



**SYNDICATED METALS LIMITED
AND CONTROLLED ENTITIES**

ABN 61 115 768 986

FINANCIAL REPORT FOR THE HALF YEAR ENDED

31 DECEMBER 2017

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

CONTENTS

CORPORATE DIRECTORY	3
DIRECTORS' REPORT	4
AUDITOR'S INDEPENDENCE DECLARATION	13
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	14
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	15
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	16
CONSOLIDATED STATEMENT OF CASH FLOWS	17
CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS	18
DIRECTORS' DECLARATION	24
INDEPENDENT AUDITOR'S REVIEW REPORT	25

**SYNDICATED METALS LIMITED
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CORPORATE DIRECTORY

DIRECTORS

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

REGISTERED OFFICE

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

SOLICITORS

Gilbert + Tobin
Level 16, Brookfield Place Tower 2
123 St Georges Terrace
Perth, WA 6000

AUDITORS

PKF Mack
Level 5, 35 Havelock Street
West Perth, WA 6005

SHARE REGISTRY

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

STOCK EXCHANGE LISTING

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

BANK

Westpac Banking Corporation
1257 Hay Street
West Perth, WA 6005

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

DIRECTORS' REPORT

Your directors submit the financial accounts of Syndicated Metals Limited and controlled entities (the Group) for the half year ended 31 December 2017.

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

The principal activity of the Group is mineral exploration and evaluation.

OPERATING RESULTS

The net loss of the Group for the financial period after provision for income tax was \$490,273 (2016: \$367,332).

DIVIDENDS PAID OR RECOMMENDED

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

REVIEW OF OPERATIONS

Overview

During the half year, the Company's exploration and evaluation of the Monument Gold Project in the Laverton region of Western Australia continued. Syndicated completed a 9,900 metre air-core drilling program in November. Planning for follow-up exploration programs is now underway with further drilling planned.

Exploration and Evaluation

Monument Gold Project (WA)

The Monument Gold Project comprises a 215km² tenement package located approximately 55km west of Laverton in the Laverton gold district of WA. The Laverton district hosts numerous multi-million ounce gold mines such as Sunrise Dam (+10Moz), Wallaby (+8Moz), Granny Smith (+2Moz) and Lancefield (+2Moz).

The package comprises twelve contiguous tenements (eight of which are granted and four applications) which lie immediately to the north-west of the 3.3Moz Mount Morgans Gold Project owned by Dacian Gold Limited (ASX: DCN) (see Figure 1).

Prior to the drilling completed during the current period, Syndicated had completed two programs of RC drilling at the Monument Project: an initial program comprising 29 RC holes and 7 diamond holes at the Korong prospect in 2016, and a limited 6-hole program at the A1 North geophysical target in early 2017. Both programs confirmed the presence of BIF-hosted gold mineralisation associated with sulphides at both Korong and A1 North, which lie within a 16km long strike length of prospective BIF and ultramafic rocks.

While this BIF horizon has been the historical focus of previous explorers, the Company also believes there is strong potential for gold mineralisation in structural positions related to the Korong East felsic intrusion and the associated faults and shear zones.

REVIEW OF OPERATIONS (CONT)

