

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

FINANCIAL REPORT FOR THE HALF YEAR ENDED
31 DECEMBER 2008

SYNDICATED METALS LIMITED

A.B.N 61 115 768 986

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SYNDICATED METALS LIMITED

A.B.N 61 115 768 986

CORPORATE DIRECTORY

Directors

Bruce McCullagh

Russell Davis

Andrew Dinning

Jan Hope

Company Secretary

Bruce McCullagh

Registered Offices

Level 1

68 Hay Street

Subiaco WA 6008

T: 618 9380 9440

F: 618 9380 9449

Auditors

Mack & Co

Level 2

35 Havelock Street

WEST PERTH WA 6005

Share Registry

Computershare Investor Services Pty Ltd

Level 2

Reserve Bank Building

45 St Georges Terrace

PERTH WA 6000

SYNDICATED METALS LIMITED

A.B.N 61 115 768 986

DIRECTORS' REPORT

Your directors submit the financial accounts of the company for the half year ended 31 December 2008.

DIRECTORS

The following persons were directors of Syndicated Metals Limited during the whole of the half-year and up to the date of this report:

Bruce McCullagh
Russell Davis
Andrew Dinning
Jan Hope

Bruce McCullagh also holds the position of company secretary.

PRINCIPAL ACTIVITIES

The principal activity of the Company is mineral exploration.

OPERATING RESULTS

The net loss of the Company for the financial period after provision for income tax was \$367,361.

DIVIDENDS PAID OR RECOMMENDED

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

REVIEW OF OPERATIONS

The Company's principal focus of activity during the half year was the Mount Remarkable Project located in the Mount Isa Region in Northwest Queensland. Positive results from drilling and sampling programs allowed a maiden mineral resource estimate to be determined for the Barbara copper deposit located 50 kilometres northeast of Mount Isa. Mining and metallurgical studies were initiated. Further work is planned.

The Company's joint venture partner in the Kalman South Project located 60 kilometres to the southeast of Mount Isa reported several significant copper-molybdenum-rhenium-gold results from drilling of the Kalman deposit along with an updated mineral resource estimate in September 2008. Pre-development studies are continuing. The Company does not fund any of the exploration activities at Kalman until completion of a final feasibility study.

Data compilation continued on the phosphate projects at Dandaragan and Exmouth in Western Australia and the Georgina Basin in Queensland. Initial soil sampling program was completed at Exmouth.

At the end of the half year the Company had \$4,001,577 in cash and deposits.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half year ended 31 December 2008 has been received and is included in the financial report.

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



Bruce McCullagh
Director

Date: MARCH 11 2009

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

I declare that to the best of my knowledge and belief, during the half year ended 31 December 2008 there have been:

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

Mack & Co

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

N A Calder

N A Calder, Partner

MARCH 11 2009

Date

SYNDICATED METALS LIMITED

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF SYNDICATED METALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the half-year financial report of Syndicated Metals Limited (the company) which comprises the balance sheet as at 31 December 2008 and the income statement, cash flow statement and statement of changes in equity for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration at the half-year end.

Director's Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. Our review has been conducted in accordance with Auditing Standards on Review Engagements ASRE 2410 Review on an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001 and other mandatory financial reporting requirements in Australia. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

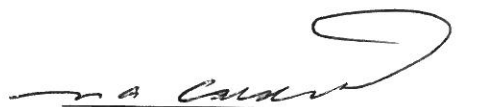
Conclusion

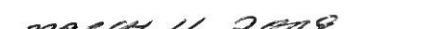
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Syndicated Metals Limited is not in accordance with the Corporations Act 2001 including:

- A. giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



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


N A Calder, Partner


Date


SYNDICATED METALS LIMITED
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 AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Bruce McCullagh
Director

Date: MARCH - 11 - 2009

SYNDICATED METALS LIMITED
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INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	31 December 2008 \$	31 December 2007 \$
Interest received	153,102	46,879
(Loss) on sale of investment	-	(2,571)
	<u>153,012</u>	<u>44,308</u>
 Borrowing costs	 (2,493)	 (703)
Share based payments	(213,384)	(3,000)
Depreciation	(26,482)	-
Other expenses	(259,293)	(140,656)
	<u>(501,652)</u>	<u>(144,359)</u>
 (Loss) before unrealised losses	 (348,640)	 (100,051)
Change in fair value of investments	(18,721)	(48,536)
(Loss) before income tax benefit	(367,361)	(148,587)
Income tax benefit	-	21,873
 (Loss) after income tax expense	 <u>(367,361)</u>	 <u>(126,714)</u>
	 Cents	 Cents
Basic (Loss) / Earnings per share (cents per share)	(0.64)	(0.22)
Diluted (Loss) / Earnings per share (cents per share)	(0.64)	(0.22)

