1 July 2009</b>	<b>6,230,011</b>	<b>392,484</b>	<b>(1,130,627)</b>	<b>5,491,868</b>
<b>Total comprehensive income for the year</b>				
Loss for the period	-	-	(1,626,982)	(1,626,982)
Other comprehensive income	-	-	-	-
	-	-	(1,626,982 )	(1,626,982)
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	2,363,000	-	-	2,363,000
Transaction costs	(79,050)	-	-	(79,050)
Share based payment transactions	-	847,200	-	847,200
	2,283,950	847,200	-	3,131,150
<b>Balance at 30 June 2010</b>	<b>8,513,961</b>	<b>1,239,684</b>	<b>(2,757,609)</b>	<b>6,996,036</b>



**SYNDICATED METALS LIMITED  
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010**

<b>Company</b>	<b>Issued Capital \$</b>	<b>Option Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2008</b>	<b>6,230,011</b>	<b>179,100</b>	<b>(117,278)</b>	<b>6,291,833</b>
<b>Total comprehensive income for the year</b>				
Loss for the period	-	-	(1,013,349)	(1,013,349)
Other comprehensive income	-	-	-	-
	-	-	(1,013,349)	(1,013,349)
<b>Contributions by and distributions to owners</b>				
Share based payment transactions	-	213,384	-	213,384
	-	213,384	-	213,384
<b>Balance at 30 June 2009</b>	<b>6,230,011</b>	<b>392,484</b>	<b>(1,130,627)</b>	<b>5,491,868</b>
<b>Company</b>	<b>Issued Capital \$</b>	<b>Option Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2009</b>	<b>6,230,011</b>	<b>392,484</b>	<b>(1,130,627)</b>	<b>5,491,868</b>
<b>Total comprehensive income for the year</b>				
Loss for the period	-	-	(1,626,982)	(1,626,982)
Other comprehensive income	-	-	-	-
	-	-	(1,626,982)	(1,626,982)
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	2,363,000	-	-	2,363,000
Transaction costs	(79,050)	-	-	(79,050)
Share based payment transactions	-	847,200	-	847,200
	2,283,950	847,200	-	3,131,150
<b>Balance at 30 June 2010</b>	<b>8,513,961</b>	<b>1,239,684</b>	<b>(2,757,609)</b>	<b>6,996,036</b>

The accompanying notes form part of these financial statements.

**SYNDICATED METALS LIMITED  
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**STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated 2010 \$	Company 2010 \$	Company 2009 \$
<b>Cash flow from operating activities</b>				
Interest received		182,671	182,671	352,426
Payments to suppliers and employees		(725,713)	(725,713)	(406,819)
Borrowing costs		(3,184)	(3,184)	(4,625)
<i>Net cash from (used in) operating activities</i>	18	<u>(546,226)</u>	<u>(546,226)</u>	<u>(59,018)</u>
<b>Cash flow from investing activities</b>				
Purchase of plant and equipment		(27,525)	(27,525)	(4,524)
Payments for investment		-	(1)	-
Contribution from joint venture partner		567,994	567,994	51,538
Payment of exploration and evaluation costs		(2,690,220)	(2,690,220)	(1,353,935)
<i>Net cash used in investing activities</i>		<u>(2,149,751)</u>	<u>(2,149,752)</u>	<u>(1,306,921)</u>
<b>Cash flow from financing activities</b>				
Repay loan		-	-	(1,392)
Issue of shares		2,283,950	2,283,950	-
Payment of hire purchase loan		(13,227)	(13,227)	(11,786)
<i>Net cash from (used in) financing activities</i>		<u>2,270,723</u>	<u>2,270,723</u>	<u>(13,178)</u>
<b>Net decrease in cash and cash equivalents</b>		(425,254)	(425,255)	(1,379,117)
<b>Cash and cash equivalents at 1 July</b>		<u>3,500,716</u>	<u>3,500,716</u>	<u>4,879,833</u>
<b>Cash and cash equivalents at 30 June</b>	6	<u><u>3,075,462</u></u>	<u><u>3,075,461</u></u>	<u><u>3,500,716</u></u>

The accompanying notes form part of these financial statements.

**SYNDICATED METALS LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

Syndicated Metals Limited (the “Company”) is a company domiciled in Australia.

The consolidated financial statements of the Company as at and for the year ended 30 June 2010 comprise the Company and its subsidiary (together referred to as the “Group” and individually as “Group entities”).

The Group primarily is involved in exploration activity.

**Basis of Preparation and Going Concern Basis**

The accounting policies set out below have been consistently applied to all years presented.

*Statement of Compliance*

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 consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial report was authorised for issue in accordance with a resolution of the Directors on \_\_ September 2010.

*Basis of Measurement*

The consolidated financial statements have been prepared on an accruals basis and are based on historical cost basis except for the following material items in the statement of financial position;

- financial instruments at fair value through profit or loss are measured at fair value

**Functional and Presentation Currency**

These consolidated financial statements are presented in Australian dollars, which is the Company’s functional currency.

**Use of Estimates and Judgements**

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**SYNDICATED METALS LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**Use of Estimates and Judgements (cont)**

***Going Concern***

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The Group incurred a loss of \$1,626,982 for the year ended 30 June 2010 (2009: \$1,013,349). Included within this loss was the write off of exploration expenditure of \$136,375 (2009: \$554,869).

The ability of the Company and the Group 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 its mineral properties.

The accounts have been prepared on the basis that the entity 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.

**Critical Accounting Judgements, Estimates and Assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

***Share Based Payment Transactions***

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by a valuation using Black-Scholes option pricing model, using the assumptions detailed in Note 21.

***Exploration and Evaluation Costs***

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

***Impairment of Exploration and Evaluation Assets and Investments in Subsidiaries***

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 asset 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.

**SYNDICATED METALS LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

***Classification of Investments***

The Company has decided to classify investments in listed securities as available for sale. These securities are accounted for at fair value. Any increments or decrements in their value at year end are charged or debited to the profit and loss.

***Income tax expenses***

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

***Principles of Consolidation***

A controlled entity is any entity Syndicated Metals Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 23 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Subsidiary acquisitions are accounted for using the purchase method of accounting. Investments in subsidiaries are accounted for at cost in the individual financial statements of Syndicated Metals Limited.

***Significant Accounting Policies***

**(a) Income tax**

***Current 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 Tax***

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.

**SYNDICATED METALS LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(a) Income tax (cont)**

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.

**(b) Exploration and evaluation expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made.

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.

The recoverability of the carrying amount of the exploration and development assets is dependent on the successful development and commercial exploitation or alternatively sale of the respective areas of interest.

**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.

Full provision is made based on the net present value of the estimated cost of restoring the environmental 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 sale of assets or from plant clean-up at closure.

**SYNDICATED METALS LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(b) Business Combinations**

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.

**(c) 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.

**(d) 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.

**(e) 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.

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.

**(f) 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 financial assets at fair value through profit or loss. Unrealised gains/losses on securities held for long term investment are accounted for as available for sale financial assets.