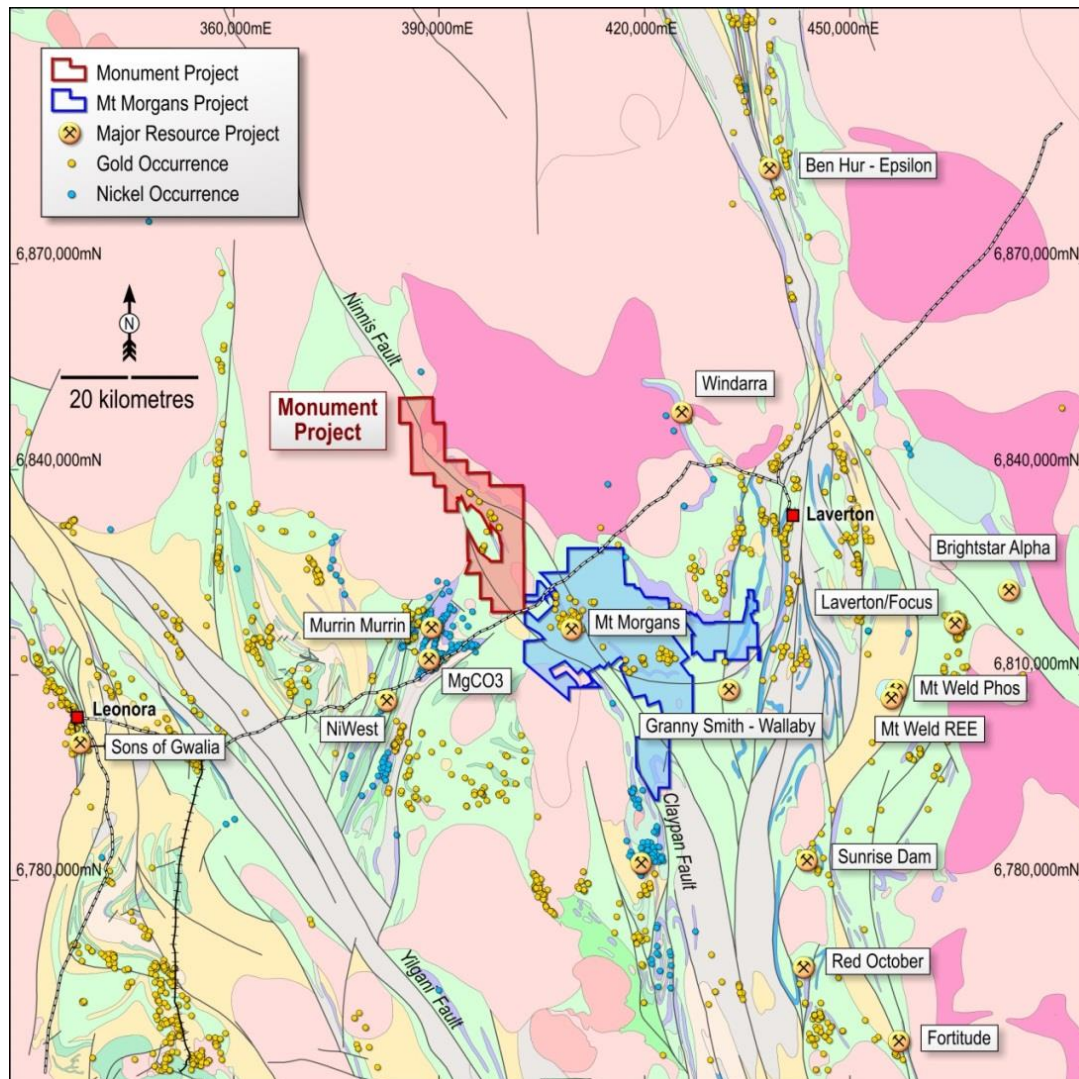


Figure 1 – Location of the Monument Gold Project showing regional geology and nearby mining operations

Monument Project Exploration Review

During the period, the Company identified an extensive felsic intrusion-related gold target at the Monument Project.

The new target, which was defined through a geological review of intrusion-related gold mineralisation in the Laverton District combined with the results of recent soil sampling programs, bears strong geological, geophysical, geochemical and structural similarities with other syenite-hosted gold deposits in the immediate area.

These include the Cameron Well prospect, the 1.4Moz Jupiter deposit located within the immediately adjoining 3.3Moz Mount Morgans Gold Project, currently being explored and developed by Dacian Gold (ASX: DCN) (refer Dacian Gold announcement 25 July 2016), as well as the +7.5Moz Wallaby gold deposit, owned by Gold Fields (see Figure 1).

**SYNDICATED METALS LIMITED
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REVIEW OF OPERATIONS (CONT)

A large, elongate felsic intrusion was defined at Korong East adjacent to the north-south trending Korong Fault which intersects the Korong-Waihi Trend between the Korong and Old Copper prospects (see Figure 2). This area contains a significant gold-in-soil anomaly approximately 4,000m long by 300m wide between Korong and Old Copper. In addition, a number of scattered gold-in-soil anomalies also lie over the Korong East felsic intrusion itself.

Soil Sampling Results

An extensive regional soil sampling program was completed during the period with three areas within the tenement package highlighted for follow up and in-fill soil sampling, including over the Korong to Old Copper area, the Korong East felsic intrusion and the Perseverance area.

All three areas previously have received very little exploration attention. Each area was sampled on a 400m by 100m spacing initially with follow up and in-fill sampling at 50m x 50m spacing over Korong to Old Copper, 100m x 100m spacing over Korong East and 100m x 25m spacing over Perseverance. Samples were submitted to Intertek laboratories for multi-element assay and low level (0.1ppb) detection of gold. Zones of anomalous gold in soil responses are highlighted at all three locations.

At Korong to Old Copper a zone of anomalous gold mineralisation approximately 4,000m long by 150m to 300m wide is encountered over the mapped ultramafic unit that sits adjacent to and west of the Korong mineralisation further north. This 4,000m long corridor has received only minor drilling at the southern end of the Korong deposit to date (see Figure 2).

The anomalous gold-in-soil positions correspond with the intersection of the Korong Ultramafic with the north-south oriented Korong Fault. This ultramafic unit hosts a number of narrow, high-grade mineralised horizons at the Westralia deposit(s) of Dacian Gold, located approximately 10km to the south-east.

At Korong East, soil sampling highlighted low-level gold-in-soil anomalism on the eastern edge of the interpreted felsic intrusive position. Gold anomalism is associated with sheared and quartz veined oxidized felsic scree and rubble, generally adjacent to the interpreted positions of north-south trending faults (refer to Figure 3).

No outcrop or subcrop of the underlying rocks was encountered in the soil sampling program.

The results generally have one or two moderately anomalous (+15ppb) samples surrounded by broader areas of weakly anomalous samples (3ppb to 15ppb). This pattern of soil anomalism may reflect the generally flat lying nature of the gold mineralisation encountered at other syenite hosted gold deposits in the area (e.g. Wallaby, Jupiter and Cameron Well).

At Perseverance, a strongly anomalous zone approximately 2,000m in length and 100m to 200m wide, 2km north-west of the Waihi prospect was highlighted.

