



**SYNDICATED METALS LIMITED
AND CONTROLLED ENTITIES**

ABN 61 115 768 986

FINANCIAL REPORT FOR THE HALF YEAR ENDED

31 DECEMBER 2014

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

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**SYNDICATED METALS LIMITED
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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

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

SOLICITORS

Gilbert + Tobin
1202 Hay Street
West Perth, WA 6005

AUDITORS

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

SHARE REGISTRY

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

STOCK EXCHANGE LISTING

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

BANK

Westpac Banking Corporation
1257 Hay Street
West Perth, WA 6005

**SYNDICATED METALS LIMITED
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DIRECTORS' REPORT

Your directors submit the financial accounts of Syndicated Metals Limited and controlled entities (the Group) for the half year ended 31 December 2014.

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

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 \$638,219 (2013: \$381,179).

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

Barbara Feasibility Study

Significant work continued during the half year in regard to the feasibility study on the Barbara Copper-Gold Project in conjunction with the Company's joint venture partner CopperChem Limited. Refer to the Subsequent Event note below and the ASX Announcement dated 21 January 2015.

Barbara Copper Project

The Company's principal focus of activity during the half year ended 31 December 2014 was base metal and gold exploration at its Mount Isa projects in north-west Queensland, with particular emphasis on its flagship Barbara Copper-Gold Joint Venture Project with CopperChem Limited.

In July the Company announced an updated JORC 2012 compliant Mineral Resource estimate for its Barbara Project, paving the way for open pit optimisation and design work to progress the project to the next stage.

The updated Mineral Resource is set out in Table 1 below (also refer to ASX Announcement dated 18 July 2014):

Resource Class	Volume	Tonnes	Cu %	Au ppm	Ag ppm	Co ppm
Indicated	1,100,914	3,251,763	1.71	0.15	2.76	281
Inferred	498,852	1,494,312	1.34	0.16	2.17	369
Grand Total	1,599,766	4,746,075	1.59	0.15	2.57	309

Table 1 – Barbara July 2014 Mineral Resource Estimate at 0.5% Cu COG

The updated Mineral Resource estimate is based on 186 drill holes in total (57 diamond core and 129 Reverse Circulation holes). Approximately 35% of the overall drilling into the deposit now comprises high quality diamond core drilling. The Mineral Resource estimate has been completed in accordance with the guidelines of the JORC Code (2012 edition).

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REVIEW OF OPERATIONS (continued)

Of the copper metal in the Barbara Mineral Resource 74% is in the Indicated Mineral Resource category and is available for conversion to Probable Ore Reserves.

Subsequent to the announcement of the Barbara Mineral Resource, Syndicated undertook further drilling at its Barbara Copper Project and intersected significant zones of high-grade copper mineralisation in several areas below the proposed open pit (refer to ASX Announcement dated 24 September 2014).

The results included several outstanding intercepts directly below the South Lode, including 40.0m @ 1.76% Cu from 186.0m down-hole including 9.0m at 4.01% Cu (BADD052) and 32.5m @ 1.90% Cu from 225.0m down-hole including 14.0m @ 2.73% Cu (BADD053).

These intersections occur in future underground mining positions directly below the open pit, highlighting the potential to extend the mineralisation into zones outside of the current Mineral Resource envelope and to underpin a potential future underground mining operation.

In addition, further diamond drilling intersected a potentially significant, emerging high-grade position at depth between the North Lode and South Lode. This zone, referred to as "Mid Lode" is defined by intersections including 6m @ 2.23% Cu from 290.5m down-hole (BADD029) and 0.9m @ 2.14% Cu from 288.1m down-hole (BADD030).

These intersections correlate with and extend previous near-surface RC drill intersections of 6m @ 3.30% Cu from 67m (BARC088), 9m @ 2.61% Cu from 124m (BARC090) and 3m @ 2.02% Cu from 177m (BARC118) and point to important new high-grade positions which could be accessed from any future underground development.