**(g) 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 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(g) Property, Plant and Equipment (cont)**

**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 % - 50%
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.

**(h) 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.

**(i) 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.

**(j) 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.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(j) Employee Benefits (cont)**

**(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.

**(v) Options**

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date. The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

**(vi) Equity-settled compensation**

The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

**(k) 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.

**(l) 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(m) 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.

**(n) Comparative Figures**

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

**(o) 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*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

*(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) Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(o) Financial Instruments (cont)**

**Impairment**

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**Financial guarantees**

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(p) 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.

**(q) New Standards and Interpretations Not Yet Adopted**

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(q) New Standards and Interpretations Not Yet Adopted (cont)**

- AASB 124 Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvement Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash settled Share-based Payment Transactions resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 Scope of AASB 2 and AI 11 AASB 2 - Group and Treasury Share Transactions will be withdrawn from the application date. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issue [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Group's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement - AASB 14 make amendments to Interpretation 14 AASB 119 - The Limit on a Defined Benefit Asset Minimum Funding Requirements removing an unintended consequence arising from the treatment of the prepayments of future contributions in some circumstances when there is a minimum funding requirement. The amendments will become mandatory for the Group's 30 June 2012 financial statements, with retrospective application required. The amendments are not expected to have any impact on the financial statements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Group's 30 June 2011 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

**(r) Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(s) Interests in Joint Ventures**

The Consolidated group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the financial statements. Details of the Company's interests are shown at Note 19.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(t) EPS**

*Basic earnings per share*

Basic earnings per share is determined by dividing the net profit/(loss) after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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**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.

*(iii) Impairment*

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

*(iv) Exploration and Evaluation Expenditure*

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at \$3,929,964.

**NOTE 3: REVENUE FROM CONTINUING  
ACTIVITIES**

	<b>Consolidated 2010 \$</b>	<b>Company 2010 \$</b>	<b>Company 2009 \$</b>
Operating activities			
Interest received	173,293	173,293	239,280
	173,293	173,293	239,280

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**NOTE 4: EXPENSES**

Loss from operations before income tax has been determined after the following specific expenses:

	<b>Consolidated 2010 \$</b>	<b>Company 2010 \$</b>	<b>Company 2009 \$</b>
Depreciation expense	57,395	57,395	53,354
Employee benefits expenses			
Share based payments	691,200	691,200	150,070
Salaries	369,729	369,729	171,062
Superannuation	33,276	33,276	16,917
Other	110,986	110,986	-
	<u>1,205,191</u>	<u>1,205,191</u>	<u>338,049</u>
Exploration expenditure written off	136,375	136,375	554,869

**NOTE 5: INCOME TAX EXPENSE**

The prima facie tax payable on the operating loss is reconciled to the income tax provided in the accounts as follows:

	<b>Consolidated 2010 \$</b>	<b>Company 2010 \$</b>	<b>Company 2009 \$</b>
Prima facie tax payable on operating loss before income tax at 30%	(488,095)	(488,098)	(298,055)
Effect of share based payments	254,160	254,160	64,015
Increase in deferred tax balances not brought to account	<u>233,935</u>	<u>233,935</u>	<u>234,040</u>
Income tax expense/(benefit)	<u>-</u>	<u>-</u>	<u>-</u>

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	<b>Consolidated 2010 \$</b>	<b>Company 2010 \$</b>	<b>Company 2009 \$</b>
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**NOTE 5: INCOME TAX EXPENSE (CONT)**

The following deferred tax balances have not been recognised:

Deferred Tax Assets At 30%

Carry forward revenue losses	1,718,762	1,718,762	899,612
Capital raising costs	97,571	97,571	117,898
Provisions and accruals	38,837	38,837	20,969
Other	9,781	9,781	9,157
	1,864,951	1,864,951	1,047,636

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.

Deferred Tax Liabilities at 30%:

Exploration, evaluation and development costs	1,178,989	1,178,989	616,511
Accrued interest revenue	10,372	10,372	13,185
	1,189,361	1,189,361	629,696

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.

	<b>Consolidated 2010 \$</b>	<b>Company 2010 \$</b>	<b>Company 2009 \$</b>
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**NOTE 6: CASH AND CASH EQUIVALENTS**

Cash on hand	200	199	200
Cash at bank	375,262	375,262	297,643
Term deposits	2,700,000	2,700,000	3,202,873
	3,075,462	3,075,461	3,500,716



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Consolidated 2010 \$	Company 2010 \$	Company 2009 \$
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**NOTE 7: TRADE & OTHER RECEIVABLES**

Accrued interest receivable	34,573	34,573	43,951
GST Receivable	36,558	36,558	25,473
Amount receivable from JV partner	105,380	105,380	145,261
Security deposit	5,000	5,000	5,000
	181,511	181,511	219,685

**NOTE 8: PROPERTY, PLANT & EQUIPMENT**

Plant and equipment at cost	114,048	114,048	90,489
Less: accumulated depreciation	(68,770)	( 68,770)	(38,195)
	45,278	45,278	52,294
 Furniture at cost	 60,455	 60,455	 56,489
Less: accumulated depreciation	(34,152)	(34,152)	(19,428)
	26,303	26,303	37,061
 Vehicles at cost	 48,397	 48,397	 48,397
Less: accumulated depreciation	(28,227)	(28,227)	(16,131)
	20,170	20,170	32,266
 Total plant and equipment	91,751	91,751	121,621

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 \$
<b>Carrying amount at 1 July 2008</b>	<b>77,903</b>	<b>48,184</b>	<b>44,364</b>	<b>170,451</b>
Additions	1,700	2,824	-	4,524
Depreciation Expense	(27,309)	(13,947)	(12,098)	(53,354)
<b>Carrying amount at 30 June 2009</b>	<b>52,294</b>	<b>37,061</b>	<b>32,266</b>	<b>121,621</b>
 Additions	 23,559	 3,966	 -	 27,525
Depreciation Expense	(30,575)	(14,724)	(12,096)	(57,395)
<b>Carrying amount at 30 June 2010</b>	<b>45,278</b>	<b>26,303</b>	<b>20,170</b>	<b>91,751</b>

Consolidated 2010 \$	Company 2010 \$	Company 2009 \$
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**NOTE 9: FINANCIAL ASSETS**

Investment in subsidiary	-	1	-
Listed securities at market value	10,678	10,678	12,758
	10,678	10,679	12,758

