



**SYNDICATED METALS LIMITED  
AND CONTROLLED ENTITIES**

**ABN 61 115 768 986**

**FINANCIAL REPORT FOR THE HALF YEAR ENDED**

**31 DECEMBER 2013**



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

**CORPORATE DIRECTORY**

**DIRECTORS**

Peter Langworthy (Non-executive Chairman)  
Andrew Munckton (Managing Director)  
David Morgan (Non-executive Director)  
Brendan James (Non-executive Director)

**REGISTERED OFFICE**

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

**SOLICITORS**

Gilbert + Tobin  
1202 Hay Street  
West Perth, WA 6005

**AUDITORS**

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

**SHARE REGISTRY**

Computershare Investor Services Pty Limited  
Level 2, 45 St Georges Terrace  
Perth, WA 6000  
Telephone: (08) 9323 2000  
Facsimile: (08) 9323 2033

**STOCK EXCHANGE LISTING**

Australian Securities Exchange  
Home Exchange: Perth, Western Australia  
Codes: SMD, SMDO

**BANK**

Westpac Banking Corporation  
1257 Hay Street  
West Perth, WA 6005

**SYNDICATED METALS LIMITED  
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ABN 61 115 768 986**

**DIRECTORS' REPORT**

Your directors submit the financial accounts of Syndicated Metals Limited and controlled entities (the Group) for the half year ended 31 December 2013.

**DIRECTORS**

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

Mr Peter Langworthy  
Mr Andrew Munckton  
Mr David Morgan  
Mr Brendan James (appointed 23 September 2013)

**PRINCIPAL ACTIVITIES**

The principal activity of the Group is mineral exploration.

**OPERATING RESULTS**

The net loss of the Group for the financial period after provision for income tax was \$381,179 (2012: \$326,584).

**DIVIDENDS PAID OR RECOMMENDED**

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

**REVIEW OF OPERATIONS**

The Company's principal focus of activity during the half year ended 31 December 2013 was base metal and gold exploration at its Mount Isa projects in north-west Queensland.

In September 2013 Syndicated put in place the key foundations required to underpin its entry to the copper business in the world-class Mt Isa region of Northwest Queensland by securing the technical, financial and corporate backing of North Queensland copper producer CopperChem Limited, a wholly-owned subsidiary of the WH Soul Pattinson Group (ASX: SOL), an ASX-100 listed company.

Syndicated executed two agreements with CopperChem for the joint exploration and development of the Company's flagship Barbara Copper-Gold Project, located 60km north-east of Mt Isa in North Queensland, crystallising the transactions outlined in the MOU which were announced in June 2013.

In addition, CopperChem agreed to subscribe for 26.1 million fully-paid Syndicated shares at an issue price of 2 cents per share raising \$522,000 and, separately, agreed to an off-market purchase of 12.5 million shares held by Santana Minerals, representing a 7% stake in Syndicated.

These two equity transactions resulted in CopperChem becoming Syndicated's largest shareholder with a cornerstone holding of approximately 18.9%, as well as being Syndicated's 50/50 joint venture partner on the Barbara Project.

In October 2013 Syndicated and CopperChem commenced work on the initial in-fill and extensional drilling program at the Barbara Project as part of the Joint Venture Feasibility Study.

Forty-five Reverse Circulation (RC) drill holes were completed for 4,332m of drilling in and around the high-grade Southern Shoot, the Northern Shoot and the intervening "Fault Gap" area. A large number of significant intersections were encountered including:

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**REVIEW OF OPERATIONS (continued)**

**Southern Shoot:**

- 42m @ 1.57% Cu *including* 9m @ 3.36% Cu in BARC083
- 18m @ 1.45% Cu *including* 10m @ 2.40% Cu in BARC081
- 27m @ 1.73% Cu *including* 11m @ 2.88% Cu in BARC112

