



ANNUAL REPORT 2014

ABN 61 115 768 986



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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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Telephone: (08) 9380 9440
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SOLICITORS

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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
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STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Codes: SMD (fully paid ordinary shares); SMD0 (options expiring 4 December 2014)

BANK

Westpac Banking Corporation
1257 Hay Street
West Perth, WA 6005

CHAIRMAN'S REPORT

Dear Shareholders,

The past year has been an exciting and I believe a transitional one for Syndicated Metals. The work that has been completed over the past 12 months has positioned the Company well to become a producer at its Barbara Copper Project near Mt Isa in the near future.

With a clear vision the Company has undertaken a strategy that has seen the consolidation of project ownership at the Barbara Copper deposit, the introduction of a supportive joint venture partner and major shareholder in CopperChem Limited, and defined a logical and secure pathway to production. These advances are now being recognised in the market with growing support and robust market research from a number of analysts.

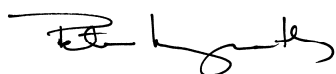
The next 12 months will see the completion of the Bankable Feasibility Study and an expected Decision to Mine at the Barbara Copper Project. The project is anticipated to be a low capital, robust entry point for the Company into the ranks of Australian copper producers. In parallel to the Company's production drive, exploration programs are expected to continue to add value to the Company. The recent exploration work has shown the high prospectivity of the immediate area surrounding the Barbara Copper Project. This area is expected to deliver additional results over the coming 12 months, particularly from the Lillymay, Spectre and Mt Olive targets.

As always, one of the most important and pleasurable parts of a Chairman's role is to acknowledge the effort, dedication and skill of everyone involved in running and providing assistance to the Company. The team has performed at an exceptional level and the results being delivered reflect this effort.

I look forward with great optimism and enthusiasm to the coming year with our momentum increasing towards becoming a copper and gold producer and also the identification of opportunities for major exploration success.

I thank you for your ongoing support.

Yours sincerely,



Peter Langworthy
Chairman

DIRECTORS' REPORT

Your directors present the following report on Syndicated Metals Limited (the Company) and the entities it controlled (Group) during or at the end of the financial year ended 30 June 2014.

INFORMATION ON DIRECTORS

The directors of the company at any time during or since the end of the financial year are;

Peter Langworthy Non-Executive Chairman (since 20 March 2012)

Mr Langworthy is a geologist with a career spanning 28 years in mineral exploration and project development in Australia and Indonesia. He has specific expertise in building successful teams that have been responsible for significant mineral discoveries and in integrating technically sound exploration and resource development strategies into corporate planning. His industry experience includes 12 years in senior management roles with WMC Resources, four years with PacMin Mining as Exploration Manager, five years with Jubilee Mines where he built the team responsible for numerous discoveries at the Cosmos Nickel Mine and the Sinclair Nickel Project, and three years with Talisman Mining as Technical Director. At Jubilee he was part of the corporate team responsible for the growth of the company until it was taken over by Xstrata. He has also held non-executive directorships with other ASX-listed companies namely Northern Star Resources, Falcon Minerals and Pioneer Resources.

Mr Langworthy holds an interest in 3,655,083 shares of the company, 357,143 listed options, 913,514 unlisted options and 2,000,000 performance rights.

Andrew Munckton Managing Director (since 20 March 2012)

Mr Munckton has a 30 year career in senior roles in mineral exploration and project development in Australia and Sweden including 15 years in gold project exploration, development and operations as Chief Geologist with Pancontinental and General Manager Operations at Paddington, Kundana and Kanowna Belle gold mines. He was General Manager Operations for Gindalbie Metals where he oversaw the development of the Karara Iron Ore Project including securing major Joint Venture partner, Ansteel, of China and completion of a Bankable Feasibility Study on Direct Shipping and magnetite concentrate projects up to \$2.7 billion. He was Managing Director of ASX listed Avalon Minerals Ltd where he was involved in securing the Viscaria Copper Project in Sweden, building an exploration team and taking the project to Bankable Feasibility Study stage.

Mr Munckton holds an interest in 6,306,306 shares of the company, 2,364,864 unlisted options and 5,000,000 performance rights.

David Morgan Non-Executive Director (Executive Director from 20 March 2012 to 31 August 2013. Non-Executive Director since 1 September 2013)

Mr Morgan is a mining engineer and mechanical engineer with a 32 year career in the mining industry in Australia and Africa. He has previously held a number of executive development and mine operations roles involving project engineering, maintenance and contract earthmoving for companies such as Rio Tinto, Macmahon and WMC Resources. He was General Manager Operations for Equigold in Queensland where he was responsible for the building, commissioning and management of the Mt Rawdon Gold Mine. He was General Manager Mining and Metallurgy for Sundance Resources' Mbalam Iron Ore Project in Cameroon where he oversaw the completion of a PFS on a \$3.3 billion Direct Shipping Ore and Itabirite project for that company, including the delivery of 10 years of JORC compliant, high grade Ore Reserves and the establishment of project metallurgical and processing parameters.

Mr Morgan holds an interest in 5,912,070 shares of the company, 2,027,027 unlisted options and 5,000,000 performance rights.

INFORMATION ON DIRECTORS (CONT)

Brendan James Non-Executive Director (Appointed 23 September 2013)

Mr James's diverse career spans senior operational and technical management, investment banking and funds management. Originally a Metallurgical Engineer, he has had operational roles with Straits Resources, the CSA mine in Cobar and WMC's Olympic Dam. He headed WMC's Copper/Gold/Uranium technical groups from Melbourne, before moving to Rio Tinto to lead its OTX Global Hydrometallurgy Group. He was previously a senior mining analyst for Deutsche Bank and a partner at Perennial Growth Funds Management. More recently, he was Managing Director and CEO of an Australian listed uranium mining company in Spain.

Mr James is currently the CEO of CopperChem Limited and also Exco Resources Limited both of which are 100% owned subsidiaries of the WH Soul Pattinson Group of companies.

Mr James does not hold any shares or options of the Company, however is the CEO of CopperChem Limited which holds 19.84% of the Company's shares.

The directors have been in office to the date of this report unless otherwise stated.

COMPANY SECRETARY

Mr Paul Bridson is a Chartered Accountant with 25 years accounting and finance experience, including 20 years in the resources industry. His most recent role was as Chief Financial Officer and Company Secretary for an unlisted public gold exploration company and prior to that role fulfilled the same role with ASX listed exploration company Avalon Minerals Ltd. Prior to these roles he was Financial Controller for Gindalbie Metals Ltd and has also held site based finance positions with various other WA based mining and mine service companies. Mr Bridson is a Member of the Institute of Chartered Accountants and Governance Institute of Australia (formerly Chartered Secretaries Australia). He holds a Bachelor of Commerce degree from the University of Western Australia.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activity of the entity during the course of the year was mineral exploration.

OPERATING RESULTS

The net loss of the Group for the financial year after provision for income tax was \$514,616 (2013: \$5,822,114) which includes mineral exploration expenditure written off of \$28,467 (2013: \$4,949,196).

REVIEW OF OPERATIONS

Overview

The 2014 financial year was a milestone period for Syndicated, with the Company putting in place the key foundations required to underpin its entry to the copper business in the world-class Mt Isa region of Northwest Queensland.

In September 2013 the Company announced that it had secured the technical, financial and corporate backing of North Queensland copper producer CopperChem Limited, a wholly-owned subsidiary of the WH Soul Pattinson Group (ASX: SOL), an ASX-100 listed company. The support of CopperChem Limited came in three parts:

- Syndicated executed two agreements with CopperChem for the 50/50 joint exploration and development of the Company's flagship Barbara Copper Project, located 60km north-east of Mt Isa in North Queensland (refer to figure 1).
- CopperChem agreed to subscribe for 26.1 million fully-paid Syndicated shares and separately, agreed to an off-market purchase of 12.5 million shares held by Santana Minerals, effectively taking its ownership in Syndicated to 18.9%.
- CopperChem paid Syndicated \$1.0 million which was used to purchase the partial ownership of the Barbara Project and other tenements held by Orbis Gold in the area.

Work then immediately commenced on undertaking an in-fill and extensional drilling program as part of the feasibility study on the Barbara Copper Project.

The initial program consisted of forty-five Reverse Circulation (RC) drill holes and was completed during the December 2013 quarter in and around the high-grade South Lode, the North Lode and the intervening Mid Lode areas of the Barbara deposit.

A large number of significant intersections were encountered including:

South Lode:

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

North Lode:

- 6m @ 2.52% Cu in BARC113

Mid Lode:

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

The results confirmed the strength of the mineralisation at Barbara and enabled the mineralisation to be more clearly delineated. The drilling indicated that there is significant potential for extension of the proposed open pit at Barbara, particularly in the Mid Lode area between the South and North open pits, which was previously believed to be barren.

REVIEW OF OPERATIONS (CONT)

Further RC, Diamond, Geotechnical and Water drilling programs followed to confirm the Mineral Resource and provide samples and data which would form the basis for the Barbara Copper Project Feasibility Study.

In addition, initial joint exploration drilling was undertaken at the Lillymay and Mt Olive prospects, located 4km south-west of the Barbara deposit. This initial drilling demonstrated the potential to establish additional resources outside of the main Barbara deposit, providing a pipeline of growth opportunities.

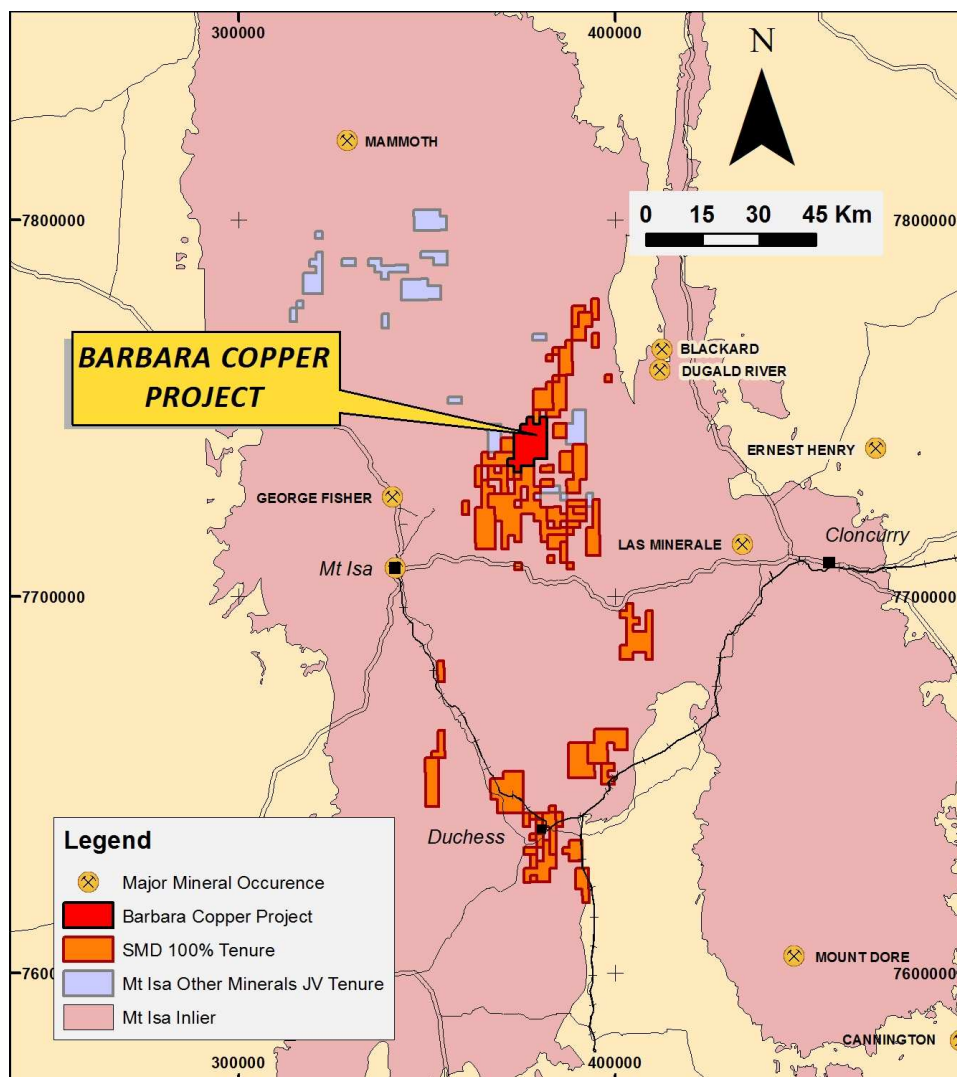


Figure 1 – Project Location Plan

Barbara Copper Project Exploration and Evaluation

Resource and Extension Drilling

During the December 2013 quarter, the Company commenced in-fill resource drilling as part of the Feasibility Study on the Barbara Copper Project in North Queensland. The drilling program, which commenced in October and comprised 45 RC holes for 4,332m, was primarily designed to in-fill and upgrade the Indicated and Inferred Mineral Resource estimated in 2010 and also to test for zones of high-grade mineralisation that potentially extend outside of the mineralised zones.

REVIEW OF OPERATIONS (CONT)

Results met or exceeded expectations, providing a strong foundation for drilling to resume in January 2014. The drilling confirmed the mineralisation in the near-surface environment within both the North Lode and the Mid Lode areas and defined the extent of the high grade (+2.0% Cu) mineralisation in the South Lode. In addition, drilling highlighted potential extensions at the northern end of the open pit design with a number of significant deeper intersections in the Mid Lode area.

The results which included 42m @ 1.57% Cu from 75m including 9m @ 3.36% Cu (hole BARC083) and 21.3m @ 1.86% Cu from 31m (hole BADD035), are supported by a number of other significant intersections in the 2013 program and historical drilling and confirmed the interpretation of a high grade (+2.0% Cu) Hangingwall lode sitting above a wider zone of lower grade (0.5% to 1.5% Cu) mineralisation at the South Lode.

Other results – which included 14m @ 1.72% Cu from 67m including 6m @ 3.30% Cu (hole BARC088) and 20m @ 1.48% Cu from 115m including 9m @ 2.61% Cu (hole BARC090) beneath the Mid Lode area – indicated the presence of significant widths of high-grade mineralisation at depth, despite the surface environment in this area being either barren or low-grade (see Figure 2).

Results from holes BARC096 to BARC104 confirmed the North Lode of copper mineralisation, where the mineralisation within the near-surface oxide zone is generally lower grade than at depth and the oxidization level is generally between 10m and 20m below surface.

Follow up Diamond Drilling

During the June 2014 half, the Company reported further highly encouraging results from in-fill diamond drilling undertaken at Barbara.

The 2014 drilling program, which comprised 25 diamond drill holes (9 with RC pre-collars) for 661m of RC and 1,499m of HQ diamond core, was primarily designed to in-fill and upgrade the 2010 Indicated and Inferred Mineral Resource and also to confirm the geological interpretation of the style of mineralisation intersected in previous RC dominated drilling.

The results during the June quarter included the best drilling result ever recorded at Barbara. Thick intersections in the South Lode included:

- BADD020 31.2m @ 3.38% Cu from 69.7m down-hole *including* 11.7m @ 7.92% Cu;
- BADD018 22.0m @ 2.27% Cu from surface;
- BADD017 26.0m @ 2.13% Cu from 9.0m down-hole including 15.0m @ 3.09% Cu;
- BADD022 29.0m @ 3.24% Cu from 22.0m down-hole *including* 19m @ 4.07% Cu; and
- BADD021 25.9m @ 4.24% Cu from 125.7m down-hole *including* 7.5m @ 10.76% Cu.

The results confirmed the strength of the mineralisation within the South Lode and highlighted extensions of this mineralisation into potential underground mining positions below the proposed open pit.

Significant deeper hits of 42m @ 1.91% Cu from 107m including 17m @ 3.39% Cu (hole BADD038) and 27m @ 1.73% Cu from 192m including 11m @ 2.88% Cu (hole BARC112), confirmed the presence of thick zones of mineralisation and supported the potential for either an expansion of the open pit in this area or underground mining immediately beneath the Barbara Open Pit.

REVIEW OF OPERATIONS (CONT)

Results from the diamond drilling confirmed the previous interpretation of southerly plunging shoots of copper mineralisation closer to surface, where the mineralisation at the hanging wall contact comprises zones of coarse-grained and high-grade chalcopyrite mineralisation, supported by thick zones of Central and Footwall mineralisation, which is finer grained and generally lower grade.

The location of the diamond drill holes completed to date is shown on Figures 2 and 3. A photograph of high-grade Hangingwall mineralisation is shown in Figure 4.

