A.B.N. 61 115 768 986

SYNDICATED metals

ANNUAL REPORT 2011

ASX Code: **SMD**

CORPORATE DIRECTORY

Directors

Martin Pyle
(*Non-executive Chairman*)

Russell Davis
(*Managing Director*)

Bruce McCullagh
(*Non-executive Director and Company Secretary*)

Jan Hope
(*Non-executive Director*)

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(*Non-executive Director*)

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2011 HIGHLIGHTS

- Kalman Joint Venture successfully restructured with Syndicated assuming management with right to earn an 80% interest;
- Resource upgrade of 60% contained copper for the Barbara copper-gold deposit to 5.3 million tonnes at 1.4% Cu and 0.1g/t Au;
- New resource estimates imminent for the Blue Star and Green Zone copper-gold discoveries expected to boost existing shallow potentially open-pittable sulphide copper resources;
- Mining studies return positive results for Barbara deposits;
- Environmental baseline studies initiated at Barbara ahead of Mining Lease application;
- Discovery of exciting new copper-gold prospects at Bloodwood and Ironbark to the north of Barbara. Targets outlined in preparation for drilling;
- Mount Isa ground position further consolidated with new JV with Deep Yellow Limited on defined copper-gold drilling targets near Barbara;
- Exciting EM and magnetic anomalies set for drill testing at the Andy's Hill IOCG target on the Kalman tenements;
- Several lead-zinc, copper and phosphate targets outlined by initial work on Carpentaria Zinc project;
- Substantial phosphate, uranium and rare earth potential highlighted on several tenements.

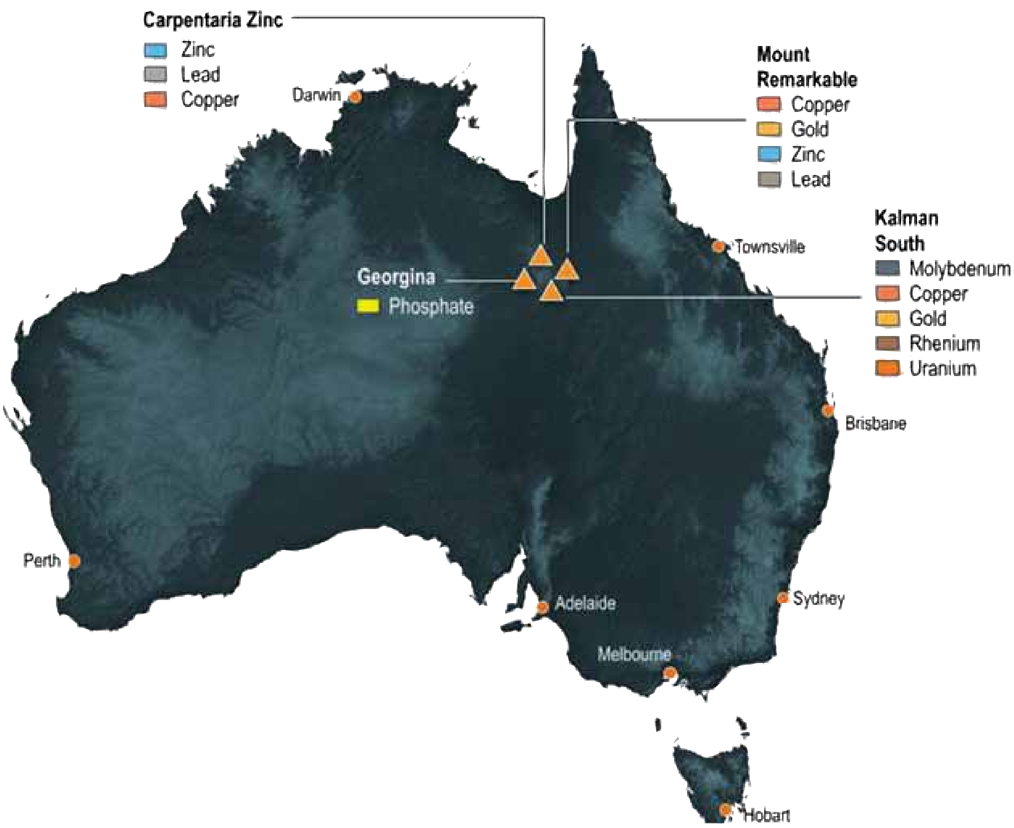
COMPANY PROFILE

'Forging a new base metals company in the Mount Isa mineral province'

Syndicated Metals Limited Metals Limited ("Syndicated" or the "Company") is an emerging base metals company with a strong growth outlook underpinned by a growing resource inventory and a pipeline of exciting copper gold targets with substantial potential for further discoveries. The Company's interests are focused in the Mount Isa region in Northwest Queensland, widely recognised as one of the world's premier base metal mining provinces.

Syndicated has:

- an extensive ground position of ~ 4,000 km^2 in the Mount Isa mining province with multi-commodity exposure to copper, gold, molybdenum, rhenium, uranium, phosphate, lead, zinc and silver;
- interests in two exciting new mineral discoveries located close to Mount Isa forming the basis of a substantial base metals inventory, namely; the Barbara copper-gold deposits and the Kalman molybdenum-rhenium-copper-gold deposit;
- Newly drilled deposits at Blue Star and Green Zone set to add to the resource inventory;
- An exciting pipeline of copper-gold drilling targets including Andy's Hill, Yamamilla, Ironbark and Bloodwood:
- $3.2 million in cash at June 30 2011



Project Locations

CHAIRMAN'S LETTER

Dear Shareholder

It is my pleasure to present the Annual Report and Financial Accounts for Syndicated Metals Limited for the 2011 year.

The year has been a turbulent one on global financial markets presenting a difficult operating climate for all companies, both large and small. In spite of this market volatility, the twelve months has seen Syndicated successfully put in place the essential building blocks to underpin the Company's aim of establishing a long term base metals exploration and development business in the Mount Isa region of Northwest Queensland. Most notable amongst these achievements was securing the right to manage the Kalman molybdenum-rhenium-copper-gold project.

Through strategic joint ventures and its suite of 100% owned tenements Syndicated is now established as one of the largest tenement holders in the Mount Isa region of Northwest Queensland with control of around 4,000km^2 of tenements containing a combined resource inventory of 269,000 tonnes of copper, 30,000 tonnes of molybdenum, 2.3 million ounces of rhenium and 315,000 ounces of gold.

There is no doubt that 2012 will present Syndicated with a number of challenges as we work to maintain our targeted exploration program in tandem with mine development studies focusing on Mount Remarkable and Kalman. Mindful of the turbulent global financial markets and the difficulties it presents, Syndicated will continue to explore a range of development options for its sizeable base and precious metals inventory.

Given the quality of our asset base in one of the world's premier base metals provinces, I am confident of our ability to meet whatever challenges come our way. I am also confident that our growing pipeline of prime drill targets will continue to yield exploration success.

Finally, I would like to thank our loyal shareholders for their patience and support during the year as well as expressing my appreciation to my fellow Directors for their untiring efforts during the year.

On behalf of the entire Board, thanks also goes to our excellent exploration team of employees and contractors without whom none of our achievements would be possible. We look forward to continued success during the forthcoming year. Special recognition goes to our founding Exploration Manager, Mark Whittle, who left the company in July 2011. We wish him every success in his future career.

For more information on the Company and its projects you are invited to call the Syndicated office during business hours or to visit the Company's website at www.syndicatedmetals.com.au.

Yours sincerely,

Martin Pyle
Chairman

OPERATIONS REPORT

MOUNT ISA REGION

Syndicated Metals' activities are focussed in the Mount Isa Inlier, Australia's premier base metal province that is host to major mineral deposits including the Mount Isa copper and zinc-lead-silver deposits, the George Fisher-Hilton zinc-lead-silver deposits, the Century zinc-lead-silver deposit, the Cannington lead-zinc-silver deposit and the Ernest Henry copper-gold deposit.