With eight deep diamond holes completed as part of the "Barbara Underground" program, Syndicated has gained significant confidence in the future underground mining potential at Barbara and the likelihood of additions to the current Barbara Mineral Resource.

Lillymay Deposit

During the half year the Company continued its strategy to expand the resource inventory and extend the life of its Barbara Copper Project with the drilling of a further 11 RC holes at the Lillymay satellite deposit (refer to ASX Announcements dated 22 September 2014 and 22 October 2014). This drilling culminated in the completion of a maiden JORC 2012 compliant Mineral Resource estimate.

The latest geological interpretation of the Lillymay mineralisation suggests that it could comprise multiple shoots of high-grade plunging copper mineralisation with similarities to the Barbara copper-gold deposit.

Lillymay is located 4km south-west of Barbara and forms part of the Barbara Copper-Gold Joint Venture Project with CopperChem Limited in North Queensland.

The maiden Inferred Resource, of 225,295 tonnes grading 2.33% Cu for 5,250 tonnes of contained copper, represents a first step for the Barbara Joint Venture towards establishing a regional copper resource inventory outside of the Barbara deposit itself with potential to contribute high-grade feed to an operation at Barbara.

The Lillymay Mineral Resource estimate is set out in Table 2 below (also refer to ASX Announcement dated 16 December 2014):

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REVIEW OF OPERATIONS (continued)

Resource Class	Domain	Volume m ³	Tonnes	Cu %	Au ppm	S %	Density g/cm ²
Inferred	Western Lode	23,762	65,243	1.83	0.02	2.80	2.75
Inferred	Eastern Lode	58,438	160,052	2.53	0.02	3.19	2.74
Grand Total		82,200	225,295	2.33	0.02	3.08	2.74

Table 2 – Lillymay December 2014 Mineral Resource Estimate at 0.5% Cu COG

The Mineral Resource estimate is based on 18 RC drill holes. The Mineral Resource estimate has been completed in accordance with the guidelines of the JORC Code (2012 edition).

Acquisition of Tick Hill Tenement Package

In December 2014 Syndicated further strengthened its regional copper portfolio in North Queensland's Mt Isa-Cloncurry district with the strategic acquisition of the Tick Hill tenement package from Straits Resources (ASX: SRQ).

The acquisition, which includes three deposits previously estimated under the 2004 JORC Code, complements the Company's Southern Hub Project in North Queensland.

The acquisition is subject to and conditional upon indicative approval being given by the Department of Natural Resources and Mines to the transfer of the tenements and also the execution of a deed of assignment and assumption with relevant third parties by the vendor and purchaser.

The 100%-owned Southern Hub Project now comprises 466km² of tenure providing Syndicated with a strong pipeline of resource development and exploration opportunities alongside its Northern Hub Project, which includes the advanced Barbara Copper-Gold Joint Venture Project.

The Tick Hill tenement purchase includes:

- Tenements EPM9083 and EPM11013 covering the Tick Hill, Duchess and Spring Creek prospects;
- Three well-drilled deposits at the Ivanhoe, Central and Duchess prospects, all of which lie within the Duchess tenement. The Duchess deposit itself produced 205,000t at 12.5% Cu from underground mining during the early 1900's;
- The Tick Hill prospect tenements surrounding the historical high-grade Tick Hill gold mine, which produced 706,000t at 22.5g/t Au between 1991 and 1994; and
- Extensive geochemical and geophysical datasets which contain numerous untested anomalies associated with the Mt Erle Granite intrusion and the dominant structural architecture which controls the location of high-grade copper and gold deposits in the region.

The tenement purchase is complementary to the tenure already held by Syndicated in the area and allows the Company to extend its understanding of the regional geology of the area into the newly acquired tenure.