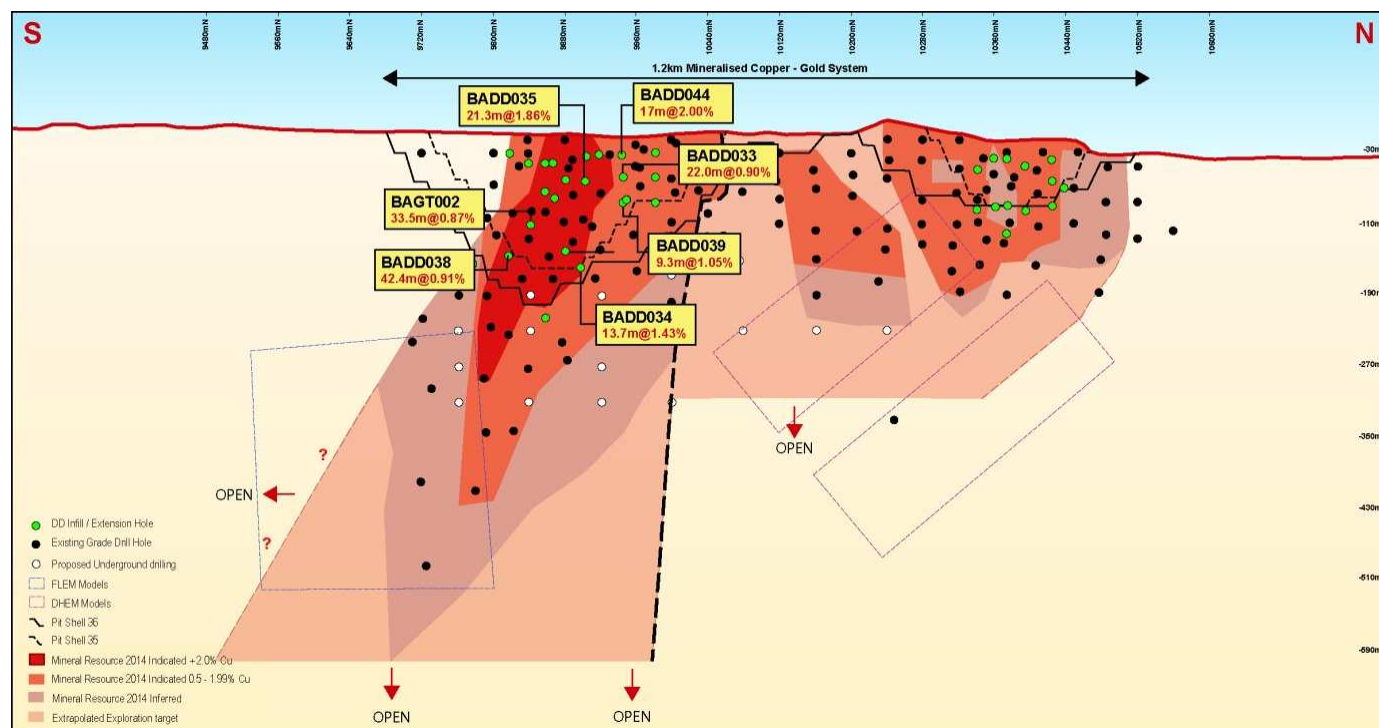


Figure 2 – Barbara Long Section

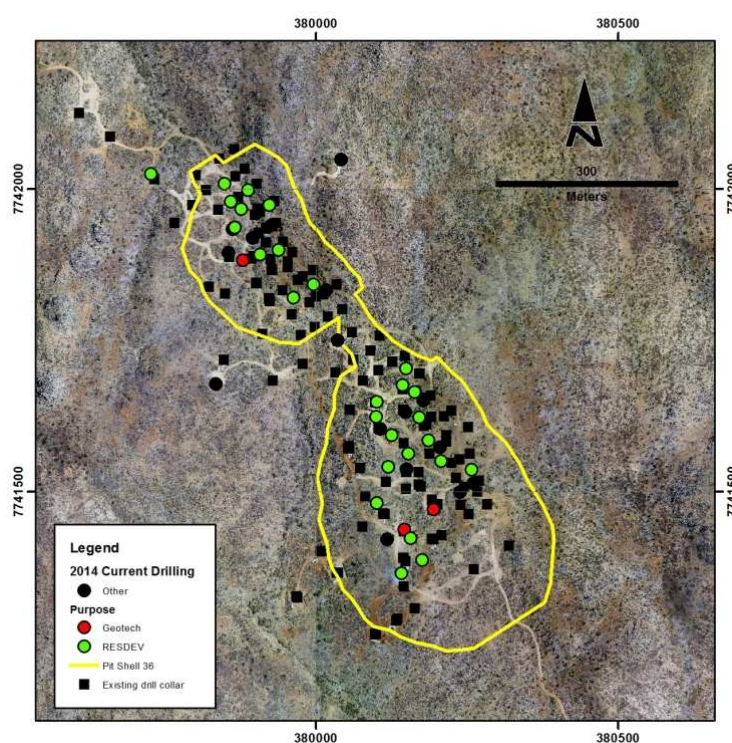


Figure 3 – Plan Showing Completed Barbara in-fill and extensional drilling

REVIEW OF OPERATIONS (CONT)

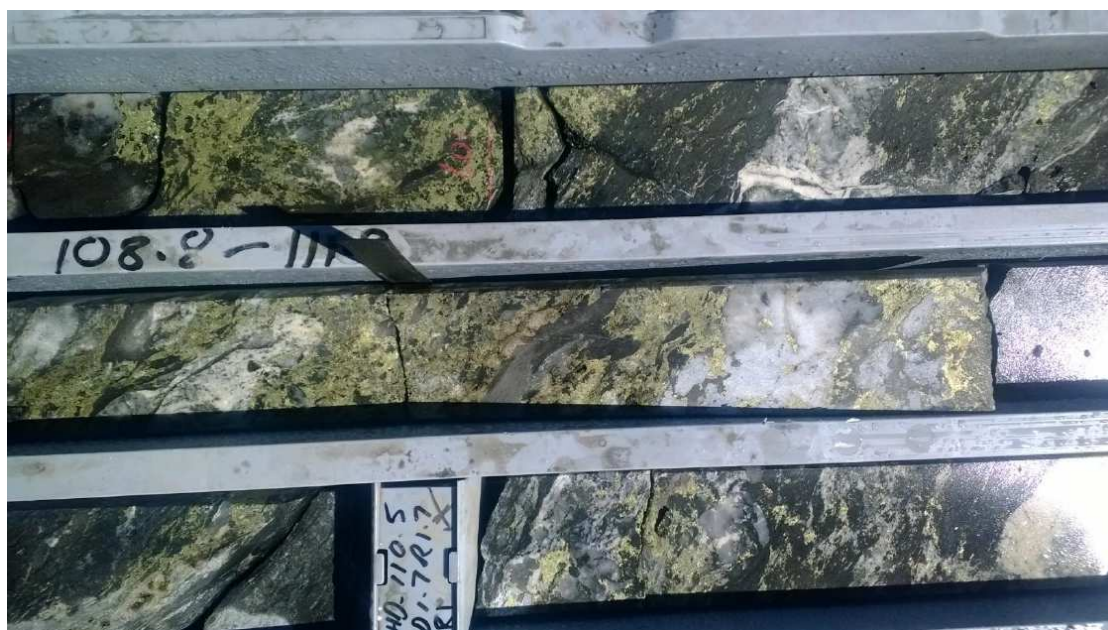


Figure 4 – Photograph of high grade Hangingwall mineralisation in BADD038 showing coarse grained, chalcopryite mineralisation. (Core is approximately 63mm diameter).

Geotechnical and Water Drilling

During the March quarter three geotechnical holes (BAGT001-BAGT003) were drilled, one of which intersected the Barbara ore zone (33.5m @ 0.87% Cu). The holes were geotechnically logged and their results included in the analysis of pit wall design parameters. Drilling totalled 385.5m of HQ diamond core.

Water drilling comprising two de-watering bores and five water level observation bores (BAWB1 – BAWB7) surrounding the proposed Barbara pit was also completed. Drilling totalled 773m. Two low yielding production bores have been established in the pit area and are expected to assist with the pit dewatering requirements prior to mining.

Metallurgical Drilling

Work on the metallurgical drilling program was completed during the June quarter. The program comprised:

- Six PQ sized drill cores to test the near-surface oxide copper environment and provide samples for heap and column leach test work; and
- Four HQ sized drill cores along with cores from the completed in-fill program which will be used to test the grinding, flotation and consumption performance of a series of ore types from both the South and North Lodes of mineralisation with application to the existing CopperChem sulphide circuit at Cloncurry.

REVIEW OF OPERATIONS (CONT)

Samples of representative composites were dispatched to testing facilities. These composite samples cover material likely to be encountered within the proposed open pit mine and include:

- Two oxide composites of PQ sized drill cores to test the near-surface oxide copper environment and provide samples for heap and column leach test work;
- Five sulphide composites of HQ sized drill cores along with cores from the completed in-fill program which will be used to test the grinding, flotation and consumption performance of various material types and both high and low grade ores. Samples are drawn from both the South and North Lodes of mineralisation with application to the existing CopperChem sulphide circuit at Cloncurry;
- A number of grade-defined composites to test ore sorting performance;
- Samples to test waste rock leaching and buffering characteristics;
- Samples to test the materials handling characteristics of waste, oxide and sulphide ores; and
- Samples to test for construction material applications.

Feasibility Study

The Feasibility Study for the mining and processing of the Barbara Open Pit progressed on schedule during the period. The Feasibility Study is determining the economics, impact and planning for open pit mining of the Barbara deposit and transport and treatment of the ore at CopperChem's processing facilities at Cloncurry. CopperChem is funding the Feasibility Study through to a Decision-to-Mine by the partners.

Approvals

The application for Mining Lease MLA 90241 covering the Barbara Project was submitted to the Queensland Department of Natural Resources and Mines on 7 May. Discussions and negotiations have commenced with the Kalkadoon #4 Native Title holders and West Leichhardt Station owners regarding project impacts and compensation arrangements.

Environmental Impact Assessment

AARC Consultants undertook "wet season" sampling of flora and fauna late in the March quarter and reported to project management. No rare or endangered species were present. Stygofauna surveys were also completed. Analysis of results is currently in progress.

AARC also provided the baseline environment data collection and analysis over the project areas during the 2011 and 2012 seasons. The final data collection process for "dry season" data commences in August and is expected to be completed in the September Quarter.

Preparation of Environmental Management Plans which form part of the documentation to be submitted to the regulator for project approval has commenced.

Water

Pump testing of pit de-watering bores was completed during the June Quarter with small sustainable yield results from around the open pit received, in line with the general experience of the area. Additional water supplies will be required for the construction phase of the project and a program of additional water exploration has been submitted and approved.

Surface water surveys and rainfall event modelling was completed and the results will be incorporated into the infrastructure design and environmental management plans.

REVIEW OF OPERATIONS (CONT)*Pit Design*

AMC Consultants was appointed as mining design consultants and has commenced work on design work for the open pit and site infrastructure layout. Geotechnical Consultants PSM provided initial design inputs and reviewed new Acoustic Tele-Viewer (ATV) data from the diamond drilling program completed in April to finalise the pit slope design parameters for incorporation into Whittle optimisation and open pit and road/ramp design.

Waste Rock Characterisation

Samples from the Barbara in-fill diamond drilling program were submitted to testwork laboratories. Waste characterisation results are expected in the September Quarter. Samples are determining the acid generation capacity (PAF) and acid buffering capacity (NAF) of the various waste rock types to incorporate into waste and water management plans for the project construction.

Haul Road

Hyder Consulting commenced Haul Road design and constructability work. A haulage route involving 8km of new constructed roads linking Barbara to the Lake Julius public road via Lillymay was selected as the preferred route. The Lake Julius public road is being assessed for upgrade to haulage standard in consultation with the city of Mt Isa and other users.

Other

Visits were undertaken to the Mt Colin mining operations and the Cloncurry processing operations of CopperChem Limited to review the cost and management structures of the mining and processing phases of the project. Both operations are running satisfactorily and providing competitively priced mining and processing outcomes and results.

Satellite Area Exploration and Drilling

During the December quarter the Company completed an IP (Induced Polarisation) geophysical survey over the Spectre, Lillymay and Mt Olive prospects, located to the south-west of Barbara. The results of this survey indicated that a body of chargeable material (potentially disseminated sulphide material) is present at all three prospects.

The location of the IP anomaly is coincident with north-west trending faults and shear zones mapped in the area and also the copper-in-soil anomaly highlighted in the mid-year soil sampling program (refer to Figure 5).

A maiden RC drilling program commenced at these prospects following the completion and interpretation of the geophysical surveys.

The drilling intersected significant high-grade copper mineralisation at these key regional prospects within the Barbara Copper Project.

Exploration work on the Barbara Copper Project tenure outside the Barbara Open Pit Feasibility Study is being funded on a 50/50 basis between CopperChem and Syndicated.

The Company believes that this area is highly prospective for both high-grade and large tonnage, low-grade copper mineralisation.

A total of eight holes were completed across four prospects, Lillymay, Mt Olive, Manxman and Spectre, for 915m of Reverse Circulation (RC) drilling. Copper mineralisation was intersected at all four prospects with high-grade mineralisation intersected at Lillymay and Mt Olive in the expected down-plunge position of the near-surface workings and historical shallow drilling. Lower grade mineralisation was intersected at Spectre and Manxman.

REVIEW OF OPERATIONS (CONT)

Best results included outstanding intersections of 3m @ 7.41% Cu from 106m and 5m @ 2.16% Cu from 99m at Lillymay and shallower intersections of 2m @ 3.02% Cu from 38m and 2m @ 2.52% Cu from 82m at Mt Olive. While relatively narrow, the intersections confirm the depth continuity of the high-grade mineralisation extracted historically from surface workings.

A further seven RC holes were completed across the Lillymay prospect as a follow-up program. The follow up drilling was successful in in-filling and extending the mineralisation defined by the initial holes, confirming the presence of an emerging zone of vein and shear-zone hosted high-grade copper mineralisation extending over a strike length of 350m and to a vertical depth of 125m below surface.

The mineralisation, which occurs between and down-plunge of historical workings and extensive surface mineralisation at Lillymay West and Lillymay East (refer to Figure 6), was further defined by the following intersections:

- 6m @ 2.75% Cu from 83m (LMRC003)
- 2m @ 1.70% Cu from 88m (LMRC004)
- 2m @ 1.02% Cu from 43m (LMRC005)
- 1m @ 1.90% Cu from 59m (LMRC007)

The intersections at Lillymay and Mt Olive are considered to be significant, as they confirm the continuation of high-grade mineralisation in expected positions down-plunge of historical workings and surface mineralisation.

While relatively narrow, the grade of the intersections and their occurrence within a well-defined zone where the geological controls are well understood means they represent an outstanding exploration target for the delineation of high-grade, narrow vein copper mineralisation.