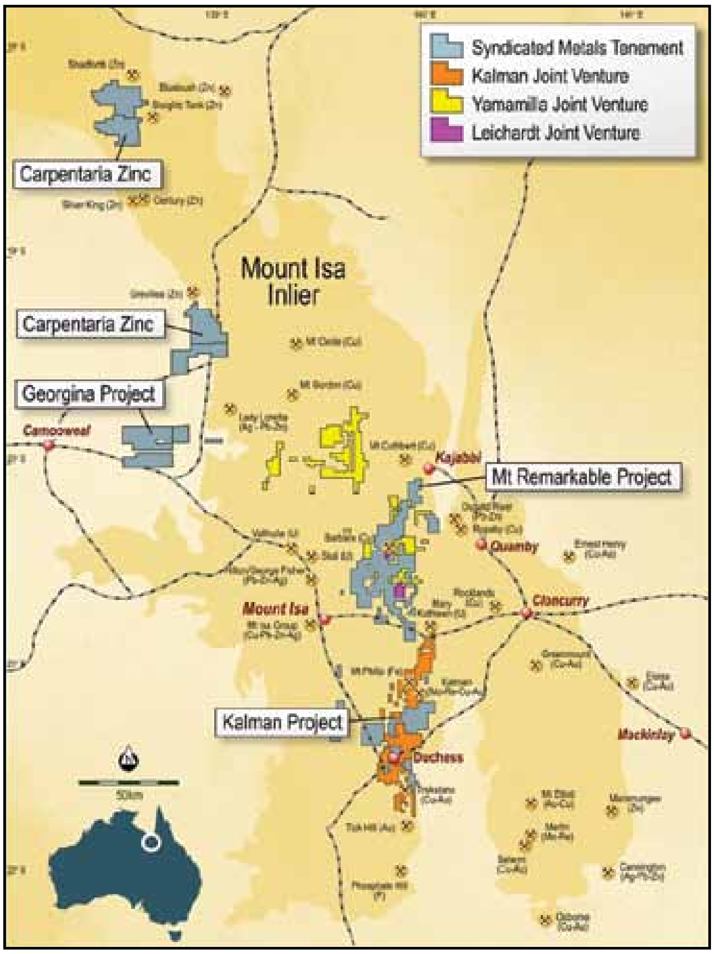
Syndicated's tenements in the region cover an area of around 4000 square kilometres and form three principal project areas:

- the **Mount Remarkable Project** located about 60 kilometres to the northeast of Mount Isa;
- the **Kalman Joint Venture** located about 60 kilometres southeast of Mount Isa; and
- the **Carpentaria Zinc Project** located to the north of Mount Isa near the Century zinc mine.

In addition, the Company holds tenement applications covering sequences within the adjacent Georgina Basin that it believes have potential for phosphate.

Syndicated's objective is to build a substantial mining business in the Mount Isa District. In pursuit of this aim the Company has built up a significant copper, gold, molybdenum and rhenium resource inventory as well as consolidating its tenement position around the deposits through acquisition and joint venture to control arguably one of the best pipelines of copper-gold drilling targets in the district.

In spite of being located in close proximity to the Mount Isa mining centre, Syndicated's tenements are considered manifestly under-explored and its large and strategic ground position provides an outstanding exploration opportunity. The Company's focussed and effective exploration strategy has already been rewarded by new discoveries demonstrating the excellent potential to continue to expand its resource inventory.



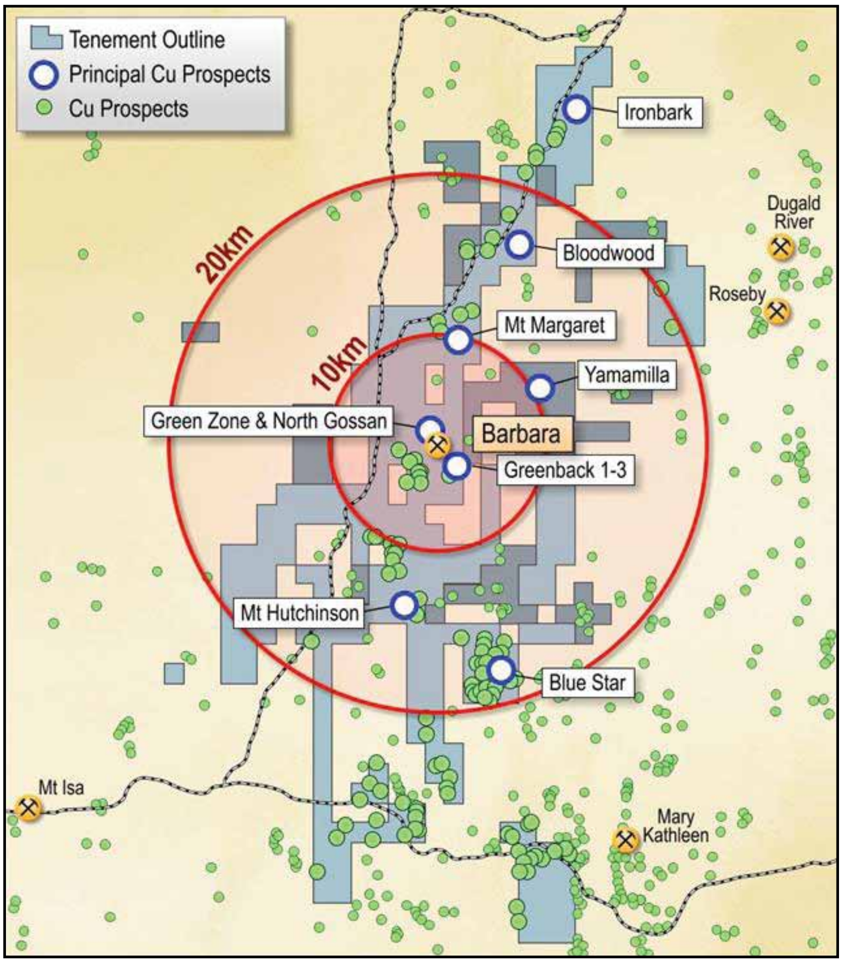
Mount Isa Region Tenements

MOUNT REMARKABLE PROJECT

The Mount Remarkable Project which includes the Barbara copper-gold deposits is centred about 60 kilometres northeast of Mount Isa.

During the year Syndicated has significantly advanced its Mount Remarkable project by:

- Increasing the Barbara resources to 5.33 million tonnes at 1.4% Cu and 0.1g/t Au - a 60% increase in contained copper to 76,000 tonnes;
- Completing the initial resource drilling program on the Green Zone deposit;
- Completing the initial resource drilling program at Blue Star – including the intersection of one of the highest grade intercepts from the property of 9 metres at 6% Cu and 0.7g/t Au;
- Initiating the environmental permitting process at Barbara;
- Undertaking scoping level mining studies that support the potential for a robust open pit and underground mining operation at Barbara;
- Confirming the potential of the Mount Margaret IOCG prospect where broad zones of "red rock" alteration and copper mineralisation were intersected by drilling;
- Enhancing the project pipeline by:
  - Discovering the Ironbark and Bloodwood copper-gold prospects:
  - Completing the "Yamamilla" farm-in and joint venture agreement with Deep Yellow on a number of highly prospective copper-gold targets adjacent to Barbara.



Mount Remarkable Project

All the tenements are 100% owned by Syndicated apart from two groups held in Joint Venture with other parties, namely:

- the West Leichhardt JV (EPM16112 and EPM16197) with Mount Isa Metals Limited which covers the northwestern part of the Barbara copper prospect and the area surrounding the Blockade copper mine which includes the Blue Star deposit. Syndicated holds 51% and management of the West Leichhardt Joint Venture.
- the Mount Isa Base Metal JV – "Yamamilla" (EPM's 14281, 14916, 15070 and 16533) with Deep Yellow NL which secures a range of copper-gold targets on the Prospector IOCG magnetic trend, 10 kilometres to the east of the Barbara deposit. Syndicated may earn up to an 80% interest in the "non-uranium" rights in the tenements through exploration expenditure.

Exploration during the past year included RC exploration drilling programs at Mount Margaret and Barbara and resource definition RC drilling programs at Green Zone and Blue Star.

In late 2010 two new copper-gold prospects, Ironbark and Bloodwood, were discovered by Syndicated's geological mapping and sampling program over magnetic anomalies at the northern section of the Mount Remarkable project area. Rock chip samples highly anomalous in copper and gold were found. More detailed rock chip and soil sampling continued in 2011 to better define the drilling targets and recent aboriginal heritage surveys have now cleared the way for an initial drilling program.

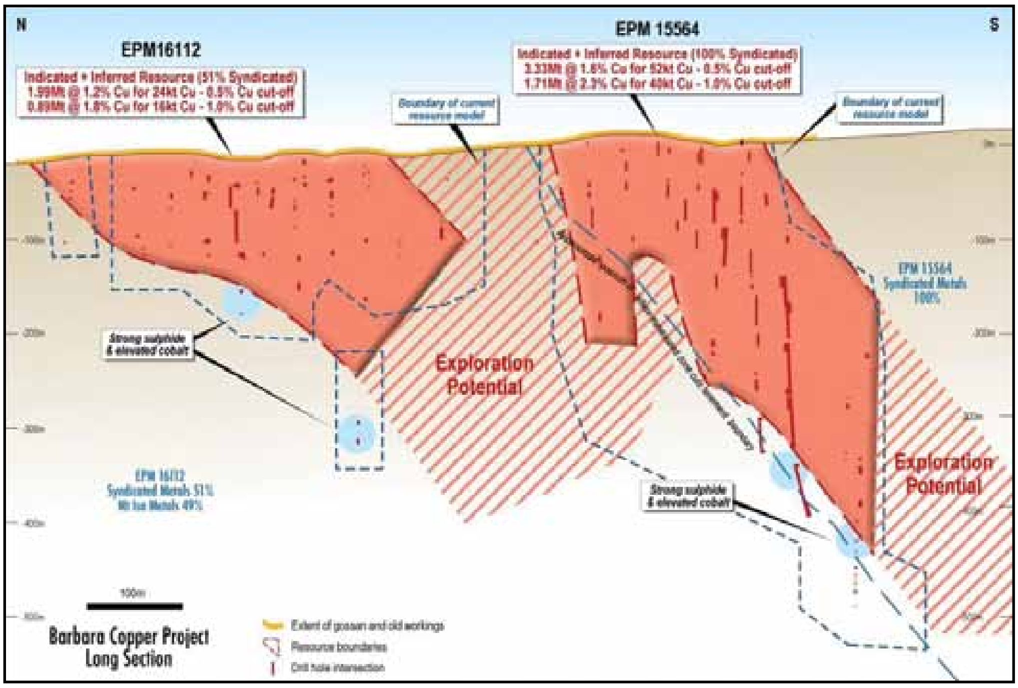
Ground reconnaissance mapping and geochemical sampling was also conducted over many of the stronger VTEM conductors highlighted by the 2010 survey. Several of these anomalies were found to be coincident with outcropping copper mineralisation and more detailed ground EM and sampling will be required to better define drilling targets.

