



**SYNDICATED METALS LIMITED
AND CONTROLLED ENTITIES**

ABN 61 115 768 986

FINANCIAL REPORT FOR THE HALF YEAR ENDED

31 DECEMBER 2018

**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)
David Morgan (Managing Director)
Robert Cooper (Non-executive Director)

REGISTERED OFFICE

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Subiaco, WA 6008
Telephone: (08) 9380 9440

SOLICITORS

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Perth, WA 6000

AUDITORS

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SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth, WA 6000
Telephone: (08) 9323 2000
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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 2018.

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 David Morgan
Mr Robert Cooper

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The net profit of the Group for the financial period after provision for income tax was \$305,209 (2017: loss \$490,273).

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 announced a maiden JORC 2012 Inferred Mineral Resource estimate of 855,000 tonnes @ 1.8g/t Au for 50,000 ounces of gold for the Korong deposit at the Monument Project in WA.

The Company also commenced a project-level geological and strategic review targeting the two established styles of mineralisation across the Monument Project. The review is focused on optimising the discovery potential for large-scale BIF and syenite-hosted gold systems, similar to some of the other Tier-1 deposits located in the district. Exploration targets are currently being ranked and prioritised ahead of new exploration programs planned for this year.

The Company continued to crystallise additional value from its former North Queensland asset base via the relinquishment arrangement for the Barbara Copper Project Royalty, realising \$460,000 in cash.

The Company also completed the sale of the Northern Hub copper tenements in North Queensland to Minotaur Exploration (ASX: MEP) for \$125,000 in cash and \$275,000 worth of Minotaur shares.

An extension was granted to recently-established Australian gold company Carnaby Resources Limited to complete the conditions precedent required to allow Syndicated to divest an 82.5% interest in the Southern Hub exploration tenements in North Queensland.

REVIEW OF OPERATIONS (CONT)

Exploration and Evaluation

Monument Gold Project (WA)

The Monument Gold Project comprises a 288km² tenement package located approximately 55km west of Laverton in the world-class Laverton gold district of WA. The Project is located within the Laverton Tectonic Zone, a major mineralised domain within WA's Goldfields region which hosts numerous multi-million ounce, Tier-1 gold deposits such as Sunrise Dam (+10Moz), Wallaby (+8Moz), Granny Smith (+2Moz) and Lancefield (+2Moz).

The package comprises 14 contiguous granted tenements and 17 applications which lie immediately to the north-west of the 3.5Moz Mount Morgans Gold Operation, owned by Dacian Gold Limited (ASX: DCN) (see Figure 1).

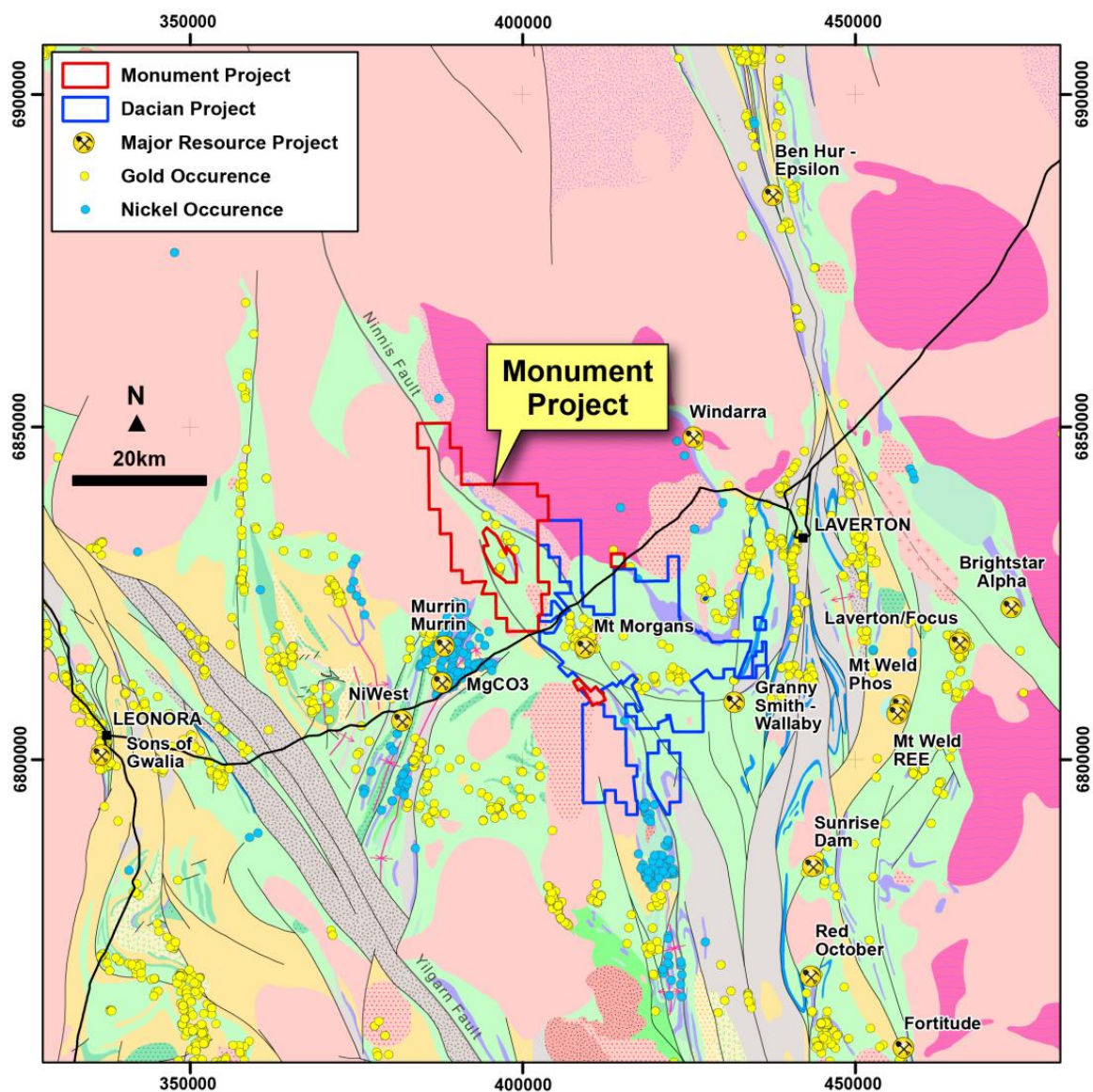


Figure 1 – Location of the Monument Gold Project showing regional geology and nearby mining operations.

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REVIEW OF OPERATIONS (CONT)

Maiden Gold Mineral Resource

During the period the Company reported a maiden Inferred Mineral Resource estimate for the Korong deposit comprising 855,000 tonnes grading 1.8g/t Au for 50,000 ounces of contained gold (refer ASX announcement dated 10 September 2018 for full details of the Inferred Mineral Resource calculation).

This is the first JORC compliant Mineral Resource to be estimated at the Project and highlights the potential for further economically viable gold resources to be identified along the 12km mineralised corridor that sits along strike from the Resource.