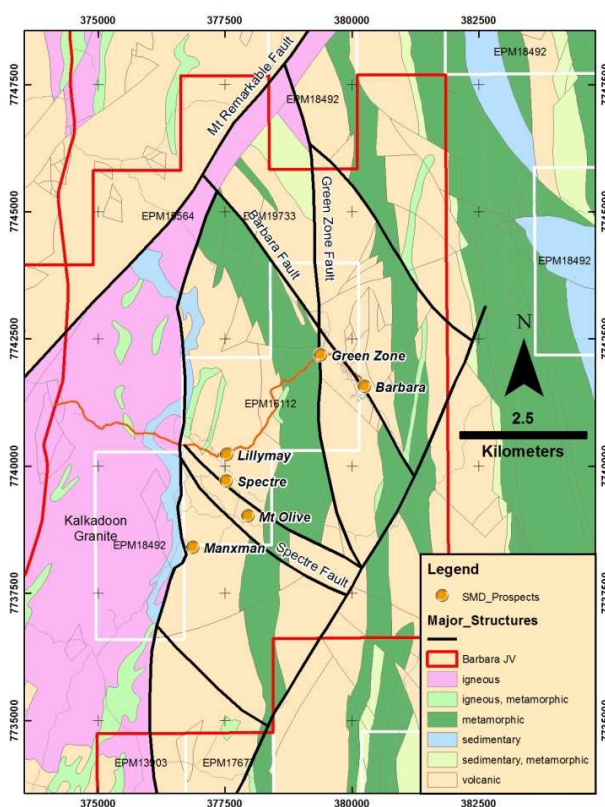


Figure 5 – Project Location Plan

REVIEW OF OPERATIONS (CONT)

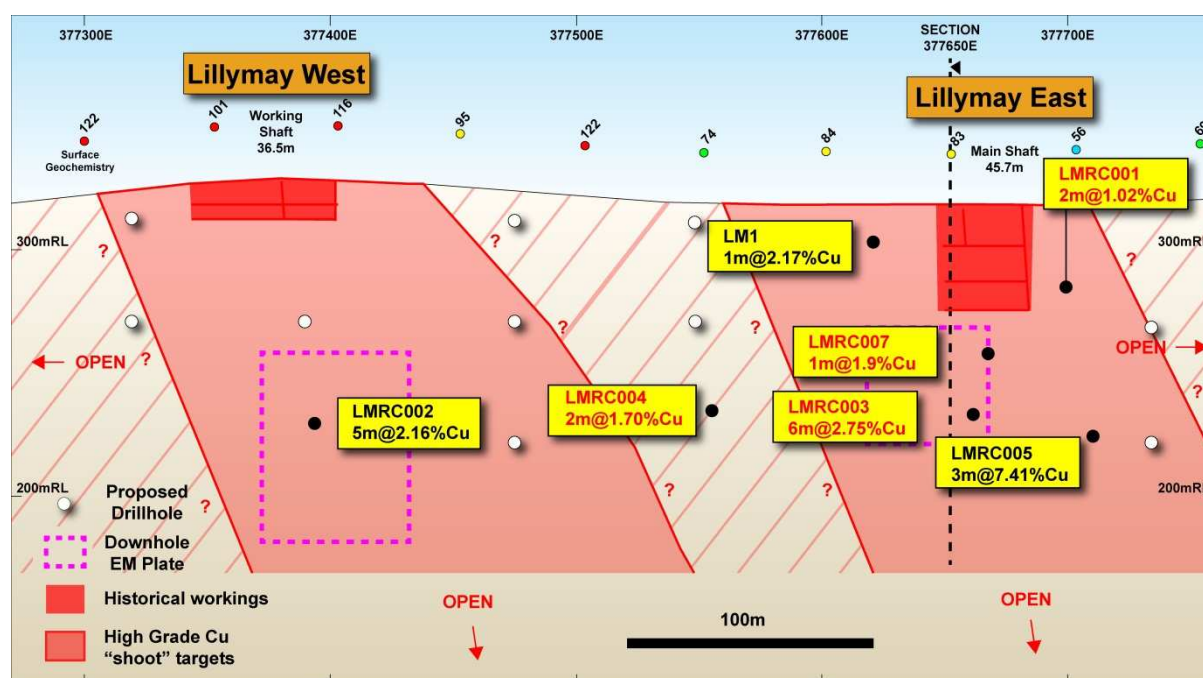


Figure 6 – Lillymay Long Section

Ongoing Exploration Programs

On 27 June, a major new phase of drilling commenced at the Barbara Copper Project. The new drilling program has two key objectives:

- To extend the Mineral Resource inventory immediately below the main Barbara Open Pit deposit. The focus of this drilling will be to confirm and extend a number of recent thick, high-grade intersections in this position, laying the foundations for a future underground mining operation; and
- To establish a maiden Mineral Resource at the Lillymay prospect, located 4km south-west of Barbara, where recent drilling identified the potential for regional satellite deposits.

Barbara Underground Program and Exploration Target

Exploration drilling at the Barbara Underground Target will consist of:

- A two stage drilling program comprising:
 - Stage A – 6 diamond holes with RC pre-collars targeting high-grade “North Lode-style” mineralisation down-plunge of the North Pit and Mid Lode area, outside the Barbara Mineral Resource envelope (see Figure 7);
 - Stage B – 9 diamond holes with RC pre-collars to in-fill within the Barbara Mineral Resource envelope principally underneath the Barbara “South Lode-style” mineralisation down-plunge of the Barbara South Pit (see Figure 7)
- Down-hole geophysical surveys to test for conductive bodies in proximity to the drill-holes at all locations.

REVIEW OF OPERATIONS (CONT)

The Company believes this area represents a potential extension to the high-grade mineralisation which was encountered in the Barbara drilling programs between January and April 2014.

The drilling below the base of the pits is designed to first extend the existing Barbara Mineral Resource below the North Lode and Mid Lode and then infill defined mineralisation below the South Lode. Drilling is expected to be completed within the September Quarter.

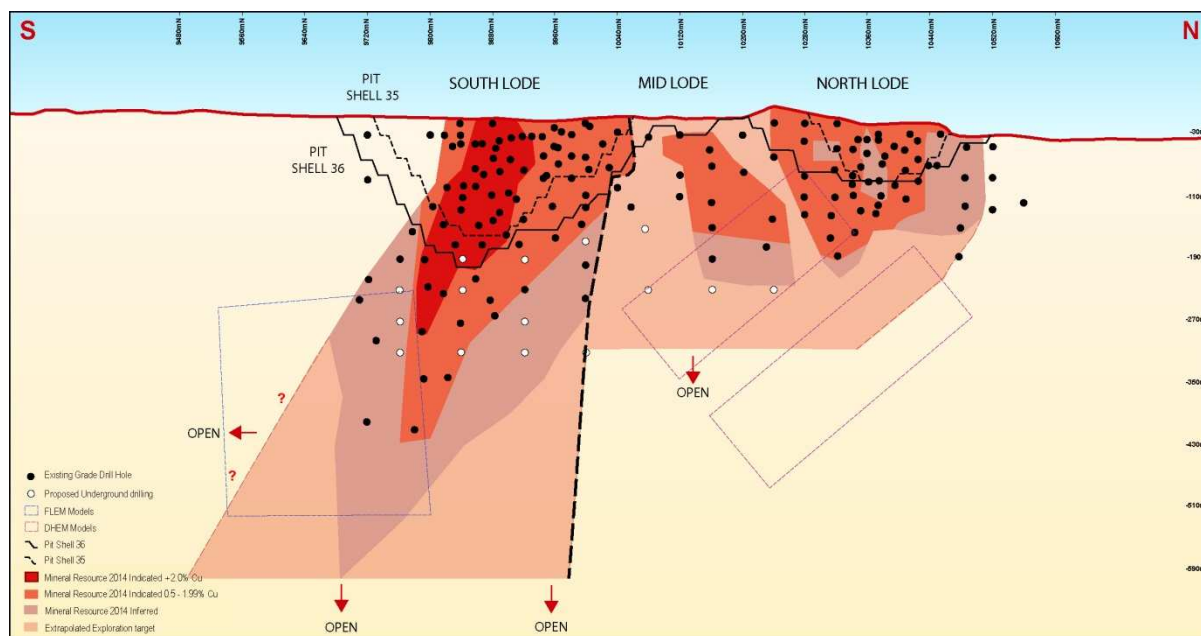


Figure 7 – Barbara Long Section with target holes

Lillymay

Exploration drilling at the Lillymay prospect, located approximately 4km south-west of Barbara, will follow initial diamond drilling at Barbara Underground. The proposed drilling program will consist of:

- 10 holes of RC drilling completed in two stages targeting near-surface copper mineralisation between and along strike from the Lillymay West and Lillymay East discoveries made in early 2014. The proposed drill hole locations are shown in Figure 6. The Lillymay style of mineralisation is illustrated in Figure 8; and
- Down-hole geophysical surveys to test for conductive bodies in proximity to the drill-holes at all locations.

The Company believes that the Lillymay prospect represents an attractive high grade, “vein style” target that has potential to supplement the proposed open pit mining at Barbara if a suitable Mineral Resource can be established at these locations.

The area also represents a potential extension to the high-grade mineralisation which was encountered in the Lillymay drilling programs between February and April 2014. Drilling is expected to be completed within the September Quarter.

REVIEW OF OPERATIONS (CONT)

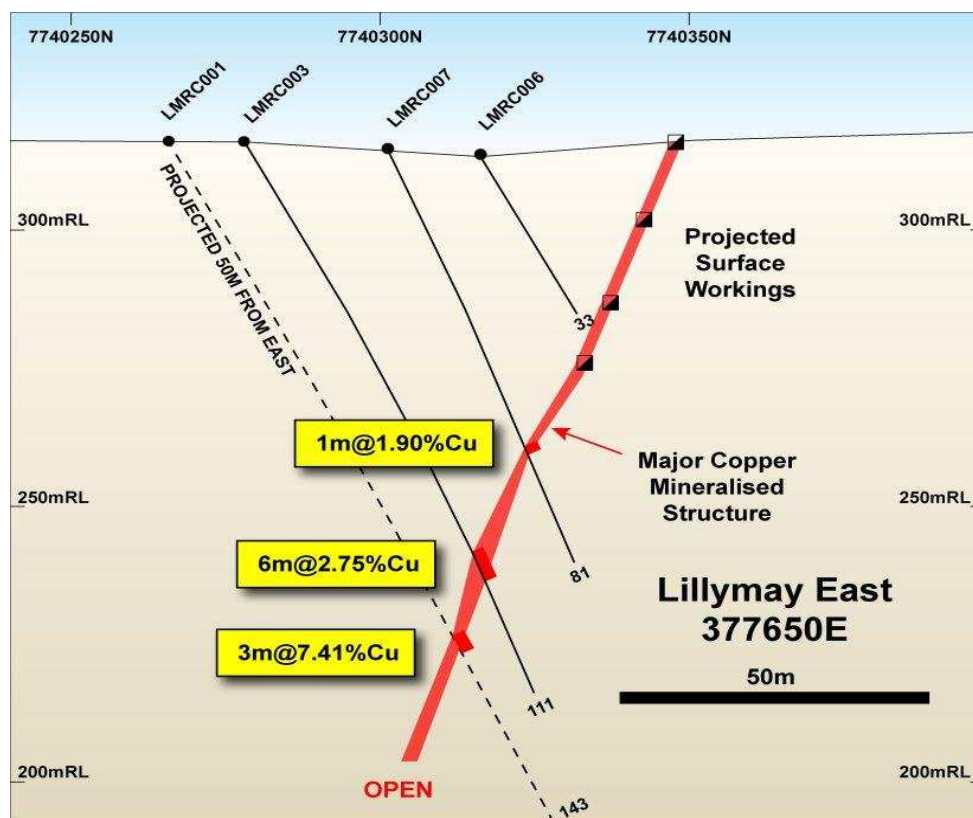


Figure 8 – Lillymay Cross Section

Syndicated 100% Owned Exploration**Mt Remarkable**

During the year, the Company reported on a number of positive developments at its 100%-owned Mt Remarkable Project, located 60km north-east of Mount Isa in North Queensland, including the identification of multiple new copper-gold exploration targets within the Corella Formation, south of the Barbara Copper Project.

The delineation of new prospects and trends – identified through successful programs of regional soil sampling – has opened up the potential for additional high-grade copper mineralisation in this area. This further strengthens the Company's pipeline of regional exploration targets within economic haulage distance of the Barbara Project.

The Mt Stewart-Mt Devine program area is located over the Corella Formation, which mainly comprises interbedded siltstones, sandstones and limestone rocks. The area has been structurally thickened by a north-northwest trending thrust fault, which traverses through the centre of the sample area (see Figure 9).

In total, 1,470 soil samples were collected on a 400m x 50m grid, covering an area of approximately 8km by 2km over the prospective Mt Stewart-Mt Devine corridor. Sampling utilised the -80 micron fraction of the soil sample. Analysis was completed for 22 elements by using Niton portable XRF. The analysis has resulted in the delineation of four prospective copper-in-soil mineralisation trends (see Figure 9), including:

- Mt Hutchinson-Lazar
- Mt Devine
- Imposition-Bonus
- Mt Stewart-Toro

REVIEW OF OPERATIONS (CONT)

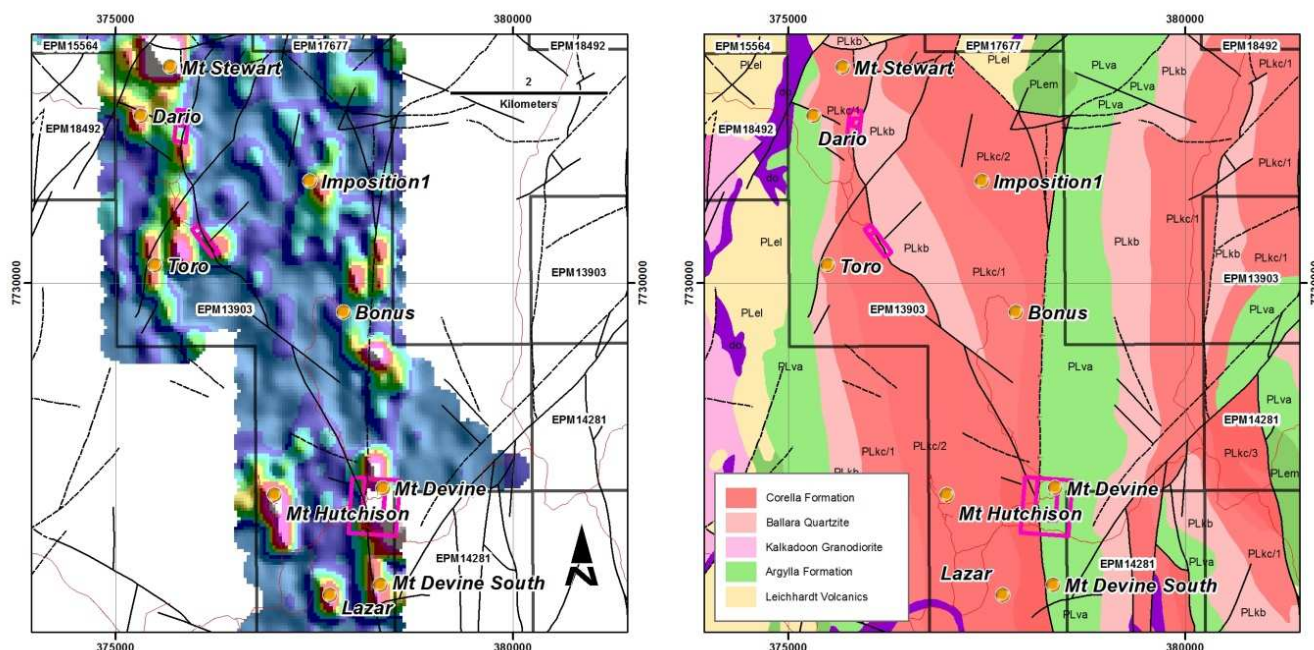


Figure 9 – Mt Remarkable Project soil geochemistry and geology

The copper mineralisation trends delineated are all located on geological structures – mainly thrust faults – which traverse the area. With the exception of the Mt Devine trend, all trends are oriented in a northwest-southeast direction. Previous work around the Barbara Project area has shown this to be the most prospective orientation for high-grade copper mineralisation. A number of the mineralised trends contain small, historic workings such as those at Mt Stewart, Calypso and Mt Devine.

At the Mt Hutchinson-Lazar Trend, the area has significant exposures of large scale, quartz-hematite breccias, widespread hematite alteration and gossan development.

Previous exploration by Syndicated Metals in 2008 targeted the mineralisation at the Mt Hutchinson prospect with four RC drill holes. The drilling defined a 70m wide zone of low-grade copper mineralisation over a strike length of approximately 600m. The presence of low-grade mineralisation over a substantial area at Mt Hutchinson provides evidence that this trend has been exposed to significant copper mineralised fluids.

Historical drilling at the deposit in the 1970s returned significant intercepts of 91m at 1.08% Cu, 59.9m at 0.7% Cu, 8.7m at 3.14% Cu and 12m at 2.16% Cu. The presence of economic widths and grades within the Mt Devine Trend provides encouragement that similar or larger scale occurrences may exist along the trend.

The Mt Stewart prospect is located in the far north of the area, on the boundary between the Corella Formation and the Leichhardt Volcanics. The Mt Stewart prospect lies in a structurally complex area at the northern end of the north-northwest thrust fault which links the prospect to the Dario and Toro prospects.

The area has been the focus of previous explorers and prospectors with small workings and two drill holes targeting hematite-quartz breccias which returned low grade copper intersections.

Syndicated is very encouraged by the results of the soil sampling program, with the delineation of new prospects and trends significantly expanding the regional exploration potential of the area.

The next phase of work will include detailed mapping, ground geophysics and drilling work, to further refine and enhance the understanding of the prospects.

REVIEW OF OPERATIONS (CONT)

Each of these trends is defined by a +100ppm linear soil anomaly. The copper anomalies are hosted within the Leichhardt Volcanic rocks and associated with Dolerite dykes. In addition, new mineralised trends have also been outlined at the IXL and Central prospects, both of which lie in the now familiar northwest-southeast orientation which is prospective for high-grade copper mineralisation in the district.

The Trey Bit Trend is located in the north of the project area. The soil geochemistry outlines a soil anomaly 1.8km by 100m long above 200ppm Cu. The anomaly is made up of three anomalies corresponding to the Trey Bit, Blue Bottle and Gossip West historical workings. Each of the anomalies lies adjacent to or on the margin of a dolerite dyke.

The Blue Star Trend is located in the east of the project area and hosts a deposit, which sits at the centre of the soil anomaly. The soil geochemistry has outlined an anomaly 1km by 100m in size. The deposit is hosted adjacent to and within a dolerite dyke. The trend is offset by a north-east trending fault, which is parallel to the Trey Bit Fault.

The largest soil anomaly is located in the Central Trend. This anomaly is located around the historic workings of the Delta, Little Pop and Norma prospects. This anomaly has a strike length of 1.5km and is up to 300m wide with a maximum grade of 2,120ppm Cu.