**Northern Shoot:**

- 6m @ 2.52% Cu in BARC113

**Fault Gap:**

- 14m @ 1.72% Cu *including* 6m @ 3.30% Cu in BARC088
- 20m @ 1.48% Cu *including* 9m @ 2.61% Cu in BARC090
- 16m @ 0.69% Cu *including* 3m @ 2.02% Cu in BARC118

The results confirmed the strength of the mineralisation at Barbara and enabled the known shoots of mineralisation to be more clearly delineated. In addition, the drilling has indicated that there is significant potential for expansion of the proposed open pit at Barbara, particularly in the "Fault Gap" area at the northern end of the open pit, which was previously believed to be barren. Drilling has confirmed that the "Fault Gap" area hosts wide zones of continuous, ore grade mineralisation at depth.

Other key outcomes of the drilling include confirmation that the oxide zone persists only to 10-20m below surface and that high-grade, copper oxide ore extends to surface above the Southern Shoot.

Drilling for water supply, geotechnical and metallurgical test-work programs commenced in late-January 2014. The program for 2014 is designed to enable all outstanding technical data for the Barbara Project to be collected by mid-2014, enabling the Feasibility Study to be completed during the calendar year.

In addition to the share placement to CopperChem detailed above, in December 2013 the Company completed an Entitlement Issue and successfully placed all Shortfall shares at 3.2 cents per share, issuing 67.98m fully paid shares and raising \$2.17m.

**EVENTS SUBSEQUENT TO REPORTING DATE**

On 9 January 2014 the Company issued 2,000,000 fully paid ordinary shares at a deemed issue price of 3.2 cents per share and 5,000,000 unlisted options exercisable at 6.4 cents each and expiring 3 years from the date of issue. The shares and options were issued to Blue Ocean Equities Pty Ltd in settlement of fees owed to them for corporate advisory services provided to the Company over the second half of 2013. No additional cash consideration was payable.

Blue Ocean advised the Company on the transaction completed during the half-year with CopperChem Limited which included a cornerstone investment and joint venture over the Company's Barbara Copper-Gold Project, as well as the capital raising completed in December 2013.

The above share issue triggered the CopperChem anti-dilution right granted under the Placement Agreement signed between the Company and CopperChem in September 2013. On 10 February, 490,000 shares were issued to CopperChem at 3.7 cents per share in accordance with the formula prescribed in the Placement Agreement and raised \$18,130. This share issue allowed CopperChem to maintain their shareholding of 18.94% in the Company.

Apart from the above, no matter or circumstance has arisen subsequent to 31 December 2013 that has significantly affected, or may significantly affect the operations or the state of affairs of the Group in future financial years.

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**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 7 for the half year ended 31 December 2013.

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



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Andrew Munckton  
Managing Director

19 February 2014

***Competent Person's Compliance Statement***

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

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TO THE DIRECTORS OF SYNDICATED METALS LIMITED

In relation to our review of the financial report of Syndicated Metals Limited for the half year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

*PKF Mack and Co.*

PKF MACK & CO

*S. Fermanis*

SIMON FERMANIS  
PARTNER

19 FEBRUARY 2014  
WEST PERTH,  
WESTERN AUSTRALIA

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Note	31 December 2013 \$	31 December 2012 \$
Interest income		16,057	44,846
Profit on sale of listed securities		5,072	-
Loss on sale of tenements		(43,952)	-
Borrowing costs		(1,439)	(2,486)
Share based payments		-	(29,255)
Depreciation		(10,140)	(36,245)
Employee benefits expense		(232,026)	(311,909)
Exploration expenditure written off		(6,446)	(27,819)
Other expenses		(421,050)	(483,650)
Change in fair value of investments		-	8,043
<b>Loss before income tax</b>		<b>(693,924)</b>	<b>(838,475)</b>
Income tax (expense)/benefit	6	312,745	511,891
<b>Loss for the period</b>		<b>(381,179)</b>	<b>(326,584)</b>
<b>Other comprehensive income</b>			
Other comprehensive income (net of tax)		-	-
<b>Total comprehensive loss for the period</b>		<b>(381,179)</b>	<b>(326,584)</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share		(0.19)	(0.22)