The Resource remains open in all directions, with strong potential to extend the mineralisation down-plunge to the north, as well as to discover repeat lodes to the north and south of the main high-grade Korong Lode.

The mineralised system at Korong is believed to be the same system geologically to the one that hosts most of the mineralisation at Dacian Gold's 1.6Moz Westralia Gold Deposit, located 12km along strike to the south-east (Figure 2).

The Inferred Mineral Resource is summarised in Table 1 below.

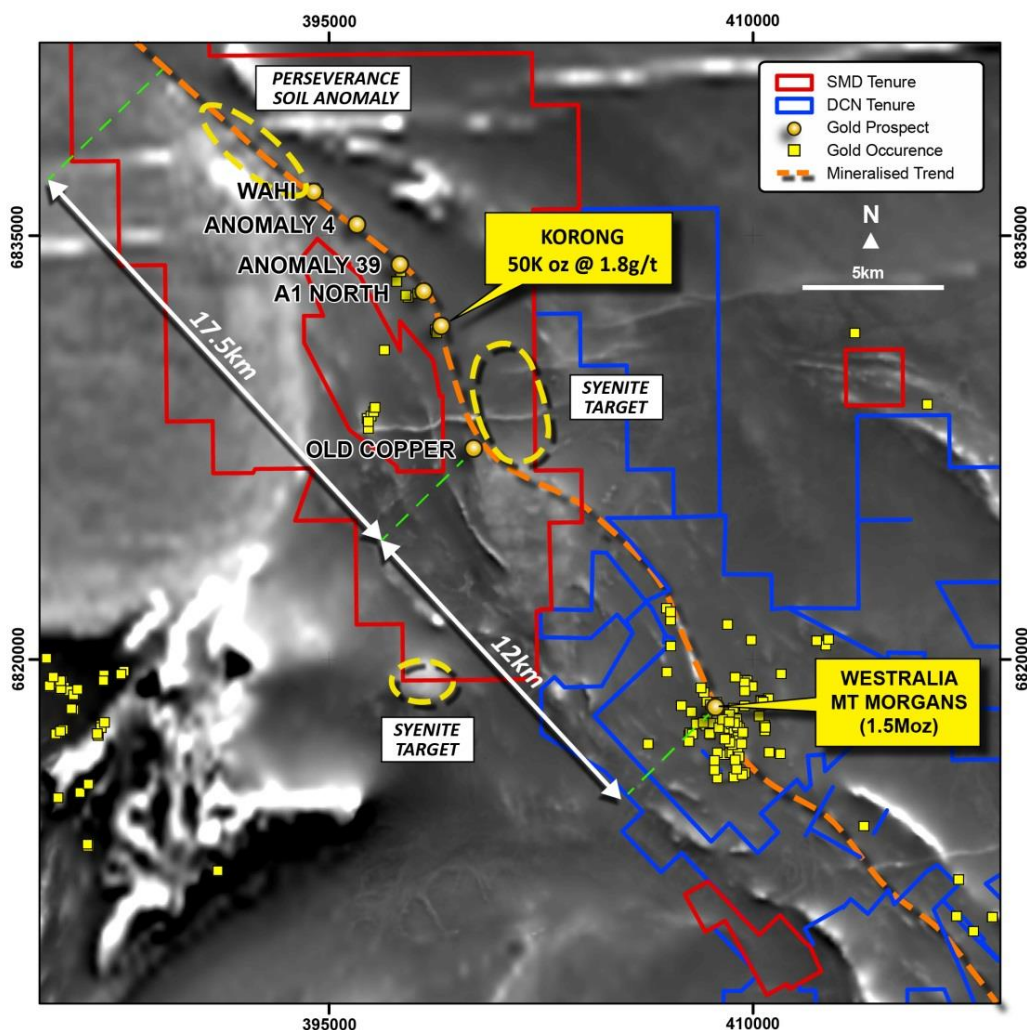


Figure 2 – Monument Project in Relation to Dacian Gold – BIF Hosted Mineralisation Overview.

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REVIEW OF OPERATIONS (CONT)

Inferred Mineral Resource Summary

- The in-situ, drill defined and developed Mineral Resource Inventory was reported inside an optimised pit-shell at a cut-off of 0.5g/t, and outside the optimised shell at a 2.0g/t cut-off.
- The modelled mineralised zones that form the basis of the resource show good continuity and were based on data from 22 diamond drill holes (5,008m), 50 percussion drill holes (1,788m) and 72 Reverse Circulation (RC) drill holes (5,126m). These holes include those drilled by previous operators as well as holes completed by Syndicated Metals.
- The mineralisation is interpreted as an easterly-dipping and north-plunging lode which has been delineated over a strike length of approximately 500m, a down-plunge extent of 200m and an average thickness of 5m. Drilling successfully defined this horizon and identified high-grade shoots which are likely controlled by folding and faulting.
- The Mineral Resource estimate was defined on a nominal drill spacing of 25m x 25m and 25m x 50m.
- Much of the dip and strike extensions to the ore body are classified as unclassified Mineral Resources and can be easily targeted by further drill programs to grow the Mineral Resource at Korong.
- Discrepancy in summation may occur due to rounding.
- The Mineral Resource was constrained by a A\$2,025 per ounce gold price conceptual optimised pit shell.
- Ordinary Kriging was utilised as the interpolation method for the mineralised domains and surrounding waste.
- Modelling and estimations were undertaken using Datamine software.
- Refer to the ASX announcement dated 10 September 2018 for further information in regard to the Inferred Mineral Resource. The Company is not aware of any new information or data that materially affects the information in this announcement and all material assumptions and technical parameters continue to apply and have not materially changed.

Deposit	Cut-Off (g/t)	Inferred		
		Tonnes	Grade (g/t)	Au Ounces
Korong	0.5	650,000	1.6	33,000
Korong UG	2.0	205,000	2.5	17,000
Total		855,000	1.8	50,000

Table 1 – Korong – JORC Resource Overview

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REVIEW OF OPERATIONS (CONT)