The IXL Trend is located between the Trey Bit Fault and a second parallel fault located to the east. The copper mineralisation is hosted within Leichhardt Volcanic rocks and lies parallel to a dolerite dyke. The anomaly is 1.5km long and 50m wide, with a highest copper value of 451ppm Cu.

The Blockade Trend lies south-east from the Blockade Mine (excised). The soil sampling program has identified the continuation of mineralisation a further 500m to the south-east from the excised tenement boundary. This trend has previously been exploited by historical workings within EPM 16197. These anomalies are defined by multiple soil samples which have copper values greater than +250ppm Cu.

The presence of widespread copper-in-soil anomalism, particularly on new mineralised trends, is considered to be highly encouraging. Follow-up geological mapping, ground geophysics and drilling is planned to further evaluate the prospects identified to date.

Mineral Resources 2014***Barbara Copper Project (Syndicated Metals 50%)***

Subsequent to the end of the financial year, Syndicated announced a JORC 2012 compliant Mineral Resource estimate for the Barbara Copper Project, paving the way for open pit optimisation and design work to progress the project to the next stage.

The Barbara Copper Project Mineral Resource comprises:

- an Indicated Resource of 3.25Mt grading 1.7% Cu, 0.15g/t Au, 2.76g/t Ag and 281g/t Co, containing 55,600t of copper, 15,700oz of gold, 288,500oz of silver and 914t of cobalt; and
- an Inferred Resource of 1.49Mt grading 1.3% Cu, 0.16g/t Au, 2.17g/t Ag and 369g/t Co, containing 19,900t of copper, 7,200oz of gold, 103,500oz of silver and 546t of cobalt.

REVIEW OF OPERATIONS (CONT)

The Barbara 2014 Mineral Resource is set out in Table 1 below:

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 2014 Mineral Resource Estimate at 0.5% Cu cut-off grade

The 2014 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.

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

A summary of the information used in the 2014 Barbara Mineral Resource estimate is contained in the Company's ASX Announcement released on 18 July 2014.

Allocation of the 2014 Mineral Resource Estimate by material type is summarised in Table 2.

Material Type	Volume	Tonnes	Cu %	Au ppm	Ag ppm	Co ppm
Oxide	7,223	16,901	1.87	0.18	2.85	195
Transitional	54,132	134,721	1.62	0.15	2.20	160
Fresh	1,538,411	4,594,453	1.59	0.15	2.58	314
Grand Total	1,599,766	4,746,075	1.59	0.15	2.57	309

Table 2 – Mineral Resource material type allocation

Previously the Green Zone project contained a Mineral Resource estimate under the 2004 JORC code. As no update of the Mineral Resource estimate has been completed in 2014 as required under the 2012 JORC code, the project has been removed from the Mineral Resource statement of the Company until this work has been completed.

Blue Star Project (Syndicated Metals 100%)

Previously the Blue Star project contained a Mineral Resource estimate under the 2004 JORC code. As no update of the Mineral Resource estimate has been completed in 2014 as required under the 2012 JORC code, the project has been removed from the Mineral Resource statement of the Company until this work has been completed.

Other Projects (Syndicated Metals 100%)

Syndicated Royalties Pty Ltd (a 100% subsidiary of Syndicated Metals) holds a 2% NSR royalty over metals extracted from tenements now held by Hammer Metals Limited (ASX: HMX) as part of the Company's former Pelican JV.

One of these tenements, EPM13870 contains part of the Kalman Mineral Resource. During the period Hammer Metals updated the Mineral Resource estimate for the Kalman Deposit to an Inferred Mineral Resource of 30.0mt @ 0.54% Cu, 0.28ppm Au, 1.3ppm Ag, 0.08% Mo and 2.2ppm Re (refer to Hammer's ASX announcement dated 19 March 2014 and table 2 within the announcement). The Mineral Resource spans two tenements, EPM13870 and EPM14232.

REVIEW OF OPERATIONS (CONT)

Comparison with previous Mineral Resource Estimates

Runge Limited updated the Mineral Resource estimate in 2010. The estimate utilized wireframes constructed at 0.5% Cu and 1.5% Cu for ordinary Kriging resource interpolation. Three high grade (+1.5% Cu) wireframes were constructed, two in the North Lode and one in the South Lode. Since the Runge estimate, a considerable amount of new work has been undertaken including the addition of 34 diamond drill holes and 52 RC drill holes. A comparison of the July 2014 Mineral Resource Estimate with the Runge 2010 Mineral Resource Estimate reported in the 2013 Annual Report is provided below:

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 3A - Barbara 2014 Mineral Resource Estimate (0.5% Cu wireframes)

Resource Class	Volume	Tonnes	Cu %	Au ppm	Ag ppm	Co ppm
Indicated	1,282,000	3,778,000	1.6	0.2	2.6	265
Inferred	528,000	1,552,000	1.1	0.1	2.0	272
Grand Total	1,810,000	5,331,000	1.4	0.1	2.5	267

Table 3B - Runge 2010 Mineral Resource Estimate (0.5% Cu wireframes)

The changes between 2013 (estimated by Runge in 2010) and 2014 are the result of the significantly increased amount of close spaced (20m x 20m) diamond drilling conducted by the Company over the 2013 and 2014 years.

The Mineral Resource Estimate was prepared by Mr Michael Martin and Mr Jim Whitelock and the 2014 Mineral Resource Statements have been prepared by Mr Andrew Munckton. All three individuals are competent persons as defined under the 2012 JORC code. Mr Munckton and Mr Martin are full time employees of Syndicated Metals. Mr Whitelock is a full time employee of Exco Resources Limited, a 100% owned subsidiary of CopperChem Limited who is a 50% owner of the Barbara Copper Project in association with Syndicated Metals.

Joint Ventures

The Company currently has 2 joint venture agreements with other mining and exploration companies (refer to Figure 1).

Joint Ventures

The Barbara Copper Project Exploration and Feasibility Study Agreement provides for CopperChem Limited to earn a 50% share of the Barbara Project in joint venture with Syndicated Metals. As part of the broader agreement, CopperChem are sole funding and managing the Barbara Feasibility Study through to a Decision to Mine and together with Syndicated funding the Barbara Exploration program on a 50/50 basis. Syndicated is the Manager of the Exploration Project. Syndicated has applied for transfer of 50% ownership of the tenure subject to the Barbara Copper Project to CopperChem Limited.

REVIEW OF OPERATIONS (CONT)

The Mt Isa Other Minerals JV is with Deep Yellow Limited (ASX: DYL) and covers 3 tenements, which host the Yamamilla prospect within the Northern Hub project area. Syndicated completed its \$800,000 earn in requirement during the 2013 financial year and now owns 80% of the metals rights other than for uranium. Deep Yellow retains the remaining 20% of the other metals rights and 100% of the uranium rights and is free carried to a Decision to Mine for metals other than uranium on the project area.

Discontinued Joint Ventures

Syndicated formerly had a 58.7% interest in the West Leichhardt Joint Venture with Orbis Gold Limited (formerly Mount Isa Metals Ltd). On 16 September 2013 Syndicated executed the above-mentioned agreements with CopperChem Limited to jointly develop the Barbara Copper Project. As part of the agreements, Syndicated purchased Orbis Gold's 41.3% interest in the West Leichhardt Joint Venture and other tenements held by Orbis Gold Limited to consolidate ownership of the tenements the subject of the Barbara Copper Project. The sale and purchase agreement signed with Orbis Gold also included Orbis's 100% owned tenure in the immediate project area.

During the year, the company sold its 49% share of the Pelican JV (tenement EPM 13870) with Mt Dockerell Mining Pty Ltd to a related party of Mt Dockerell Mining for \$100,000 cash. Syndicated retains a 2% Net Smelter Return Royalty on all future metal production from EPM 13870.

Tenements

At the commencement of the financial year the company had approximately 2,100 km² of granted tenure and applications in the Mt Isa - Cloncurry region.

The Company has relinquished and/or divested approximately 400km² of tenure, through withdrawal from the Pelican JV and relinquishment of non-core tenements.

The size of the Company's tenement holding at 1,700 km² is now better matched to the financial capacity of the Company and is strongly focused on prospectivity.

Exploration on the companies tenements, either 100% owned or jointly owned is managed by Syndicated Metals. CopperChem Limited is managing the Feasibility Study over the Barbara Copper Project.

The company's current tenement holdings consist of:

- 100% ownership in 16 granted EPMs and 4 EPM applications in the Northern and Southern Hubs.
- 80% interest in 3 tenements held in the Mt Isa Other Minerals JV with Deep Yellow within the Northern Hub.
- A Mining Lease Application (MLA90241) held by tenants in common Syndicated Metals (50%) and CopperChem Limited (50%).

Two Mining Development Lease (MDL) applications covering the Barbara Mineral Resource (MDL499 and MDL500) were withdrawn during the year and replaced by MLA 90241.

REVIEW OF OPERATIONS (CONT)

During the year, the Company surrendered 11 tenements across the tenement holding. The surrendered tenements were EPM17678, EPM18724, EPM18638, EPM13855, EPM13869, EPM13903, EPM13904, EPM15564, EPM17363, EPM17677 and EPM18420. The decision to surrender EPM17678, EPM18724 and EPM18638 was based upon prospectivity, cost effective exploration potential and company strategy. The remaining 8 tenements were conditionally surrendered upon the grant of EPM19733 in June 2014. EPM19733 was applied for in February 2012 to consolidate tenure within the Mount Remarkable Project. This new tenement includes 123 sub-blocks comprising those covered by the 8 conditionally surrendered tenements and 21 new sub-blocks which were available at the time of application.

During the year, five tenement applications were granted to the company. These tenements were EPM19008, EPM18082, EPM18223, EPM18980 and EPM19733.

Corporate**CopperChem Joint Venture and Share Placement**

On 16 September 2013, the Company announced that it had secured the technical, financial and corporate backing of CopperChem Limited, a wholly-owned subsidiary of the WH Soul Pattinson Group (ASX: SOL), as part of a strategic alliance to underpin its transition to copper producer in North Queensland.

Syndicated executed two agreements with CopperChem for the joint exploration and development of the Company's flagship Barbara Copper Project, located 60km north-east of Mt Isa in North Queensland.

CopperChem is a wholly-owned subsidiary of WH Soul Pattinson and holds the copper processing facilities located at Cloncurry which would be used to process Barbara ore.

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

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

The Placement Agreement allowed for CopperChem to nominate one member to the Board of Directors of Syndicated in the event that CopperChem maintains between a 15% and 19.9% shareholding in the Company.

In addition, Syndicated and CopperChem entered into a Development Joint Venture Agreement for the mining and processing phase of the project that provides the framework of the relationship of the parties should they make a Decision-to-Mine, following completion of the Feasibility Study.

The Agreements provide a secure and clear development pathway for the Barbara Project while at the same time enabling Syndicated to unlock the value of its broader tenement holding in the Mt Isa-Cloncurry region.

REVIEW OF OPERATIONS (CONT)**West Leichhardt Joint Venture Purchase**

With the completion of the agreements with CopperChem, the Company executed a Sale and Purchase Agreement with Orbis Gold to purchase its tenure in the Mt Isa region for \$1.0 million in cash.

CopperChem provided the funding for the purchase of the Orbis Gold tenure under the Barbara Project Agreements discussed above.

The Orbis Gold tenure included both the West Leichhardt Joint Venture and Orbis Gold 100%-owned tenure in the immediate project area. Syndicated now owns all of the former Orbis Gold tenure and has subsequently applied for transfer of 50% ownership of the tenure subject to the Barbara Project Agreements to CopperChem.

Sale of Pelican Joint Venture Interest

In September 2013, the Company agreed to sell its 49% interest in the Pelican Joint Venture (tenement EPM 13870), part of its Southern Project Hub, to a subsidiary of Santana Minerals Limited (ASX: SMI), for \$100,000 in cash. Syndicated retains the existing 2% Net Smelter Return (NSR) Royalty on all future metal production from EPM 13870.

The sale of Syndicated's interest in EPM 13870 brought to an end the Company's involvement with the Pelican Joint Venture and all previous Joint Venture arrangements with Mt Dockerell. Through the NSR, Syndicated will retain exposure to future upside from a potential mine development on the tenement.

The sale of EPM 13870 reduced Syndicated's future expenditure commitment within the Southern Hub tenure by approximately \$200,000 a year and reduces the landholding within the Southern Hub Project by 229km² to 472km².

Appointment of New Non-Executive Director

On 23 September 2013 and subject to the provisions of the Placement Agreement signed with CopperChem, the Company appointed Mr Brendan James to the position of Non-Executive Director. Mr James is Chief Executive Officer of CopperChem Limited, a wholly-owned subsidiary of the WH Soul Pattinson Group (ASX: SOL).

249D Notice

On 4 July 2013, the Company received notice under section 249D of the Corporations Act requisitioning a General Meeting of shareholders to consider resolutions to remove the current Board of Directors and replace them with three nominee Directors including the former Managing Director of the Company, Mr Russell Davis, the Managing Director of Santana Minerals, Mr Tony McDonald, and Mr Paul Clarke, a significant shareholder of Syndicated.

Following productive discussions with a group of key Syndicated shareholders, the requisition notice to remove the existing Board of Directors was withdrawn on 2 August 2013.

Entitlements Issue and Shortfall Placement

On 28 October the Company announced a non-renounceable entitlement offer on the basis of one fully paid ordinary share for every three shares held on the record date at an issue price of 3.2 cents per share to raise up to \$2.17 million.

The Company received valid applications from existing shareholders totaling \$818,145, comprising \$654,123 (20,441,357 new shares) taken up by shareholders pursuant to their entitlements and an additional \$164,022 (5,125,714 new shares) from shareholders applying for additional new shares under the shortfall facility.

REVIEW OF OPERATIONS (CONT)

This represented a take-up of 37.6% from existing shareholders (including the shortfall taken up by existing shareholders).

The Company's Directors subscribed for their entitlements in full, as did the Company's largest shareholder, CopperChem Limited.

The Company received a strong response from existing shareholders and from new professional and sophisticated investors for the shortfall, totalling \$1,521,222 (47,547,561 shares) and this amount was taken up in full. The shortfall placement process was coordinated by Sydney-based broking firm Blue Ocean Equities.

The funds raised are to be used to underpin ongoing copper-gold exploration programs at the Company's Barbara Copper Project, regional exploration programs on surrounding tenements and administrative and working capital requirements.

Issue of Securities in Settlement of Advisory Fees

In January, the Company issued fully-paid ordinary shares and unlisted options to Sydney-based Blue Ocean Equities Pty Ltd (**Blue Ocean**) in settlement of fees owed to Blue Ocean for corporate advisory services provided to the Company over the second half of 2013.

Blue Ocean advised Syndicated on the transaction completed with CopperChem Limited, which included a cornerstone investment and joint venture over the Barbara Copper Project, as well as its December capital raising.

Details of the securities issued to Blue Ocean are as follows:

- 2,000,000 fully-paid ordinary shares at a deemed issue price of \$0.032 per share (the same price as the entitlements issue completed in December); and
- 5,000,000 unlisted options exercisable at \$0.064 per option and expiring 9 January 2017.

No additional cash consideration was payable to Blue Ocean.

Issue of Shares to CopperChem

In February, Syndicated issued 490,000 fully paid ordinary shares to CopperChem Limited pursuant to their anti-dilution right granted under the Placement Agreement signed between the Company and CopperChem in September 2013. The Shares were issued at 3.7 cents per share in accordance with the formula prescribed in the Placement Agreement and raised \$18,130 before costs. The Shares issued ranked equally with existing shares in the Company.

The share issue to CopperChem arose as a result of the dilution to their shareholding following the issue of the 2,000,000 shares to Blue Ocean Equities in January as outlined above.

Under the anti-dilution right, Syndicated is required to offer to CopperChem new shares in order for CopperChem to maintain the same percentage interest in the capital of Syndicated as was held prior to the issue of the new shares to Blue Ocean Equities. CopperChem exercised its right to subscribe for the new Shares.

The funds raised from the issue of the new Shares will be used for working capital requirements.

Emphasis of Matter

The independent auditor's report contains an emphasis of matter in regard to the Group's going concern. Refer to Note 2 *Going Concern* and the Independent Auditor's Report for further detail regarding this.

REVIEW OF OPERATIONS (CONT)**Cash Reserves**

As at 30 June 2014, the Company had cash reserves of \$2,206,676. The Company has no corporate debt and minimal non-discretionary long-term commitments.

Cash Movements

Net cash inflows for the year totalled \$1,309,335, predominantly comprising capital raisings of \$2,715,775, receipt of the 2012 and 2013 Research and Development tax incentives totalling \$624,019 and proceeds from the Company's Joint Venture partner, CopperChem Limited, of \$1,718,240. These inflows were offset by cash outflows for exploration and evaluation costs of \$1,680,572, purchase of tenements of \$1,000,000 and operating costs of \$963,619.

Competent Person's 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.

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.