The accompanying notes form part of these financial statements

SYNDICATED METALS LIMITED
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BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents		4,001,577	4,879,833
Trade and other receivables		85,648	206,217
Investments		13,868	32,589
TOTAL CURRENT ASSETS		<u>4,101,093</u>	<u>5,118,639</u>
NON CURRENT ASSETS			
Property plant and equipment		146,793	170,451
Exploration and evaluation expenditure		2,038,692	1,190,311
TOTAL NON CURRENT ASSETS		<u>2,185,485</u>	<u>1,360,762</u>
TOTAL ASSETS		<u>6,286,578</u>	<u>6,479,401</u>
CURRENT LIABILITIES			
Trade and other payables		75,383	119,470
Financial liabilities		8,992	11,786
Short term provisions		28,790	17,836
TOTAL CURRENT LIABILITIES		<u>113,165</u>	<u>149,092</u>
NON CURRENT LIABILITIES			
Financial liabilities		35,557	38,476
TOTAL NON CURRENT LIABILITIES		<u>35,557</u>	<u>38,476</u>
TOTAL LIABILITIES		<u>148,722</u>	<u>187,568</u>
NET ASSETS		<u>6,137,856</u>	<u>6,291,833</u>
EQUITY			
Issued capital		6,230,011	6,230,011
Option reserve	7	392,484	179,100
Accumulated (loss)		(484,639)	(117,278)
TOTAL EQUITY		<u>6,137,856</u>	<u>6,291,833</u>

The accompanying notes form part of these financial statements.

SYNDICATED METALS LIMITED

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

	Issued Capital	Option Premium Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2007	50,001	-	51,038	101,039
Fair value of options issued	-	3,000	-	3,000
Issue of fully paid ordinary shares	6,835,000	-	-	6,835,000
Less capital raising costs	(642,436)	-	-	(642,436)
Loss attributable to members of the entity	-	-	(126,714)	(126,714)
Balance at 31 December 2007	<u>6,242,565</u>	<u>3,000</u>	<u>(75,676)</u>	<u>6,169,889</u>
Balance at 1 July 2008	6,230,011	179,100	(117,278)	6,291,833
Fair value of options issued	-	213,384	-	213,384
Net loss	-	-	(367,361)	(367,361)
Balance at 31 December 2008	<u>6,230,011</u>	<u>392,484</u>	<u>(484,639)</u>	<u>6,137,856</u>

The accompanying notes form part of these financial statements.

SYNDICATED METALS LIMITED
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STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	31 December 2008 \$	31 December 2007 \$
Cash flow from/(used in) operating activities		
Payments to suppliers	(282,182)	(148,917)
Interest paid	(2,493)	(703)
Interest received	267,426	37,240
	<u>(17,249)</u>	<u>(112,380)</u>
Cash flow (used in) operating activities		
Cash flow from/(used in) investing activities		
Payments for exploration and development	(858,183)	(28,562)
Payments for equipment	(2,824)	-
Proceeds from sale of investments	-	46,930
	<u>(861,007)</u>	<u>18,368</u>
Cash flow (used in)/from investing activities		
Cash flow from/(used in) financing activities		
Proceeds from share issue	-	6,735,000
Payments for capital raising costs	-	(542,436)
Repayment of loan	-	(45,000)
	<u>-</u>	<u>6,147,564</u>
Cash flow from financing activities		
Net (decrease)/increase in cash and cash equivalents	(878,256)	6,053,552
Cash and cash equivalents at start of period	4,879,833	3,971
Cash and cash equivalents at end of period	<u>4,001,577</u>	<u>6,057,523</u>

The accompanying notes form part of these financial statements.

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

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 1: BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

The half year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Syndicated Metals Limited (company) during the interim reporting period in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the company and are consistent with those in the June 2008 financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The half year report does not include full disclosures of the type normally included in an annual financial report.

Going Concern

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

Exploration and Evaluation Expenditure

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.

NOTE 2: SEGMENT REPORTING

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

NOTE 3: CONTINGENT ASSETS AND LIABILITIES

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

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen subsequent to 31 December 2008 that has significantly affected, or may significantly affect:

- (a) the company's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the company's state of affairs in future financial years.

NOTE 5: DIVIDENDS

No dividend has been paid or provided for during the half-year ended 31 December 2008.

SYNDICATED METALS LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 6: COMMITMENTS

The company is planning to incur the following expenditure:

	Within 6 months	Within 7 - 12 months	Within 13 - 18 months	TOTAL
Corporate	236,298	260,326	240,000	736,624
Exploration	514,567	489,751	460,000	1,463,318
TOTAL	750,865	750,077	700,000	2,200,942

31 December 2008 \$	31 December 2007 \$
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NOTE 7: OPTION RESERVE

Option reserve

392,484	179,100
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Movement in reserve

Balance 1 July 2008

179,100

Options issued (i)

150,070

Options issued (ii)

63,314

Balance 31 December 2008

392,484

	(i)	(ii)
Underlying security spot price	\$0.20	\$0.20
Exercise price	\$0.30	\$0.40
Volatility	125%	125%
Risk free rate	5.15%	5.15%
Valuation date	28 November 2008	23 September 2008
Expiration date	3 September 2012	30 August 2011
Expiration period (years)	3.77	2.93
Number of options	1,000,000	500,000
Valuation per option	\$0.150	\$0.127
Valuation per tranche	\$150,070	\$63,314