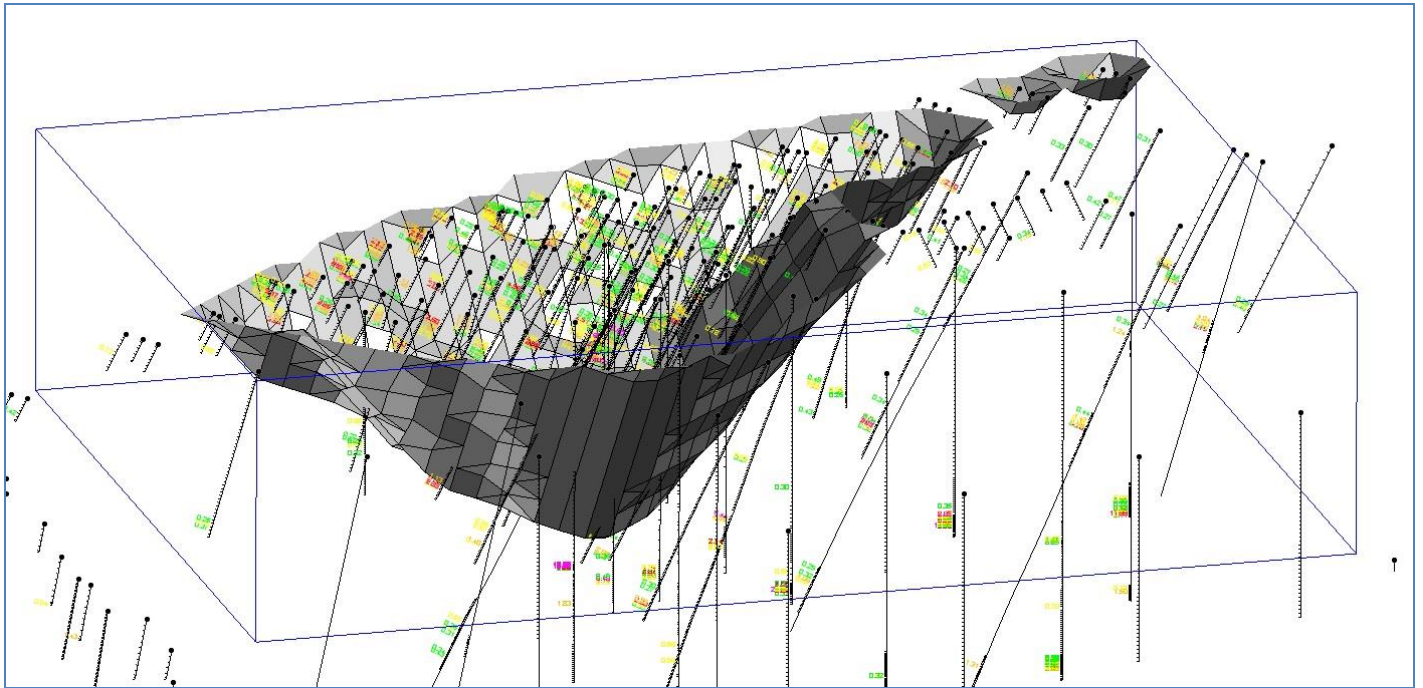


Figure 3 – Korong A\$2,025/oz Optimised Pit Shell – Looking West.

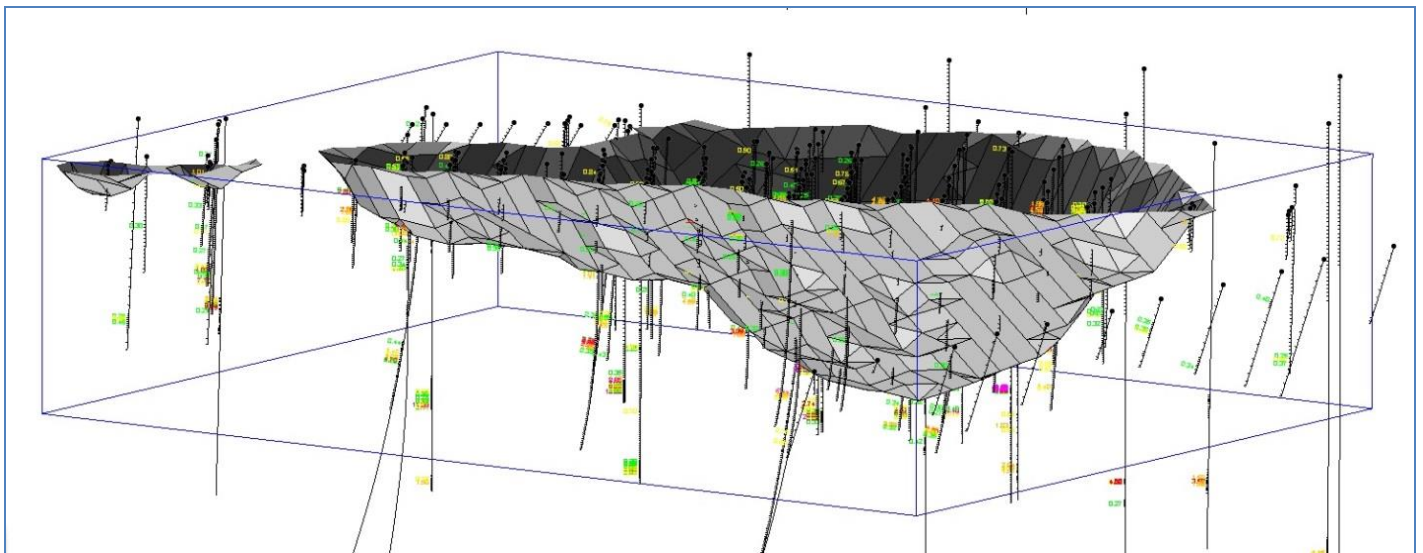


Figure 4 – Korong A\$2,025/oz Optimised Pit Shell – Looking North-East.

REVIEW OF OPERATIONS (CONT)