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EVENTS SUBSEQUENT TO REPORTING DATE

On 21 January 2015, the Company announced that together with its Barbara Joint Venture partner, CopperChem Limited, it had committed to expand the scope of the Barbara Feasibility Study to incorporate on-site ore processing using a transportable plant. The expanded scope will also fully incorporate recently identified additions to the Barbara Mineral Resource inventory, including the maiden resource at Lillymay and potential underground extensions identified below the Barbara open pit. CopperChem will continue to fully fund the expanded Feasibility Study until conclusion which is expected to be in the September Quarter 2015. The scope expansion has the potential to unlock a number of compelling benefits for the JV in the areas of operating costs, treatment, refining and selling charges, reduced upfront capital expenditure and infrastructure investment, and an extended mine life.

Apart from the above, no matter or circumstance has arisen subsequent to 31 December 2014 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 8 for the half year ended 31 December 2014.

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



Andrew Munckton
Managing Director

23 February 2015

Competent Person's Compliance Statement

The information in this report that relates to Mineral Resources is based on information compiled by Mr Jim Whitelock and Mr Michael Martin. Both Mr Whitelock and Mr Martin are Members of The Australasian Institute of Geoscientists (AIG) and both has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 Whitelock is a full-time employee of Exco Resources Limited a 100% owned subsidiary of Copperchem Limited and Mr Martin is a full time employee of Syndicated Metals Limited. Both Mr Whitelock and Mr Martin consent to the inclusion in the report of the Mineral Resources in the form and context in which they appear.

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.

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 2014, 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

23 FEBRUARY 2015
WEST PERTH
WESTERN AUSTRALIA

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**SYNDICATED METALS LIMITED
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Note	31 December 2014 \$	31 December 2013 \$
Interest income		25,196	16,057
Profit on sale of listed securities		-	5,072
Loss on sale of tenements		-	(43,952)
Borrowing costs		(393)	(1,439)
Share based payments		(180,503)	-
Depreciation		(8,708)	(10,140)
Employee benefits expense		(239,802)	(232,026)
Exploration expenditure written off		(798)	(6,446)
Other expenses		(233,211)	(421,050)
Loss before income tax		(638,219)	(693,924)
Income tax (expense)/benefit	6	-	312,745
Loss for the period		(638,219)	(381,179)
Other comprehensive income			
Other comprehensive income (net of tax)		-	-
Total comprehensive loss for the period		(638,219)	(381,179)
Earnings per share		Cents	Cents
Basic and diluted loss per share		(0.23)	(0.19)

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 2014**

	Note	31 December 2014 \$	30 June 2014 \$
CURRENT ASSETS			
Cash and cash equivalents		1,054,722	2,206,676
Trade and other receivables		118,522	283,776
TOTAL CURRENT ASSETS		1,173,244	2,490,452
NON CURRENT ASSETS			
Property, plant and equipment		135,778	164,268
Exploration and evaluation costs		9,935,187	9,030,354
TOTAL NON CURRENT ASSETS		10,070,965	9,194,622
TOTAL ASSETS		11,244,209	11,685,074
CURRENT LIABILITIES			
Trade and other payables		245,022	229,515
Financial liabilities		2,113	14,479
Provisions		98,882	85,172
TOTAL CURRENT LIABILITIES		346,017	329,166
NON CURRENT LIABILITIES			
Financial liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		346,017	329,166
NET ASSETS		10,898,192	11,355,908
EQUITY			
Issued capital	7	21,467,411	21,467,411
Share based payments reserve	8	1,075,125	3,103,822
Accumulated losses		(11,644,344)	(13,215,325)
TOTAL EQUITY		10,898,192	11,355,908

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 2014**

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2014	21,467,411	3,103,822	(13,215,325)	11,355,908
Loss for the period	-	-	(638,219)	(638,219)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(638,219)	(638,219)
<i>Transactions with owners, recorded directly in equity</i>				
Options expired	-	(2,209,200)	2,209,200	-
Issue of share capital	-	-	-	-
Share issue costs	-	-	-	-
Fair value of performance rights issued	-	180,503	-	180,503
Balance at 31 December 2014	21,467,411	1,075,125	(11,644,344)	10,898,192
Balance at 1 July 2013	18,872,526	3,003,822	(12,700,709)	9,175,639
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	-	-	-	-
Balance at 31 December 2013	21,389,982	3,003,822	(13,081,888)	11,311,916