FINANCIAL POSITION

The net assets of the Group increased from \$9,175,639 at 30 June 2013 to \$11,355,908 at 30 June 2014. This net increase was predominantly influenced by capital raisings totalling \$2,715,775, receipt of the 2012 and 2013 Research and Development tax incentives totalling \$624,019 and proceeds from the Company's Joint Venture partner, CopperChem Limited, of \$1,718,240. These inflows were offset by cash outflows for exploration and evaluation costs of \$1,680,572, purchase of tenements of \$1,000,000 and operating costs of \$963,619.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the reporting period the Company issued 26,100,000 shares at 2 cents per share, 69,988,918 shares at 3.2 cents per share and 490,000 shares at 3.7 cents per share raising \$2,779,775.

DIVIDENDS PAID OR RECOMMENDED

No dividend has been paid or declared since the start of the financial period and no dividend is recommended.

EVENTS SUBSEQUENT TO THE REPORT DATE

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the entity, the results of those operations or the state of affairs of the entity, in future years.

LIKELY DEVELOPMENT AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report, as inclusion of such information is likely to result in unreasonable prejudice to the company. For the year ended 30 June 2015 the Group plans to continue to undertake mineral exploration to advance the status of its projects.

ENVIRONMENTAL REGULATION

The Group's operations are regulated by the requirements of the Queensland Department of Natural Resources and Mines environmental regulations. The Company has complied with all of these requirements.

MEETINGS OF DIRECTORS

During the financial year 6 meetings of directors were held and the number of meetings attended by each director during the period is shown below:

	Board meetings	
	Eligible to Attend	Attended
P J Langworthy	6	6
A T Munckton	6	6
D B Morgan	6	6
B L James	5	5

The full Board in its capacity as the Audit Committee held two meetings during the reporting period. These meetings were attended by all directors except for one held before Mr James' appointment.

The Remuneration Committee held two meetings during the reporting period. These meetings were attended by both Remuneration Committee members, Mr Langworthy and Mr Morgan.

INDEMNIFYING OFFICERS

During the financial year, the Group paid insurance premiums (inclusive of fees and charges) in respect of Directors' and Officers' liability insurance.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against Officers in their capacity as Officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the Officers or the improper use by the Officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

SHARE OPTIONS**Unissued shares under options**

At the date of this report, Syndicated Metals Limited has 20,318,468 unissued ordinary shares under listed options. The listed options are exercisable at 20 cents and expire on 4 December 2014. The listed options were issued as 1 for 2 free attaching options as part of the share placement announced on ASX on 12 October 2012. The full terms of the options are set out in the Prospectus lodged by the Company with ASX on 13 November 2012.

SHARE OPTIONS (CONT)

Unissued shares under options (cont)

At the date of this report, the unissued ordinary shares of Syndicated Metals Limited under unlisted options are as follows:

Grant date	Expiry date	Exercise price (cents)	Quantity
09/09/2011	09/09/2014	30	1,000,000
22/12/2009	30/11/2014	35	2,800,000
22/12/2009	30/11/2014	45	2,800,000
22/12/2009	30/11/2014	55	2,800,000
29/06/2010	30/11/2014	25	600,000
20/10/2010	30/11/2014	25	1,000,000
20/10/2010	30/11/2014	30	1,000,000
20/10/2010	30/11/2014	35	1,000,000
29/05/2012	29/05/2016	16.4	2,252,250
29/05/2012	29/05/2016	20.5	2,252,250
29/05/2012	29/05/2016	24.6	2,252,257
09/01/2014	09/01/2017	6.4	5,000,000
			<u>24,756,757</u>

Each option entitles the holder to one fully paid ordinary share in the company at any time up to expiry date. To the date of this report no shares had been issued as a result of the exercise of options.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

NON AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons:

- All non-audit services are reviewed and approved by directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the audit; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid to PKF Mack & Co Chartered Accountants for non-audit services provided during the year ended 30 June 2014:

Taxation Services	<u>\$ 3,500</u>
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AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2014 has been received and is included in the financial report.

REMUNERATION REPORT - AUDITED

This report details the nature and amount of remuneration for each key management person of Syndicated Metals Limited and its controlled entities, and for the executives receiving the highest remuneration.

Remuneration policy

The remuneration policy of Syndicated Metals Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The board of Syndicated Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the board.
- All key management personnel receive a base salary (which is based on industry experience), superannuation and share based payments.
- The board of directors will review key management personnel packages annually by reference to the company's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed with each executive. The board may, however, exercise its discretion in relation to approving incentives and share based payments. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation contribution, which for the year ended 30 June 2014 was 9.25% (9.50% for the year ending 30 June 2015), and do not receive any other retirement benefits.

All remuneration paid to key management personnel is valued at the cost to the Company and either expensed through the income statement or capitalised to exploration and evaluation costs on the statement of financial position as appropriate. Share based payments are valued using the Black-Scholes or binomial methodologies.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders. Fees for non-executive directors are not linked to the performance of the company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

PRINCIPLES OF COMPENSATION

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives by the issue of share based payments to the directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

REMUNERATION REPORT - AUDITED

Executive Contractual Arrangements

Remuneration and other terms of employment for the Chairman and Managing Director are formalised in service agreements. The agreements provide for participation in the Performance Rights Plan. Other major provisions of the agreements relating to remuneration are set out below.

Mr PJ Langworthy, Chairman

The term of the agreement is continuous. Chairman's fees were \$63,000 per annum for the period effective from 1 June 2013 when 10% salary reductions were implemented.

Mr AT Munckton, Managing Director

The term of the agreement is continuous with a termination notice period of 3 months. Upon demotion due to operational matters of the Company the executive may give 1 month's notice and will be entitled to 12 months base salary and superannuation. Base salary, exclusive of superannuation and other benefits was \$252,000 per annum for the period effective from 1 June 2013 when 10% salary reductions were implemented. Five weeks annual leave is currently provided, reverting to four weeks upon reinstatement of base salary to pre 1 June 2013 levels.

All other key management personnel are employed under standard employment agreements.

Remuneration of directors and key management personnel

For the year ended 30 June 2014

	Short-Term Benefits		Post-Employment Benefits	Share-Based Payments	Value of share based payments as proportion of remuneration	
	Directors Fees	Salary and Fees	Superannuation	Performance Rights	Total	%
	\$	\$	\$	\$	\$	%
Directors						
P J Langworthy	63,000	-	5,828	-	68,828	-
A T Munckton	-	251,310	24,000	-	275,310	-
D B Morgan	33,750	52,543	6,322	-	92,615	-
B L James*	31,310	-	2,896	-	34,206	-
Total	128,060	303,853	39,046	-	470,959	
Executives						
P A Bridson	-	189,000	17,483	-	206,483	-
M J Martin	-	162,000	14,985	-	176,985	-
Total	128,060	654,853	71,514	-	854,427	

*Mr James was appointed on 23 September 2013.

REMUNERATION REPORT - AUDITED

Remuneration of directors and key management personnel (cont)

For the year ended 30 June 2013

	Short-Term Benefits		Post-Employment Benefits	Share-Based Payments		Value of share based payments as proportion of remuneration
	Directors Fees	Salary and Fees	Superannuation	Performance Rights	Total	
	\$	\$	\$	\$	\$	%
Directors						
P J Langworthy	69,417	-	6,247	-	75,664	-
A T Munckton	-	267,397	20,000	-	287,397	-
D B Morgan	-	273,009	19,200	-	292,209	-
J L Hope*	45,000	10,000	4,050	-	59,050	-
K D Park*	15,000	-	-	-	15,000	-
Total	129,417	550,406	49,497	-	729,320	
Executives						
P A Bridson	-	163,423	14,708	7,515	185,646	4.05
M J Martin	-	171,115	15,400	17,553	204,068	8.60
B R McCullagh*	-	40,000	-	-	40,000	-
Total	129,417	924,944	79,605	25,068	1,159,034	

*Ms Hope resigned on 30 June 2013. Mr Park resigned on 30 October 2012. Mr McCullagh resigned on 18 September 2012.

Shareholdings of key management personnel

The movement during the reporting period in the number of shares in Syndicated Metals Limited held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2014	Balance at 1 July 2013	Granted as compensation	Bought/ (Sold)	Held upon termination	Balance at 30 June 2014
Directors					
P J Langworthy	2,741,312	-	913,771	-	3,655,083
A T Munckton	4,729,729	-	1,576,577	-	6,306,306
D B Morgan	4,434,052	-	1,478,018	-	5,912,070
B L James*	-	-	-	-	-
	11,905,093	-	3,968,366	-	15,873,459
Executives					
P A Bridson	150,000	-	550,000	-	700,000
M J Martin	-	-	-	-	-
Total	12,055,093	-	4,518,366	-	16,573,459

*Mr James was appointed on 23 September 2013.

REMUNERATION REPORT - AUDITED

Shareholdings of key management personnel (cont)

2013	Balance at 1 July 2012	Granted as compensation	Bought/ (Sold)	Held upon termination	Balance at 30 June 2013
Directors					
P J Langworthy**	2,027,027	-	714,285	-	2,741,312
A T Munckton	4,729,729	-	-	-	4,729,729
D B Morgan	4,054,054	-	379,998	-	4,434,052
J L Hope*	1,167,058	-	-	(1,167,058)	-
K D Park*	-	-	-	-	-
	11,977,868	-	1,094,283	(1,167,058)	11,905,093
Executives					
P A Bridson	-	-	150,000	-	150,000
M J Martin	-	-	-	-	-
B R McCullagh*	5,900,587	-	-	(5,900,587)	-
Total	17,878,455	-	1,244,283	(7,067,645)	12,055,093

*Ms Hope resigned on 30 June 2013. Mr Park resigned on 30 October 2012. Mr McCullagh resigned on 18 September 2012.

**On 4 December 2012 the Company completed a two tranche share placement to sophisticated and professional investors. The share placement included a free attaching one for two listed option exercisable at 20 cents and expiring on 4 December 2014. Mr Langworthy participated in the placement and received 357,143 listed options.

Option holdings of key management personnel

2014	Balance at 1 July 2013	Granted	Exercised/ Expired	Held upon termination	Balance at 30 June 2014
Directors					
P J Langworthy	913,514	-	-	-	913,514
A T Munckton	2,364,864	-	-	-	2,364,864
D B Morgan	2,027,027	-	-	-	2,027,027
B L James*	-	-	-	-	-
Executives					
P A Bridson	-	-	-	-	-
M J Martin	-	-	-	-	-
	5,305,405	-	-	-	5,305,405

*Mr James was appointed on 23 September 2013.

REMUNERATION REPORT - AUDITED

Option holdings of key management personnel (cont)

2013	Balance at 1 July 2012	Granted	Exercised/ Expired	Held upon termination	Balance at 30 June 2013
Directors					
P J Langworthy	913,514	-	-	-	913,514
A T Munckton	2,364,864	-	-	-	2,364,864
D B Morgan	2,027,027	-	-	-	2,027,027
J L Hope*	2,500,000	-	(1,000,000)	(1,500,000)	-
K D Park*	-	-	-	-	-
Executives					
P A Bridson	-	-	-	-	-
M J Martin	-	-	-	-	-
B R McCullagh*	3,500,000	-	(2,000,000)	(1,500,000)	-
	11,305,405	-	(3,000,000)	(3,000,000)	5,305,405

*Ms Hope resigned on 30 June 2013. Mr Park resigned on 30 October 2012. Mr McCullagh resigned on 18 September 2012.

On 24 May 2012 shareholders approved a placement of 13,513,514 shares at 7.4 cents per share to a group of strategic investors inclusive of Mr Langworthy, Mr Munckton and Mr Morgan. For every two shares subscribed for the subscribers received one free attaching option in three series. Details of the series A, B and C options are as follows:

Series	Exercise Price	Vesting Date	Expiry Date
A	\$0.164	29 May 2013	29 May 2016
B	\$0.205	29 November 2013	29 May 2016
C	\$0.246	29 May 2014	29 May 2016

Options and rights over equity instruments granted as compensation - audited

No options were granted over ordinary shares in the Company as compensation to key management personnel during the reporting period. No options have been granted since the end of the financial year.

Exercise of options granted as compensation – audited

No options were exercised during the reporting period.

Performance share holdings of key management personnel

2014	Balance at 1 July 2013	Granted as compensation	Exercised	Held upon termination	Balance at 30 June 2014
Directors					
P J Langworthy	2,000,000	-	-	-	2,000,000
A T Munckton	5,000,000	-	-	-	5,000,000
D B Morgan	5,000,000	-	-	-	5,000,000
B L James*	-	-	-	-	-
Executives					
P A Bridson	450,000	-	-	-	450,000
M J Martin	450,000	-	-	-	450,000
	12,900,000	-	-	-	12,900,000

*Mr James was appointed on 23 September 2013.

REMUNERATION REPORT - AUDITED

Performance share holdings of key management personnel (cont)

2013	Balance at 1 July 2012	Granted as compensation	Exercised	Held upon termination	Balance at 30 June 2013
Directors					
P J Langworthy	2,000,000	-	-	-	2,000,000
A T Munckton	5,000,000	-	-	-	5,000,000
D B Morgan	5,000,000	-	-	-	5,000,000
Executives					
P A Bridson	-	450,000	-	-	450,000
M J Martin	-	450,000	-	-	450,000
	<u>12,000,000</u>	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>12,900,000</u>

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 \$0.30 (2,800,000 performance rights), \$0.45 (5,050,000 performance rights) and \$0.60 (5,050,000 performance rights).

Performance rights - Valuation methodology

The binomial barrier up and in 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.

Performance rights granted as compensation - audited

Details of performance rights that were granted as compensation to each key management person in prior periods are as follows;

	Series	Number of performance rights granted	Grant Date	Fair value per share at grant date (cents)	Expiry date
Directors					
P J Langworthy	A	500,000	24/05/2012	0.070454	29/05/2016
P J Langworthy	B	750,000	24/05/2012	0.063834	29/05/2016
P J Langworthy	C	750,000	24/05/2012	0.058633	29/05/2016
A T Munckton	A	1,000,000	24/05/2012	0.070454	29/05/2016
A T Munckton	B	2,000,000	24/05/2012	0.063834	29/05/2016
A T Munckton	C	2,000,000	24/05/2012	0.058633	29/05/2016
D B Morgan	A	1,000,000	24/05/2012	0.070454	29/05/2016
D B Morgan	B	2,000,000	24/05/2012	0.063834	29/05/2016
D B Morgan	C	2,000,000	24/05/2012	0.058633	29/05/2016
Executives					
P A Bridson	A	150,000	18/02/2013	0.0216	19/02/2017
P A Bridson	B	150,000	18/02/2013	0.0160	19/02/2017
P A Bridson	C	150,000	18/02/2013	0.0125	19/02/2017
M J Martin	A	150,000	08/11/2012	0.04395	08/11/2016
M J Martin	B	150,000	08/11/2012	0.03791	08/11/2016
M J Martin	C	150,000	08/11/2012	0.03516	08/11/2016
		<u>12,900,000</u>			

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



Andrew Munckton
Managing Director

18 August 2014

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF SYNDICATED METALS LTD

In relation to our audit of the financial report of Syndicated Metals Ltd for the year ended 30 June 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 & Co



SIMON FERMANIS
PARTNER

18 AUGUST 2014
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WESTERN AUSTRALIA

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CORPORATE GOVERNANCE STATEMENT

Approach to Corporate Governance

Syndicated Metals Limited (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the ASX Corporate Governance Council Principles and Recommendations 2nd edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at <http://www.syndicatedmetals.com.au/corporate-governance.php>, under the section marked "Corporate Governance":

Charters

- Board
- Audit Committee
- Nomination Committee
- Remuneration Committee

Policies and Procedures

- Policy and Procedure for Selection and (Re) Appointment of Directors
- Process for Performance Evaluation
- Policy on Assessing the Independence of Directors
- Policy for Trading in Company Securities
- Code of Conduct (summary)
- Policy on Continuous Disclosure (summary)
- Compliance Procedures (summary)
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Shareholder Communication Policy
- Risk Management Policy (summary)

The Company reports below on whether it has followed each of the recommendations during the 2013/2014 financial year (**Reporting Period**). The information in this statement is current at 18 August 2014 and has been approved by the Board.

Board

Roles and responsibilities of the Board and Senior Executives (Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter, which is disclosed on the Company's website.

Corporate Governance Statement

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director, as appropriate.

Skills, experience, expertise and period of office of each Director (Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on pages 3 and 4.

The mix of skills and diversity which the Board is looking to achieve in its membership is represented by its current composition which includes directors with the following skills and qualifications: industry experience, geological qualifications, technical experience, operational experience, project development skill and experience, mining engineering qualifications, business development skill and experience, equity and debt financing experience and management qualifications. The Board is not currently looking to appoint a further director. However, as the Company's activities develop, the Board will consider the appointment of a further independent director to support and strengthen the current Board and management team.