The prominent BIF ridge that hosts the Waihi mineralisation and historical workings further south-east is not present but detailed mapping shows BIF and mafic to ultramafic sub-crop with minor historical workings underlying the gold-in-soil anomaly (see Figure 3). Gold anomalism lies generally north-west of the interpreted north-south oriented Perseverance Fault.

**SYNDICATED METALS LIMITED
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REVIEW OF OPERATIONS (CONT)

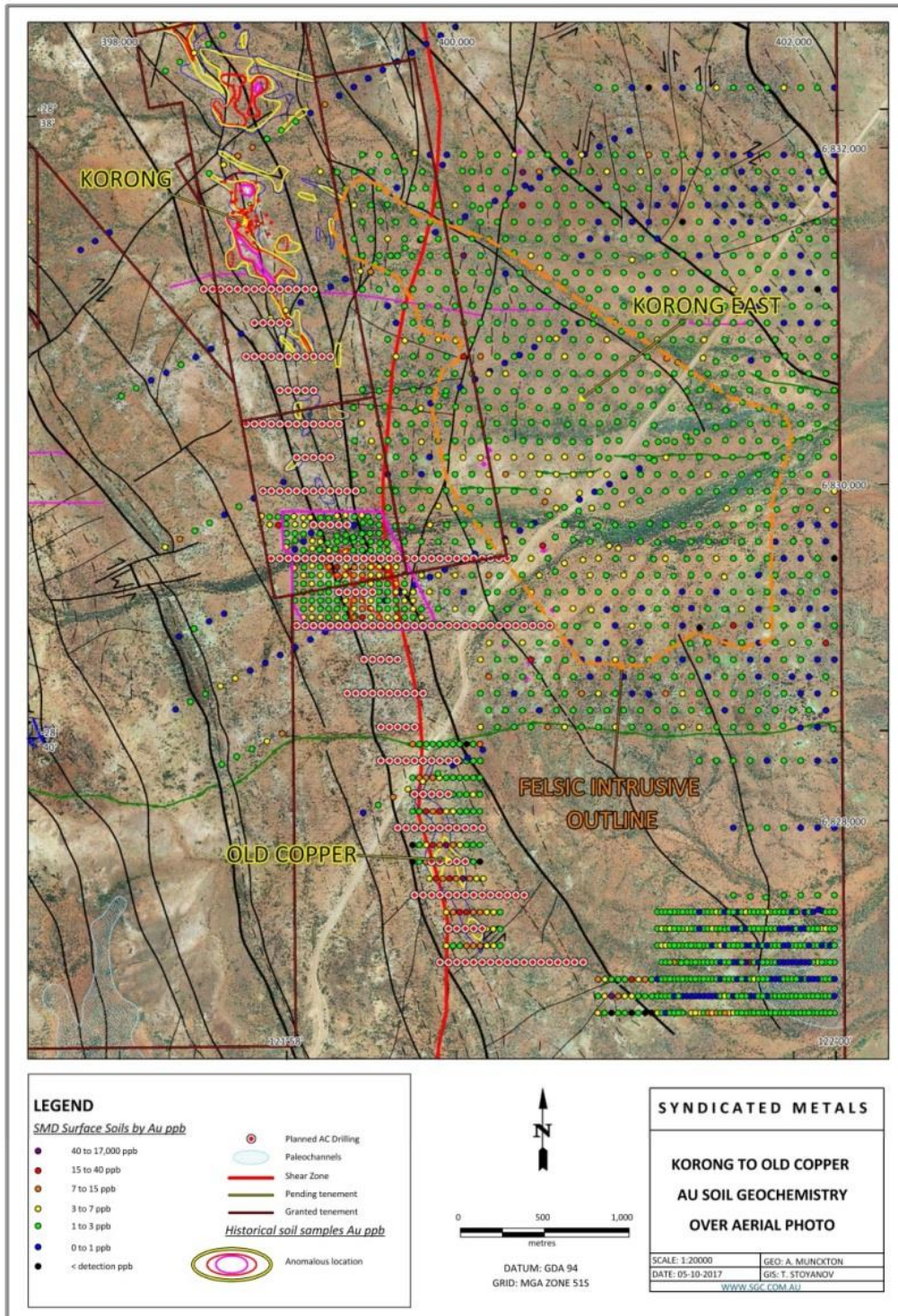


Figure 2 – Gold-in-soil geochemical results for the Korong to Old Copper and Korong East Prospects. Note: historical areas of Au anomalism north of Korong were outlined by pre-1990, detailed LAG sampling conducted by MIM and WMC. It is included for illustration of historically sampled areas only.