The acquisition of a range of highly prospective copper-gold targets along the "Prospector Trend" to the east of Barbara from Deep Yellow adds further to the pipeline of exciting drilling targets that are expected to build on Syndicated's current resource inventory.

Barbara Resource Upgrade

International mining consulting group Runge Limited was contracted by Syndicated to prepare an upgraded resource statement for the Barbara deposits. As a result, Indicated and Inferred Mineral Resources for the Barbara copper-gold deposit increased to **5.33 million tonnes at 1.4% Cu, 0.1g/t Au and 2.5g/t Ag** (at 0.5% Cu cut-off), an increase in contained metal of 60% from previous estimates **to 76,000 tonnes of copper, 25,000 ounces of gold and 430,000 ounces of silver**.

The Indicated and Inferred Mineral Resource at a 1% Cu cut-off is estimated by Runge at **2.6 million tonnes at 2.1% Cu and 0.2g/t Au containing an estimated 56,000 tonnes of copper and 17,000 ounces of gold**.



Barbara Long Section

The Indicated and Inferred Mineral Resources for the Barbara Deposit as at November 2010 are tabulated below. Refer also to Syndicated's ASX announcement dated November 17 2010 for details. The upgraded resource is reported at cut-offs of 0.5% and 1% by JORC category (Table 1) and by tenement - EPM 15564 (100% Syndicated) and EPM 16112 (51% Syndicated / 49% Mount Isa Metals Limited), (Table 2).

Table 1: Barbara Deposit Mineral Resource Tabulation

(Both tonnage and grade values have been rounded; therefore the table may contain rounding errors)

Resources By Classification - Copper Zone - 0.5% Cu cut-off											
Category	Tonnes	Cu %	Au g/t	Ag g/t	Co ppm	*Cueq%	Cu t	Au ozs	Ag ozs	Co t	*CuEq t
Indicated	3,778,000	1.6	0.2	2.7	265	1.8	59,000	18,000	328,000	1,000	68,000
Inferred	1,552,000	1.1	0.1	2.0	272	1.3	17,000	6,000	102,000	400	20,000
Total	**5,331,000**	**1.4**	**0.1**	**2.5**	**267**	**1.7**	**76,000**	**25,000**	**430,000**	**1,400**	**89,000**

Resources By Classification - Copper Zone - 1% Cu cut-off											
Category	Tonnes	Cu %	Au g/t	Ag g/t	Co ppm	*Cueq%	Cu t	Au ozs	Ag ozs	Co t	*CuEq t
Indicated	1,913,000	2.4	0.2	4.1	366	2.7	45,000	14,000	249,000	700	52,000
Inferred	686,000	1.5	0.2	2.9	297	1.8	10,000	4,000	64,000	200	12,000
Total	**2,598,000**	**2.1**	**0.2**	**3.7**	**348**	**2.5**	**56,000**	**17,000**	**312,000**	**900**	**64,000**

*** Note on the use of copper equivalent grades.**

The estimate summary table above shows a copper equivalent grade. The equivalent grade is based on copper, gold, silver and cobalt. The copper metal equivalent calculation is based on a copper price of $US8,340/t, gold price of $US1,300/oz, silver price of $US23.66/oz and a cobalt price of $US21/lb. Grade and price units are converted to percent and tonnes respectively. The sum product is calculated and then divided by the copper price to arrive at a copper equivalent grade. It is the opinion of Syndicated Metals that the metals included in the equivalent calculation have a reasonable potential to be recovered although definitive metallurgical testwork has only been conducted on copper at this stage of the projects development.

Table 2: Barbara Deposit Mineral Resource Tabulation – Based on Tenement

(Both tonnage and grade values have been rounded; therefore the table may contain rounding errors)

Resources by Tenement - Copper Zone - 0.5% Cu cut-off												
Tenement	Category	Tonnes	Cu %	Au g/t	Ag g/t	Co ppm	*Cueq%	Cu t	Au ozs	Ag ozs	Co t	*CuEq t
EPM15564 (100% SMD)	Indicated	2,977,000	1.6	0.2	2.7	270	1.8					
	Inferred	362,000	1.3	0.1	2.4	296	1.5					
	EPM15564	**3,339,000**	**1.6**	**0.2**	**2.7**	**272**	**1.8**	**52,000**	**16,000**	**286,000**	**900**	**61,000**
EPM16112 (51% SMD)	Indicated	801,000	1.4	0.1	2.7	247	1.7					
	Inferred	1,191,000	1.0	0.1	1.9	265	1.2					
	EPM16112	**1,992,000**	**1.2**	**0.1**	**2.2**	**258**	**1.4**	**24,000**	**8,000**	**143,000**	**500**	**28,000**
	Total	5,331,000	1.4	0.1	2.5	267	1.7	76,000	25,000	430,000	1,400	89,000

Resources by Tenement - Copper Zone - 1% Cu cut-off												
Tenement	Category	Tonnes	Cu %	Au g/t	Ag g/t	Co ppm	*CuEq%	Cu t	Au ozs	Ag ozs	Co t	*CuEq t
EPM15564 (100% SMD)	Indicated	1,524,000	2.4	0.2	4.1	382	2.8					
	Inferred	181,000	1.8	0.1	3.6	348	2.1					
	EPM15564	**1,705,000**	**2.3**	**0.2**	**4.0**	**379**	**2.7**	**40,000**	**12,000**	**221,000**	**600**	**46,000**
EPM16112 (51% SMD)	Indicated	388,000	2.2	0.2	3.9	300	2.5					
	Inferred	505,000	1.4	0.2	2.6	279	1.7					
	EPM16112	**893,000**	**1.8**	**0.2**	**3.2**	**288**	**2.0**	**16,000**	**5,000**	**92,000**	**300**	**18,000**
	Total	**2,598,000**	**2.1**	**0.2**	**3.7**	**348**	**2.5**	**56,000**	**17,000**	**312,000**	**900**	**64,000**

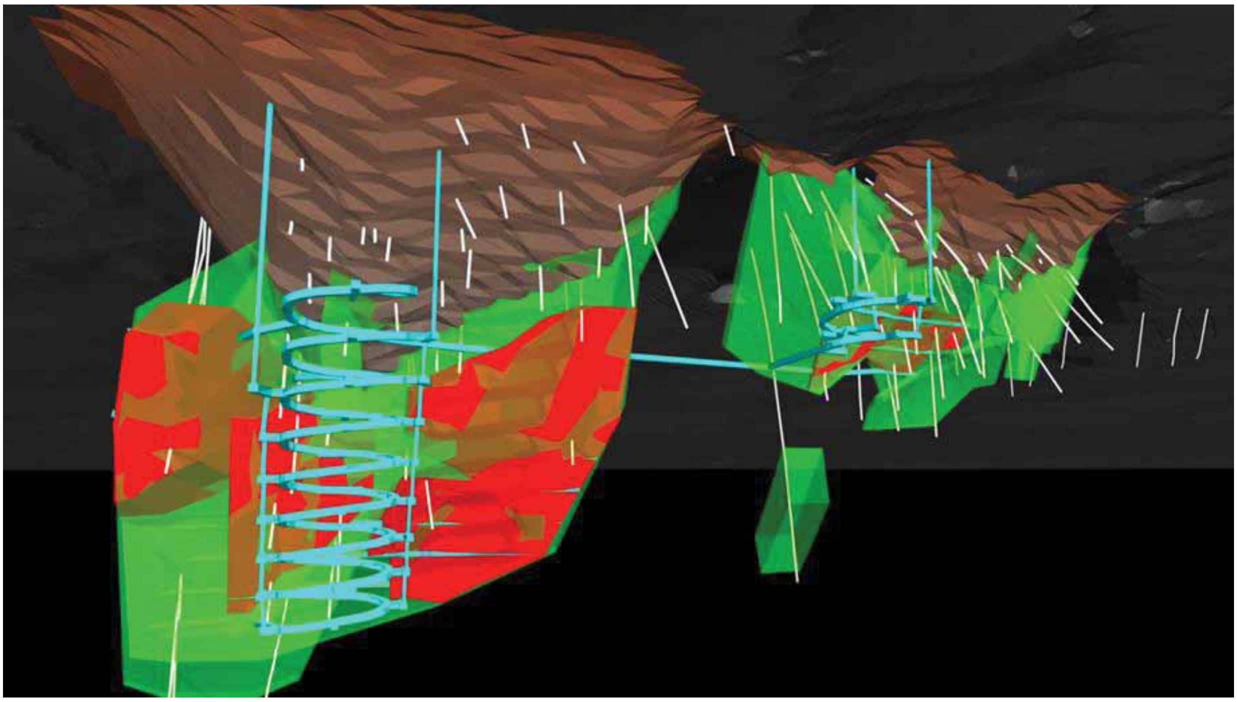
(*See Table 1 comments)

Scoping Studies

Following the resource upgrade for the Barbara deposits Syndicated has undertaken preliminary scoping study work on the potential viability of open pit and/or underground mining of the current Indicated and Inferred Mineral Resource estimate.