Director independence (Recommendations: 2.1, 2.2, 2.3, 2.6)

During the Reporting Period, the Board comprised:

Director	Independent Status	Non-Executive/Executive
Peter Langworthy	Independent	Non-executive Chair
Andrew Munckton	Non-independent	Executive - Managing Director
David Morgan	Non-independent	Executive – Operations Director until 31 August 2013, now Non-executive Director
Brendan James	Non-independent	Non-executive (appointed 23 September 2013)

The Board does not have a majority of directors who are independent. The Board considers that its composition is suitable for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business. In particular, the Board includes members with disciplines from geology, mine engineering and business development such that the combined expertise and judgement means that the Board is able to adequately discharge its responsibilities and has an adequate understanding of the Company's current and emerging business. However, as noted above as the Company's activities develop, the Board will consider the appointment of an additional independent director to the Board.

Corporate Governance Statement

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net assets.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The sole independent director of the Company during the Reporting Period was Peter Langworthy. Mr Langworthy is independent as he is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgment.

The non-independent directors of the Company during the Reporting Period were Andrew Munckton, David Morgan and Brendan James (appointed 23 September 2013).

The independent Chair of the Board is Peter Langworthy.

The Managing Director is Andrew Munckton who is not Chair of the Board.

Independent professional advice (Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re)Appointment of Directors (Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

Corporate Governance Statement

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. An election of directors is held each year. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and Re (Appointment) of Directors is disclosed on the Company's website.

Board committees

Nomination Committee

(Recommendations: 2.4, 2.6)

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

As noted above, the full Board carries out the role of the Nomination Committee. The full Board did not officially convene in its capacity as a Nomination Committee during the Reporting Period, however nomination-related discussions occurred from time to time during the year as required.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee.

The Company's Nomination Committee Charter is disclosed on the Company's website.

Audit Committee

(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has not established a separate Audit Committee and accordingly, it is not structured in compliance with Recommendation 4.2. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Audit Committee.

Corporate Governance Statement

The full Board in its capacity as the Audit Committee held 2 meetings during the Reporting Period. Details of director attendance at meetings of the full Board, in its capacity as the Audit Committee, during the Reporting Period are set out in the Directors' Report on page 26.

Details of each of the director's qualifications are set out in the Directors' Report on pages 3 and 4. All members of the Board consider themselves to be financially literate and to have an understanding of the industry in which the Company operates. The Company's Chief Financial Officer who is a Chartered Accountant is invited to attend meetings of the full Board in its capacity as the Audit Committee by invitation.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

Remuneration Committee

(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board has established a Remuneration Committee comprising Peter Langworthy and David Morgan. Mr Morgan became a non-executive director with effect from 31 August 2013. The Remuneration Committee is not structured in accordance with Recommendation 8.2 as it comprises only two members. However, the structure of the Board is such that it is unable to form a Remuneration Committee that is structured in accordance with Recommendation 8.2. Noting that the commentary to Recommendation 8.2 states that where possible, companies should limit the use of executive directors serving on a Remuneration Committee, and not wishing to have a majority of non-independent directors on the Remuneration Committee, the Board considers that a Remuneration Committee comprising two non-executive directors, with an equal number of independent and non-independent directors is appropriate.

The Remuneration Committee held two meetings during the Reporting Period. Details of director attendance at the meetings of the Remuneration Committee held during the Reporting Period are set out in the Directors' Report on page 26.

To assist the Board to fulfil its function as the Remuneration Committee, the Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report and commences on page 28. The Company's policy on remuneration clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The Company's policy is to remunerate non-executive directors at market rates (for comparable companies) for time, commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the company. From time to time the Company may grant performance rights to non-executive directors. The grant of performance rights is designed to attract and ensure continuity of service of non-executive directors who have appropriate knowledge and expertise in the resources

industry and as a cost efficient means to provide remuneration at this stage of the Company's development. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at general meeting.

Executive pay and reward consists of a base salary and performance incentives. Long term performance incentives to date have comprised options and performance rights granted at the discretion of the Board. The grant of options and performance rights is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles.

There are no termination or retirement benefits for non-executive directors (other than superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter is disclosed on the Company's website.

Performance evaluation

Senior executives

(Recommendations: 1.2, 1.3)

The Managing Director is responsible for evaluating senior management. The current size and structure of the Company allows the Managing Director to undertake evaluation informally on an ongoing basis. Open and regular communication with senior executives allows the Managing Director to ensure that senior executives meet their responsibilities as outlined in their contracts with the Company, and to provide feedback and guidance, particularly where any performance issues are evident. Annually, individual performance is more formally assessed by completing performance questionnaires and conducting formal interviews with each senior executive.

During the Reporting Period the informal and ongoing evaluation of senior executives took place in accordance with the process disclosed, and the formal assessments took place in June 2014.

Board, its committees and individual directors

(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Chair evaluates the performance of the Board and individual directors by way of a formal questionnaire conducted annually and monitoring on an ongoing basis. The questionnaire for the Managing Director also addresses his performance objectives as managing director of the Company.

Individual director's performance evaluations are undertaken by the Chair. The Chair meets with each individual director and reviews results of the annual questionnaire completed by each individual director and also meets with the Board as a whole.

During the Reporting Period the ongoing evaluation of the Board, its committees, and individual directors took place in accordance with the process disclosed.

The Company's Process for Performance Evaluation is disclosed on the Company's website.

Ethical and responsible decision making

Code of Conduct

(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct is disclosed on the Company's website.

Diversity

(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company policy encourages diversity by recruiting on the basis of competence, regardless of gender, age or cultural background. The Company has not established a Diversity Policy, or set measurable objectives for achieving gender diversity. During the Reporting Period, the Company had 6 employees and one contractor in addition to its executive directors. The Board considers that it is not practical at this stage of the Company's operations to adopt a Diversity Policy, or to establish measurable objectives for achieving gender diversity. However, the Board will review this position as circumstances change.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board as at 30 June 2014 are set out in the following table:

	Proportion of women
Whole organisation (including one contractor)	1 out of 11 (9%)
Senior Executive positions	0 out of 2 (0%)
Board	0 out of 4 (0%)

Continuous Disclosure

(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

Shareholder Communication

(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

Risk Management

(Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

During the Reporting Period, the Board communicated informally as required, and also met formally, as required, to discuss risk management and receive reports on operational activities and financial reports, including commentary on internal controls, safety, native title and cultural issues, any conflict of interests and employment issues. The Company has internal financial controls in place, and financial and statutory reporting is monitored by the Chief Financial Officer.

The Company has formalised its approach to risk management by documenting all material business risks in a risk register and allocating ownership for material business risks to the Managing Director and management of individual material business risks to senior management and individuals within the organisation. The risk register is reviewed by management and updated six-monthly and presented to the Board. All risks identified in the risk register are reviewed and assessed by management and the Board at least annually.

The categories of risk reported on or referred to as part of the Company's systems and processes for managing material business risk are:

- market-related;
- financial reporting and commercial;
- product quality;
- operations;
- environmental and safety; and
- legal and compliance.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report

Corporate Governance Statement

from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Continuing Operations			
Research and development tax benefit	3	624,019	511,891
Interest income	3	54,373	82,050
Profit on sale of listed securities		5,072	-
		683,464	593,941
Administration expenses		(407,125)	(596,899)
Interest expense	4	(2,355)	(4,449)
Occupancy expenses	4	(64,335)	(66,400)
Depreciation expense	4	(20,236)	(56,088)
Employee benefits expense	4	(467,610)	(711,211)
Exploration expenditure written off	4	(28,467)	(4,949,196)
Share based payments	4	(164,000)	(36,770)
Loss on sale of tenements		(43,952)	-
Change in fair value of investments		-	4,958
		(1,198,080)	(6,416,055)
Loss before income tax expense		(514,616)	(5,822,114)
Income tax benefit	5	-	-
Loss for the period		(514,616)	(5,822,114)
Other comprehensive income		-	-
Total comprehensive loss for the year		(514,616)	(5,822,114)
Basic (loss) per share (cents)	26	(0.22)	(3.60)
Diluted (loss) per share (cents)	26	(0.22)	(3.60)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	6	2,206,676	897,341
Trade and other receivables	7	283,776	66,993
TOTAL CURRENT ASSETS		2,490,452	964,334
NON CURRENT ASSETS			
Property, plant and equipment	8	164,268	174,616
Financial assets	9	-	14,943
Exploration and evaluation costs	10	9,030,354	8,395,605
TOTAL NON CURRENT ASSETS		9,194,622	8,585,164
TOTAL ASSETS		11,685,074	9,549,498
CURRENT LIABILITIES			
Trade and other payables	11	229,515	284,677
Financial liabilities	12	14,479	23,162
Provisions	13	85,172	51,541
TOTAL CURRENT LIABILITIES		329,166	359,380
NON CURRENT LIABILITIES			
Financial liabilities	12	-	14,479
TOTAL NON CURRENT LIABILITIES		-	14,479
TOTAL LIABILITIES		329,166	373,859
NET ASSETS		11,355,908	9,175,639
EQUITY			
Issued capital	14	21,467,411	18,872,526
Share based payments reserve	15	3,103,822	3,003,822
Accumulated losses		(13,215,325)	(12,700,709)
TOTAL EQUITY		11,355,908	9,175,639

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2013	18,872,526	3,003,822	(12,700,709)	9,175,639
Loss for the period	-	-	(514,616)	(514,616)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(514,616)	(514,616)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of share capital	2,779,775	-	-	2,779,775
Share issue costs	(184,890)	-	-	(184,890)
Options expired	-	-	-	-
Fair value of share based payment transactions	-	100,000	-	100,000
	2,594,885	100,000	-	2,694,885
Balance at 30 June 2014	21,467,411	3,103,822	(13,215,325)	11,355,908
	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2012	16,184,286	3,452,222	(7,363,765)	12,272,743
Loss for the period	-	-	(5,822,114)	(5,822,114)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(5,822,114)	(5,822,114)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of share capital	2,844,585	-	-	2,844,585
Share issue costs	(156,345)	-	-	(156,345)
Options expired	-	(485,170)	485,170	-
Fair value of share based payment transactions	-	36,770	-	36,770
	2,688,240	(448,400)	485,170	2,725,010
Balance at 30 June 2013	18,872,526	3,003,822	(12,700,709)	9,175,639

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Interest received		52,755	87,410
Payments to suppliers and employees		(963,619)	(1,350,911)
Borrowing costs		(2,355)	(4,449)
R&D income tax benefit		624,019	511,891
<i>Net cash used in operating activities</i>	17	<u>(289,200)</u>	<u>(756,059)</u>
Cash flows from investing activities			
Purchase of plant and equipment		(64,238)	(109,155)
Proceeds from joint venture partner		1,718,240	-
Payments for purchase of tenements		(1,000,000)	-
Proceeds from sale of tenements		100,000	-
Proceeds from sale of listed securities		20,015	-
Payments for exploration and evaluation		(1,680,572)	(2,885,907)
<i>Net cash used in investing activities</i>		<u>(906,555)</u>	<u>(2,995,062)</u>
Cash flows from financing activities			
Proceeds from issue of shares		2,715,775	2,844,585
Capital raising costs		(190,023)	(151,213)
Payment of hire purchase loan		(23,162)	(21,068)
Refunds of/(Payments for) security deposits		2,500	(3,388)
<i>Net cash from financing activities</i>		<u>2,505,090</u>	<u>2,668,916</u>
Net increase (decrease) in cash		1,309,335	(1,082,205)
Cash and cash equivalents at 1 July		<u>897,341</u>	<u>1,979,546</u>
Cash and cash equivalents at 30 June	6	<u>2,206,676</u>	<u>897,341</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Syndicated Metals Limited (the "Company") is a company domiciled and incorporated in Australia and listed on the Australian Securities Exchange.

The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is primarily involved in exploration activity.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Any significant impact on the accounting policies of the Group from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

AASB 10 Consolidated Financial Statements

The Group has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Group not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements

The Group has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, are accounted for by the Group recording its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities

The Group has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

New, revised or amending Accounting Standards and Interpretations adopted (cont)

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The Group has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

Basis of Preparation and Going Concern Basis

The accounting policies set out below have been consistently applied to all years presented.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* as appropriate for for-profit entities. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial report was authorised for issue in accordance with a resolution of the Directors on 18 August 2014.

Basis of Measurement

The consolidated financial statements have been prepared on an accruals basis and are based on an historical cost basis except for the following material items in the statement of financial position;

- financial instruments at fair value through the profit or loss are measured at fair value.

Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

Principles of Consolidation

A controlled entity is any entity Syndicated Metals Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities. A list of controlled entities is contained in Note 22 to the financial statements. All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Principles of Consolidation (cont)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Significant Accounting Policies

(a) Income tax

Current Tax

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred Tax

Deferred income tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on either accounting profit or taxable profit or loss.

Deferred income tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(b) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- exploration and evaluation activities in the area have not, at reporting date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit/(loss) in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation or alternatively sale of the respective areas of interest.

Rehabilitation, Restoration and Environmental Costs

Long-term environmental obligations are based on the Company's environmental management plans, in compliance with current environmental and regulatory requirements.

The costs will include obligations relating to reclamation, waste site closure, plant closure and other costs associated with the restoration of the site, when relevant.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has been incurred as at the reporting date. Increases due to additional environmental disturbance (to the extent that it relates to the development of an asset) are capitalised and amortised over the remaining lives of the mines.

Annual increases in provision relating to the change in the present value of the provision are accounted for in earnings. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from sale of assets or from plant clean-up at closure.

(c) Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(c) Business Combinations (cont)

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. Interest income is recognised as it accrues.

(e) Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(e) Receivables (cont)

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(f) Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(g) Investments and other financial assets (cont)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture	25%
Plant and equipment	30 – 50%
Vehicles	25%
Computer equipment	25% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to the asset are transferred to retained earnings.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(i) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

Other operating lease payments are charged to the statement of profit or loss and other comprehensive income in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(j) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Employee Benefits

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Employee benefits payable later than one year

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(iii) Superannuation

Contributions are made by the Company to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(iv) Employee benefit on costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(v) Share-based Payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(k) Employee Benefits (cont)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods. All changes in the liability are recognised in profit or loss.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(l) Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(m) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(m) Fair Value Measurement (cont)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST where applicable.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Financial Instruments

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(p) Financial Instruments (cont)

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(q) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(r) New 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.

AASB No.	Title	Issue Date	Operative Date (Annual reporting periods <u>beginning on</u> or after)
9	Financial Instruments	Dec 2010	1 Jan 2018
2012 - 3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	Jun 2012	1 Jan 2014
2013 - 3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	Jun 2013	1 Jan 2014
2013 - 4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting	Jul 2013	1 Jan 2014
2013 - 5	Amendments to Australian Accounting Standards – Investment Entities	Aug 2013	1 Jan 2014
2013 - 9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments Part A - Conceptual Framework Part B - Materiality Part C - Financial Instruments	Dec 2013	Part A - 20 Dec 2013 Part B - 1 Jan 2014 Part C - 1 Jan 2015
2014 - 1	Amendments to Australian Accounting Standards Part A - Annual Improvements 2010 - 2012 and 2011 - 2013 Cycles Part B - Defined Benefit Plans: Employee Contributions (Amendments to AASB 119) Part C - Materiality Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E - Financial Instruments	Jun 2014	Part A - 1 Jul 2014 Part B - 1 Jul 2014 Part C - 1 Jul 2014 Part D - 1 Jan 2016 Part E - 1 Jan 2015
1031	Materiality (Revised)	Dec 2013	1 Jan 2014
1014	Regulatory Deferral Account	Jun 2014	1 Jan 2016

Australian Interpretations

AASB No.	Title	Issue Date	Operative Date (Annual reporting periods <u>beginning on</u> or after)
21	Levies	May 2013	1 Jan 2014
Amendments to IAS 16 PP&E and IAS 38 Intangible Assets	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	May 2014	1 Jan 2016
IFRS 15	Revenues from Contracts with Customers	May 2014	1 Jan 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(s) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(t) Interests in Joint Arrangements

IFRS defines a joint arrangement as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interests in joint operations, the Company recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly.

(u) EPS

Basic earnings per share

Basic earnings per share is determined by dividing the net profit/(loss) after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 2: SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Use of Estimates and Judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The Group incurred a loss of \$514,616 for the year ended 30 June 2014 (2013: \$5,822,114). Included within this loss was the write off of exploration expenditure of \$28,467 (2013: \$4,949,196).

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 its mineral properties.

The accounts have been prepared on the basis that the entity 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. The Directors believe that they will continue to be successful in securing additional funds through equity issues as and when the need to raise working capital arises.

Critical Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the employee options is determined by a valuation using the Black-Scholes option pricing model, using the assumptions detailed in Note 19. The fair value of the performance rights is determined by a valuation using a binomial model, with the assumptions also detailed in Note 19.

Exploration and Evaluation Costs

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at \$9,030,354.

NOTE 2: SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT)

Impairment of Exploration and Evaluation Assets and Investments in Subsidiaries

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 asset 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;
- Economic factors that have an impact on the operations and carrying values of assets and liabilities.