**SYNDICATED METALS LIMITED
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REVIEW OF OPERATIONS (CONT)

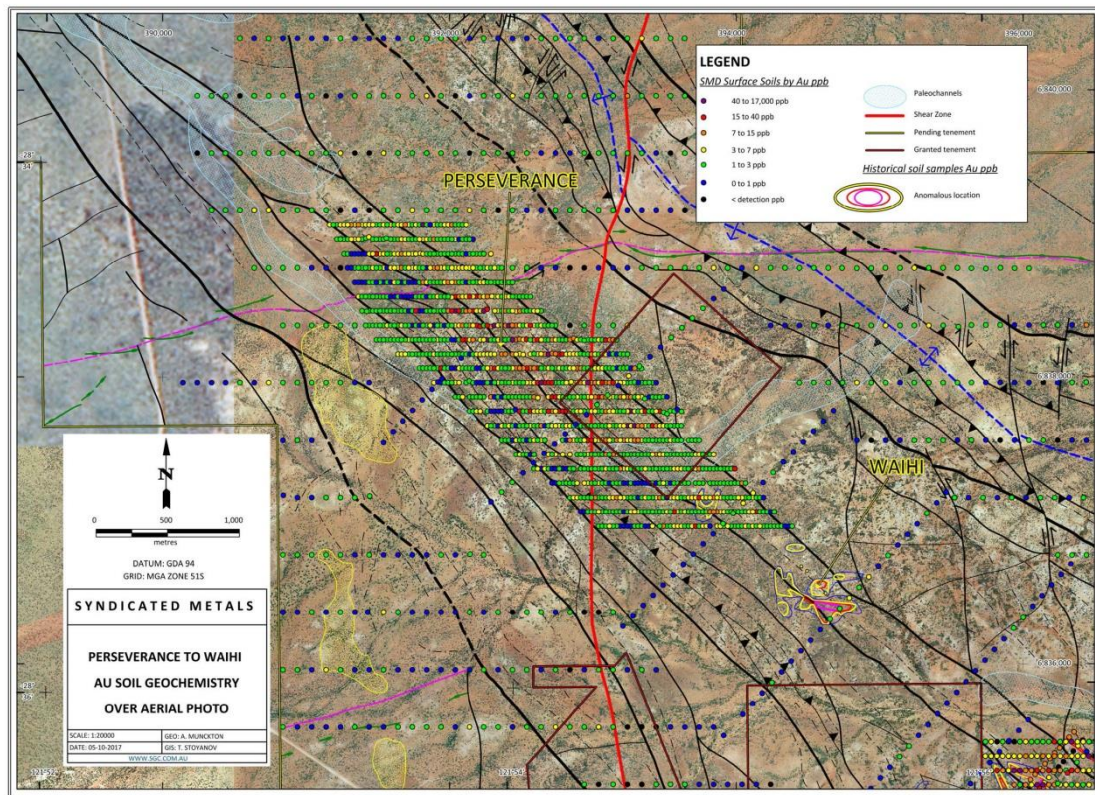


Figure 3 – Gold in soil geochemical results for the Perseverance Prospect. Note: historical areas of Au anomalism at Waihi were outlined by pre-1990, detailed LAG sampling conducted by MIM and WMC. It is included for illustration of historically sampled areas only.

Aircore Drilling Program

During the period, the Company completed a 417-hole, 9,902m aircore drilling program at the Monument Project, successfully defining extensive zones of shallow gold mineralisation at five prospect areas.

Holes were drilled at predominantly 400m by 50m spacing with in-fill lines at 200m by 50m spacing over a strike length of approximately 4.8km. Significant zones of shallow gold mineralisation were encountered at the Korong South, Old Copper and Korong East prospects.

The results further enhance the Company's view that these prospects, when combined with the detailed geological understanding established from RC drilling at the Korong Prospect in 2016/17, form part of a large-scale, gold mineralisation system at Monument which is related to the interaction between the Korong East Felsic Intrusion and the late stage Korong Shear Zone (see Figure 4).

Gold mineralisation in the area has now been delineated over a strike length of 4.4km including the Korong Trend, the Old Copper Trend and the Korong East mineralisation.

The drilling also demonstrated that the mineralisation remains open in several directions, with significant potential to be expanded with further drilling. This potential will be tested with follow-up aircore and RC drilling in the coming months.

**SYNDICATED METALS LIMITED
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REVIEW OF OPERATIONS (CONT)

The program drilled across parts of the new Korong East felsic intrusion target, which bears strong geological, geophysical, geochemical and structural similarities with other syenite-hosted gold deposits in the immediate area.

Key points:

- The Korong South, Old Copper and Korong East prospects are the first new targets of the many identified gold prospects within the Monument Gold Project to be drill tested by the Company.
- Significant assay results are summarised below (refer ASX Announcement dated 18 December 2017 for complete drilling results):
 - **Korong South**
 - **MAC0192 4m @ 0.98g/t from 72m**
 - **MAC0237 4m @ 1.55g/t from 36m**
 - **MAC0238 4m @ 0.88g/t from 44m and 4m @ 1.02g/t from 68m**
 - **MAC0241 1m @ 0.94g/t from 33m EOH**
 - **MAC0242 2m @ 1.43g/t from 36m EOH**

The Korong mineralisation had previously had RC and diamond drilling completed to a maximum depth of 200m below surface. Mineralisation is characterised by quartz and sulphide in BIF/chert immediately east of the east-dipping Korong ultramafic unit. Aircore drilling at Korong South (see Figure 5) has extended the mineralisation approximately 1,000m further south.