These investigations were based on the results of the Company's own metallurgical testwork carried out by AMDEL and a range of typical industry assumptions on geotechnical requirements, operating assumptions and using a range of copper prices.

These studies indicate that the combined resource has the potential to support an economically attractive open pit and underground mining operation. Mining would be initially by open pit with a crown pillar separating it from the later underground operation. Initial development layouts show the south and north underground shapes would be joined via a cross linking drive and share a common access from a portal in the pit.



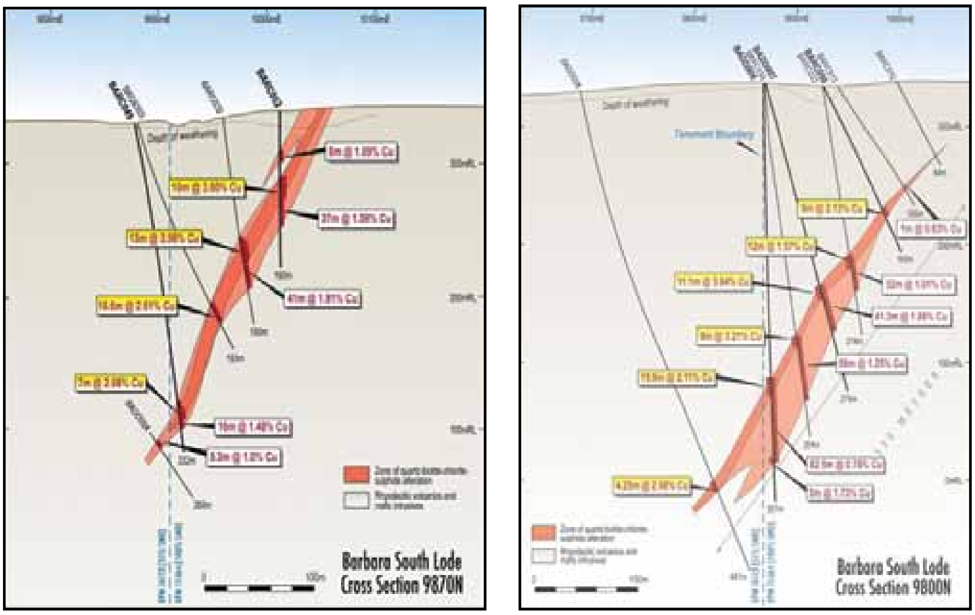
Conceptual Mine Plan Barbara

As the resource continues to be upgraded, on-going mine planning work will include a review of the open pit and underground interface. Additional studies and test work will also be carried out to confirm the validity of the mine planning assumptions used to date.

Baseline environmental studies of the Barbara area are now underway including flora and fauna surveys as part of the Mining Lease application process.

Further metallurgical test work on the Barbara sulphide mineralisation will also be carried out including studies to determine the amenability of the near surface oxide material to concentration by flotation, as well as the potential to recover the locally significant amount of cobalt associated with the Barbara mineralised zone.

Development and environmental baseline studies will continue at Barbara during the current year as part of the mining lease application requirements.



Barbara Cross Sections

Green Zone

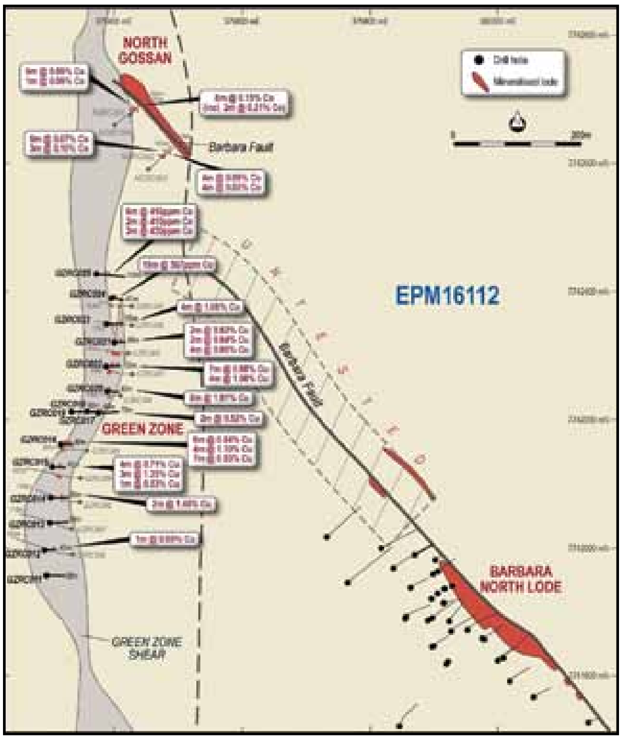
Green Zone is a north trending and steeply dipping shear zone at the western end of the Barbara Fault. There is visible malachite at surface in several localities along the shear.

Drilling at Green Zone has defined a mineralised zone up to 15 metres thick over a strike length of 400 metres. Results include 24 metres at 0.83% Cu from 32 metres in GZRC003 and 8 metres at 1.05% Cu from 56 metres in GZRC006.

Additional RC drilling completed in early 2011 focussed on the top 50 to 60 metres of the deposit in order to obtain enough information to conduct an initial mineral resource estimate.

These holes returned generally narrow intercepts with the best being **8 metres @ 1.8% Cu** from 6 metres in GZRC020. Strongly elevated cobalt in a pyritic alteration zone was intercepted in the northernmost drill holes closest to the North Gossan cobalt zone.

A maiden resource estimate for Green Zone is currently being undertaken.



Green Zone Drilling Plan

Blue Star

The Blue Star copper-gold prospect is located within EPM16197, part of the West Leichhardt Joint Venture, approximately 15 kilometres north of the sealed Barkly Highway and 10 kilometres south of Barbara.

Blue Star was drilled in the late 1960's when intersections of up to 9.1 metres at 2.8% Cu and 15 metres at 1.13% Cu were returned. Gold was not assayed at the time.

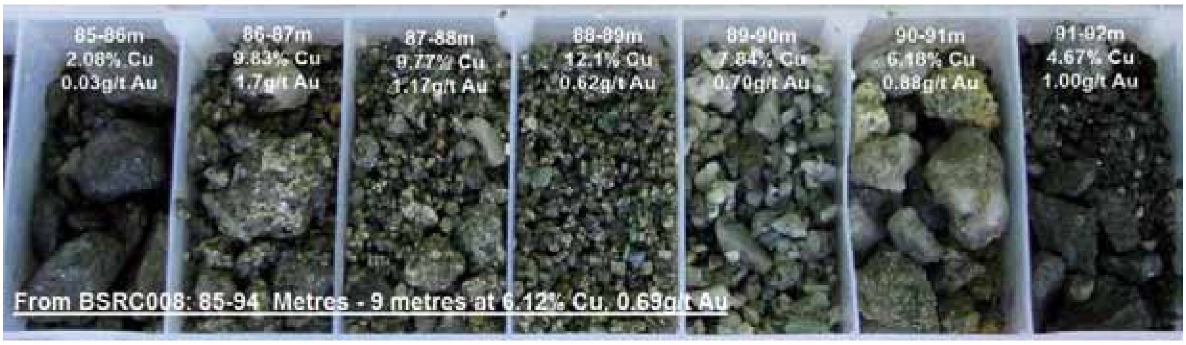
Following the encouraging results from first pass drilling carried out by Syndicated in late 2010, a second phase of drilling designed to provide sufficient information to calculate a near-surface Inferred Mineral Resource was undertaken in the first half of 2011.