Classification of Investments

The Company has decided to classify investments in listed securities as available for sale. These securities are accounted for at fair value. Any increments or decrements in their value at year end are charged or debited to the statement of profit or loss and other comprehensive income.

Income tax expenses

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

Notes to the Financial Statements

NOTE 3: REVENUE FROM CONTINUING OPERATIONS

	2014 \$	2013 \$
Operating activities		
Research and development tax benefit	624,019	511,891
Interest received	54,373	82,050

NOTE 4: EXPENSES

Depreciation expense	77,815	76,989
less capitalised in exploration and evaluation	(57,579)	(20,901)
	20,236	56,088
Share based payments	164,000	36,770
Employee benefits expenses		
Salaries and on-costs	1,167,587	1,886,579
Superannuation	101,315	126,078
Other	14,742	46,114
less capitalised in exploration and evaluation	(816,034)	(1,347,560)
	467,610	711,211
Exploration expenditure written off	28,467	4,949,196
Finance costs	2,355	4,449
Rental expense	64,335	66,400

NOTE 5: INCOME TAX (EXPENSE)/BENEFIT

The prima facie tax payable on the operating loss is reconciled to the income tax provided in the accounts as follows:

Prima facie tax payable on operating loss before income tax at 30%	(154,385)	(1,746,634)
Effect of non-deductible expenses	50,347	11,031
Effect of non-assessable income	(187,206)	-
Increase in deferred tax balances not brought to account	291,244	1,735,603
Income tax (expense)/benefit	-	-

Notes to the Financial Statements

2014 2013
\$ \$

NOTE 5: INCOME TAX (EXPENSE)/BENEFIT (CONT)

The following deferred tax balances have not been recognised:

Deferred Tax Assets at 30%:

Carry forward revenue losses	5,408,641	4,953,552
Capital raising costs	83,728	63,863
Provisions and accruals	30,202	19,962
Other	6,980	8,502
	<u>5,529,551</u>	<u>5,045,879</u>

The tax benefits of the above deferred tax assets will only be obtained if:

- a. The company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- b. The company continues to comply with the conditions for deductibility imposed by law; and
- c. No changes in income tax legislation adversely affect the company in utilising the benefits.

Deferred Tax Liabilities at 30%:

Exploration and evaluation costs	2,709,106	2,518,682
Accrued interest income	1,337	852
	<u>2,710,443</u>	<u>2,519,534</u>

The above deferred tax liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the deferred tax asset has not been recognised.

NOTE 6: CASH AND CASH EQUIVALENTS

Cash on hand	300	300
Cash at bank	506,376	397,041
Term deposits	1,700,000	500,000
	<u>2,206,676</u>	<u>897,341</u>

NOTE 7: TRADE & OTHER RECEIVABLES

Accrued interest receivable	4,458	2,840
GST receivable	10,158	15,935
Amount receivable from JV partner	221,134	-
Trade debtors	2,308	-
Security deposit	45,718	48,218
	<u>283,776</u>	<u>66,993</u>

There are no assets in trade & other receivables that are past due or impaired.

Notes to the Financial Statements

	2014 \$	2013 \$
NOTE 8: PROPERTY, PLANT & EQUIPMENT		
Plant and equipment at cost	191,650	127,670
Less: accumulated depreciation	(123,253)	(93,086)
	<u>68,397</u>	<u>34,584</u>
Furniture at cost	96,059	95,748
Less: accumulated depreciation	(69,745)	(64,426)
	<u>26,314</u>	<u>31,322</u>
Computer equipment at cost	55,670	52,494
Less: accumulated depreciation	(27,931)	(13,391)
	<u>27,739</u>	<u>39,103</u>
Vehicles at cost	103,887	103,887
Less: accumulated depreciation	(62,069)	(34,280)
	<u>41,818</u>	<u>69,607</u>
Total plant and equipment	<u>164,268</u>	<u>174,616</u>

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are as follows:

	Plant and equipment \$	Furniture \$	Computer equipment \$	Vehicles \$	Total \$
Carrying amount at 30 June 2012	51,231	966	-	90,253	142,450
Net additions	15,018	35,293	52,494	6,350	109,155
Depreciation expense	(31,665)	(4,937)	(13,391)	(26,996)	(76,989)
Carrying amount at 30 June 2013	34,584	31,322	39,103	69,607	174,616
Net additions	63,980	311	3,176	-	67,467
Depreciation expense	(30,167)	(5,319)	(14,540)	(27,789)	(77,815)
Carrying amount at 30 June 2014	68,397	26,314	27,739	41,818	164,268

	2014 \$	2013 \$
NOTE 9: FINANCIAL ASSETS		
Listed securities at market value	-	14,943
	<u>-</u>	<u>14,943</u>

The market value for the prior year has been determined with reference to the securities market price quoted on the ASX at year end.

Notes to the Financial Statements

	2014 \$	2013 \$
NOTE 10: EXPLORATION AND EVALUATION COSTS		
Exploration expenditure capitalised	9,030,354	8,395,605

Movement in carrying value:

Balance at 1 July	8,395,605	10,349,469
Exploration expenditure capitalised during the year	1,695,411	2,995,332
Expenditure recharged to Barbara Copper Project partner	(888,243)	-
Expenditure on tenement disposals	(143,952)	-
Exploration expenditure written off during the year	(28,467)	(4,949,196)
Balance at 30 June	9,030,354	8,395,605

The value of the exploration expenditure is dependent upon:

- The continuance of the rights to tenure of the areas of interest;
- The results of future exploration; and
- The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

NOTE 11: TRADE & OTHER PAYABLES

Trade and other payables	116,861	156,024
Accruals	77,035	128,653
GST Payable	4,591	-
Funds received in advance from JV partner	31,028	-
	229,515	284,677

NOTE 12: FINANCIAL LIABILITIES

Current

Due on hire purchase	14,885	25,517
Unexpired charges	(406)	(2,355)
	14,479	23,162

Non Current

Due on hire purchase	-	14,885
Unexpired charges	-	(406)
	-	14,479
Total	14,479	37,641

NOTE 13: SHORT TERM PROVISIONS

Provision for annual leave	85,172	51,541
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NOTE 14: ISSUED CAPITAL

	2014 Shares	2013 Shares	2014 \$	2013 \$
(a) Share capital				
Fully paid ordinary shares	274,445,673	177,866,755	21,981,729	19,201,953
Less: capital issue costs	-	-	(514,318)	(329,427)
	274,445,673	177,866,755	21,467,411	18,872,526

NOTE 14: ISSUED CAPITAL (CONT)

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	Value \$
	Balance at 30 June 2012	137,229,829		16,184,286
24/10/2012	Issue of shares for cash*	13,500,000	0.07	945,000
05/12/2012	Issue of shares for cash*	27,136,926	0.07	1,899,585
	Less: capital issue costs	-	-	(156,345)
	Balance at 30 June 2013	177,866,755		18,872,526
17/09/2013	Issue of shares for cash	26,100,000	0.02	522,000
12/12/2013	Issue of shares for cash	20,441,357	0.032	654,123
24/12/2013	Issue of shares for cash	47,547,561	0.032	1,521,522
09/01/2014	Issue of shares for services	2,000,000	0.032	64,000
10/02/2014	Issue of shares for cash	490,000	0.037	18,130
	Less: capital issue costs	-	-	(184,890)
	Balance at 30 June 2014	274,445,673		21,467,411

*On 4 December 2012 the Company completed a two tranche share placement to sophisticated and professional investors. The share placement included a free attaching one for two listed option (ASX: SMD0) exercisable at 20 cents and expiring on 4 December 2014. There are 20,318,468 listed options on issue.

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. These shares have no par value.

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets for in-specie distributions.

The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities. The Group monitors capital on the basis of the gearing ratio, however there are no external borrowings as at reporting date. Capital includes accumulated profits and fair value reserve.

The Group encourages employees to be shareholders through the issue of free performance rights to employees. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the Financial Statements

NOTE 14: ISSUED CAPITAL (CONT)

	2014	2013
	\$	\$

(e) Capital Risk Management

Cash and cash equivalents	2,206,676	897,341
Less: Total liabilities	(329,166)	(373,859)
Net cash and cash equivalents	1,877,510	523,482

Total equity	11,355,908	9,175,639
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Debt to equity ratio at 30 June	2.90%	4.07%
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Management of Share Capital

The Directors primary objective is to maintain a capital structure that ensures the lowest cost of capital available to the Group.

NOTE 15: SHARE BASED PAYMENTS RESERVE

Balance at 1 July	3,003,822	3,452,222
Share based payments during the period – refer to Note 19	100,000	36,770
Expiry of options	-	(485,170)
Balance at 30 June	3,103,822	3,003,822

NOTE 16: AUDITORS REMUNERATION

Audit and review of financial reports	25,500	22,000
Other services - taxation	3,500	7,570
	29,000	29,570

NOTE 17: NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash flow from operations with loss from ordinary activities after income tax.

Loss for the period	(514,616)	(5,822,114)
Adjustment for:		
Depreciation	20,236	56,088
Exploration expenditure written off	28,467	4,949,196
Change in fair value of investments	-	(4,958)
Share based payments	164,000	36,770
Profit on sale of listed securities	(5,072)	-
Loss on sale of tenements	43,952	-
(Increase)/decrease in accrued interest	(1,618)	5,361
Increase/(decrease) in accruals and trade creditors	(40,566)	7,457
Increase/(decrease) in provision for employee entitlements	16,017	16,141
Net cash flow from/(used in) operating activities	(289,200)	(756,059)

NOTE 18: INTERESTS IN JOINT ARRANGEMENTS

Interests in joint operations

- a. Syndicated formerly had a 58.7% interest in the West Leichhardt Joint Venture with Orbis Gold Limited (formerly Mount Isa Metals Ltd). On 16 September 2013 Syndicated executed two agreements with CopperChem Limited to jointly develop the Barbara Copper Project. As part of the agreements, CopperChem funded the payment of \$1 million for Syndicated to purchase Orbis Gold's 41.3% interest in the West Leichhardt Joint Venture and other tenements held by Orbis Gold Limited to consolidate ownership of the tenements the subject of the Barbara Copper Project. The sale and purchase agreement signed with Orbis Gold also included Orbis's 100% owned tenure in the immediate project area. Syndicated has subsequently applied for transfer of 50% ownership of the tenure subject to the Barbara Copper Project to CopperChem.

As part of the broader agreements establishing a 50/50 exploration and development joint venture, CopperChem are sole funding and managing the Barbara Feasibility Study through to a decision to mine and jointly funding the Barbara Exploration program on a 50/50 basis with Syndicated. Syndicated is manager of the Exploration joint venture.

- b. Syndicated and Mt Dockerell Mining, (a 100% owned subsidiary of Santana Minerals Limited and formerly a 100% owned subsidiary of Cerro Resources NL), formerly had a Joint Venture on the Kalman molybdenum-rhenium-copper-gold project located in the Mt Isa region of North West Queensland. On 3 April 2013 Syndicated announced to ASX that it had withdrawn from the Kalman Joint Venture. The arrangements between Syndicated and Mt Dockerell reverted to the previously agreed Pelican JV, whereby Mt Dockerell, having already earned a 51% interest, had a right to earn up to a 70% interest in a number of tenements by sole funding exploration and completing a final Feasibility Study on a development project within three years. On 16 September 2013 Syndicated announced to ASX that it had agreed to sell its 49% interest in the Pelican JV (EPM 13870) to a subsidiary of Santana Minerals for \$100,000 cash. Syndicated retains a 2% Net Smelter Return (NSR) Royalty on future metal production from EPM 13870.
- c. On 1 July 2013 Syndicated received confirmation from Deep Yellow Limited that the Company had earned an 80% Joint Venture interest in three tenements the subject of the Mt Isa Other Minerals Joint Venture that the Company was previously earning into. The participants are now proceeding with an unincorporated Joint Venture, with Syndicated as manager, whereby Deep Yellow is free carried until the date that a decision to mine is made and all necessary approvals are obtained.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation.

Notes to the Financial Statements

NOTE 19: SHARE BASED PAYMENTS

Number and weighted average exercise prices of share options

The following table illustrates the total number, weighted average exercise prices (WAEP), and movement in share options issued and/or expired during the year:

	2014		2013	
	Number of options No.	Weighted average exercise price (cents)	Number of options No.	Weighted average exercise price (cents)
Outstanding at 1 July	13,000,000	39.47	22,000,000	36.05
Issued during the year	5,000,000	6.4	-	-
Expired during the year	-	-	(8,000,000)	30.0
Expired during the year	-	-	(1,000,000)	40.0
Outstanding at 30 June	18,000,000	30.28	13,000,000	39.47
Exercisable at 30 June	18,000,000	30.28	13,000,000	39.47

All of the options detailed in the above table 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. Further details are contained in the Share Options section of the Directors' Report.

During the period the Company issued 2,000,000 fully paid ordinary shares and 5,000,000 options to Blue Ocean Equities Pty Ltd in settlement of fees owed for corporate advisory services provided to the Company. No additional cash consideration was payable. The options are unlisted, vested immediately, are exercisable at 6.4 cents each and expire on 9 January 2017. The options were valued using the Black Scholes option pricing model. The underlying share price used for the options was that as at the date of grant being 4 cents. A volatility of 95% was applied and a risk free interest rate of 3.129%. The valuation per option was calculated as 2 cents (\$100,000 in total). The 2,000,000 shares issued were valued at 3.2 cents per share in line with the capital raising undertaken by the Company in December 2013. The total value of shares issued was therefore \$64,000.

Number and weighted average vesting prices of performance rights

The following table illustrates the total number, weighted average vesting prices, and movement in performance rights issued during the year:

	2014		2013	
	Number of performance rights No.	Weighted average vesting price (cents)	Number of performance rights No.	Weighted average vesting price (cents)
Outstanding at 1 July	13,200,000	39.47	12,000,000	47.81
Issued during the year	-	-	1,200,000	45.0
Expired during the year	-	-	-	-
Outstanding at 30 June	13,200,000	39.47	13,200,000	39.47
Vested at 30 June	-	-	-	-

Notes to the Financial Statements

NOTE 19: SHARE BASED PAYMENTS (CONT)

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 \$0.30 (2,900,000 performance rights), \$0.45 (5,150,000 performance rights) and \$0.60 (5,150,000 performance rights). The performance rights expire on 29 May 2016 (12,000,000 performance rights), 8 November 2016 (750,000 performance rights) and 19 February 2017 (450,000 performance rights).

Performance rights - Valuation methodology

The binomial barrier up and in 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.

Expenses arising from share-based payment transactions

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

	2014	2013
	\$	\$
Performance rights issued	-	36,770
Options issued	-	-
	<u>-</u>	<u>36,770</u>

NOTE 20: COMMITMENTS FOR FUTURE EXPENDITURE

The Group has commitments for future expenditure in respect of its tenements, lease of office space and lease of equipment. Commitments are as follows:

Tenement commitments

Committed at the reporting date but not recognised as liabilities, payable:

- within one year	2,442,500	1,519,167
- one to five years	8,748,000	3,604,000
	<u>11,190,500</u>	<u>5,123,167</u>

Tenement commitments are only valid if the tenement remains held by the Group. Should the Group decide not to retain the tenure the corresponding commitment for that tenement lapses.

Lease commitments – operating

Committed at the reporting date but not recognised as liabilities, payable:

- within one year	92,500	85,699
- one to five years	24,132	95,557
	<u>116,632</u>	<u>181,256</u>

Notes to the Financial Statements

NOTE 20: COMMITMENTS FOR FUTURE EXPENDITURE (CONT)

	2014	2013
	\$	\$
Lease commitments – finance		
Committed at the reporting date and recognised as liabilities, payable:		
- within one year	14,885	25,517
- one to five years	-	14,885
Total commitment	14,885	40,402
Less: Future finance charges	(406)	(2,761)
Net commitment recognised as liabilities	14,479	37,641
Representing:		
Lease liability – current (note 12)	14,479	23,162
Lease liability – non-current (note 12)	-	14,479
Total commitment	14,479	37,641

NOTE 21: FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments.