- **Old Copper**
 - **MAC0055 8m @ 1.06g/t from 16m**
 - **MAC0091 4m @ 0.61g/t from 0m**
 - **MAC0093 4m @ 0.63g/t from 36m**
 - **MAC0192 4m @ 0.98g/t from 72m**
 - **MAC0341 8m @ 0.53g/t from 4m**

The Old Copper mineralisation was delineated by drilling over a strike length of approximately 1,800m. Mineralisation is characterised by minor quartz veining and sulphide mineralisation in sheared mafic rocks immediately west of the Korong Ultramafic unit. Mineralisation at Old Copper is anomalous (>0.2 g/t Au) in several holes per section with generally wider (8-12m) intersections encountered to date.

The Korong South, Old Copper and Korong East Prospects were first highlighted by low-level soil geochemical programs completed in early 2017. Drilling intersections generally lie immediately below anomalous (10 to 80ppb) gold-in-soil results. Further untested soil anomalies lie along a 16km strike of major gold-bearing structures to the north-west of Korong (refer ASX announcement dated 9 October 2017).

The intersection of strong mineralised trends in a variety of structural and geological settings highlights the potential for a substantial mineralised system which can be delineated using detailed, surface-based, soil geochemical surveys.

REVIEW OF OPERATIONS (CONT)

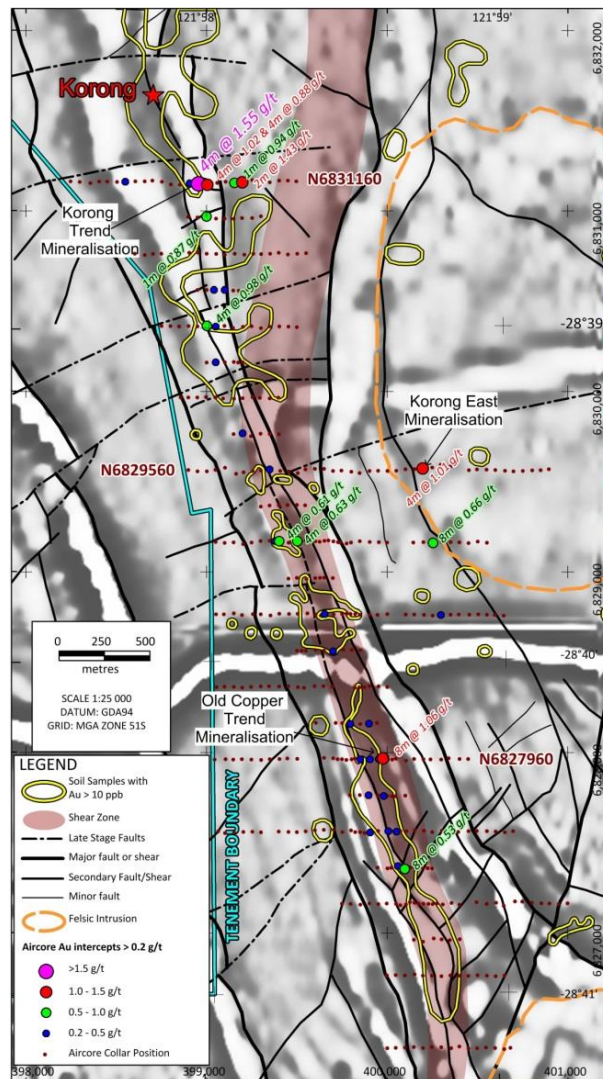


Figure 4 – Aircore drilling plan over magnetics, structure and gold-in-soil anomalies showing holes encountering anomalous (+0.2g/t) gold mineralisation.

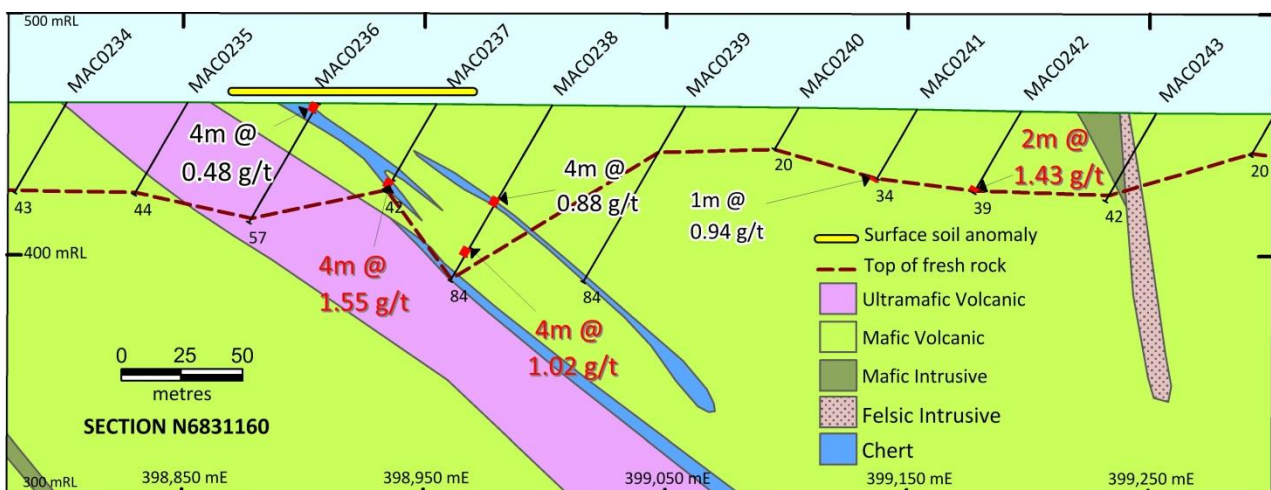


Figure 5 – Korong South Prospect: Interpreted Cross Section 6831160N. Note the relationship between mineralisation east of the Ultramafic unit associated with Chert and Felsic Intrusive rocks.

