

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

FINANCIAL REPORT

31 DECEMBER 2007

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

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SYNDICATED METALS LIMITED
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DIRECTORS' REPORT

Your directors submit the financial accounts of the company for the half year ended 31 December 2007.

DIRECTORS

The following persons were directors of Syndicated Metals Limited during the whole or part of the half-year up to the date of this report:

Bruce McCullagh
Russell Davis
Andrew Dinning – Appointed 3 August 2007
Jan Hope – Appointed 6 September 2007

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

The following persons held the position of company secretary at the end of the financial year:

Russell Davis was appointed on 15 August 2005 and resigned on 30 August 2007.

Bruce McCullagh was appointed on 1 September 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is mineral exploration.

OPERATING RESULTS

The net loss of the Company for the financial period after provision for income tax was \$126,714.

DIVIDENDS PAID OR RECOMMENDED

No dividend has been paid or declared since the start of the financial period.

REVIEW OF OPERATIONS

The activities of Syndicated Metals Limited (Syndicated) during the six month period ended 31 December 2007 centred on preparations for its initial public offering. Syndicated listed on the Australian Securities Exchange on 13 December 2007 having raised \$6 million.

The maiden Inferred Mineral Resource estimate for the Kalman South copper-molybdenum-gold project near Mount Isa was announced by our joint venture partner. Syndicated is free carried at Kalman South to completion of a final feasibility study.

Infill drilling at Kalman South is ongoing in conjunction with regional exploration programs which have identified new zones of copper-gold-molybdenum mineralization along strike to the south of Kalman South.

Syndicated began preparations for drilling several copper targets within Syndicated's 100% owned Mount Remarkable project.

At the end of the half year the Company had \$6,057,523 in cash and at call deposits.

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DIRECTORS' REPORT

LIKELY DEVELOPMENT AND RESULTS

Likely developments in the operations of the company 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.

ENVIRONMENTAL REGULATION

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNITIES

During or since the end of the financial period the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premium to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the director of the company, other than conduct involving a wilful breach of duty in relation to the company.

PROCEEDINGS

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half year ended 31 December 2007 has been received and is included in the financial report.

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


Bruce McCullagh
Director

Date:

MR 10 2008

SYNDICATED METALS LIMITED
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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SYNDICATED METALS LIMITED

I declare that to the best of my knowledge and belief, during the half year ended 31 December 2007 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Mack & Co
Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
West Perth WA 6005

N A Calder
N A Calder, Partner

MARCH 10 2008
Date

SYNDICATED METALS LIMITED
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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF SYNDICATED METALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the financial report of Syndicated Metals Limited for the half year ended 31 December 2007 comprising the balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements and directors' declaration. The company's directors are responsible for the financial report.

Director's Responsibility for the Half-Year Financial Report

The directors of Syndicated Metals Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. Our review has been conducted in accordance with Auditing Standards on *Review Engagements ASRE 2410 Review on an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Syndicated Metals Limited's financial position as at 31 December 2007 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporation Regulations 2001*. As the auditor of Syndicated Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Syndicated Metals Limited would be in the same terms if provided to the directors as at the date of this auditor's review report.

SYNDICATED METALS LIMITED

A.B.N 61 115 768 986

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF SYNDICATED METALS LIMITED**

Conclusion

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

- A. giving a true and fair view of the entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Mack & Co

Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
West Perth WA 6005

N A Calder

N A Calder, Partner

MARCH 10 2008

Date

SYNDICATED METALS LIMITED
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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the period ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director


B R McCullagh

Date:

MAR 10 2008

SYNDICATED METALS LIMITED
A.B.N 61 115 768 986

INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	31 December 2007 \$	31 December 2006 \$
Farm-in revenue	-	130,000
Interest received	46,879	2,134
(Loss) / Profit on sale of investment	<u>(2,571)</u>	<u>952</u>
	<u>44,308</u>	<u>133,086</u>
Expenditure on tenements	-	(15,494)
Borrowing costs	(703)	-
Other expenses from ordinary activities	<u>(143,656)</u>	<u>(395)</u>
	<u>(144,359)</u>	<u>15,889</u>
(Loss) / Profit from ordinary activities before unrealised gains	(100,051)	117,179
Change in fair value of investments	<u>(48,536)</u>	<u>-</u>
(Loss) / Profit from ordinary activities before income tax expense	(148,587)	117,179
Income tax (expense) / benefit relating to ordinary activities	<u>21,873</u>	<u>-</u>
(Loss) / Profit from ordinary activities after related income tax expense	<u>(126,714)</u>	<u>117,179</u>
	Cents	Cents
Basic (Loss) / Earnings per share (cents per share)	(0.22)	2.34
Diluted (Loss) / Earnings per share (cents per share)	(0.22)	2.34