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	<b>Consolidated 2010 \$</b>	<b>Company 2010 \$</b>	<b>Company 2009 \$</b>
<b>NOTE 10: EXPLORATION, EVALUATION AND DEVELOPMENT COSTS</b>			
Exploration expenditure capitalised	3,929,964	3,929,964	2,055,038
Movement in carrying value:			
Balance at 1 July	2,055,038	2,055,038	1,190,311
Exploration expenditure capitalised during the year	2,011,301	2,011,301	1,419,596
Exploration expenditure written off during the year	(136,375)	(136,375)	(554,869)
Balance at 30 June	3,929,964	3,929,964	2,055,038
<b>NOTE 11: TRADE &amp; OTHER PAYABLES</b>			
Trade and other payables	26,595	26,595	26,058
Accruals	143,168	143,168	304,398
	169,763	169,763	330,456
<b>NOTE 12: FINANCIAL LIABILITIES</b>			
<b>Current</b>			
Due on hire purchase	16,411	16,411	16,411
Unexpired charges	(1,742)	(1,742)	(3,184)
	14,669	14,669	13,227
<b>Non Current</b>			
Due on hire purchase	10,940	10,940	27,351
Unexpired charges	(360)	(360)	(2,102)
	10,580	10,580	25,249
<b>Total</b>	25,249	25,249	38,476
<b>NOTE 13: SHORT TERM PROVISIONS</b>			
Provision for annual leave	74,985	74,985	34,685
<b>NOTE 14: LONG TERM PROVISIONS</b>			
Provision for long service leave	23,333	23,333	14,333

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**NOTE 15: ISSUED CAPITAL**

	2010 Shares	2009 Shares	2010 \$	2009 \$
<b>(a) Share capital</b>				
Fully paid ordinary shares	71,250,005	57,350,005	9,248,001	6,885,001
Less: capital issue costs (net of tax)	-	-	(734,040)	(654,990)
	<u>71,250,005</u>	<u>57,350,005</u>	<u>8,513,961</u>	<u>6,230,011</u>

**(b) Movements in ordinary share capital**

Date	Details	Number of shares	Issue price	Value \$
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 2009	57,350,005		6,885,001
23/12/2009	Issue of shares for cash	13,900,000	0.17	2,363,000
	Less: capital issue costs net of tax			(734,040)
	Balance at 30 June 2010	<u>71,250,005</u>		<u>8,513,961</u>

**(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.

**(d) Capital management**

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the group may return capital to shareholders, issue new shares or sell assets for in-specie distributions.

The group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities. The group monitors capital on the basis of the gearing ratio, however there are no external borrowings as at balance date. Capital includes accumulated profits and fair value reserve.

The group encourages employees to be shareholders through the issue of free share options to employees.

There were no changes in the group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 15: ISSUED CAPITAL**

	<b>Consolidated 2010 \$</b>	<b>Company 2010 \$</b>	<b>Company 2009 \$</b>
<b>(e) Capital Risk Management</b>			
Cash and cash equivalents	3,075,462	3,075,461	3,500,716
Less: Total liabilities	(293,330)	(293,330)	(417,950)
Net cash and cash equivalents	2,782,132	2,782,132	3,082,766
Total equity	6,996,036	6,996,036	5,491,868
Debt to equity ratio at 30 June	4.2%	4.2%	7.6%

**Management of Share Capital**

The Directors primary objectivity is to maintain a capital structure that ensures the lowest cost of capital available to the group. At balance date, the group has no external borrowings.

The group is not subject to any externally imposed capital requirements.

	<b>Consolidated 2010 \$</b>	<b>Company 2010 \$</b>	<b>Company 2009 \$</b>
<b>NOTE 16: OPTION RESERVE</b>			
Balance at 1 July	392,484	392,484	179,100
Share based payments during the period	847,200	847,200	213,384
Balance at 30 June	1,239,684	1,239,684	392,484

**NOTE 17: AUDITORS REMUNERATION**

Audit and review of financial reports of the company	54,500	54,500	43,304
Other services			
Taxation	3,300	3,300	2,750

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**NOTES TO THE FINANCIAL STATEMENTS  
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Consolidated 2010 \$	Company 2010 \$	Company 2009 \$
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**NOTE 18: NOTES TO THE STATEMENT OF CASH FLOWS**

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

Loss for the period	(1,626,982)	(1,626,982)	(1,013,349)
Adjustment for:			
Depreciation	57,395	57,395	53,354
Write off of capitalised expenditure	136,375	136,375	554,869
Change in fair value of investments	2,080	2,080	19,831
Share based payments	847,200	847,200	213,384
(Increase)/decrease in receivables	(1,073)	(1,073)	131,159
Increase/(decrease) in accruals and trade creditors	24,493	24,493	(19,227)
Increase provision for employee entitlements	14,286	14,286	961
Net cash flow from (used in) operating activities	<u>(546,226)</u>	<u>(546,226)</u>	<u>(59,018)</u>

**NOTE19: JOINT VENTURE**

- a. Syndicated has a 51% interest in the West Leichardt Joint Venture with Mount Isa Metals Ltd, whose principal activity is the exploration of primarily copper with possible additional credits for gold.

Consolidated 2010 \$	Company 2010 \$	Company 2009 \$
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Syndicated's share of assets employed in the joint venture is:

- Exploration development expenditure	1,443,517	1,443,517	391,642
- Expenditure recharged back to Mount Isa Metals Ltd	(724,910)	(724,910)	(196,164)
- Expenditure written off	(39,095)	(39,095)	(39,095)
	<u>679,512</u>	<u>679,512</u>	<u>156,383</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation.

- b. Syndicated and Kings Minerals NL have formed a Joint Venture in the Kalman South Project with the terms of the agreement being that Kings Minerals NL earns interests in the project based on stipulated amounts spent on exploration expenditure. As at 30 June 2010, Kings Minerals has spent over \$4mil earning its 51% interest. The final feasibility study is the next step for Kings Minerals to earn a 70% interest and until this time, companies interest in JV will be free carried.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 20: SHARE BASED PAYMENTS**

**Terms and conditions of share options**

The terms and conditions relating to grants of the share options are as follows; all the options are to be physically delivered into shares.

<b>Grant date/employees entitled</b>	<b>Number of instruments</b>	<b>Vesting conditions</b>	<b>Contractual life of options (years)</b>
Options issued to corporate adviser on 5 November 2009	1,000,000	Immediate	2.33
Options granted to key management personnel on 22 December 2009	2,800,000	Immediate	4.41
Options granted to key management personnel on 22 December 2009	2,800,000	30 November 2010	4.00
Options granted to key management personnel on 22 December 2009	2,800,000	30 November 2011	3.00
Options granted to employee personnel on 29 June 2010	600,000	Immediate	4.41
Total number of options	<u>10,000,000</u>		

**Number and weighted average exercise prices of share options**

The following table illustrates the number and weighted average exercise prices (WAEP) of and movement in share options issued during the year:

	<b>2010</b>		<b>2009</b>	
	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
	<b>No.</b>	<b>Cents</b>	<b>No.</b>	<b>Cents</b>
Outstanding at 1 July	8,500,000	30.58	7,000,000	30
Issued during the year	1,000,000	40	1,000,000	30
Issued during the year	2,800,000	35	500,000	40
Issued during the year	2,800,000	45	-	-
Issued during the year	2,800,000	55	-	-
Issued during the year	600,000	25	-	-
Outstanding at 30 June	<u>18,500,00</u>	<u>37.46</u>	<u>8,500,000</u>	<u>30.58</u>
<b>Exercisable at 30 June</b>	<b><u>12,900,00</u></b>	<b><u>32.02</u></b>	<b><u>8,500,000</u></b>	<b><u>30.58</u></b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 21: SHARE BASED PAYMENTS (CONT)**