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REVIEW OF OPERATIONS (CONT)

North Queensland Copper-Gold Projects

In June 2017, Syndicated sold its 50% share of the Barbara Copper Project, located 60km north-east of Mt Isa, to its joint venture partner CopperChem Limited for A\$2.3 million in cash plus a production royalty.

Syndicated retains 100% ownership of its Northern and Southern Hub Projects in North Queensland, comprising a ~1600 km² ground package containing numerous high-grade copper-gold targets plus multiple IOCG and SEDEX-style targets.

Mt Remarkable/Northern Hub (Syndicated 100%) (Qld)

The Mt Remarkable Project consists of eleven EPM tenements covering 1,082km² of tenure and straddles the Mt Remarkable Fault from the Barkley Hwy to Kajibbi.

The project has reverted to an exploration-based assessment of potential new discoveries following the divestment of the Barbara Copper Project to CopperChem.

During the period, the Company sought expressions of interest for joint venture partners to undertake exploration for IOCG and SEDEX lead-zinc-silver style mineralisation given the project's prospectivity for these metals.

Syndicated is seeking to partially divest the project via an exploration earn-in joint venture.

Fountain Range/Southern Hub (Syndicated 100%) (Qld)

The Fountain Range Project consists of sixteen EPM tenements covering approximately 460km² of tenure 100km south-east of Mt Isa.

During the period, the Company sought expressions of interest for joint venture partners to undertake exploration for IOCG and high-grade lode style gold mineralisation, given the project's prospectivity for this style of mineralisation.

Syndicated is seeking to divest the project via an exploration earn-in joint venture or outright sale.

Corporate

Annual General Meeting

The Company's 2017 Annual General Meeting was held on 11 October 2017. All eight resolutions received strong support and were passed on a show of hands.

Issue of Employee Options

On 18 October, the Company issued 16,000,000 unlisted Options as approved by shareholders and under the Company's Employee Equity Incentive Plan. The issue of Options to Directors and the Employee Equity Incentive Plan were approved by shareholders at the Company's Annual General Meeting. The purpose of the issue of the options to Directors and consultants is to provide an ongoing incentive and retention tool for key personnel within the organisation.

**SYNDICATED METALS LIMITED
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REVIEW OF OPERATIONS (CONT)

The principal terms of the options are as follows:

- Tranche 1 – 5,333,331 options with an exercise price of 2.26 cents each, vesting on the date of issue and expiring on 30 August 2021.
- Tranche 2 – 5,333,334 options with an exercise price of 2.34 cents each, vesting 6 months from issue and expiring on 30 August 2021.
- Tranche 3 – 5,333,335 options with an exercise price of 3.12 cents each, vesting 12 months from issue and expiring on 30 August 2021.

Issue of Shares upon Exercise of Options

On 14 December the Company issued 361,108 ordinary shares upon the exercise of unlisted options with an exercise price of 1.2 cents and expiring 8 February 2018.

EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen subsequent to 31 December 2017 that has significantly affected, or may significantly affect the operations or the state of affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 13 for the half year ended 31 December 2017.

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



Andrew Munckton
Managing Director

15 February 2018

Competent Person's Compliance Statement

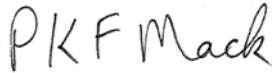
The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Andrew Munckton who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation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

Exploration Targets

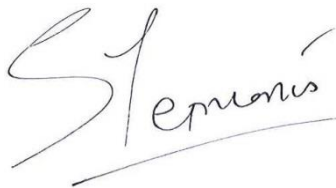
This report comments on and discusses Syndicated Metals Limited's exploration in terms of target size and type. The information relating to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. The potential quantity and quality of material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

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

In relation to our review of the financial report of Syndicated Metals Limited for the half year ended 31 December 2017, 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



**SIMON FERMANIS
PARTNER**

**15 FEBRUARY 2018
WEST PERTH,
WESTERN AUSTRALIA**

**SYNDICATED METALS LIMITED
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Note	31 December 2017 \$	31 December 2016 \$
Interest income		22,451	15,763
Sundry income		-	77,793
Share based payments		(109,316)	(57,128)
Depreciation		(3,482)	(8,838)
Employee benefits expense		(69,421)	(78,990)
Exploration expenditure written off		-	(7,210)
Exploration expenditure impairment		(124,787)	(87,062)
Other expenses		(205,718)	(221,660)
Loss before income tax		(490,273)	(367,332)
Income tax (expense)/benefit		-	-
Loss for the period		(490,273)	(367,332)
Other comprehensive income			
Other comprehensive income (net of tax)		-	-
Total comprehensive loss for the period		(490,273)	(367,332)
Earnings per share		Cents	Cents
Basic and diluted loss per share		(0.08)	(0.06)