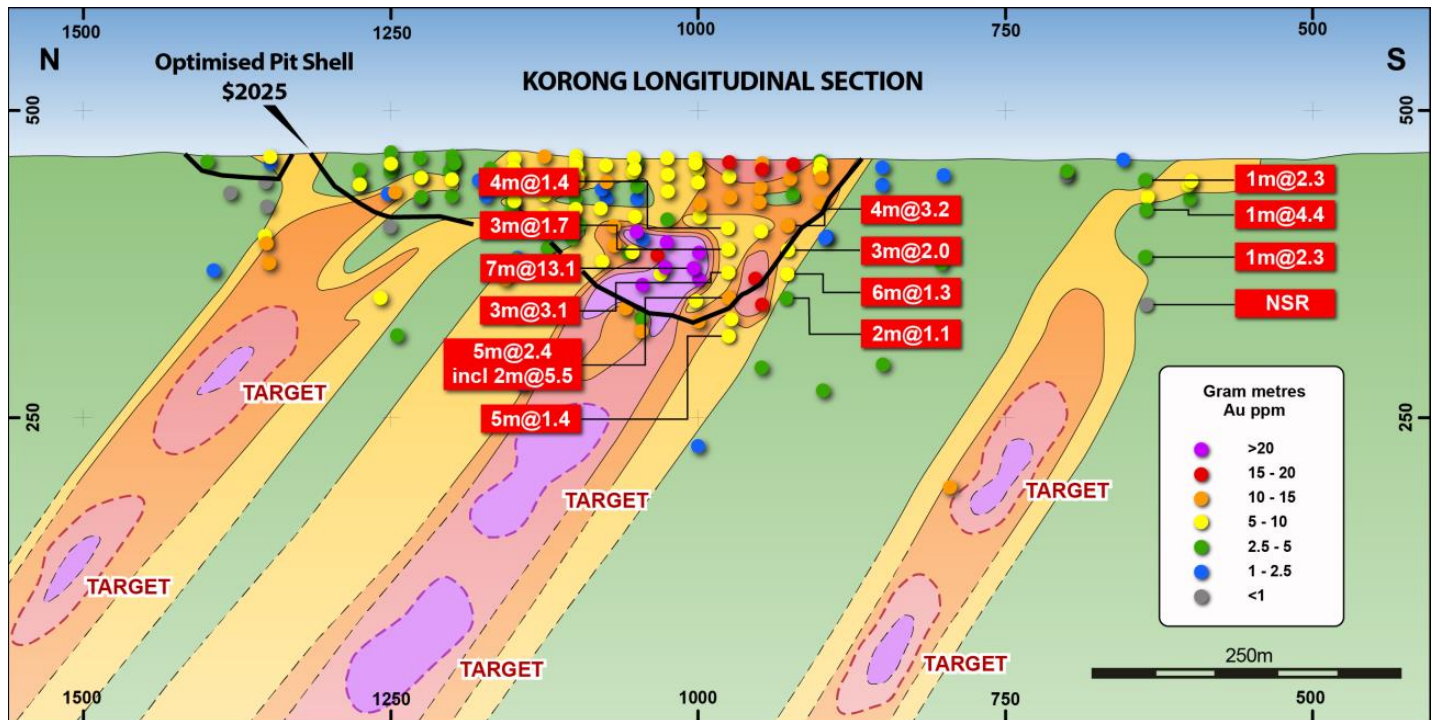


Figure 5 – Korong Longitudinal Section with Interpreted Gold Lodes.

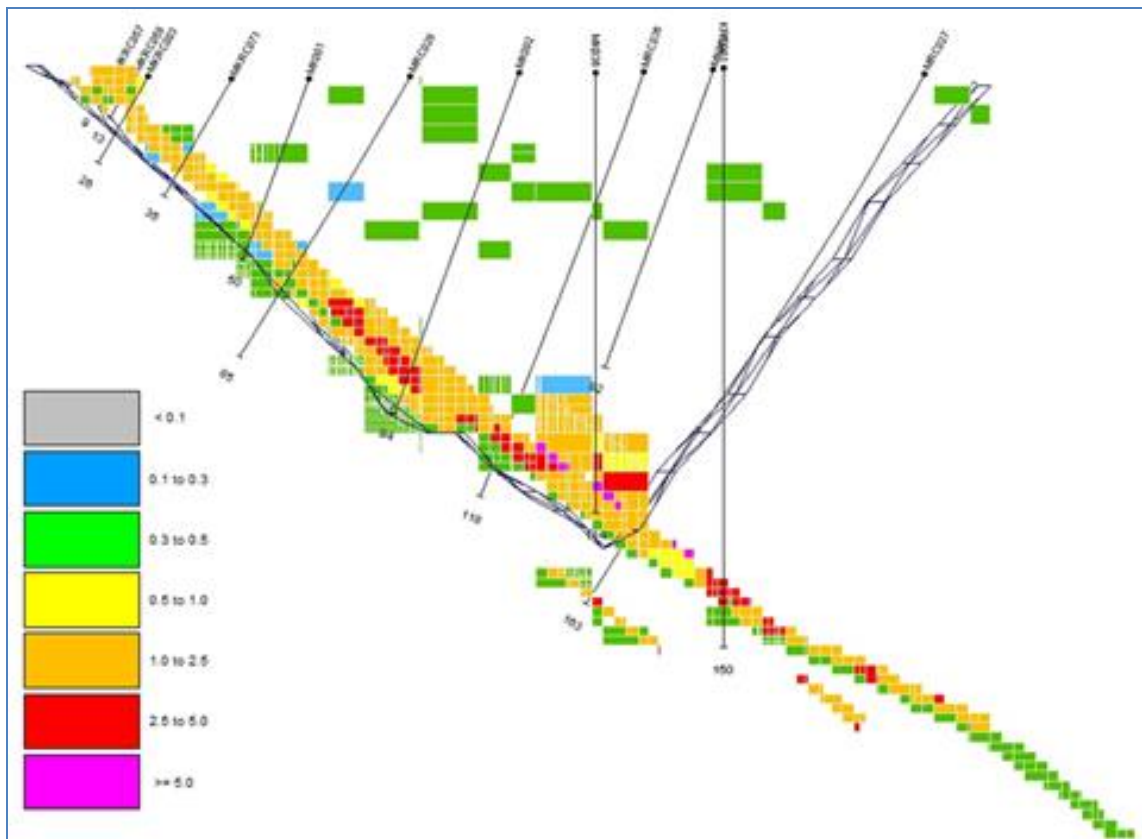


Figure 6 – Korong Block Model within A\$2,025/oz Optimised Pit Shell.

REVIEW OF OPERATIONS (CONT)

Monument Exploration Review

Subsequent to the release of the Korong Mineral Resource, the Company completed an independent technical review of all available exploration data for the Monument Project which confirmed its prospectivity for new discoveries.

The Project is prospective for two distinct styles of mineralisation, namely: Banded Iron Formation (or BIF)-hosted gold mineralisation and syenite-related gold mineralisation. These two styles of mineralisation make up the 3.5Moz resource base at Dacian Gold's nearby Mt Morgans Gold Operations, which has recently achieved full commercial production.

Four significant syenite-related gold deposits have been identified through the Laverton Tectonic Zone: Cameron Well, Calisto and Jupiter (Dacian Gold) and Wallaby (Goldfields).

These deposits are observed to be systematically emplaced along a 10km wide corridor running NW-SE, as shown in Figure 7. This corridor contains radial magnetic anomalies within the Monument Project that are interpreted as Felsic/Syenite intrusions.

Mapping undertaken by the Geological Survey of WA (GSWA), SMD, Geochemical Services Pty Ltd (GSPTY) and Southern Geoscience Consultants (SGC) identified a number of Felsic/Syenitic Intrusions within the Monument Project, which are depicted in Figure 8.

Syenites are a type of granite intrusion with a specific litho-geochemical/mineral composition. It is the litho-geochemistry of the syenite in combination with contrasting rock competencies that are believed to be the keys to significant amounts of gold mineralisation associated with this specific type of rock in the Laverton region.

The prospective BIF unit at Monument has been proven to be mineralised over more than 12km of strike within Syndicated's tenure, as shown in Figure 9.

Much of the prospective BIF unit is yet to be explored, with multiple geochemical anomalies and historical ore grade drilling intercepts to be further tested.

This BIF unit is host to the Korong gold deposit, which hosts an Inferred Resource of 855,000 tonnes @ 1.8g/t Au for 50,000 ounces (see above). The optimised pit shell in relation to the mineralised lodes is shown in Figure 5 above. Multiple high-grade lodes of mineralisation exist within the BIF unit, which are controlled by structure and thickenings in the BIF units.

Based upon the work detailed above, the Company commenced an internal review of the current and future exploration strategies for the Monument Project.

The aim of this work is, firstly, to establish the optimal combined exploration methodologies for the two mineralisation styles and, secondly, to develop funding options to support the Project and maximise value for shareholders.

This work is currently still in progress.