**Inputs for measurement of grant date fair value**

The options on issue were independently valued by BDO Kendalls Corporate Finance (WA) Pty Ltd. The valuations were done using the Black-Scholes option pricing model to validate the valuation prices calculated by the binomial option pricing model. Expected volatility is estimated by considering historic average share price volumes. The inputs used in the measurement of the fair values at grant date of the share based payments are the following:

	<b>Options issued on 29/06/2010</b>	<b>Options issued on 22/12/2009</b>	<b>Options issued on 22/12/2009</b>	<b>Options issued on 22/12/2009</b>	<b>Options issued on 05/11/2009</b>
Share price at grant date	\$0.10	\$0.275	\$0.275	\$0.275	\$0.235
Exercise price	\$0.25	\$0.55	\$0.45	\$0.35	\$0.40
Expected volatility	125%	125%	125%	125%	125%
Risk free interest rate	4.77%	5.24%	5.24%	5.24%	4.71%
Expiry date	30/11/2014	30/11/2014	30/11/2014	30/11/2014	31/10/2012
Option life remaining	4.41 years	4.41 years	4.41 years	4.41 years	2.33 years
Fair value at grant date	\$0.074	\$0.22	\$0.225	\$0.231	\$0.156
<b>Total value of options</b>	<b>\$44,400</b>	<b>\$616,000</b>	<b>\$630,000</b>	<b>\$646,800</b>	<b>\$156,000</b>

	<b>Options issued on 08/12/2008</b>	<b>Options issued on 23/09/2008</b>	<b>Options issued on 07/01/2008</b>	<b>Options issued on 17/09/2007</b>
Share price at grant date	\$0.20	\$0.20	\$0.29	\$0.01
Exercise price	\$0.30	\$0.40	\$0.30	\$0.30
Expected volatility	125%	125%	70%	70%
Risk free interest rate	5.15%	5.15%	6.3%	6.09%
Expiry date	03/09/2012	30/08/2011	03/09/2012	03/09/2012
Option life remaining	2.17 years	2.16 years	2.17 years	2.17 years
Fair value at grant date	\$0.15	\$0.127	\$0.1761	\$0.0005
<b>Total value of options</b>	<b>\$150,070</b>	<b>\$63,314</b>	<b>\$176,100</b>	<b>\$3,000</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 21: COMMITMENTS FOR FUTURE EXPENDITURE**

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

	Consolidated 2010 \$	Company 2010 \$	Company 2009 \$
Commitments on tenements payable			
- within 12 months	358,000	358,000	1,048,000
- between 12 months and 5 years	3,657,000	3,657,000	3,667,000
	4,015,000	4,015,000	4,715,000
Lease of office and equipment payable			
- within 12 months	64,496	64,496	64,496
- between 12 months and 5 years	66,484	66,484	130,980
	130,980	130,980	195,476

**NOTE 22: FINANCIAL INSTRUMENTS**

The economic entity's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the economic entity. The economic entity also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the economic entity's policy not to trade in financial instruments

The main risks arising from the economic entity's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

*(a) Interest Rate Risk*

The economic entity is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 180 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The economic entity does not have short or long term debt, and therefore this risk is minimal.

*(b) Credit Risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The economic entity has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The economic entity does not have any significant credit risk exposure to any single counterparty or any economic entity of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the economic entity's maximum exposure to credit risk.



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**NOTE 22: FINANCIAL INSTRUMENTS (CONT)**

<b>Consolidated Carrying Amount 2010 \$</b>	<b>Company Carrying Amount 2010 \$</b>	<b>Company Carrying Amount 2009 \$</b>
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**(a) Exposure to credit risk**

The carrying amount of the group's financial assets represents the maximum credit exposure. The group's maximum exposure to credit risk at the reporting date was:

Financial assets	10,678	10,679	12,758
Cash and cash equivalents	3,075,462	3,075,461	3,500,716
Other receivables	139,953	139,953	189,212
	<u>3,226,093</u>	<u>3,226,093</u>	<u>3,702,686</u>

**(b) Impairment losses**

None of the group's other receivables are past due hence no impairment were provided for.

**(c) Liquidity risk**

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

The group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The consolidated entity does not have any external borrowings.

The Company does anticipate a need to raise additional capital in the next 12 months to meet forecasted operational and exploration activities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>&lt;6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>&gt;5 years</b>
<b>Consolidated 30 June 2010</b>							
Financial liabilities	<u>25,249</u>	<u>25,249</u>	<u>7,154</u>	<u>14,669</u>	<u>3,426</u>	<u>-</u>	<u>-</u>
<b>Company 30 June 2010</b>							
Financial liabilities	<u>25,249</u>	<u>25,249</u>	<u>7,154</u>	<u>14,669</u>	<u>3,426</u>	<u>-</u>	<u>-</u>
<b>Company 30 June 2009</b>							
Financial liabilities	<u>38,476</u>	<u>38,476</u>	<u>6,433</u>	<u>13,227</u>	<u>18,816</u>	<u>-</u>	<u>-</u>

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 22: FINANCIAL INSTRUMENTS (CONT)**

**(d) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**(e) Currency risk**

The consolidated entity is not exposed to currency risk and at balance sheet date the company and the consolidated entity hold no financial assets or liabilities which are exposed to foreign currency risk.

**(f) Interest rate risk**

The consolidated entity is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The consolidated entity does not use derivatives to mitigate these exposures.

The consolidated entity adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit at interest rates maturing over 30-180 day rolling periods.

<b>Consolidated Carrying Amount 2010 \$</b>	<b>Company Carrying Amount 2010 \$</b>	<b>Company Carrying Amount 2009 \$</b>
---	--	--

**(g) Profile**

At the reporting date the interest rate profile of the Company's and the group's interest bearing financial instruments was:

**Fixed rate instrument**

Cash and cash equivalents	375,462	375,462	297,843
	<u>375,462</u>	<u>375,462</u>	<u>297,843</u>

**Variable rate instruments**

Cash and cash equivalents	2,700,000	2,700,000	3,202,873
	<u>2,700,000</u>	<u>2,700,000</u>	<u>3,202,873</u>

**SYNDICATED METALS LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 22: FINANCIAL INSTRUMENTS (CONT)**

<b>Consolidated Loss 100bp Increase \$</b>	<b>Consolidated Loss 100bp Decrease \$</b>	<b>Company Loss 100bp Increase \$</b>	<b>Company Loss 100bp Decrease \$</b>
--	--	---	---

**(h) Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. The analysis is performed on the same basis for 2009.

**30 June 2010**

Cash and cash equivalents	30,755	(30,755)	30,755	(30,755)
	30,755	(30,755)	30,755	(30,755)

**30 June 2009**

Cash and cash equivalents	35,007	(35,007)	35,007	(35,007)
	35,007	(35,007)	35,007	(35,007)