A number of significant results were returned from the drilling including:

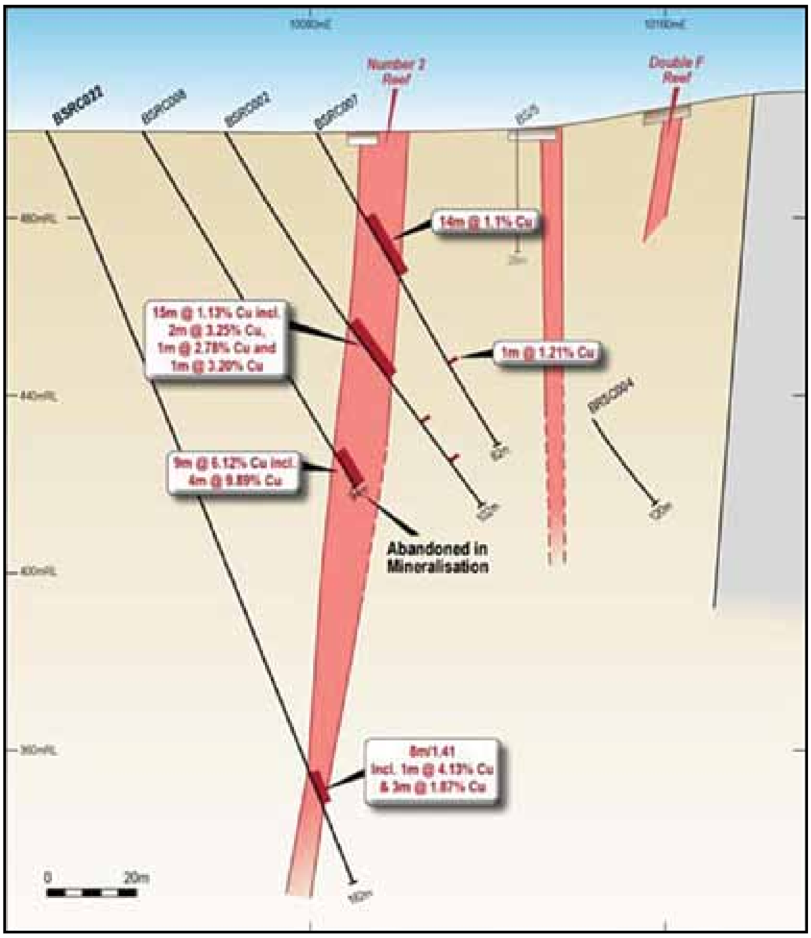
- **9 metres at 6.12% Cu and 0.69g/t Au from 85 metres including 4 metres at 9.89% Cu, 505ppm Co and 1.05 g/t Au in BSRC008. Drilling ended in mineralisation;**
- **14 metres at 1.1% Cu from 23 metres including 2 metres at 1.95% Cu from 23 metres and 2 metres at 3.76% Cu from 35 metres in BSCR007;**
- **7 metres at 1.55% Cu from 38 metres including 1 metre 8.12% from 41 metres in BSRC014;**
- **8 metres at 1.41% Cu and 0.11g/t Au from 155 metres in BARC022.**

The results appear to indicate the presence of high grade, steeply south-plunging shoots within a lower grade steeply dipping mineralised envelope.

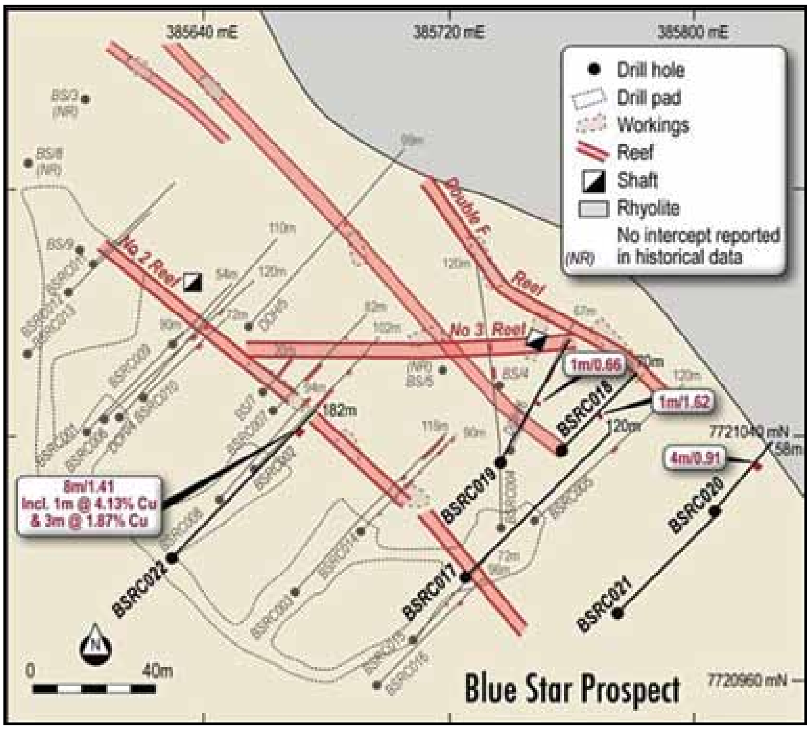
The copper-gold zones are open at depth and down plunge. The maiden resource estimate is currently being undertaken by Syndicated's resource consultants.



Blue Star - BSRC008 85-92 metres



Blue Star Drill Section



Blue Star Drill Plan

Yamamilla Farm-in and Joint Venture

In July a joint venture agreement with Deep Yellow Limited was signed for four tenements adjacent to the Mount Remarkable project. The joint venture applies to all minerals excluding uranium.

The tenements are considered highly prospective for iron oxide copper gold (IOCG) deposits and contain a number of standout gold and base metals targets which are particularly attractive to Syndicated because of their potential to complement our existing Barbara and Kalman resources.

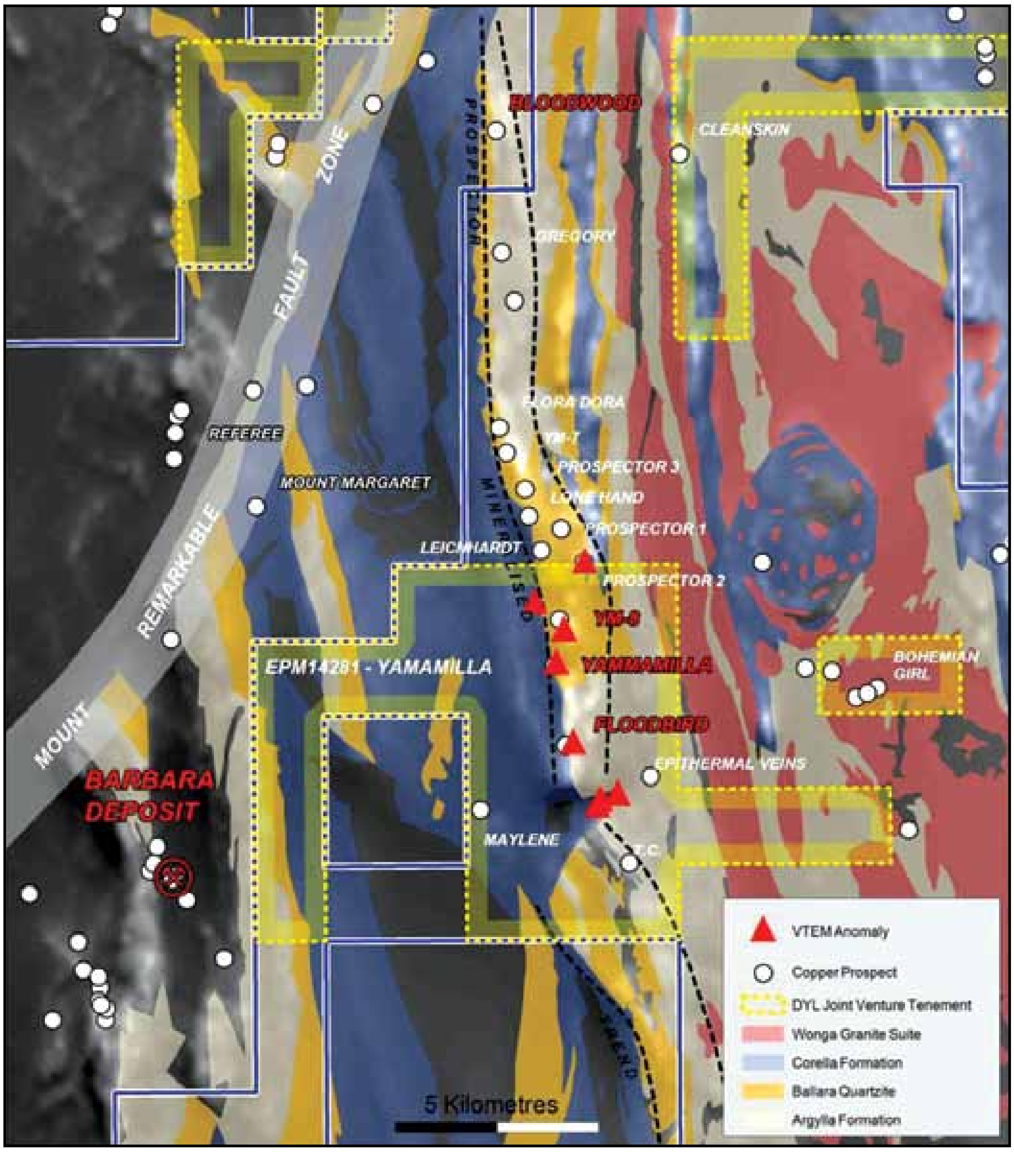
In particular, EPM14281 (Yamamilla) contains several drill-ready targets with outcropping copper mineralisation with co-incident VTEM, magnetic and geochemical anomalies which were defined by a previous explorer but not drilled.