The accompanying notes form part of these financial statements



**SYNDICATED METALS LIMITED  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013**

	Note	31 December 2013 \$	30 June 2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,869,005	897,341
Trade and other receivables		134,303	66,993
<b>TOTAL CURRENT ASSETS</b>		<b>3,003,308</b>	<b>964,334</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		141,553	174,616
Financial assets		-	14,943
Exploration and evaluation costs		8,759,803	8,395,605
<b>TOTAL NON CURRENT ASSETS</b>		<b>8,901,356</b>	<b>8,585,164</b>
<b>TOTAL ASSETS</b>		<b>11,904,664</b>	<b>9,549,498</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		498,538	284,677
Financial liabilities		24,208	23,162
Provisions		67,889	51,541
<b>TOTAL CURRENT LIABILITIES</b>		<b>590,635</b>	<b>359,380</b>
<b>NON CURRENT LIABILITIES</b>			
Financial liabilities		2,113	14,479
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>2,113</b>	<b>14,479</b>
<b>TOTAL LIABILITIES</b>		<b>592,748</b>	<b>373,859</b>
<b>NET ASSETS</b>		<b>11,311,916</b>	<b>9,175,639</b>
<b>EQUITY</b>			
Issued capital	7	21,389,982	18,872,526
Share based payments reserve	8	3,003,822	3,003,822
Accumulated losses		(13,081,888)	(12,700,709)
<b>TOTAL EQUITY</b>		<b>11,311,916</b>	<b>9,175,639</b>

The accompanying notes form part of these financial statements.

**SYNDICATED METALS LIMITED  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	<b>18,872,526</b>	<b>3,003,822</b>	<b>(12,700,709)</b>	<b>9,175,639</b>
Loss for the period	-	-	(381,179)	(381,179)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(381,179)	(381,179)
<i>Transactions with owners, recorded directly in equity</i>				
Options expired	-	-	-	-
Issue of share capital	2,697,645	-	-	2,697,645
Share issue costs	(180,189)	-	-	(180,189)
Fair value of options issued	-	-	-	-
<b>Balance at 31 December 2013</b>	<b>21,389,982</b>	<b>3,003,822</b>	<b>(13,081,888)</b>	<b>11,311,916</b>
<b>Balance at 1 July 2012</b>	<b>16,184,286</b>	<b>3,452,222</b>	<b>(7,363,765)</b>	<b>12,272,743</b>
Loss for the period	-	-	(326,584)	(326,584)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(326,584)	(326,584)
<i>Transactions with owners, recorded directly in equity</i>				
Options expired	-	(485,170)	485,170	-
Issue of share capital	2,844,585	-	-	2,844,585
Share issue costs	(151,213)	-	-	(151,213)
Fair value of options issued	-	29,255	-	29,255
<b>Balance at 31 December 2012</b>	<b>18,877,658</b>	<b>2,996,307</b>	<b>(7,205,179)</b>	<b>14,668,786</b>

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	<b>31 December 2013 \$</b>	<b>31 December 2012 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(542,849)	(703,979)
Interest paid	(1,439)	(2,486)
Interest received	17,487	37,554
R&D income tax benefit	312,745	511,891
	(214,056)	(157,020)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and evaluation	(762,119)	(1,512,339)
Purchase of property, plant and equipment	(285)	(95,288)
Payments for purchase of tenements	(1,000,000)	-
Proceeds from Joint Venture partner	1,208,549	-
Proceeds from sale of tenements	100,000	-
Proceeds from sale of listed securities	20,015	-
	(433,840)	(1,607,627)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares net of costs	2,633,380	2,698,372
Payment of hire purchase loan	(11,320)	(10,273)
Payments for security deposits	(2,500)	(3,558)
	2,619,560	2,684,541
<b>Net cash from financing activities</b>	<b>2,619,560</b>	<b>2,684,541</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>1,971,664</b>	<b>919,894</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>897,341</b>	<b>1,979,546</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,869,005</b>	<b>2,899,440</b>

The accompanying notes form part of these financial statements.