<b>30 June 2010 Carrying Value \$</b>	<b>30 June 2010 Fair Value \$</b>	<b>30 June 2009 Carrying Value \$</b>	<b>30 June 2009 Fair Value \$</b>
---	---	---	---

**(i) Fair values versus carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

**Consolidated**

Financial assets	10,678	10,678	-	-
Cash and cash equivalents	3,075,462	3,075,462	-	-
Receivables	181,511	181,511	-	-
Financial liabilities	(25,249)	(25,249)	-	-
	3,242,402	3,242,402	-	-

**Company**

Financial assets	10,679	10,679	12,758	12,758
Cash and cash equivalents	3,075,461	3,075,461	3,500,716	3,500,716
Receivables	181,511	181,511	219,685	219,685
Financial liabilities	(25,249)	(25,249)	(38,476)	(38,476)
	3,242,402	3,242,402	3,694,683	3,694,683

The basis for determining fair values is disclosed in note 1.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 22: FINANCIAL INSTRUMENTS (CONT)**

**(j) Other market price risk**

Other Equity price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Investments are managed on an individual basis and material buy and sell decisions are approved by the Board of Directors. The primary goal of the consolidated entity's investment strategy is to maximise investment returns.

The consolidated entity's investments are solely in equity instruments. These instruments are classified as available-for-sale or at fair value through profit or loss and are carried at fair value, with fair value changes recognised directly in equity or profit and loss until derecognised.

**(k) Commodity price risk**

The consolidated entity operates primarily in the exploration and evaluation phase and accordingly the consolidated entity's financial assets and liabilities are subject to minimal commodity price risk.

**NOTE 23: INTERESTS IN CONTROLLED ENTITIES**

**Controlled Entities consolidated**

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiary in accordance with the accounting policy described in Note 1.

Name	Country of Incorporation	Class of Shares	Equity Holding *		Investment \$	
			2010	2009	2010	2009
Syndicated Royalties Pty Ltd	Australia	Ordinary	100%	0%	1	-
					<u>1</u>	<u>-</u>

\* Percentage of voting power if in proportion to ownership.

**Incorporation of controlled entity**

Syndicated Royalties Pty Ltd was incorporated on 12 April 2010. Ultimate parent entity with the group is Syndicated Metals Ltd.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 24: SEGMENT REPORTING**

The group has identified its operating segments based on the internal reports that are reviewed and used by the 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 Board on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the consolidated entity 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 \$	Western Australia \$	Unallocated Items \$	Total \$
<b>30 June 2010</b>				
Segment revenue	-	-	173,293	173,293
Segment net loss	5,562	130,812	1,490,608	1,626,982
Segment assets	3,639,652	290,312	3,359,402	7,289,366
Segment liabilities	-	-	293,330	293,330
	Queensland \$	Western Australia \$	Unallocated Items \$	Total \$
<b>30 June 2009</b>				
Segment revenue	-	-	239,280	239,280
Segment net loss before after tax	488,823	66,046	458,480	1,013,349
Segment assets	1,742,680	312,358	3,854,780	5,909,818
Segment liabilities	-	-	417,590	417,590

**NOTE 25: RELATED PARTY DISCLOSURE**

Consolidated 2010 \$	Company 2010 \$	Company 2009 \$
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**(a) Key management personnel compensation**

The key management personnel compensation comprised:

Post employment benefit	55,327	55,327	50,157
Short term employment benefits	614,756	614,756	577,300
Share based payments	646,800	646,800	150,070
	<u>1,316,883</u>	<u>1,316,883</u>	<u>777,527</u>

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 25: RELATED PARTY DISCLOSURE (CONT)**

**(b) Individual directors' and executives' compensation disclosure**

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporation Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the group since the end of the previous financial year and there were no material contracts involving directors' interest existing at year end.

**(c) Loans to key management personnel**

There were no loans to key management personnel at the end of the year.

**(d) Shareholdings of key management personnel**

The movement during the reporting period in the number of shares in Syndicated Metals Limited held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

<b>2010</b>	<b>Balance at 1 July 2009</b>	<b>Granted as compensation</b>	<b>Exercised</b>	<b>Bought/ (Sold)</b>	<b>Balance at 30 June 2010</b>
<b>Directors</b>					
R J Davis	5,703,597	-	-	263,000	5,966,597
A R Dinning	240,000	-	-	-	240,000
J L Hope	500,000	-	-	130,000	630,000
B R McCullagh	5,430,000	-	-	-	5,430,000
KD Park	-	-	-	-	-
M J Pyle*	-	-	-	970,000	970,000
	<b>11,873,597</b>	<b>-</b>	<b>-</b>	<b>1,363,000</b>	<b>13,236,597</b>
<b>Executive</b>					
M Whittle	5,490,000	-	-	23,167	5,513,167
<b>Total</b>	<b>17,363,597</b>	<b>-</b>	<b>-</b>	<b>1,386,167</b>	<b>18,749,764</b>

<b>2009</b>	<b>Balance at 1 July 2008</b>	<b>Granted as compensation</b>	<b>Exercised</b>	<b>Bought/ (Sold)</b>	<b>Balance at 30 June 2009</b>
<b>Directors</b>					
R J Davis	5,570,005	-	-	133,592	5,703,597
A R Dinning	240,000	-	-	-	240,000
J L Hope	330,000	-	-	170,000	500,000
B R McCullagh	5,410,000	-	-	20,000	5,430,000
	<b>11,550,005</b>	<b>-</b>	<b>-</b>	<b>323,592</b>	<b>11,873,597</b>
<b>Executive</b>					
M Whittle	5,490,000	-	-	-	5,490,000
<b>Total</b>	<b>17,040,005</b>	<b>-</b>	<b>-</b>	<b>323,592</b>	<b>17,363,597</b>

\*Appointed on 24 May 2010 and already owned shares.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 25: RELATED PARTY DISCLOSURE (CONT)**

**(e) Options holding of key management personnel**

<b>2010</b>	<b>Balance at 1 July 2009</b>	<b>Granted as compensation</b>	<b>Exercised</b>	<b>Bought/ (Sold)</b>	<b>Balance at 30 June 2010</b>
R J Davis	3,000,000	3,000,000	-	-	6,000,000
A R Dinning	1,000,000	900,000	-	-	1,900,000
J L Hope	1,000,000	1,500,000	-	100,000	2,600,000
B R McCullagh	2,000,000	1,500,000	-	-	3,500,000
K D Park	-	-	-	-	-
M J Pyle*	-	-	-	75,000	75,000
<b>Executive</b>					
M Whittle	1,000,000	1,500,000			2,500,000
	<u>8,000,000</u>	<u>8,400,000</u>		<u>175,000</u>	<u>16,575,000</u>
<b>2009</b>	<b>Balance at 1 July 2008</b>	<b>Granted as compensation</b>	<b>Exercised</b>	<b>Bought/ (Sold)</b>	<b>Balance at 30 June 2010</b>
R J Davis	3,000,000	-	-	-	3,000,000
A R Dinning	1,000,000	-	-	-	1,000,000
J L Hope	1,000,000	-	-	-	1,000,000
B R McCullagh	2,000,000	-	-	-	2,000,000
<b>Executive</b>					-
M Whittle	1,000,000	-	-	-	1,000,000
	<u>8,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000,000</u>

\*Appointed on 24 May 2010 and already owned options.