The accompanying notes form part of these financial statements

SYNDICATED METALS LIMITED
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BALANCE SHEET
AS AT 31 DECEMBER 2007

	31 December 2007 \$	30 June 2007 \$
CURRENT ASSETS		
Cash and cash equivalents	6,057,523	3,971
Trade and other receivables	71,872	6,097
Investments	88,753	186,790
TOTAL CURRENT ASSETS	<u>6,218,148</u>	<u>196,858</u>
NON CURRENT ASSETS		
Exploration and evaluation expenditure	150,249	-
TOTAL NON CURRENT ASSETS	<u>150,249</u>	<u>-</u>
TOTAL ASSETS	<u>6,368,397</u>	<u>196,858</u>
CURRENT LIABILITIES		
Trade and other payables	198,508	73,946
TOTAL CURRENT LIABILITIES	<u>198,508</u>	<u>73,946</u>
NON CURRENT LIABILITIES		
Deferred tax liability	-	21,873
TOTAL NON CURRENT LIABILITIES	<u>-</u>	<u>21,873</u>
TOTAL LIABILITIES	<u>198,508</u>	<u>95,819</u>
NET ASSETS	<u>6,169,889</u>	<u>101,039</u>
EQUITY		
Issued capital	6,242,565	50,001
Option premium reserve	3,000	-
Accumulated (loss) / profit	(75,676)	51,038
TOTAL EQUITY	<u>6,169,889</u>	<u>101,039</u>

The accompanying notes form part of these financial statements.

SYNDICATED METALS LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Issued Capital	Option Premium Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2006	50,001	-	(8,190)	41,811
Profit attributable to members of the entity	-	-	117,179	117,179
Balance at 31 December 2006	50,001	-	108,989	158,990
Balance at 1 July 2007	50,001	-	51,038	101,039
Fair value of options issued	-	3,000	-	3,000
Issue of fully paid ordinary shares	6,835,000	-	-	6,835,000
Less capital raising costs	(642,436)	-	-	(642,436)
Loss attributable to members of the entity	-	-	(126,714)	(126,714)
Balance at 31 December 2007	6,242,565	3,000	(75,676)	6,169,889

The accompanying notes form part of these financial statements.

SYNDICATED METALS LIMITED
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STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	31 December 2007 \$	31 December 2006 \$
Cash flow from/(used in) operating activities		
Receipts from customers	-	30,000
Payments to suppliers	(149,620)	(15,667)
Interest received	37,240	2,134
	<hr/>	<hr/>
Cash flow from/(used in) operating activities	(112,380)	16,467
	<hr/>	<hr/>
Cash flow from/(used in) investing activities		
Payments for exploration and development	(28,562)	-
Proceeds from sale of investments	46,930	41,730
	<hr/>	<hr/>
Cash flow from/(used in) investing activities	18,368	41,730
	<hr/>	<hr/>
Cash flow from/(used in) financing activities		
Proceeds from share issue	6,735,000	-
Payments for capital raising costs	(542,436)	-
Repayment of loan	(45,000)	-
	<hr/>	<hr/>
Cash flow from financing activities	6,147,564	-
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	6,053,552	58,197
	<hr/>	<hr/>
Cash and cash equivalents at start of period	3,971	41,013
	<hr/>	<hr/>
Cash and cash equivalents at end of period	6,057,523	99,210
	<hr/>	<hr/>

The accompanying notes form part of these financial statements.

SYNDICATED METALS LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Syndicated Metals Limited during the interim reporting period in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities and are consistent with those in the June 2007 financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The half year report does not include full disclosures of the type normally included in an annual financial report.

Significant Accounting Policies

(a) Exploration, evaluation, development and restoration costs

Exploration and evaluation expenditure

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward in respect of areas of interest for which the rights of tenure are current and where:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation, to the area are continuing.

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. Where carried-forward expenditure does not satisfy the policy stated above it is written off to the income statement in the period in which it is incurred.

Accumulated costs in relation to an abandoned area are written off to the income statement in the period in which the decision to abandon the area is made.

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Full provision is made based on the net present value of the estimated cost of restoring the environment disturbance that has been incurred as at the balance 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 the sale of assets or from plant clean-up at closure.

(b) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases and of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

SYNDICATED METALS LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates of (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(c) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statements, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(d) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

SYNDICATED METALS LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(e) Goods and services tax

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 ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included.

(f) Impairment

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for each individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or group of assets being assessed.

(g) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Trade accounts are normally settled within 30 days.

Payables to related parties are initially recognised at fair value and subsequently measured at amortised cost.

(h) Revenue recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the sale of goods or services is recognised upon delivery of the goods or services to the customer. All revenue is stated net of the amount of goods and services tax (GST).

SYNDICATED METALS LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(i) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

(j) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

NOTE 2: SEGMENT REPORTING

The entity operates predominantly in one business and geographical segment being exploration for minerals in Australia.

NOTE 3: CONTINGENT LIABILITIES

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

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

After the reporting date, the entity changed its contact details to:

Postal Address: GPO Box 2810
PERTH WA 6000

Business Address: Level 1
68 Hay Street
SUBIACO WA 6008

Telephone: (08) 9380 9440

Facsimile: (08) 9380 9449

On 4 January 2008, the entity issued 1,000,000 options exercisable at 30 cents per option before 3 September 2012.

No other matter or circumstance has arisen subsequent to 31 December 2007 that has significantly affected, or may significantly affect:

- (a) the company's operations in future financial years: or
- (b) the results of those operations in future financial years: or
- (c) the company's state of affairs in future financial years.