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 2014**

	31 December 2014 \$	31 December 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(498,954)	(542,849)
Interest paid	(393)	(1,439)
Interest received	28,735	17,487
R&D income tax benefit	-	312,745
	<hr/>	<hr/>
Net cash used in operating activities	(470,612)	(214,056)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(1,541,832)	(762,119)
Purchase of property, plant and equipment	(12,133)	(285)
Payments for purchase of tenements	-	(1,000,000)
Proceeds from Joint Venture partner	884,989	1,208,549
Proceeds from sale of tenements	-	100,000
Proceeds from sale of listed securities	-	20,015
	<hr/>	<hr/>
Net cash used in investing activities	(668,976)	(433,840)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares net of costs	-	2,633,380
Payment of hire purchase loan	(12,366)	(11,320)
Payments for security deposits	-	(2,500)
	<hr/>	<hr/>
Net cash (used in)/from financing activities	(12,366)	2,619,560
Net increase/(decrease) in cash and cash equivalents held	(1,151,954)	1,971,664
Cash and cash equivalents at beginning of period	2,206,676	897,341
	<hr/>	<hr/>
Cash and cash equivalents at end of period	1,054,722	2,869,005
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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 2014**

1. REPORTING ENTITY

The financial report of Syndicated Metals Limited and its controlled entities for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 23 February 2015.

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 2014, comprise 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 2014 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 2014 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 2014 annual financial report for the financial year ended 30 June 2014, 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
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

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 2010	1 January 2018
AASB 2013-9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments Part C – Financial Instruments	December 2013	Part C - 1 January 2015
AASB 2014-1	Amendments to Australian Accounting Standards Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E - Financial Instruments	June 2014	Part D - 1 January 2016 Part E - 1 January 2018
AASB 2014-3	Amendments to Australian Accounting Standard – Accounting for Acquisition of Interest in Joint Operations	August 2014	1 January 2016
AASB 2014-4	Amendments to Australian Accounting Standard - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	August 2014	1 January 2016
AASB 2014-5	Amendments to Australian Accounting Standard Arising From AASB 15	December 2014	1 January 2017
AASB 2014-7 AASB 2014-8	Amendments to Australian Accounting Standard Arising From AASB 9	December 2014	1 January 2018
AASB 2014-9	Amendments to Australian Accounting Standard - Equity Method in Separate Financial Statements	January 2015	1 January 2016
AASB 2014-10	Amendments to Australian Accounting Standard - Sale of Contribution of Assets Between Investors and its Associates or Joint Venture	January 2015	1 January 2016
AASB 2015-5	Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception	January 2015	1 January 2016
AASB 14	Regulatory Deferral Account	June 2014	1 January 2016
AASB 15	Revenues from Contracts with Customers	December 2014	1 January 2017

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.

**SYNDICATED METALS LIMITED
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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

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 2014.

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 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 Group incurred a loss of \$638,219 for the period ended 31 December 2014 (2013: \$381,179). Included within this loss was the write off of exploration expenditure of \$798 (2013: \$6,446).

The ability of the Company and the Group to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising additional share capital and ultimately developing 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 2014**

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 (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 Group operates predominately in one reportable segment based on geographical areas of the mineral resource and exploration activities in Australia.

	Queensland	Unallocated Items	Total
	\$	\$	\$
31 December 2014			
Segment revenue	-	25,196	25,196
Segment net loss	798	637,421	638,219
Segment assets	10,062,750	1,181,459	11,244,209
Segment liabilities	214,533	131,484	346,017

	Queensland	Unallocated Items	Total
	\$	\$	\$
31 December 2013			
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

NOTE 4: CONTINGENT ASSETS AND LIABILITIES

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

**SYNDICATED METALS LIMITED
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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

On 21 January 2015, the Company announced that together with its Barbara Joint Venture partner, CopperChem Limited, it had committed to expand the scope of the Barbara Feasibility Study to incorporate on-site ore processing using a transportable plant. The expanded scope will also fully incorporate recently identified additions to the Barbara Mineral Resource inventory, including the maiden resource at Lillymay and potential underground extensions identified below the Barbara open pit. CopperChem will continue to fully fund the expanded Feasibility Study until conclusion which is expected to be in the September Quarter 2015. The scope expansion has the potential to unlock a number of compelling benefits for the JV in the areas of operating costs, treatment, refining and selling charges, reduced upfront capital expenditure and infrastructure investment, and an extended mine life.