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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

**1. REPORTING ENTITY**

The financial report of Syndicated Metals Limited and its controlled entities for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 19 February 2014.

Syndicated Metals Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia and listed on the Australian Securities Exchange. The consolidated interim financial report of the Company for the six months ended 31 December 2013, comprise the Company and its subsidiaries (the "consolidated entity").

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

The consolidated financial statements of the consolidated entity as at and for the year ended 30 June 2013 are available upon request or can be downloaded from the Australian Securities Exchange website.

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

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

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**b) Basis of preparation**

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated entity's 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

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

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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
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**2. BASIS OF PREPARATION (CONT)**

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

AASB No.	Title	Issue Date	Application date of standard
AASB 9	Financial Instruments	Dec 2010	1 Jan 2015
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	Jun 2012	1 Jan 2014
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	Jun 2013	1 Jan 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting	Jul 2013	1 Jan 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities	Aug 2013	1 Jan 2014
AASB 2013-6	Amendments to AASB 136 arising from Reduced Disclosure Requirements	Sep 2013	1 Jan 2014
Interpretation 21	Levies	May 2013	1 Jan 2014

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

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

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

The key areas of judgement and estimation include:

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

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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

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

**e) Estimates**

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

In preparing these interim financial statements, significant judgment made by management in applying the consolidated entity's accounting policies and key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2013.

**f) Operating segments**

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

**g) Going concern**

The half year financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The consolidated entity incurred a loss of \$381,179 for the period ended 31 December 2013 (2012: \$326,584). Included within this loss was the write off of exploration expenditure of \$6,446 (2012: \$27,819).

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

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

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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

**NOTE 3: OPERATING SEGMENTS**

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

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

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

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

	<b>Queensland</b>	<b>Unallocated Items</b>	<b>Total</b>
	\$	\$	\$
<b>31 December 2013</b>			
Segment revenue	-	21,129	21,129
Segment net loss	50,398	330,781	381,179
Segment assets	8,910,521	2,994,143	11,904,664
Segment liabilities	209,688	383,060	592,748

	<b>Queensland</b>	<b>Unallocated Items</b>	<b>Total</b>
	\$	\$	\$
<b>31 December 2012</b>			
Segment revenue	-	44,846	44,846
Segment net loss	27,819	298,765	326,584
Segment assets	12,096,422	3,249,073	15,345,495
Segment liabilities	-	676,709	676,709

**NOTE 4: CONTINGENT ASSETS AND LIABILITIES**

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

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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

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

On 9 January 2014 the Company issued 2,000,000 fully paid ordinary shares at a deemed issue price of 3.2 cents per share and 5,000,000 unlisted options exercisable at 6.4 cents each and expiring 3 years from the date of issue. The shares and options were issued to Blue Ocean Equities Pty Ltd in settlement of fees owed to them for corporate advisory services provided to the Company over the second half of 2013. No additional cash consideration was payable.

Blue Ocean advised the Company on the transaction completed during the half-year with CopperChem Limited which included a cornerstone investment and joint venture over the Company's Barbara Copper-Gold Project, as well as the capital raising completed in December 2013.

The above share issue triggered the CopperChem anti-dilution right granted under the Placement Agreement signed between the Company and CopperChem in September 2013. On 10 February, 490,000 shares were issued to CopperChem at 3.7 cents per share in accordance with the formula prescribed in the Placement Agreement and raised \$18,130. This share issue allowed CopperChem to maintain their shareholding of 18.94% in the Company.