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 2017**

	Note	31 December 2017 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents		1,414,641	2,634,331
Trade and other receivables		134,626	110,578
TOTAL CURRENT ASSETS		1,549,267	2,744,909
NON CURRENT ASSETS			
Property, plant and equipment		38,546	56,198
Exploration and evaluation costs		7,529,106	6,706,892
TOTAL NON CURRENT ASSETS		7,567,652	6,763,090
TOTAL ASSETS		9,116,919	9,507,999
CURRENT LIABILITIES			
Trade and other payables		211,177	239,082
Provisions		33,105	22,605
TOTAL CURRENT LIABILITIES		244,282	261,687
NON CURRENT LIABILITIES			
Provisions		17,416	12,630
TOTAL NON CURRENT LIABILITIES		17,416	12,630
TOTAL LIABILITIES		261,698	274,317
NET ASSETS		8,855,221	9,233,682
EQUITY			
Issued capital	6	26,189,963	26,187,467
Share based payments reserve	7	251,709	142,393
Accumulated losses		(17,586,451)	(17,096,178)
TOTAL EQUITY		8,855,221	9,233,682

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 2017**

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2017	26,187,467	142,393	(17,096,178)	9,233,682
Loss for the period	-	-	(490,273)	(490,273)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(490,273)	(490,273)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of share capital	4,334	-	-	4,334
Share issue costs	(1,838)	-	-	(1,838)
Fair value of options issued	-	109,316	-	109,316
Balance at 31 December 2017	26,189,963	251,709	(17,586,451)	8,855,221
	\$	\$	\$	\$
Balance at 1 July 2016	23,776,256	317,273	(18,403,298)	5,690,231
Loss for the period	-	-	(367,332)	(367,332)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(367,332)	(367,332)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of share capital	2,557,038	-	-	2,557,038
Share issue costs	(144,627)	-	-	(144,627)
Performance rights expiry	-	(132,008)	132,008	-
Fair value of performance rights issued	-	57,128	-	57,128
Balance at 31 December 2016	26,188,667	242,393	(18,638,622)	7,792,438

The accompanying notes form part of these financial statements.

**SYNDICATED METALS LIMITED
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	31 December 2017 \$	31 December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(320,998)	(308,552)
Payments for exploration and evaluation	(924,123)	(1,090,012)
Interest received	21,097	16,429
Sundry income	-	77,793
	<hr/>	<hr/>
Net cash used in operating activities	(1,224,024)	(1,304,342)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tenements	-	(10,000)
Purchase of property, plant and equipment	-	(3,173)
Purchase of Monument Exploration Pty Ltd	-	(49,979)
	<hr/>	<hr/>
Net cash used in investing activities	-	(63,152)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	4,334	2,317,038
Capital raising costs	-	(144,627)
	<hr/>	<hr/>
Net cash from financing activities	4,334	2,172,411
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents held	(1,219,690)	804,917
	<hr/>	<hr/>
Cash and cash equivalents at beginning of period	2,634,331	514,957
	<hr/>	<hr/>
Cash and cash equivalents at end of period	1,414,641	1,319,874
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The accompanying notes form part of these financial statements.

**SYNDICATED METALS LIMITED
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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

1. REPORTING ENTITY

The financial report of Syndicated Metals Limited and its controlled entities for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 15 February 2018.

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 2017, comprises the Company and its subsidiaries (the "Group").

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

The consolidated financial statements of the Group as at and for the year ended 30 June 2017 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 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

b) Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2017 annual financial report for the financial year ended 30 June 2017, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

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

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

**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

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	December 2014	1 January 2018
AASB 2010-7	Amendments arising from Accounting Standards arising from AASB 9 (December 2010)	September 2012	1 January 2018
AASB 2014-1	Amendments to Australian Accounting Standards Part E - Financial Instruments	June 2014	Part E – 1 January 2018
AASB 2014-5	Amendments to Australian Accounting Standard Arising From AASB 15	December 2014	1 January 2018
AASB 2014-7	Amendments to Australian Accounting Standard Arising From AASB 9 (December 2014)	December 2014	1 January 2018
AASB 2014-10	Amendments to Australian Accounting Standard - Sale of Contribution of Assets between Investors and its Associate or Joint Venture	December 2014	1 January 2018
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15	October 2015	1 January 2018
AASB 2015-10	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128	December 2015	1 January 2018
AASB 2016-3	Amendments to Australian Accounting Standards – Clarifications to AASB 15	May 2016	1 January 2018
AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions [AASB 2]	July 2016	1 January 2018
AASB 2017-4	Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments	July 2017	1 January 2019
AASB 2017-5	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	December 2017	1 January 2018
AASB 15	Revenues from Contracts with Customers	October 2015	1 January 2018
AASB 16	Leases	February 2016	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	June 2017	1 January 2019

d) Impairment of exploration and evaluation assets

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

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

The key areas of judgement and estimation include:

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

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

**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

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 2017.

f) Operating segments

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

g) Going concern

The financial statements have been prepared on the going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a net loss after tax of \$490,273 for the period ended 31 December 2017 (31 December 2016: \$367,332). As at 31 December 2017 the Group had net assets of \$8,855,221 (30 June 2017: \$9,233,682) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2017 the Group had \$1,414,641 (30 June 2017: \$2,634,331) in cash and cash equivalents.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future. Should the Group be unable to raise additional funds, there is a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. As at 31 December 2017 there has been no adjustment in the financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the Group be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the Group not continue as a going concern.