**NOTE 26: EVENTS SUBSEQUENT TO REPORTING DATE**

No other matters or circumstances have arisen since the end of the financial period which 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 financial years.

**NOTE 27: COMPANY DETAILS**

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

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**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 and consolidated entity's financial position as at 30 June 2010 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

Date: 28 September 2010



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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 Ltd (the company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration, of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year.

**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 controls 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 the financial report, comprising the financial statements and notes complies with International Financial Reporting Standards.

**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.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**Auditor's Opinion**

In our opinion:


- a. the financial report of Syndicated Metals Ltd is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2010 and of their 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;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

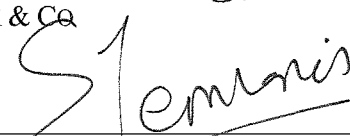
**Report on Remuneration Report**

We have audited the Remuneration Report included in pages 8 to 10 of the director's report for the year ended 30 June 2010. 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.

**Auditor's Opinion**

In our opinion the remuneration report of Syndicated Metals Ltd for the year ended 30 June 2010, complies with Section 300A of the Corporations Act 2001.

  
\_\_\_\_\_  
MACK & CO

  
\_\_\_\_\_  
S S FERMANIS  
PARTNER  
WEST PERTH

DATE: 28 SEPTEMBER 2010

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**CORPORATE GOVERNANCE STATEMENT**

**Statement**

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. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principles & 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 the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. 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.

**Disclosure of Corporate Governance Practices**

**Summary Statement**

	ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>		ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4 <sup>3</sup>	n/a	n/a
Recommendation 1.3 <sup>3</sup>	n/a	n/a	Recommendation 5.1	✓	
Recommendation 2.1		✓	Recommendation 5.2 <sup>3</sup>	n/a	n/a
Recommendation 2.2		✓	Recommendation 6.1	✓	
Recommendation 2.3	✓		Recommendation 6.2 <sup>3</sup>	n/a	n/a
Recommendation 2.4		✓	Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6 <sup>3</sup>	n/a	n/a	Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4 <sup>3</sup>	n/a	n/a
Recommendation 3.2	✓		Recommendation 8.1		✓
Recommendation 3.3 <sup>3</sup>	n/a	n/a	Recommendation 8.2	✓	
Recommendation 4.1		✓	Recommendation 8.3 <sup>3</sup>	n/a	n/a
Recommendation 4.2		✓			

1 Indicates where the Company has followed the Principles & Recommendations.

2 Indicates where the Company has provided "if not, why not" disclosure.

3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**CORPORATE GOVERNANCE STATEMENT**

**Website Disclosures**

Further information about the Company's charters, policies and procedures may be found at the Company's website at [www.syndicatedmetals.com.au](http://www.syndicatedmetals.com.au), under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the recommendations to which they relate, are set out below.

<b>Charters</b>	<b>Recommendation(s)</b>
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3
<b>Policies and Procedures</b>	
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Policy for Trading in Company Securities (summary)	3.2, 3.3
Code of Conduct (summary)	3.1, 3.3
Policy on ASX Listing Rule Compliance (summary) and Compliance Procedure (summary)	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

**Disclosure – Principles & Recommendations**

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2009/2010 financial year ("**Reporting Period**").

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**Principle 1 – Lay solid foundations for management and oversight**

**Recommendation 1.1:**

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

**Disclosure:**

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
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**CORPORATE GOVERNANCE STATEMENT**

**Recommendation 1.2:**

Companies should disclose the process for evaluating the performance of senior executives.

**Disclosure:**

The Managing Director is responsible for evaluating the performance of senior executives. As the Company currently employs one permanent employee, a senior executive, and the Company is in the early stages of development, the performance evaluation of the senior executive is undertaken on an ongoing and informal basis. (No formal interviews were conducted.)

**Recommendation 1.3:**

Companies should provide the information indicated in the *Guide to reporting on Principle 1*.

**Disclosure:**

During the Reporting Period an evaluation of the senior executive took place in accordance with the process disclosed at Recommendation 1.2. Please refer to the section above marked Website Disclosures.

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**Principle 2 – Structure the board to add value**

**Recommendation 2.1:**

A majority of the Board should be independent directors.

**Notification of Departure:**

The Board does not comprise a majority of independent directors. From the beginning of the Reporting Period until the appointment of Ki Deok Park on 15 February 2010, the four member Board comprised an equal number of independent (Jan Hope and Andrew Dinning) and non-independent (Russell Davis and Bruce McCullagh) directors. With the appointment of Ki Deok Park, a non-independent director, the Board had a majority of non-independent directors. On 24 May 2010, the Board appointed its independent Chair, Martin Pyle, from which date the six member Board was comprised of an equal number of independent, and non-independent directors, then Andrew Dinning resigned on August 3 2010.

The independent directors of the Board now comprise Martin Pyle (appointed on 24 May 2010) and Jan Hope, and the non-independent directors of the Board are Bruce McCullagh, Russell Davis and Ki Deok Park (appointed on 11 February 2010).

**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. In particular, the five member Board includes members with disciplines from geology, corporate advisory, finance and public and investor relations, such that the combined expertise and judgement means that the Board is able to adequately discharge its responsibilities and has an adequate understanding of current and emerging business.

**Recommendation 2.2:**

The Chair should be an independent director.

**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES  
A.B.N 61 115 768 986**

**CORPORATE GOVERNANCE STATEMENT**

**Notification of Departure:**

The Chair was not an independent director for the majority of the Reporting Period.

**Explanation for Departure:**

For the majority of the Reporting Period (until 24 May 2010), the Company considered that Mr McCullagh was the most appropriate person for the position of Chair because of his industry experience. The Company had also appointed a lead independent director to take the role of Chair when Mr McCullagh was unable to act in that capacity as a result of his lack of independence. However, on 24 May 2010, the Board appointed Mr Pyle who is an independent non-executive director, and chairman. Accordingly, the Company now complies with Recommendation 2.2.

**Recommendation 2.3:**

The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

**Disclosure:**

The Managing Director is Mr Davis, who is not Chair of the Board.

**Recommendation 2.4:**

The Board should establish a Nomination Committee.

**Notification of Departure:**

The Company has not established a separate Nomination Committee.

**Explanation for Departure:**

Given the current size and composition of the Company, the Board considers that no efficiencies or other benefits would be gained by establishing a separate Nomination Committee. Accordingly, the full Board performs the role of Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

**Recommendation 2.5:**

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

**Disclosure:**

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Board is also responsible for evaluating the Managing Director.

The Chair continually assesses the ongoing performance of the Board and of the non-executives directors through regular contact. The Managing Director is evaluated on an ongoing informal basis by the Board.