The targets are located just 10 kilometres from Syndicated's Barbara copper-gold deposit and within the Prospector trend which contains known IOCG-style alteration systems. Syndicated's new Bloodwood discovery is located at the northern end of this trend.

Key Points of Agreement

- The joint venture includes four tenements - EPM14281 (Yamamilla), EPM14916 (Ewen), EPM16533 (Crocodile Creek) and EPM15070 (Prospector) and encompass an area of 650 km^2;
- Syndicated can earn up to 80% equity in the non-uranium mineral rights through expenditure of $800,000 over four years;
- Syndicated to then sole fund the joint venture until delivery of a Mining Study. At this time Syndicated has the option to purchase the remaining 20% interest in the joint venture at fair market value. If Syndicated does not elect to exercise that option then Deep Yellow can either participate in mining operations, convert to a 3% NSR, or sell its remaining interest to a third party (subject to Syndicated's first right of refusal);
- Syndicated must expend $150,000 in the first 18 months and it may elect to withdraw from the joint venture at any time provided it has spent a minimum of $150,000.

Ironstone Breccia Ridges at YM-8



Detailed view of a portion of EPM14281 (Yamamilla) showing the VTEM targets in relation to the Barbara Copper Deposit. (Bloodwood is on the northern extent of the Prospector trend.)

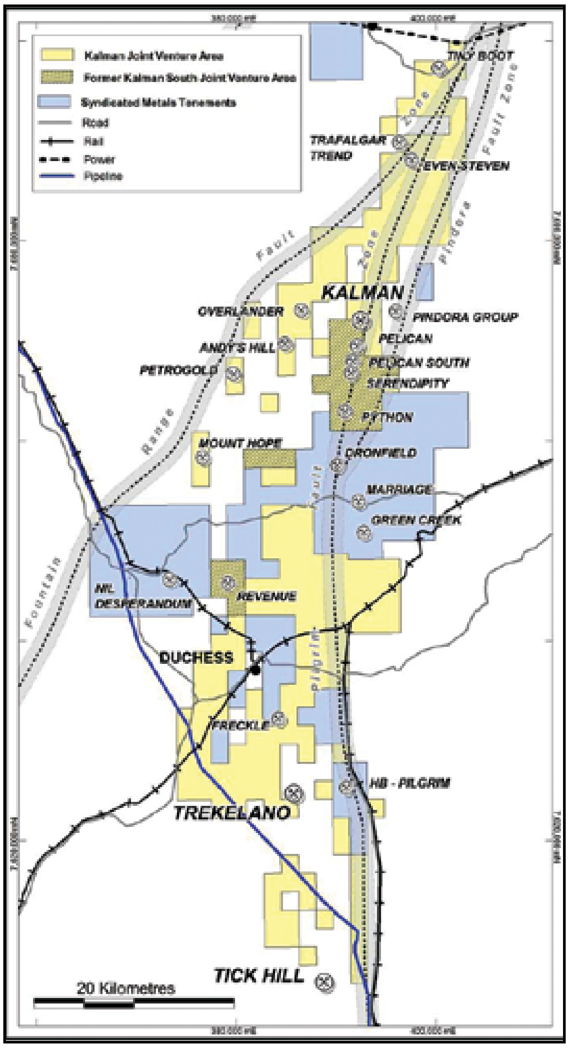
KALMAN PROJECT

An agreement reached in May 2011 to restructure the Kalman South (Pelican) joint venture between Syndicated Metals Limited and Cerro Resources NL (formerly Kings Minerals NL) has considerably advanced Syndicated's Mount Isa regional strategy and is a significant step towards unlocking the value of the Kalman molybdenum-rhenium-copper-gold deposit and the surrounding highly prospective tenement package.

The restructured joint venture agreement gives Syndicated the right to earn an 80% interest in all of Cerro's +700km^2 Mount Isa tenements (granted and applications) and will replace the existing Pelican Joint Venture Agreement between the two companies once Syndicated has completed the first stage of the earn-in. Syndicated will manage the new joint venture.

Post-agreement Syndicated has emerged with control of one of the largest landholdings in the Mount Isa region. Together with its 100% owned landholding in the Kalman area, Syndicated now controls over 100 kilometres of the Pilgrim Fault zone which is a major regional structure considered to have the potential to host significant additional mineral discoveries.

One of Syndicated's priorities will be to drill out the near surface copper-gold mineralisation at Kalman which has the potential to boost existing regional copper-gold resources. This will be followed by additional drilling to improve the definition of the high grade molybdenum, rhenium, copper, gold core of the deposit.



Kalman Project Tenements

Details of Farm-in and Formation of New Kalman Joint Venture

Stage 1: To earn a 60% interest Syndicated issued shares to the value of $2 million (12.52 million shares) to Cerro and will undertake a minimum exploration spend of $4 million over two years (with an additional six months discretionary period if required).

Syndicated and Cerro entered into a Voluntary Escrow Deed on the basis that 50% of the shares issued will be escrowed for a period of 12 months with the remaining 50% being escrowed for a period of 24 months.

Should Syndicated elect to withdraw from the Agreement during this stage the existing Pelican Joint Venture Agreement would restart.

Once the $4 million exploration spend is complete, Syndicated will have earned a 60% interest in the total Kalman tenements, including the Pelican (Kalman South) joint venture tenement (EPM13870) currently 49% owned by Syndicated. The parties will then form an unincorporated joint venture known as the Kalman Joint Venture managed by Syndicated and owned 60% by Syndicated and 40% by Cerro.

Stage 2: To earn a further 20% and move to an 80% interest, Syndicated will issue Syndicated shares to the value of $1 million to Cerro within 30 business days of electing to proceed, the price being at a 10% discount to the 10 day VWAP, and sole fund exploration expenditure of $7 million over a maximum of 3.5 years (plus an additional six month discretionary period if required).

The earn in period can be extended if either copper or molybdenum LME prices drop below certain price thresholds for a period greater than 90 days.

Syndicated can elect to stop sole contributing at 60% or at any time during the second earn-in period.

Free Carried Period

Cerro will be free carried by Syndicated once Syndicated has earned 80% until a Decision to Mine is made.

Decision to Mine and Option to Purchase to 100%

Excluding the shallow mining provisions, a Bankable Feasibility Study must be completed before a Decision to Mine can be voted on by the Operating Committee. The area of the proposed mining operation will then be delineated and will be become the subject of a new Production Joint Venture Agreement.

Following the Decision to Mine Syndicated will have an option period of 40 days to purchase Cerro's 20% interest in the Production Joint Venture for cash or shares or a combination of both at Cerro's election. Cerro will retain 100% of the rights to its Mount Philip iron ore project.

About the Kalman Project

The Kalman molybdenum-rhenium-copper-gold project is located around 60 kilometres southeast of Mount Isa in Northwest Queensland and lies within the Mary Kathleen Fold Belt of the Eastern Succession of the Mount Isa Inlier. Mineralisation is hosted by sediments of the Corella Formation and is located immediately adjacent and sub-parallel to the regional-scale Pilgrim Fault Zone.

The Kalman Joint Venture area covers around 700km^2 and is close to existing infrastructure including the Barkly Highway, the Townsville-Mount Isa railway, and a natural gas pipeline to Mount Isa. It comprises 19 Exploration Permits for Minerals (EPMs) including Syndicated's 49% owned EPM13870.

The deposit has been traced continuously over a strike length of 1,000 metres, a depth of up to 900 metres below surface and consistently averages 80 to 90 metres in width. Copper grades are consistently elevated, although variable, over broad widths and molybdenite-rhenium grades are often highly elevated over lesser widths. A higher grade mineralised core in the centre of the system averages between 10 and 30 metres in width.

Cerro Resources previously delineated an Inferred Mineral Resource containing 30,000 tonnes of molybdenum, 2.3 million ounces of rhenium, 195,000 tonnes of copper and 295,000 ounces of gold, based on 74 drill holes for a total of 33,318 metres. (Refer to the Resource Table on Page 17) Much of the drilling through the ore zone was completed with HQ diamond core.

Metallurgical test work programs including determining the comminution characteristics of the ore and evaluation of various flotation reagent regimes have been undertaken by Cerro's metallurgical consultants on the Kalman mineralisation. These studies have demonstrated consistently high flotation recoveries of the payable metals to either a molybdenum sulphide concentrate or a copper sulphide concentrate. The rhenium reports to the molybdenum concentrate and the gold to the copper concentrate.