REVIEW OF OPERATIONS (CONT)

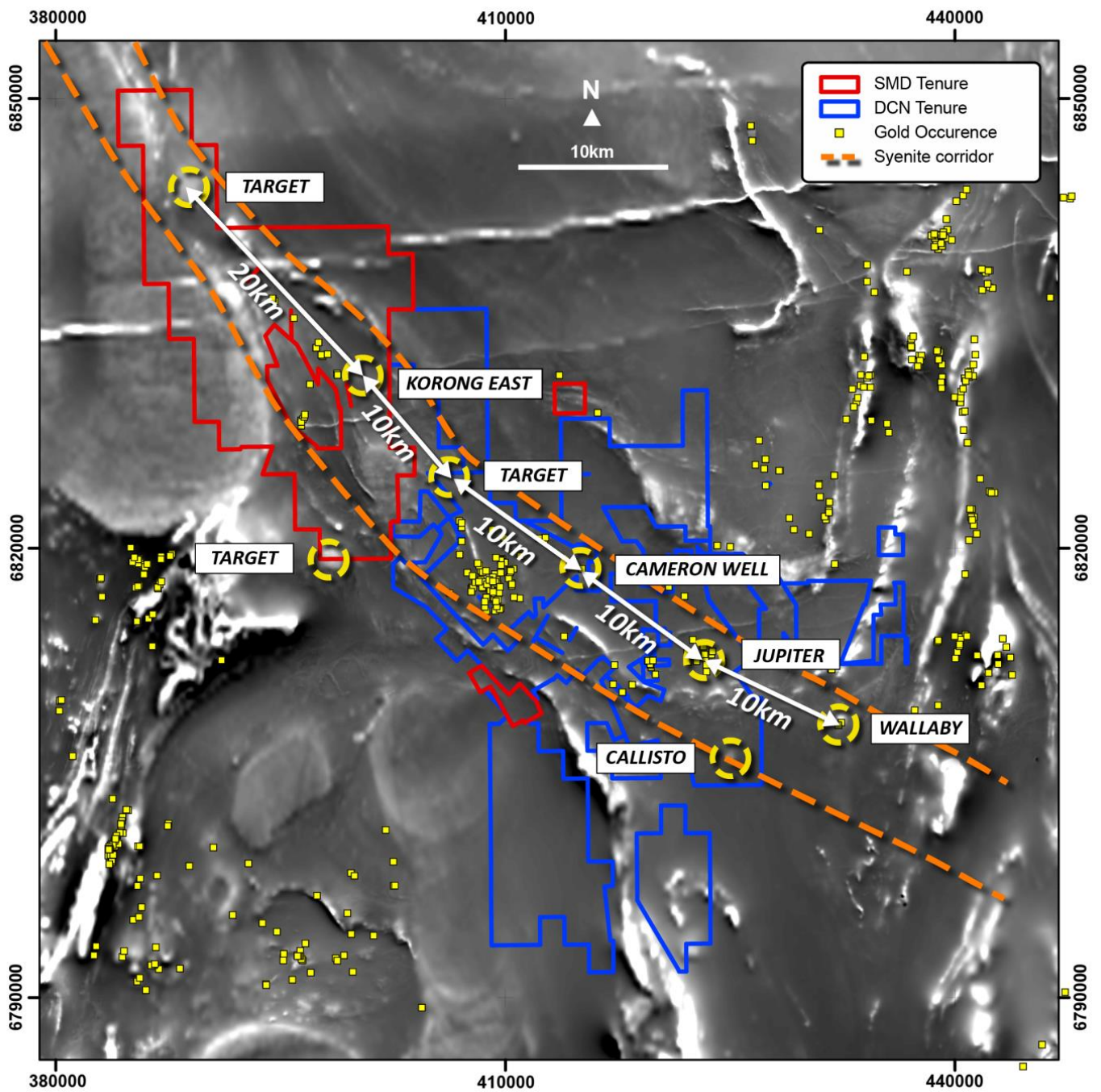


Figure 7 – Regional Syenite Related Prospectivity (GSWA magnetics image).

REVIEW OF OPERATIONS (CONT)

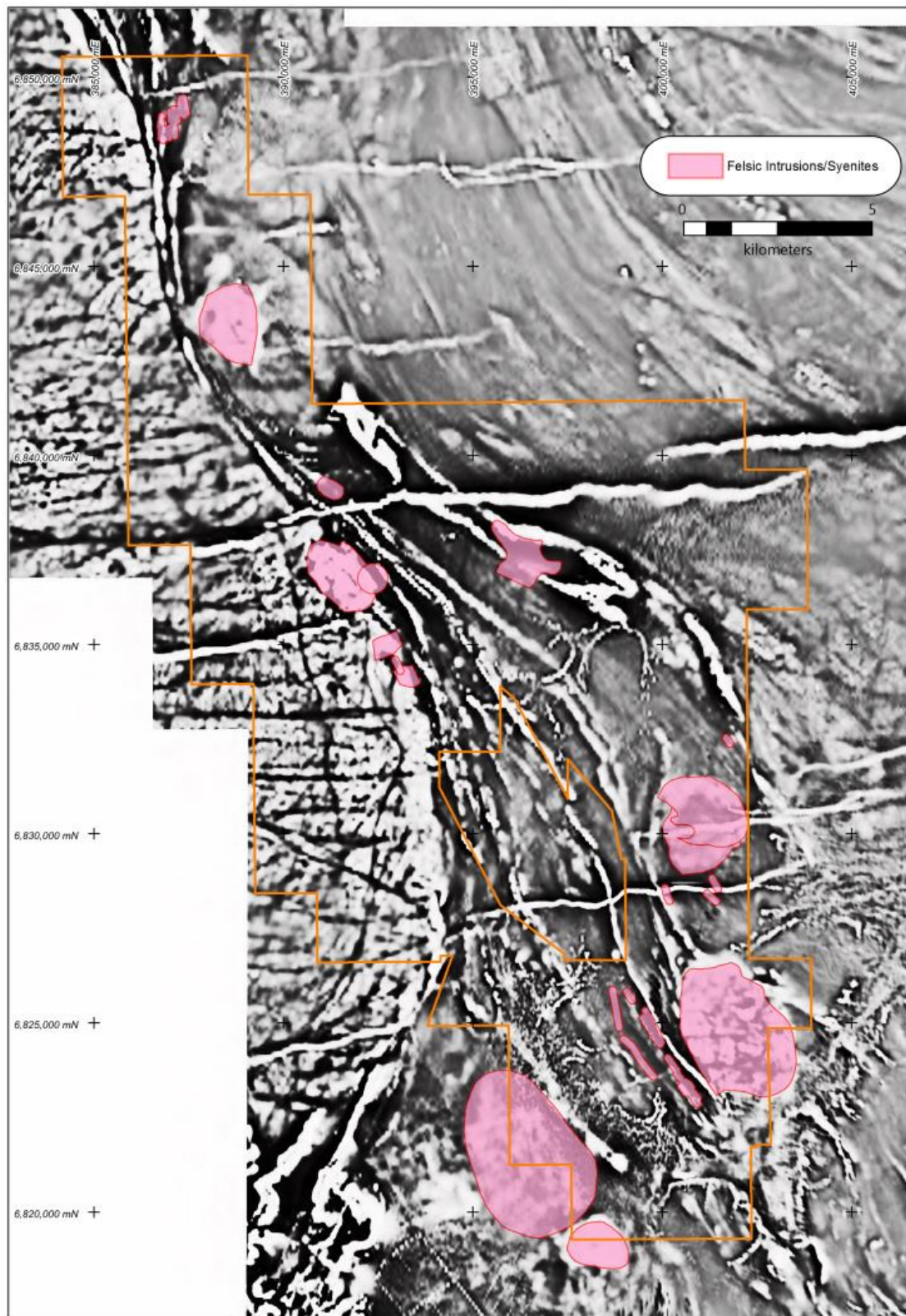


Figure 8 – Monument Project – Felsic/Syenite Intrusion Targets (SMD magnetics image overlain by SGC, GSPTY and GSWA mapping).