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**Recommendation 2.6:**

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

**Disclosure:**

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

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

**Identification of Independent Directors**

The independent directors of the Company are Martin Pyle (appointed on 24 May 2010), and Jan Hope. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

**Company's Materiality Thresholds**

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will 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 rights 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.

**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 Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

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**CORPORATE GOVERNANCE STATEMENT**

**Nomination Matters**

The full Board, in its capacity as the Nomination Committee, held two meetings during the Reporting Period. All Board members were in attendance at the Committee meetings except for Mr Park, who was appointed at the first Committee meeting, and was absent from the second Committee meeting which appointed Mr Pyle. Mr Pyle did not attend any of the Committee meetings having not yet been appointed to the Board at the time any the Committee meetings were held.

To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter (which is available on the Company's website).

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

**Performance Evaluation**

During the Reporting Period a performance evaluation of the Board, individual directors and any applicable committees took place in accordance with the process disclosed at Recommendation 2.5.

**Selection and (Re)Appointment of Directors**

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it evaluates the range of skills, experience and expertise of the existing Board; considers the balance of independent directors on the Board as well as the particular skills and qualifications of potential candidates that will best increase the Board's effectiveness. A potential candidate is considered with reference to their skills and expertise in relation to other Board members. If relevant, the Nomination Committee recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next annual general meeting. The Board's Policy and Procedure for Selection and (Re)Appointment of Directors is available on the Company's website. Please refer to the section above marked Website Disclosure.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the Director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

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**Principle 3 – Promote ethical and responsible decision-making**

**Recommendation 3.1:**

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

**Disclosure:**

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.



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**Recommendation 3.2:**

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

**Disclosure:**

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees.

**Recommendation 3.3:**

Companies should provide the information indicated in the *Guide to reporting on Principle 3*.

**Disclosure:**

Please refer to the section above marked Website Disclosures.

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**Principle 4 – Safeguard integrity in financial reporting**

**Recommendations 4.1 and 4.2:**

The Board should establish an Audit Committee and the Audit Committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

**Notification of Departure:**

The Company has not established a separate Audit Committee. Accordingly, it is not structured in accordance with Recommendation 4.2.

**Explanation for Departure:**

The Board considers that given the size of the Company there would be no efficiencies or other benefits gained by establishing a separate Audit Committee. Accordingly, the full Board performs the role of Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Audit Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

The Board monitors Company policies and procedures to maintain the integrity of the financial reporting to safeguard assets of the Company, review all financial reports and any changes to accounting policies.

The external auditor, Mack & Co, attends the Company's annual general meeting, and is available to answer questions at that meeting.

The Audit Committee comprises all members of the Board being Mr McCullagh and Mr Davis who are executive and non-independent directors, Mr Park who is a non-independent and non-executive director and Mr Pyle and Ms Hope who are independent non-executive directors. The Chair of the Board, Mr Pyle, is also the Chair of the Audit Committee since his appointment on 24 May 2010.

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**Recommendation 4.3:**

The Audit Committee should have a formal charter.

**Disclosure:**

The Company has adopted an Audit Committee Charter.

**Recommendation 4.4:**

Companies should provide the information indicated in the *Guide to reporting on Principle 4*.

**Disclosure:**

The full Board, in its capacity as the Audit Committee, held one meeting during the Reporting Period. All Board members were in attendance at the Audit Committee meeting except for Messrs Park and Pyle who had not yet been appointed to the Board at the time the Committee meeting was held. To assist the Board to fulfil its function as the Audit Committee, it has adopted an Audit Committee Charter (which is available on the Company's website).

The explanation for departure set out under Recommendation 4.1 above explains how the functions of the Audit Committee are performed.

Details of each of the director's qualifications are set out in the Directors' Report.

All of the directors consider themselves to be financially literate. Mr Davis holds Masters of Business Administration and Mr Davis is also a member of the Australasian Institute of Mining and Metallurgy and a Fellow of the Financial Services Institute of Australasia. Mr McCullagh is a Certified Practicing Accountant and a member of the Institute of Chartered Secretaries. Mr Park is an experienced accountant and business manager. Mr Pyle is an experienced corporate finance executive. All of the directors have experience and understanding of the industry in which the Company operates. Their qualifications and experience enable them to satisfy the tests of financial literacy, financial expertise and industry knowledge.

The Company has established procedures for the selection, appointment and rotation of its external auditor (which is available on the Company's website). The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

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**Principle 5 – Make timely and balanced disclosure**

**Recommendation 5.1:**

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

**Disclosure:**

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

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**Recommendation 5.2:**

Companies should provide the information indicated in the *Guide to reporting on Principle 5*.

**Disclosure:**

Please refer to the section above marked Website Disclosures.

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**Principle 6 – Respect the rights of shareholders**

**Recommendation 6.1:**

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

**Disclosure:**

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

**Recommendation 6.2:**

Companies should provide the information indicated in the *Guide to reporting on Principle 6*.

**Disclosure:**

Please refer to the section above marked Website Disclosures.

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**Principle 7 – Recognise and manage risk**

**Recommendation 7.1:**

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

**Disclosure:**

The Board is responsible for approving the Company's policies on risk oversight and management, which is directed towards taking advantage of potential opportunities, while managing potential adverse effects, and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks.

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In fulfilling the duties of risk management, the Managing Director has unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter he believes appropriate.

The Board has also taken additional positive steps to satisfy itself that management is effectively managing material business risks. The Board communicates informally as required, and also meets formally, on a quarterly basis to receive reports on operational activities, financial reports including commentary on internal controls, safety, native title and cultural issues, any conflicts of interests and employment issues. Internal financial controls include the provision for two directors to sign-off on all disbursements. Cash not immediately required is lodged in recognised banks. Financial and statutory reporting is monitored by the Company Secretary.

The following risk management measures have been adopted by the Board to manage the Company's material business risks:

- established authority limits for management;
- a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

**Categories of risk indentified:**

**Market Related**

Marketing of the Company to enhance the share price and encourage new investment is conducted via the medium of announcements to the Australian Securities Exchange, presentations at conferences and the use of media services. Risk of any incorrect content being published is minimised as announcements to the ASX are first circulated to board members for comment, prior to being released. Other risks to the market value of the company include the value of metal prices and market perception, to investors, of Australia being a high sovereign risk, following indications of unfavourable changes in federal tax rates on mining enterprises.

**Operational**

Regular operational reports are prepared, circulated and compared against operational timeframes. The company plans its field exploration activities around historical weather patterns by endeavouring to avoid the cyclone season in western Queensland, which at worst can disrupt field operations. Management is very conscious of the welfare of personnel, field employees and contractors and all are made aware of safety guidelines. Safety is an agenda item at Board level. Equipment is maintained to a high standard. The company has insurance policies in place for personnel and at a corporate level.

**Financial Reporting**

Regular monthly financial reports are prepared and budget comparisons made. Internal financial controls are in place including the provision that dual authority of two directors is required for any disbursement. With exploration costs being a major item of expenditure, all claims are vetted by the Exploration Manager, prior to being submitted for payment. Cash not immediately required is invested in term deposits with recognised banks. Financial and statutory reporting is monitored by the Company Secretary.