Environmental permitting studies have been underway for some time and baseline environmental data continues to be collected by installed monitoring equipment.

Exploration Potential

The Kalman project area has potential for the discovery of a range of ore deposit types including the "Kalman-style" molybdenum-rhenium-copper-gold deposits, structurally controlled copper-gold-cobalt deposits such as Eloise or Barbara and iron oxide copper-gold (IOCG) deposits such as Ernest Henry.

Previous work at Kalman concentrated largely on the deeper parts of the deposit. However, limited shallow drilling along the 1000 metre long surface expression of the deposit intersected significant copper and gold intercepts including 25 metres at 1.5% Cu and 0.25g/t Au from 38 metres, 20 metres at 1.1% Cu and 0.9g/t Au from 22 metres and 13 metres at 1.2% Cu and 0.7g/t Au from 46 metres depth. A number of deeper high grade copper-gold intercepts also remain untested in the up-dip near surface portion of the deposit.

Also of note are the exceptional copper, gold, molybdenum and rhenium values intercepted by K106 and daughter holes K106A, K106B and K106C; some of the last holes drilled at the southern end of the deposit. Results include:

- 7.65 metres at 23.4% Cu and 0.51g/t Au,
- 53 metres at 2.07% Cu and 0.52g/t Au;
- 77 metres at 1.37% Cu and 1.32g/t Au.

This zone is open at depth and to the south and represents a prime exploration target.

Several copper, gold and molybdenum targets including Pelican, Serendipity and Python which have only had preliminary drill testing have been identified along strike of Kalman. Previous drilling has generated a number of encouraging results including 8 metres at 1.8% Cu and 0.5g/t Au at Pelican and 50 metres at 0.25g/t Au at Serendipity. These targets add to the Dronfield and Nil Desperandum copper-gold targets within Syndicated's 100% owned tenements along strike to the south.

Rock chip sampling along the Pindora mine trend to the east of the Pilgrim Fault highlighted an extensive zone of copper and gold anomalism coincident with the Pindora Fault which represents another target for open pittable copper-gold ore. The fault has been traced further south by Syndicated into Dronfield where rock chips containing highly anomalous copper and gold values have been returned by Syndicated's recent sampling.

The Kalman Joint Venture also includes the Andy's Hill iron oxide copper-gold (IOCG target) located about 8 kilometres to the west of Kalman. Andy's Hill comprises a zone of strong "red-rock" alteration and copper soil anomalism coincident with a strong magnetic anomaly. Cerro is eligible for a Government co-funding drilling grant to test this target.

Kalman Drilling

Following a project review a revised drilling program designed to define shallow open-pittable copper-gold and molybdenum-rhenium mineralisation in the upper parts of the deposit commenced. Syndicated announced results from the first five holes of the initial drilling program at Kalman in September with significant results including:

- **20 metres at 0.82% Cu and 0.59g/t Au from 13 metres in K-116;**
- **20 metres at 0.82% Cu and 0.30g/t Au from 91 metres including 7 metres at 1.42% Cu and 0.45g/t Au from 97 metres in K-119;**
- **5 metres at 0.3% Mo and 10.3g/t Re from 81 metres in K-119**

The holes which are located at the northern end of the deposit returned a number of broad intersections of both copper-gold along with intervals of high grade molybdenum-rhenium mineralisation.

These zones are all continuous with deeper intersections and confirm that the copper and molybdenum mineralisation extends to surface. The strongly elevated gold values with a number of +1g/t Au intervals are also considered very encouraging.

Drilling at Kalman

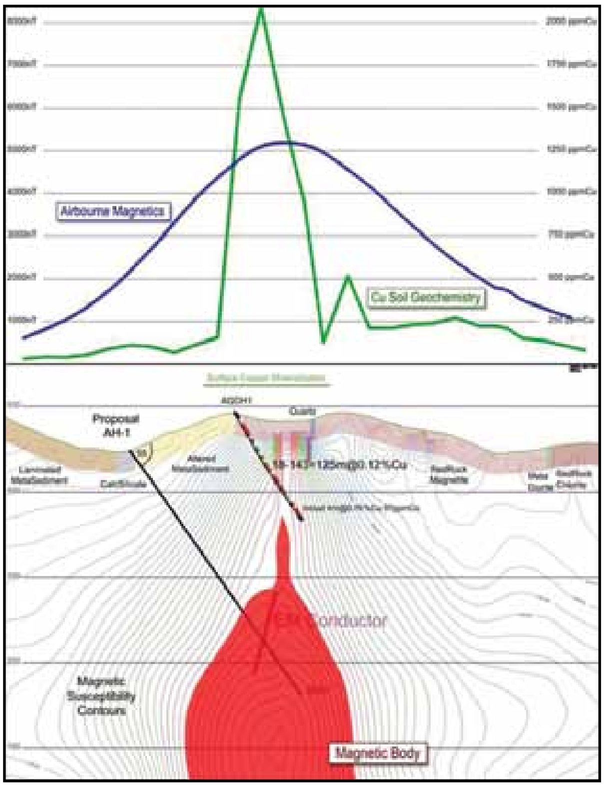
Andy's Hill EM

A fixed loop electromagnetic (EM) survey was completed at the Andy's Hill IOCG prospect using the Landtem SQUID sensor and Crone PEM receiver during July.

Two anomalies were resolved, with a sharp (shallow) anomaly superimposed on a much broader (deeper) response.

The data suggests that at least part of the deeper source may be a strong conductor. Drill hole AQDH1 which was drilled by a previous explorer in 1976 at a location between the two possible EM sources intersected **125 metres averaging 0.12% copper**.

In order to test the deeper EM conductor and magnetic anomaly a drill hole will be sited to intersect a point more than 200 metres below the surface. This work is expected to commence once all relevant approvals have been finalised.



Andy's Hill Cross Section

Kalman Mineral Resource Estimate

The most recent Inferred Mineral Resource estimate for the Kalman deposit was released by Kings Minerals NL (now Cerro Resources NL) to the ASX on September 10, 2008.

The total mineral resource estimate for the Kalman Project as announced was 60.8 million tonnes grading 0.32% Cu, 0.05% Mo, 1.19g/t Re and 0.15g/t Au.

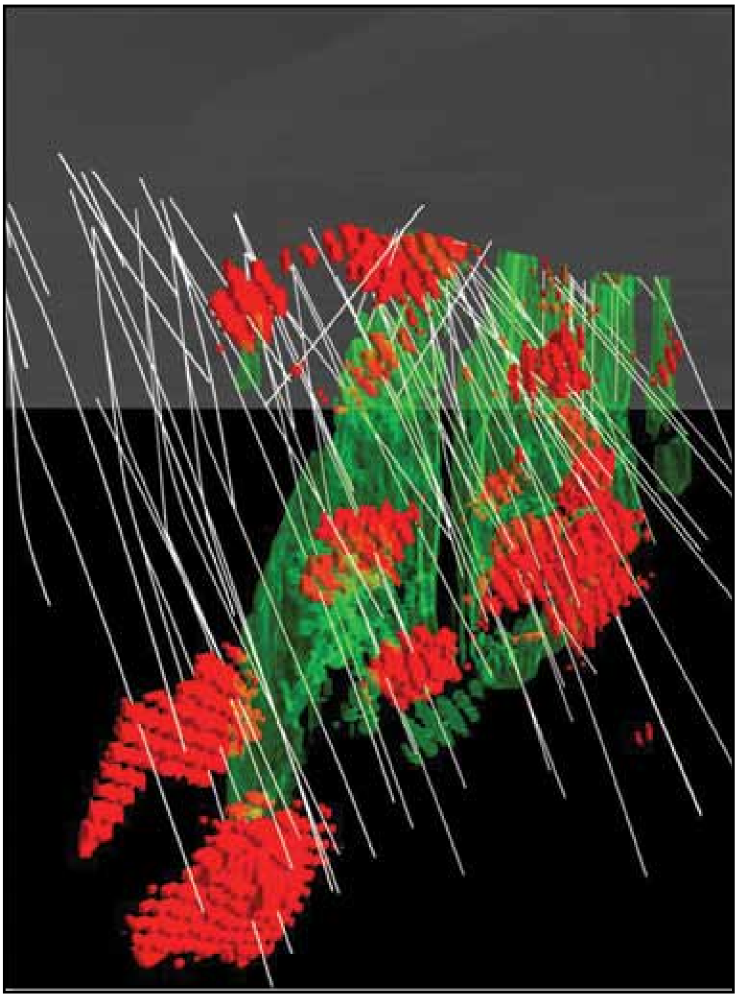
A copper domain and an internal molybdenum domain were modelled. The deposit has now been drilled on a nominal 100 metre by 100 metre spacing.