REVIEW OF OPERATIONS (CONT)

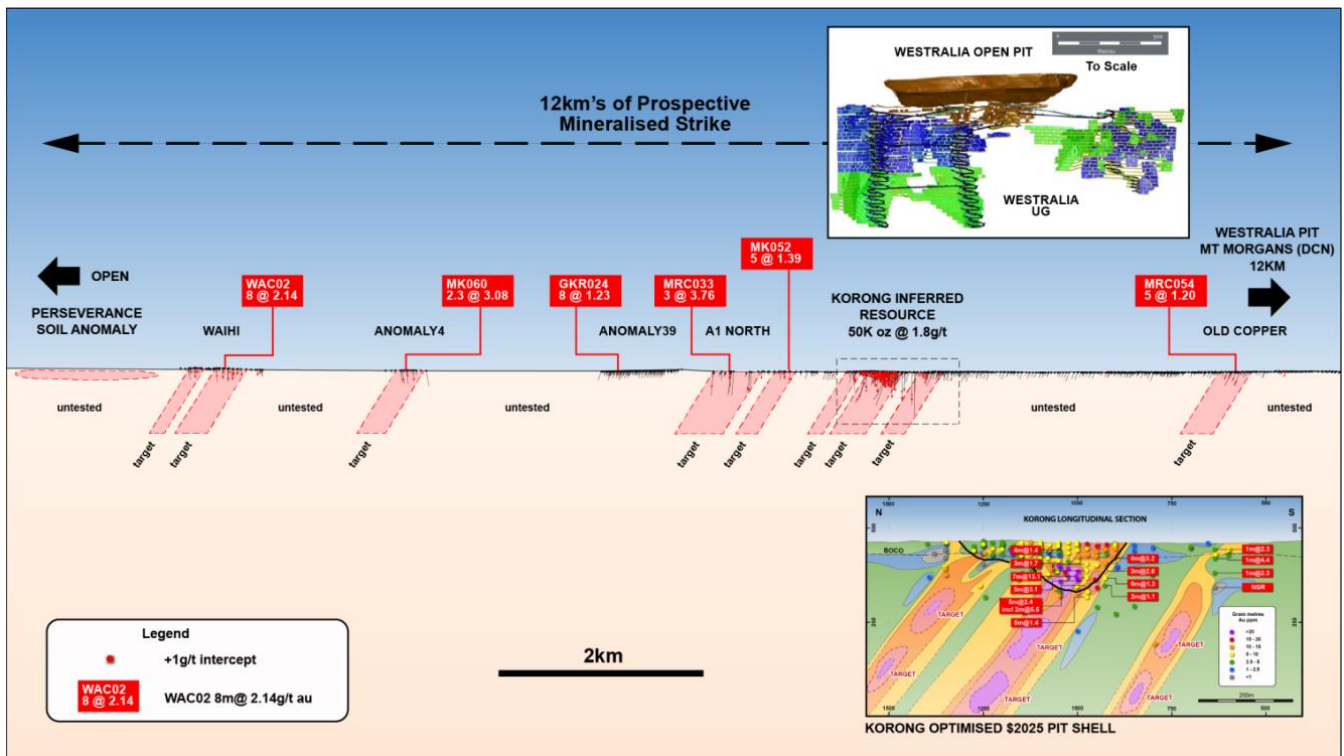


Figure 9 – Long Section of Monument Prospective Horizon – (Westralia (DCN) Inset).

Barbara Copper Project Royalty

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 Round Oak Minerals Pty Ltd (formerly CopperChem Limited) for A\$2.3 million in cash and a 1-2% net smelter return (NSR) production royalty, payable once the Barbara Project moves into production.

In September 2018, the Company entered into an agreement with Round Oak, which was subject to shareholder approval, to relinquish the royalty entitlement over the Barbara Copper Project for \$460,000 in cash.

Syndicated obtained shareholder approval to relinquish the royalty at the Company's AGM held on 25 October 2018 with the funds being received from Round Oak in early November 2018.

Northern Hub / (Mt Remarkable) (Queensland)

The Mt Remarkable Project consists of nine EPM tenements covering 776km² of tenure 50km north-east of Mt Isa in North Queensland.

In July the Company advised that all conditions precedent under its agreement with Minotaur Exploration (ASX: MEP) to sell its Northern Hub exploration tenements in North Queensland, had been satisfied allowing the transaction to proceed to completion.

The completion of the sale, for a total of \$400,000 in cash and shares, continued Syndicated's strategy of crystallising value from its extensive North Queensland exploration portfolio and reducing the ongoing holding costs of these tenements, while maintaining its focus on gold and other new project opportunities in WA.

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REVIEW OF OPERATIONS (CONT)

Key Terms of Agreement with Minotaur

Full details of the agreement with Minotaur were set out in the Company's ASX release of 23 May 2018. The consideration for the sale comprised \$125,000 in cash, plus fully-paid ordinary Minotaur shares to the value of \$275,000 based upon the 5-day volume weighted average price (VWAP) up until the business day prior to completion.

Completion of the agreement was conditional upon a number of conditions precedent that were detailed in the ASX announcement of 23 May, all of which were satisfied.

Southern Hub / (Fountain Range) (Queensland)

The Fountain Range Project consists of 12 EPM tenements covering approximately 293km² of tenure 100km south-east of Mt Isa in North Queensland.

In June 2018, Syndicated reached agreement with recently established Australian gold company Carnaby Resources Limited (Carnaby) for the sale of an 82.5% interest in the Southern Hub exploration tenements, under an option exercisable by Carnaby on or before 30 June 2018. Carnaby exercised its option to purchase the interest by the required date.

At the Company's AGM held on 26 October 2018, shareholders approved the relinquishment of the 82.5% interest in the project to Carnaby, thus satisfying the remaining condition precedent required to be satisfied by Syndicated.

In November, Syndicated granted Carnaby a further conditional extension to the timeframe for completion of the acquisition to 2 May 2019. All terms and conditions of the previously announced agreement remain unchanged except for the extension date and Carnaby accepting responsibility for the ongoing holding costs of the tenements and funding any further outgoings incurred by Syndicated in relation to the transaction.