**Environmental**

With the Company presently being in the exploration phase, no major land clearing is necessary. The landscape is harsh, hilly and rocky and operations require only small cleared levelled drill pads, connected by graded access tracks, which also serve as firebreaks. When drilling is completed, the cleared area can simply be scarified and seeded. There is minimal risk of any excess clearing as it is difficult, and expensive.

**Legal and Compliance**

The Company has procedures in place for compliance with continuous disclosure obligations under the ASX Listing Rules, and Corporations Act, and has adopted a Corporate Governance Manual which contains policies and procedures to assist the Company establish and maintain its practices..

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**Recommendation 7.2:**

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

**Disclosure:**

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from the Managing Director as to the effectiveness of the Company's management of its material business risks.

**Recommendation 7.3:**

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 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 risks.

**Disclosure:**

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board 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 risk.

**Recommendation 7.4:**

Companies should provide the information indicated in the *Guide to reporting on Principle 7*.

**Disclosure:**

The Board has received the report from the Managing Director under Recommendation 7.2.

The Board has received the assurance from the Managing Director and the Chief Financial Officer under Recommendation 7.3.

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**Principle 8 – Remunerate fairly and responsibly**

**Recommendation 8.1:**

The Board should establish a Remuneration Committee.

**Notification of Departure:**

The Company has not established a separate Remuneration Committee.

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**Explanation for Departure:**

Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings, when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Remuneration Committee by ensuring the director with conflicting interests is not party to the relevant discussions. For example, no directors participate in any deliberations regarding their own remuneration issues.

**Recommendation 8.2:**

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

**Disclosure:**

Non-executive directors are remunerated at market rates (for comparable companies) for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. The Company may grant options to non-executive directors, in order to reward their efforts and provide them with additional incentive to continue those efforts for the benefit of the Company.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board.

**Recommendation 8.3:**

Companies should provide the information indicated in the *Guide to reporting on Principle 8*.

**Disclosure:**

The Company's policy on remuneration is included in the Directors' Report

No meetings were held by the full Board in its capacity as the Remuneration Committee during the Reporting Period.

To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter (which is available on the Company's website).

The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Policy prohibits transactions or arrangements which limit the economic risk of participating in unvested entitlements.

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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	1	1
1,001 – 5,000	53	202,481
5,001 – 10,000	92	856,933
10,001 – 100,000	179	7,906,478
100,001 – 9,999,999,999	86	62,284,112
	411	71,250,005

b. There are 28 shareholders holding unmarketable parcels totaling 72,482 shares.

	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:		
Korea Zinc Co Ltd	10,600,000	14.88
Russell John Davis together with group members Davis Superannuation Fund and Davis Investment Account	5,936,597	8.33
McCullagh Superannuation Fund	5,430,000	7.62
Mark Whittle together with group member Htsam Holdings Pty Ltd	5,323,167	7.73
Brent Earl Green	5,232,392	7.34
Daniel Johnson	5,046,079	7.08

**Unlisted Options**

d.

Total Number	Exercise Price cents	Expiry Date	Number of Holders
500,000	40	August 30 2011	1
8,000,000	30	September 12 2012	5
1,000,000	40	October 31 2012	1
600,000	25	November 30 2014	3
2,800,000	35	November 30 2014	5
2,800,000	45	November 30 2014	5
2,800,000	55	November 30 2014	5
18,500,000			25

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**ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

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.

f. **20 Largest Shareholders – Ordinary Shares**

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Sun Metals Corporation Pty Ltd	6,000,000	8.42
McCullagh Accounting Pty Ltd<McCullagh Superannuation Fund >	5,410,000	7.59
Mark Whittle	5,323,167	7.47
Brent Earl Green	5,232,392	7.34
Russell John Davis	5,000,005	7.02
Daniel Johnson	5,000,000	7.02
Colwell Kennedy Australia	4,600,000	6.46
Cen Pty Ltd	2,000,000	2.81
Jemaya Pty Ltd< the Featherby Family A/C>	1,800,000	2.53
Ottomin Investment Group Pty Ltd <Ottomin Investment A/C>	1,299,500	1.82
Clive Brown & Cynthia Margaret Brown <The Brown Family A/C>	1,000,000	1.40
Whittingham Securities Pty Ltd	1,000,000	1.40
Donald Norman Coultas	640,000	0.90
Javron Pty Ltd <Jan Lockett Super Fund>	630,000	0.88
Bushsands Pty Ltd <the Roger Staunton A/C>	500,000	0.70
James Colby and Paula Charmaine Colby <Colby Super Fund>	500,000	0.70
Russell John Davis & Susan Valerie Davis <Davis Superfund A/C>	500,000	0.70
Philip Wall	500,000	0.70
Nutsville Pty Ltd	500,000	0.70
Martin James Pyle <M Pyle Super Fund>	490,000	0.69
	<b>47,925,064</b>	<b>67.26</b>



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**ADDITIONAL INFORMATION FOR LISTED COMPANIES**

**Listed Options – exercisable at 20 cents expiring December 30 2011**

**g. 20 Largest Option holders**

Name	Number of Options Held	% Held of Options
Colwell Kennedy Australia Pty Ltd	2,300,000	33.09
Clodene Pty Ltd	650,000	9.35
Imperium Nominees Pty Ltd	500,000	7.19
Lawrence Crowe Consulting Pty Ltd	405,000	5.83
Ottomin Investment Group Pty Ltd <Ottomin Investment A/C>	300,000	4.32
Jacobs Corporation Pty Ltd	250,000	3.60
Symington Pty Ltd	150,000	2.16
Wave Super Pty Ltd	150,000	2.16
Terrence Williamson & Jonine Jancey <Wiljan Super Fund >	150,000	2.16
Kautag Pty Ltd	110,000	1.58
Calama Holdings Pty Ltd <Mambat Super Fund>	100,000	1.44
Corporate Property Services Pty Ltd <K W Share A/C>	100,000	1.44
Peter Michael Jankowski <Family A/C>	100,000	1.44
Javron Pty Ltd <Jan Lockett Super Fund >	100,000	1.44
Leeluk Pty Ltd <Schoonen Super Fund>	100,000	1.44
Malvern Pty Ltd <Malvern Investment Fund>	100,000	1.44
Stuart John McIntosh	100,000	1.44
Momcor Pty Ltd <Momber Super Fund>	100,000	1.44
John William Mullally <Investment Account>	100,000	1.44
Octifil Pty Ltd	100,000	1.44
	<b>5,965,000</b>	<b>85.83</b>

	Number of option holders	Number of Options
h. Distribution of 20 cent Option Holders Category (size of holding)		
1 – 1,000	-	-
1,001 – 5,000	17	42,500
5,001 – 10,000	1	10,000
10,001 – 100,000	28	1,932,500
100,001 – 2,300,000	10	4,965,000
	<b>56</b>	<b>6,950,000</b>