Apart from the above, no matter or circumstance has arisen subsequent to 31 December 2013 that has significantly affected, or may significantly affect the operations or the state of affairs of the Group in future financial years.

**NOTE 6: INCOME TAX BENEFIT**

The income tax benefit of \$312,745 (2012: \$511,891) relates to the Research and Development tax offset for the year ended 30 June 2012 which was received by the Company in July 2013.



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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
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**NOTE 7: ISSUED CAPITAL**

	31 December 2013 \$	30 June 2013 \$
(a) Issued and fully paid shares - at beginning of period	18,872,526	16,184,286
Additions during period	2,697,645	2,844,585
Less: capital issue costs net of tax	<u>(180,189)</u>	<u>(156,345)</u>
	<u>21,389,982</u>	<u>18,872,526</u>
 (b) Movements in issued and fully paid shares (ASX: SMD)		
	Number of shares	\$
Balance at the beginning of the period	177,866,755	18,872,526
Shares issued on 17 September 2013	26,100,000	522,000
Shares issued on 12 December 2013	20,441,357	654,123
Shares issued on 24 December 2013	47,547,561	1,521,522
Less: capital issue costs	<u>-</u>	<u>(180,189)</u>
Balance at the end of the period	<u>271,955,673</u>	<u>21,389,982</u>
 (c) Movements in listed options (ASX: SMDO)		
	Number of options	\$
Balance at the beginning of the period	20,318,468	-
Additions	<u>-</u>	<u>-</u>
Balance at the end of the period	<u>20,318,468</u>	<u>-</u>

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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	31 December 2013 \$	30 June 2013 \$		
<b>NOTE 8: SHARE BASED PAYMENT RESERVE</b>				
(a) Share Based Payment Reserve	3,003,822	3,003,822		
(b) Movement in share based payment reserve	Options (Number)	Performance Rights (Number)	Total (Number)	\$
Balance at the beginning of the period	13,000,000	13,200,000	26,200,000	3,003,822
Additions	-	-	-	-
Expiring	-	-	-	-
Balance at the end of the period	13,000,000	13,200,000	26,200,000	3,003,822

All of the options have vested.

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

**NOTE 9: DIVIDENDS**

No dividend has been paid or provided for during the half-year ended 31 December 2013.

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

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, of the consolidated entity are in accordance with the *Corporations Act 2001* including:
  - (a) complying with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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.



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Andrew Munckton  
Managing Director

19 February 2014

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TO THE MEMBERS OF

SYNDICATED METALS LTD

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Syndicated Metals Ltd (the Company) and controlled entities (consolidated entity) which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information of the consolidated entity comprising the Company and the entities it controlled at 31 December 2013, or during the half year.

## Yearly Financial Report

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

## Our Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the financial position and performance of the consolidated entity for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Syndicated Metals Ltd and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## Independence

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

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## Conclusion

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

- (a) \* ā ç ã } \* Á æÁ c | ~ ^ Á æ} á Á ~ æã ! Á ç ã ^ , Á [ ~ Á c @^ Á & [ ] • [ | ã áæc ^ á Á ^ and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

## Emphasis of Matters

Without modifying our opinion, we draw attention to Note 2(g) in the financial report, which confirmed that the consolidated entity incurred a net loss after tax of \$381,179 (2012: \$326,584) during the half year ended 31 December 2013. These conditions, along with other matters as set out in Note 2(g), indicates the existence of a material uncertainty that may cast significant doubt about the company and consolidated ^ } c ā c ^ q • Á æà ā | ā c ^ Á c [ Á & [ ] c ā } ~ ^ Á æ • Á æÁ \* [ ā } \* Á & [ ] & ^ ! } Á æ} á Á ^ unable to realise its assets and discharge its liabilities in the normal course of business.

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



PKF MACK & Co



SIMON FERMANIS  
PARTNER

19 FEBRUARY 2014  
WEST PERTH,  
WESTERN AUSTRALIA