Subject to the remaining conditions being satisfied, the transaction is expected to result in Syndicated holding a 4% to 5.6% stake in Carnaby, which is undertaking a new gold IPO, while retaining a 17.5% free-carried interest in the Southern Hub tenements. The transaction will provide the Company ongoing exposure to the consolidation of tenure around the Tick Hill Gold Project and future exploration upside in Carnaby's Western Australian and Queensland projects.

Key Terms of Agreement with Carnaby

Full details of the agreement with Carnaby were set out in the Company's ASX release of 5 June 2018. The consideration for the sale is 4,000,000 fully paid ordinary shares in Carnaby at a deemed issue price of 25c per share. The shares are expected to be escrowed for a period of 12 months from the date the shares are issued to Syndicated.

Following the exercise of the option by Carnaby, completion of the sale is conditional upon the satisfaction or waiver of several conditions precedent on or before 2 May 2019. These conditions were set out in the announcement of 5 June 2018 and include Carnaby lodging a Prospectus with ASIC for its proposed listing on the ASX.

Following completion, the parties will be deemed to have established a joint venture for the purpose of exploration and development of the tenements on the commercial terms set out in the agreement, under which Syndicated will retain a 17.5% free-carried interest in the Southern Hub tenements up to a Decision to Mine.

**SYNDICATED METALS LIMITED
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REVIEW OF OPERATIONS (CONT)

Corporate

Receipt of Research and Development Tax Incentive Funds

In July, the Company received net funds of \$460,000 from the 2017 Research and Development Tax Incentive claim.

Annual General Meeting

The Company's 2018 Annual General Meeting was held on 25 October 2018. All six resolutions received strong support and were passed on a show of hands.

Issue of Employee Options

On 26 October, the Company issued 5,000,000 unlisted Options as approved by shareholders at the Company's AGM. The Options were issued to the Managing Director, Mr David Morgan, who was appointed to the position in April 2018, to realign his remuneration from his previous Non-Executive role to the Executive position. The purpose of the issue of Options is to provide an ongoing incentive and retention tool for key personnel within the organisation.

The principal terms of the options are as follows:

Tranche 1 – 1,666,666 options with an exercise price of 1.35 cents each, vesting on the date of issue and expiring on 9 September 2022.

Tranche 2 – 1,666,667 options with an exercise price of 1.58 cents each, vesting 6 months from issue and expiring on 9 September 2022.

Tranche 3 – 1,666,667 options with an exercise price of 1.8 cents each, vesting 12 months from issue and expiring on 9 September 2022.

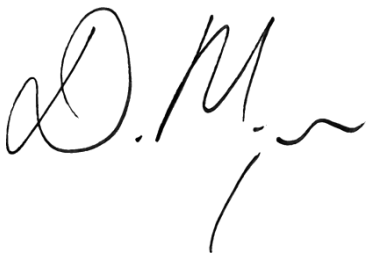
EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen subsequent to 31 December 2018 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 17 for the half year ended 31 December 2018.

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



David Morgan
Managing Director

11 February 2019

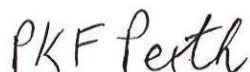
**SYNDICATED METALS LIMITED
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ABN 61 115 768 986**

Competent Person's Compliance Statement

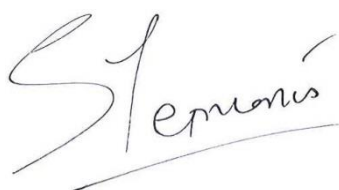
The information in this report that relates to Exploration Results is based on information compiled and reviewed by Mr Peter Langworthy who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of 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 Langworthy is the Chairman 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 2018, 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 PERTH



SIMON FERMANIS
PARTNER

11 FEBRUARY 2019
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 2018**

	Note	31 December 2018 \$	31 December 2017 \$
Revenue			
Interest income		6,939	22,451
Sundry income	3	508,094	-
		<u>515,033</u>	<u>22,451</u>
Expenses			
Depreciation		(3,758)	(3,482)
Employee benefits expense		(115,082)	(69,421)
Exploration expenditure written off		(122,278)	-
Exploration expenditure impairment		(86,516)	(124,787)
Share based payments		(18,612)	(109,316)
Loss on fair value of financial asset		(58,579)	-
Other expenses		(264,304)	(205,718)
		<u>(669,129)</u>	<u>(512,724)</u>
Loss before income tax		(154,096)	(490,273)
Income tax (expense)/benefit	4	459,305	-
		<u>305,209</u>	<u>(490,273)</u>
Profit/(Loss) for the period		305,209	(490,273)
Other comprehensive income			
Other comprehensive income (net of tax)		-	-
		<u>305,209</u>	<u>(490,273)</u>
Total comprehensive profit/(loss) for the period		305,209	(490,273)
Earnings per share		Cents	Cents
Basic and diluted loss per share		0.05	(0.08)

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 2018**

	Note	31 December 2018 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		770,308	499,089
Non-current asset held for sale	5	-	400,000
Financial asset at fair value through profit or loss		216,421	-
Trade and other receivables		94,613	97,461
TOTAL CURRENT ASSETS		1,081,342	996,550
NON CURRENT ASSETS			
Property, plant and equipment		22,215	30,816
Exploration and evaluation costs		3,401,104	3,247,081
TOTAL NON CURRENT ASSETS		3,423,319	3,277,897
TOTAL ASSETS		4,504,661	4,274,447
CURRENT LIABILITIES			
Trade and other payables		153,604	246,300
Provisions		2,390	3,301
TOTAL CURRENT LIABILITIES		155,994	249,601
TOTAL LIABILITIES		155,994	249,601
NET ASSETS		4,348,667	4,024,846
EQUITY			
Issued capital	9	26,195,890	26,195,890
Share based payments reserve	10	169,331	150,719
Accumulated losses		(22,016,554)	(22,321,763)
TOTAL EQUITY		4,348,667	4,024,846

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 2018**

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2018	26,195,890	150,719	(22,321,763)	4,024,846
Profit for the period	-	-	305,209	305,209
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	-	-	305,209	305,209
<i>Transactions with owners, recorded directly in equity</i>				
Issue of share capital	-	-	-	-
Share issue costs	-	-	-	-
Fair value of options issued	-	18,612	-	18,612
Balance at 31 December 2018	26,195,890	169,331	(22,016,554)	4,348,667
	\$	\$	\$	\$
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

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 2018**

	31 December 2018 \$	31 December 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(436,132)	(320,998)
Payments for exploration and evaluation	(410,303)	(924,123)
Interest received	5,451	21,097
R&D income tax benefit	509,849	-
Income tax paid	(50,544)	-
Sundry income	46,725	-
	<hr/>	<hr/>
Net cash used in operating activities	(334,954)	(1,224,024)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tenements	-	-
Purchase of property, plant and equipment	(2,385)	-
Proceeds from disposal of Northern Hub tenements	125,000	-
Proceeds from relinquishment of Barbara Copper Project royalty	460,000	-
	<hr/>	<hr/>
Net cash from investing activities	582,615	-
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	4,334
Capital raising costs	-	-
Refunds of security deposits	23,558	-
	<hr/>	<hr/>
Net cash from financing activities	23,558	4,334
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents held	271,219	(1,219,690)
Cash and cash equivalents at beginning of period	499,089	2,634,331
	<hr/>	<hr/>
Cash and cash equivalents at end of period	770,308	1,414,641
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

**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 2018**

NOTE 1. REPORTING ENTITY

The financial report of Syndicated Metals Limited and its controlled entities for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 11 February 2019.