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

**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 3: OPERATING SEGMENTS

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

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

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

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

	WA	Queensland	Unallocated Items	Total
	\$	\$	\$	\$
31 December 2017				
Segment revenue	-	-	22,451	22,451
Segment net loss	1,204	124,787	364,282	490,273
Segment assets	2,847,631	4,711,493	1,557,795	9,116,919
Segment liabilities	128,265	25,862	107,571	261,698
31 December 2016				
Segment revenue	-	26,579	66,977	93,556
Segment net loss	7,210	87,063	273,059	367,332
Segment assets	1,478,860	5,240,506	1,465,487	8,184,853
Segment liabilities	304,442	8,334	79,640	392,416
30 June 2017				
Segment assets	2,071,888	4,697,184	2,738,927	9,507,999
Segment liabilities	120,540	34,431	119,346	274,317

NOTE 4: CONTINGENT ASSETS AND LIABILITIES

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

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen subsequent to 31 December 2017 that has significantly affected, or may significantly affect the operations or the state of affairs of the Group in future financial years.

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

**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 6: ISSUED CAPITAL

	31 December 2017 \$	30 June 2017 \$
(a) Issued and fully paid shares - at beginning of period	26,187,467	23,776,256
Additions during period	4,334	2,559,338
Less: capital issue costs net of tax	<u>(1,838)</u>	<u>(148,127)</u>
	<u>26,189,963</u>	<u>26,187,467</u>
 (b) Movements in issued and fully paid shares (ASX: SMD)		
	Number of shares	\$
Balance at the beginning of the period	634,484,141	26,187,467
Shares issued	361,108	4,334
Less: capital issue costs	<u>-</u>	<u>(1,838)</u>
Balance at the end of the period	<u>634,845,249</u>	<u>26,189,963</u>

	31 December 2017 \$	30 June 2017 \$
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NOTE 7: SHARE BASED PAYMENT RESERVE

(a) Share Based Payment Reserve			<u>251,709</u>	<u>142,393</u>
(b) Movement in share based payment reserve	Options (Number)	Performance Rights (Number)	Total (Number)	\$
Balance at the beginning of the period	-	5,182,682	5,182,682	142,393
Additions	16,000,000	-	16,000,000	109,316
Expired	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at the end of the period	<u>16,000,000</u>	<u>5,182,682</u>	<u>21,182,682</u>	<u>251,709</u>

A total of 5,333,331 of the options vested during this period.

There are an additional 59,803,074 unlisted options that were issued during 2016 as free attaching options to directors, their related entities and other unrelated parties as part of a capital raising. These options have an exercise price of 1.2 cents each and expire on 8 February 2018. A total of 361,108 options were exercised and converted to ordinary shares during the period.

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

**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 7: SHARE BASED PAYMENT RESERVE (CONT)

Terms and conditions of options

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

Grant date/employees entitled	Number of instruments	Fair value \$	Contractual life of options (years)	Vesting date
Options granted to directors/consultant on 11 Oct 2017	5,333,331	63,371	4	11/10/17
Options granted to directors/consultant on 11 Oct 2017	5,333,334	62,822	4	11/04/18
Options granted to directors/consultant on 11 Oct 2017	5,333,335	58,147	4	11/10/18
Total	16,000,000	184,340		

Options - Valuation methodology

The Black Scholes option pricing model was used in the valuation of the options which is suitable for options without market based vesting conditions which can be exercised at any time following vesting and up to the expiry date.

The key assumptions used in the model included, an underlying share price of \$0.018, share price volatility of 100%, a risk free interest rate of 2.20% and a dividend yield of nil. The fair value per option at grant date was \$0.0119 (5,333,331 options), \$0.0118 (5,333,334 options) and \$0.0109 (5,333,335 options).

Expenses arising from share-based payment transactions

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

	31 December 2017	31 December 2016
	\$	\$
Options issued	109,316	-
Performance rights issued	-	57,128
	<u>109,316</u>	<u>57,128</u>

NOTE 8: FAIR VALUE MEASUREMENT

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

NOTE 9: DIVIDENDS

No dividend has been paid or provided for during the half-year ended 31 December 2017.

**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 2017 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors made pursuant to section 303(5) of the *Corporations Act 2001*.



Andrew Munckton
Managing Director

15 February 2018

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Syndicated Metals Ltd (the Company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at 31 December 2017, or during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Syndicated Metals Ltd and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

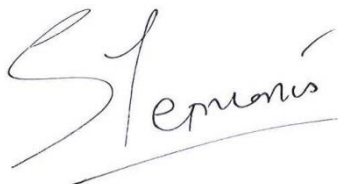
Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 2 (g) in the financial report, which confirmed that the consolidated entity incurred a net loss after tax of \$490,273 during the half year ended 31 December 2017. These conditions, along with other matters as set out in Note 2 (g), indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

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



PKF MACK



SIMON FERMANIS
PARTNER

15 FEBRUARY 2018
WEST PERTH,
WESTERN AUSTRALIA