Apart from the above, no matter or circumstance has arisen subsequent to 31 December 2014 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 in the prior year of \$312,745 relates to the Research and Development tax offset for the year ended 30 June 2012 which was received by the Company in July 2013.

**SYNDICATED METALS LIMITED
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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

NOTE 7: ISSUED CAPITAL

	31 December 2014 \$	30 June 2014 \$
(a) Issued and fully paid shares - at beginning of period	21,467,411	18,872,526
Additions during period	-	2,779,775
Less: capital issue costs net of tax	-	(184,890)
	<u>21,467,411</u>	<u>21,467,411</u>
 (b) Movements in issued and fully paid shares (ASX: SMD)		
	Number of shares	\$
Balance at the beginning of the period	274,445,673	21,467,411
Shares issued	-	-
Less: capital issue costs	-	-
	<u>274,445,673</u>	<u>21,467,411</u>
 (c) Movements in listed options (ASX: SMDO)		
	Number of options	\$
Balance at the beginning of the period	20,318,468	-
Additions	-	-
Expired 4 December 2014	(20,318,468)	-
	<u>-</u>	<u>-</u>

**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 2014**

	31 December 2014 \$	30 June 2014 \$		
NOTE 8: SHARE BASED PAYMENT RESERVE				
(a) Share Based Payment Reserve	1,075,125	3,103,822		
(b) Movement in share based payment reserve	Options (Number)	Performance Rights (Number)	Total (Number)	\$
Balance at the beginning of the period	18,000,000	13,200,000	31,200,000	3,103,822
Additions	-	5,923,704	5,923,704	180,503
Expired	(13,000,000)	-	(13,000,000)	(2,209,200)
Balance at the end of the period	5,000,000	19,123,704	24,123,704	1,075,125

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.

Terms and conditions of performance rights

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

Grant date/employees entitled	Number of instruments	Fair value \$	Contractual life of performance rights (years)
Performance rights granted to employees on 8 Oct 2014	2,452,473	90,251	4
Performance rights granted to employees on 8 Oct 2014	3,471,231	90,252	4
Total	5,923,704	180,503	

Performance rights - Vesting conditions

The performance rights are able to be exercised when the volume weighted average price (VWAP) for 10 trading days on ASX equals or exceeds \$0.06675 (2,452,473 performance rights) and \$0.11125 (3,471,231 performance rights).

Performance rights - Valuation methodology

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

The underlying share price used for the performance rights was that as at the date of valuation (7 October 2014) being 3.8 cents. A volatility of 100% was applied.

**SYNDICATED METALS LIMITED
AND CONTROLLED ENTITIES
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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

NOTE 8: SHARE BASED PAYMENT RESERVE (CONT)

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 2014	31 December 2013
	\$	\$
Performance rights issued	180,503	-
	<hr/>	<hr/>
	180,503	-

NOTE 9: 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 10: DIVIDENDS

No dividend has been paid or provided for during the half-year ended 31 December 2014.

**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 2014 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Andrew Munckton
Managing Director

23 February 2015

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 Limited (the Company) and controlled entities (consolidated entity) which comprises the condensed consolidated statement of financial position as at 31 December 2014, 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 and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at 31 December 2014, 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 gives a true and fair view and 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 2014 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.

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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 Limited 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 2014 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 \$638,219 (2013: \$381,179) during the half year ended 31 December 2014. 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 entity's ability to continue as a going concern and therefore, the company and 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 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



SIMON FERMANIS
PARTNER

23 FEBRUARY 2015
WEST PERTH
WESTERN AUSTRALIA