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 2018, 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 2018 are available upon request or can be downloaded from the Australian Securities Exchange website.

NOTE 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 2018 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 2018 annual financial report for the financial year ended 30 June 2018, 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 amended accounting standards and interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

NOTE 2. BASIS OF PREPARATION (CONT)

c) New or amended accounting standards and interpretations adopted (continued)

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening accumulated losses as at 1 July 2018.

d) New or amended accounting standards and interpretations not yet adopted

The AASB has issued 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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NOTE 2. BASIS OF PREPARATION (CONT)

e) 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.

f) 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 2018.

g) 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.

h) 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 profit after tax of \$305,209 for the period ended 31 December 2018 (31 December 2017: loss of \$490,273). As at 31 December 2018 the Group had net assets of \$4,348,667 (30 June 2018: \$4,024,846) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2018 the Group had \$770,308 (30 June 2018: \$499,089) 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 2018 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.

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NOTE 3: SUNDRY INCOME

	31 December 2018	31 December 2017
	\$	\$
Proceeds from relinquishment of Barbara Copper Project royalty	460,000	-
Other income	48,094	-
	<u>508,094</u>	<u>-</u>

NOTE 4: INCOME TAX (EXPENSE)/BENEFIT

	31 December 2018	31 December 2017
	\$	\$
Research and development tax concession refund	509,849	-
Income tax paid	(50,544)	-
	<u>459,305</u>	<u>-</u>

The income tax benefit for the period ended 31 December 2018 relates to the receipt of a refundable tax offset for research and development expenditure of \$509,849 incurred in the reporting period ended 30 June 2017. During the period the Company formed an income tax consolidated group with effect from 1 July 2016. Due to the restriction placed on the utilisation of tax losses transferred to the income tax consolidated group and the sale of the Barbara Copper Project for \$2.3m in the year ended 30 June 2017, an income tax liability of \$50,544 became payable.

NOTE 5: NON-CURRENT ASSET HELD FOR SALE

At 30 June the Company's Queensland Northern Hub tenements were held for sale pending the finalisation of the sale to Minotaur Exploration Limited. The sale was completed in July with consideration comprising \$125,000 in cash and \$275,000 in Minotaur shares received.

NOTE 6: 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.

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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

NOTE 6: OPERATING SEGMENTS (CONT)

	WA	Queensland	Unallocated Items	Total
	\$	\$	\$	\$
31 December 2018				
Segment revenue	6,983	501,112	6,938	515,033
Segment net profit/(loss)	(115,295)	414,595	5,909	305,209
Segment assets	3,416,545	0	1,088,116	4,504,661
Segment liabilities	61,900	40,306	53,788	155,994
31 December 2017				
Segment revenue	-	-	22,451	22,451
Segment net loss	(1,204)	(124,787)	(364,282)	(490,273)
30 June 2018				
Segment assets	3,267,361	400,000	607,086	4,274,447
Segment liabilities	115,240	39,769	94,592	249,601

NOTE 7: CONTINGENT ASSETS AND LIABILITIES

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

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen subsequent to 31 December 2018 that has significantly affected, or may significantly affect the operations or the state of affairs of the Group in future financial years.

NOTE 9: ISSUED CAPITAL

	31 December 2018 \$	30 June 2018 \$
(a) Issued and fully paid shares - at beginning of period	26,195,890	26,187,467
Additions during period	-	12,099
Less: capital issue costs net of tax	-	(3,676)
	<u>26,195,890</u>	<u>26,195,890</u>
(b) Movements in issued and fully paid shares (ASX: SMD)		
	Number of shares	\$
Balance at the beginning of the period	635,492,379	26,195,890
Shares issued	-	-
Less: capital issue costs	-	-
	<u>635,492,379</u>	<u>26,195,890</u>

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**CONDENSED NOTES TO AND FORMING PART OF THE ACCOUNTS
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	31 December 2018 \$	30 June 2018 \$
NOTE 10: SHARE BASED PAYMENT RESERVE		
(a) Share Based Payment Reserve	169,331	150,719
(b) Movement in share based payment reserve	Options (Number)	\$
Balance at the beginning of the period	13,666,666	150,719
Additions	5,000,000	18,612
Expired	-	-
Balance at the end of the period	18,666,666	169,331

A total of 4,666,667 options vested during the current period.

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 director on 25 Oct 2018	1,666,666	6,045	4	26/10/18
Options granted to director on 25 Oct 2018	1,666,667	5,894	4	26/04/19
Options granted to director on 25 Oct 2018	1,666,667	5,759	4	26/10/19
Total	5,000,000	17,698		

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 \$0.005, share price volatility of 134%, a risk free interest rate of 2.135% and a dividend yield of nil. The fair value per option at grant date was \$0.0036 (1,666,666 options), \$0.0035 (1,666,667 options) and \$0.0035 (1,666,667 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 2018 \$	31 December 2017 \$
Options issued	18,612	109,316
	18,612	109,316

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NOTE 11: 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.

Fair value hierarchy

The following table details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability.

31 December 2018	Level 1	Level 2	Level 3	Total
<i>Assets</i>				
Ordinary shares at fair value through profit or loss	216,421	-	-	216,421
	<u>216,421</u>	<u>-</u>	<u>-</u>	<u>216,421</u>
 30 June 2018	 Level 1	 Level 2	 Level 3	 Total
<i>Assets</i>				
Non-current assets held for sale	-	400,000	-	400,000
	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>

Assets held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

NOTE 12: DIVIDENDS

No dividend has been paid or provided for during the half-year ended 31 December 2018.

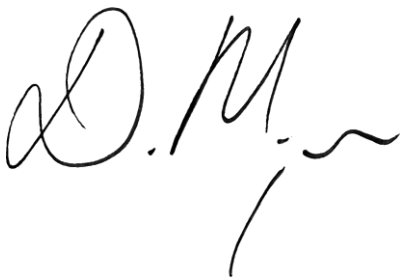
**SYNDICATED METALS LIMITED
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DIRECTORS' DECLARATION

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 2018 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*.



David Morgan
Managing Director

11 February 2019

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 2018, 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 2018, 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 2018 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.

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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) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 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 (h) in the financial report, which details certain conditions and matters that 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 Perth

PKF PERTH

Simon Fermanis

SIMON FERMANIS
PARTNER

11 FEBRUARY 2019
WEST PERTH,
WESTERN AUSTRALIA

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