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

a) Interest Rate Risk

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 180 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have short or long term debt, and therefore this risk is minimal.

b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

Notes to the Financial Statements

NOTE 21: FINANCIAL INSTRUMENTS (CONT)

	Carrying Amount 2014 \$	Carrying Amount 2013 \$
--	----------------------------------	----------------------------------

(a) Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

Financial assets	-	14,943
Cash and cash equivalents	2,206,676	897,341
Other receivables	227,900	2,840
	<u>2,434,576</u>	<u>915,124</u>

(b) Impairment losses

None of the Group's other receivables are past due hence no impairment was provided for.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The Company does anticipate a need to raise additional capital in the next 12 months to meet forecasted operational and exploration activities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	<6 months	6-12 months	1-2 Years	2-5 Years	>5 Years
30 June 2014							
Financial liabilities	14,479	14,479	12,366	2,113	-	-	-
Trade and other payables	229,515	229,515	229,515	-	-	-	-
	<u>243,994</u>	<u>243,994</u>	<u>241,881</u>	<u>2,113</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2013							
Financial liabilities	37,641	37,641	11,319	11,843	14,479	-	-
Trade and other payables	284,677	284,677	284,677	-	-	-	-
	<u>322,318</u>	<u>322,318</u>	<u>295,996</u>	<u>11,843</u>	<u>14,479</u>	<u>-</u>	<u>-</u>

NOTE 21: FINANCIAL INSTRUMENTS (CONT)

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Price Risk Sensitivity Analysis

The Group's equity investment is publicly traded on the ASX. The table below summarises the impact of increases/decreases of this index on the Group's post tax loss for the year and on equity. The analysis is based on the assumption that equity indexes had increased/decreased by 10% (2013: 10%) with all other variables held constant and the Group's equity instruments moved according to the historical correlation with the index.

	2014 \$	2013 \$
Change in loss (Post-tax)		
Increase in ASX All Ordinaries Index by 10%	-	1,494
Decrease in ASX All Ordinaries Index by 10%	-	(1,494)
Change in equity (Post-tax)		
Increase in ASX All Ordinaries Index by 10%	-	1,494
Decrease in ASX All Ordinaries Index by 10%	-	(1,494)

The above price risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

The listed securities were sold during the period resulting in nil price risk as at 30 June 2014.

(e) Currency risk

The Group is not exposed to currency risk and at reporting date the Company and the Group hold no financial assets or liabilities which are exposed to foreign currency risk.

(f) Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short term deposits at interest rates maturing over 30-180 day rolling periods.

Notes to the Financial Statements

NOTE 21: FINANCIAL INSTRUMENTS (CONT)

	Carrying Amount 2014 \$	Carrying Amount 2013 \$
(g) Profile		
At the reporting date the interest rate profile of the Company's and the Group's interest bearing financial instruments was:		
Variable rate instruments		
Cash and cash equivalents	506,376	397,041
Fixed rate instruments		
Cash and cash equivalents	1,700,000	500,000

(h) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. The analysis is performed on the same basis for 2013.

	Loss 100bp Increase \$	Loss 100bp Decrease \$
30 June 2014		
Cash and cash equivalents	22,067	(22,067)
	22,067	(22,067)
30 June 2013		
Cash and cash equivalents	8,973	(8,973)
	8,973	(8,973)

(i) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	30 June 2014		30 June 2013	
	Carrying Value \$	Fair Value \$	Carrying Value \$	Fair Value \$
Financial assets	-	-	14,943	14,943
Cash and cash equivalents	2,206,676	2,206,676	897,341	897,341
Receivables	283,776	283,776	66,993	66,993
Financial liabilities	(14,479)	(14,479)	(37,641)	(37,641)
Trade and other payables	(229,515)	(229,515)	(284,677)	(284,677)
	2,246,458	2,246,458	656,959	656,959

The basis for determining fair values is disclosed in note 1.

NOTE 21: FINANCIAL INSTRUMENTS (CONT)

(j) Other market price risk

Other market price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Investments are managed on an individual basis and material buy and sell decisions are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's investments are solely in equity instruments. These instruments are classified as available-for-sale or at fair value through profit or loss and are carried at fair value, with fair value changes recognised directly in equity or profit and loss until derecognised.

(k) Commodity price risk

The Group operates in the resources industry and is in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk.

(l) Fair value measurement

Fair value hierarchy

The following tables detail the Group'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.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated - 2014				
<i>Assets</i>				
Ordinary shares at fair value through profit or loss	-	-	-	-
Total assets	-	-	-	-
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated - 2013				
<i>Assets</i>				
Ordinary shares at fair value through profit or loss	14,943	-	-	14,943
Total assets	14,943	-	-	14,943

Assets and liabilities held for sale are measured at fair value on a non-recurring basis. There were no transfers between levels during the financial year.

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.

Notes to the Financial Statements

NOTE 22: INTERESTS IN CONTROLLED ENTITIES

Controlled entities consolidated

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries in accordance with the accounting policy described in Note 1.

Name	Country of Incorporation	Class of Shares	Equity Holding %*		Investment \$	
			2014	2013	2014	2013
Syndicated Royalties Pty Ltd	Australia	Ordinary	100	100	1	1
					1	1

* Percentage of voting power is in proportion to ownership.

Incorporation of controlled entities

Syndicated Royalties Pty Ltd was incorporated on 12 April 2010.

NOTE 23: SEGMENT REPORTING

The Group has identified its operating segments based on the internal reports that are reviewed and used by the 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 Board on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the Group 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 \$	WA \$	Unallocated \$	Total \$
30 June 2014				
Segment revenue	-	-	59,445	59,445
Segment net loss	72,419	-	442,197	514,616
Segment assets	9,366,049	-	2,319,025	11,685,074
Segment liabilities	195,053	-	134,113	329,166
30 June 2013				
Segment revenue	-	-	82,050	82,050
Segment net loss	4,949,196	-	872,918	5,822,114
Segment assets	8,498,428	-	1,051,070	9,549,498
Segment liabilities	-	-	373,859	373,859

NOTE 24: RELATED PARTY DISCLOSURE

	2014 \$	2013 \$
(a) Key management personnel compensation		
The key management personnel compensation comprised:		
Post-employment benefits	71,514	79,605
Short term employment benefits	782,913	1,054,361
Share based payments	-	25,068
	854,427	1,159,034

(b) Individual directors' and executives' compensation disclosure

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporation Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

(c) Loans to key management personnel

There were no loans to key management personnel at the end of the year.

(d) Transactions with related parties

During the period the Company invoiced CopperChem Limited, its Barbara Joint Venture partner, a total of \$727,396 (inclusive of GST) for costs incurred in relation to the Barbara Feasibility Study being funded 100% by CopperChem. As at the reporting date a total of \$221,134 was receivable from CopperChem.

During the period the Company provided cash calls to CopperChem for a total of \$413,444 for costs incurred in relation to the Barbara Exploration Program being funded 50% by CopperChem. As at the reporting date a total of \$31,028 was payable to CopperChem due to cash calls received in advance.

During the period the Company made payments totalling \$nil (2013: \$37,290) to OMNI GeoX Pty Ltd, a director-related entity of Mr Peter Langworthy, for the provision of geological consultancy services. All transactions were made on normal commercial terms and conditions and at market rates.

Notes to the Financial Statements

NOTE 25: PARENT ENTITY INFORMATION

	2014 \$	2013 \$
Information for Syndicated Metals Ltd		
Current assets	2,490,451	964,333
Total assets	11,685,074	9,549,498
Current liabilities	329,166	359,380
Total liabilities	329,166	373,859
Issued capital	21,467,411	18,872,526
Share based payments reserve	3,103,822	3,003,822
Accumulated losses	(13,215,325)	(12,700,709)
Total shareholder's equity	11,355,908	9,175,639
Net loss before income tax expense of the parent entity	514,616	5,822,114
Total comprehensive loss of the parent	514,616	5,822,114

NOTE 26: EARNINGS PER SHARE

	2014 \$	2013 \$
Loss for the period	(514,616)	(5,822,114)
Loss used in calculating basic and diluted loss per share	(514,616)	(5,822,114)
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	235,370,952	161,940,735

As the Company has no dilutive potential ordinary shares, the diluted loss per share is disclosed as the same as basic loss per share.

NOTE 27: CONTINGENT ASSETS AND LIABILITIES

The Group is unaware of any contingent assets or liabilities that may have a material impact on the Company's financial position.

NOTE 28: DIVIDENDS

There were no dividends paid or declared during the financial year.

NOTE 29: EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 30: COMPANY DETAILS

The registered office and principal place of business of the company is 68A Hay Street, Subiaco, Western Australia, 6008.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, notes and additional disclosures included in the Directors' report and designated as audited, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Company and Group;
 - (c) the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Australian Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. 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

18 August 2014

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

SYNDICATED METALS LTD

Report on the Financial Report

We have audited the accompanying financial report of Syndicated Metals Ltd, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Syndicated Metals Ltd (the company) and the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

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Opinion

In our opinion:

- (a) the financial report of Syndicated Metals Ltd is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and Group's financial positions as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matters

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicated that the Group incurred a net loss after tax of \$514,616 (2013: \$5,822,114) during the year ended 30 June 2014. These conditions, along with other matters as set for in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company and Group's ability to continue as a going concern and therefore, the company and Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the Group 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 Group not continue as going concerns.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 33 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Syndicated Metals Ltd for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.



PKF MACK & CO



SIMON FERMANIS
PARTNER

18 AUGUST 2014
WEST PERTH
WESTERN AUSTRALIA

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The Company presents the following additional information included in accordance with the listing requirements of the Australian Securities Exchange:

Shareholders

Distribution of shareholders as at 31st July 2014:

	Number of Shareholders	Number of Ordinary Shares
1 – 1,000	20	2,128
1,001 – 5,000	44	160,790
5,001 – 10,000	83	744,145
10,001 – 100,000	354	16,984,560
100,001 and over	229	256,554,050
	730	274,445,673

There are 148 shareholders holding unmarketable parcels (being a minimum \$500 parcel at \$0.048 per unit) totalling 917,308 shares.

The names of the substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are:

	Number of Shares Held	Percentage Held
CopperChem Limited	51,987,976	18.94%
Ottomin Investment Group Pty Ltd	16,434,627	5.99%

Optionholders

Distribution of listed option holders as at 31st July 2014:

	Number of Optionholders	Number of Options
1 – 1,000	0	0
1,001 – 5,000	0	0
5,001 – 10,000	0	0
10,001 – 100,000	9	706,429
100,001 and over	49	19,612,039
	58	20,318,468

The listed options are exercisable at 20 cents and expire on 4th December 2014.

Additional Information for Listed Public Companies

Unlisted Options and Performance Rights

As at the date of this report, the unissued ordinary shares of Syndicated Metals Limited under options are as follows:

Expiry date	Exercise price (cents)	Quantity	Number of Holders
09/09/2014	30	1,000,000	1
30/11/2014	35	3,800,000	6
30/11/2014	45	2,800,000	5
30/11/2014	55	2,800,000	5
30/11/2014	25	1,600,000	4
30/11/2014	30	1,000,000	1
29/05/2016	16.4	2,252,250	11
29/05/2016	20.5	2,252,250	10
29/05/2016	24.6	2,252,257	10
09/01/2017	6.4	5,000,000	1
		24,756,757	

As at the date of this report, the unissued ordinary shares of Syndicated Metals Limited under performance rights are as follows:

Expiry date	Vesting Price (cents)	Quantity	Number of Holders
29/05/2016	30	2,500,000	3
29/05/2016	45	4,750,000	3
29/05/2016	60	4,750,000	3
08/11/2016	30	250,000	2
08/11/2016	45	250,000	2
08/11/2016	60	250,000	2
19/02/2017	30	150,000	1
19/02/2017	45	150,000	1
19/02/2017	60	150,000	1
		13,200,000	

Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options and Performance Rights

Listed and unlisted options and Performance Rights do not carry the right to vote until such time as they are exercised and converted to ordinary shares.

Restricted Securities

There are no shares on issue that have been classified by ASX Limited as restricted securities.

On-market Buy-back

There is no on-market buy-back currently being undertaken.

Additional Information for Listed Public Companies

Twenty Largest Shareholders as at 31st July 2014

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
CopperChem Limited	51,987,976	18.94
Ottomin Investment Group Pty Ltd <Ottomin Investments A/C>	14,000,000	5.10
Sun Metals Corporation Pty Ltd	13,600,000	4.95
National Health Recovery Agents Pty Ltd	11,000,000	4.01
Metamorphic Investments Pty Ltd	6,306,306	2.30
McCullagh Accounting Pty Ltd <McCullagh Superannuation Fund>	5,111,401	1.86
Mr Russell John Davis	5,000,005	1.82
Mr Daniel Johnson	5,000,000	1.82
Rask Pty Ltd <Granger Super Fund A/C>	5,000,000	1.82
Colbern Fiduciary Nominees Pty Ltd	4,285,714	1.56
Myall Resources Pty Ltd <Myall Group Super Fund A/C>	4,000,000	1.46
Emlyn Holdings Pty Ltd <Glyn Dwr Account>	3,963,966	1.44
Jericho Exploration Pty Ltd <The Langworthy Family A/C>	3,655,083	1.33
Vicex Holdings Pty Ltd <Vicex Super A/C>	3,214,854	1.17
Mr David Lawrence Munckton	3,111,786	1.13
Mr Brent Earl Green	3,000,000	1.09
Ashe Super Pty Ltd <BJ & LB Ashe Super Fund A/C>	2,933,334	1.07
Spectral Investments Pty Ltd <Lithgow Family A/C>	2,729,028	0.99
Mr Mark Andrew Whittle	2,707,065	0.99
Drexwill Pty Ltd <The L Family A/C>	2,430,000	0.89
	153,036,518	55.74

Twenty Largest Listed Optionholders as at 31st July 2014

Name	Number of Listed Option Held	% Held of Issued Options
Colbern Fiduciary Nominees Pty Ltd	2,142,857	10.55
Lotaka Pty Ltd	1,000,000	4.92
Transition Metals Pty Ltd	882,500	4.34
Mr David Lawrence Munckton	857,143	4.22
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	835,750	4.11
Drexwill Pty Ltd <The L Family A/C>	715,000	3.52
Elinora Investments Pty Limited	715,000	3.52
LSAF Holdings Pty Ltd <Owen Family A/C>	715,000	3.52
Rask Pty Ltd <Granger Super Fund A/C>	714,543	3.52
Spectral Investments Pty Ltd <Lithgow Family A/C>	714,286	3.52
Vicex Holdings Pty Ltd <Vicex Super A/C>	714,286	3.52
National Health Recovery Agents Pty Ltd	571,429	2.81
Rollason Pty Ltd <The Giorgetta S/Plan A/C>	571,429	2.81
Myall Resources Pty Ltd <Myall Group Super Fund A/C>	571,425	2.81
HSBC Custody Nominees (Australia) Limited	460,000	2.26
Mr Emanuel Jose Fernandes Dias	425,000	2.09
Onmell Pty Ltd <ONM BPSF A/C>	412,250	2.03
The Journeymasters Pty Ltd <Warren & Brown S/F A/C>	371,500	1.83
Mr David Zalmon Baffsky	357,500	1.76
Merrill Lynch (Australia) Nominees Pty Limited	357,500	1.76
	14,104,398	69.42

SCHEDULE OF INTERESTS IN MINING TENEMENTS

Tenement	Lease Name	Percentage Held	Status	Current Sub-blocks	Area (km ²)
Northern Hub					
Mt Remarkable Project					
EPM 16112 ⁽¹⁾	Barbara	SMD 100%	Granted	4	13
EPM 16197	Blockade	SMD 100%	Granted	6	19
EPM 17638	Phillips Hill	SMD 100%	Granted	17	55
EPM 17914	Blockade East	SMD 100%	Granted	21	67
EPM 17947	Blockade East Extension	SMD 100%	Granted	9	29
EPM 18492 ⁽¹⁾	Mt Remarkable Extended	SMD 100%	Granted	73	234
EPM 19049 ^(EPP)	Mt Remarkable Nth	SMD 100%	Application	2	6
EPM 19733 ⁽¹⁾	Mt Remarkable Consolidated	SMD 100%	Granted	123	395
ML 90241	Barbara	SMD 50% CC 50%	Application	N/A	12
Ewen Project					
EPM 14281 ⁽²⁾	Yamamilla	DYL 100%	Granted	38	122
EPM 14916 ⁽²⁾	Ewen	DYL 100%	Granted	36	115
EPM 15070 ⁽²⁾	Prospector	SU 100%	Granted	39	125
Southern Hub					
Fountain Range Project					
EPM 14362	Malbon Vale	SMD 100%	Granted	8	26
EPM 14366	Bushy Park	SMD 100%	Granted	40	128
EPM 14369	Dronfield	SMD 100%	Granted	17	54
EPM 17637	Revenue	SMD 100%	Application	1	3
EPM 18078	Wimberu #1	SMD 100%	Granted	5	17
EPM 18082	Wimberu #2	SMD 100%	Granted	21	67
EPM 18223	Bronzewing Bore	SMD 100%	Granted	7	22
EPM 18671	Bulonga	SMD 100%	Granted	25	80
EPM 18980	Mayfield	SMD 100%	Granted	8	25
EPM 19008	Duchess	SMD 100%	Granted	12	38
EPM 25435 ^(EPP)	Mt Erle #1	SMD 100%	Application	21	70
EPM 25439 ^(EPP)	Mt Erle #2	SMD 100%	Application	5	16

Legend	
(1) Barbara Joint Venture	SMD – Syndicated Metals Ltd
(2) Mt Isa Other Minerals Joint Venture	CC – CopperChem Ltd
(EPP) Exploration Permit Proposal	SU – Superior Uranium Pty Ltd
	DYL – Deep Yellow Ltd