Domain	Cut-off Grade	Tonnes (million)	Mo (%)	Re (g/t)	Cu (%)	Au (g/t)	Tonnes Mo	Ounces Re	Tonnes Cu	Ounces Au
Copper Zone										
EPM14232	0.2% Cu	36.7	0.06	1.46	0.31	0.15	20,400	1,717,000	112,300	173,000
EPM13870	0.2% Cu	24.1	0.04	0.79	0.34	0.16	10,000	609,200	82,400	121,900
Total copper zone		60.8	0.05	1.19	0.32	0.15	30,400	2,326,200	194,700	294,900
Including the Molybdenum Zone										
EPM14232	0.02% Mo	17.5	0.11	2.88	0.22	0.11	18,400	1,632,700	38,700	61,400
EPM13870	0.02% Mo	7.4	0.12	2.56	0.34	0.17	8,900	609,200	25,300	40,800
Total molybdenum zone		24.9	0.11	2.78	0.26	0.13	27,300	2,241,900	64,000	102,200

Source: *Kings Minerals NL 2010 Annual Report - Refer to ASX release by Kings Minerals NL now Cerro Resources NL (ASX: CJO) dated September 10, 2008 for full details of Mineral Resource Estimate*

Kalman Inferred Mineral Resource Estimate

Molybdenum rich core from Kalman deposit

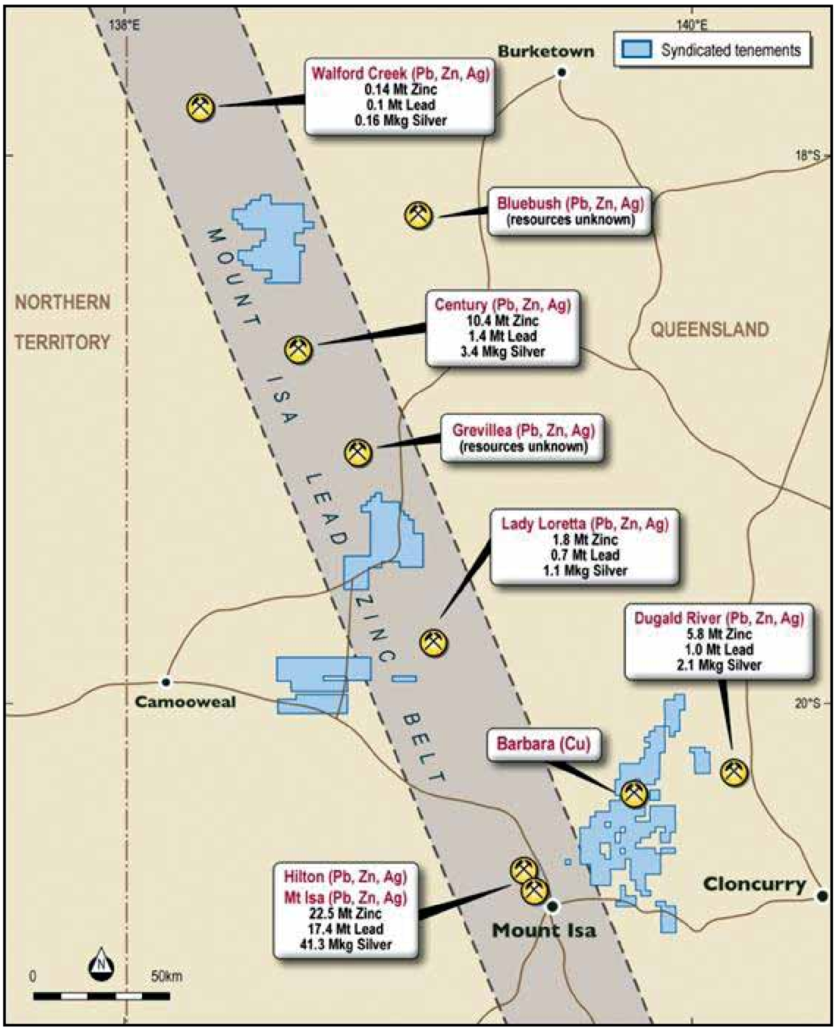


Kalman Resource Model (Copper Domain)

CARPENTARIA ZINC PROJECT

Syndicated holds applications for four tenements covering 1164 square kilometres located north of Mount Isa in a corridor between the Mount Isa, Hilton-George Fisher and Century zinc mines. These tenements will form the basis of Syndicated's Carpentaria Zinc Project, targeting world-class SEDEX style zinc deposits.

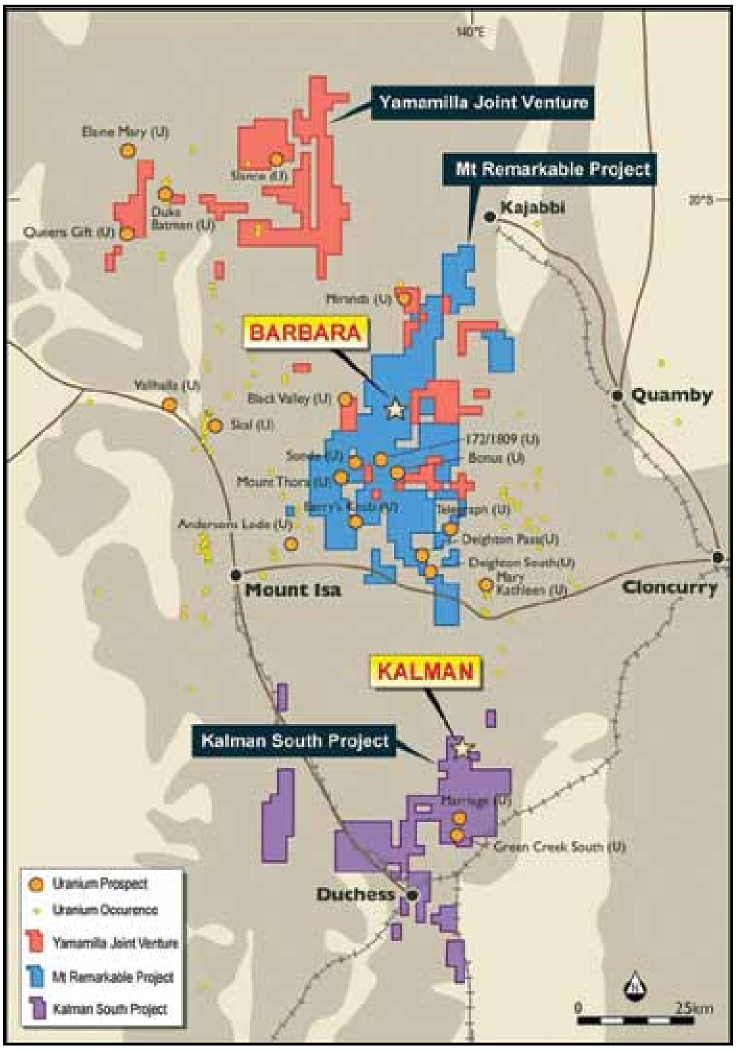
Pending grant, compilation of previous exploration data is being undertaken. To date this work has highlighted a number of strong copper and zinc geochemical targets that remain untested by drilling.



Carpentaria Zinc Project

MOUNT ISA URANIUM

Assessment of Syndicated's Mount Isa tenements (excluding the Yamamilla joint venture tenements) for uranium mineralisation has identified several uranium prospects with strongly elevated uranium mineralisation at surface with rock chips returning up to 0.4% U_3O_8. Most of these prospects have had sufficient ground work conducted to have defined drilling targets. Syndicated is presently assessing how best to progress the considerable uranium potential of the project.



Uranium Targets

GEORGINA BASIN PHOSPHATE

The Company has four tenement applications (EPM17667, EPM17676, EPM17678 and EPM18677) covering 786 square kilometres targeting phosphate in the Georgina Basin in northwest Queensland. These applications are located over areas of thin recent cover masking the Cambrian sediments which host the known phosphate deposits and occurrences within the Georgina Basin.

Previous phosphate exploration results have been compiled which indicate the presence of the phosphate bearing stratigraphy and elevated levels of phosphate in limited historical drilling.

No work was completed on these tenements in order to focus on the Company's base metals interests.

EXMOUTH

The early stage Exmouth project tenements located around 1,000 kilometres north of Perth and 50 kilometres east of Coral Bay were relinquished during the year in order to focus on the Company's Mount Isa region tenements

COMPETENT PERSONS STATEMENTS

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Russell Davis who is an Executive Director of Syndicated Metals Limited and a member of the Australasian Institute of Mining and Metallurgy. Russell Davis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Russell Davis consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

SCHEDULE OF INTERESTS IN MINING TENEMENTS

Project	Tenement	Lease Name	Percentage Held	Status	Sub-blocks	Area (km²)
Mt Remarkable	EPM138551	Mount Remarkable #1	100%	Granted	34	109
	EPM138691	Mount Remarkable #2	100%	Granted	19	61
	EPM139031	Mount Remarkable #3	100%	Granted	43	138
	EPM139041	Mount Remarkable #4	100%	Granted	25	80
	EPM15564	Remarkable	100%	Granted	47	151
	EPM15816	Mount Remarkable	100%	Granted	18	28
	EPM16112 **(1)**	Barbara	51%	Granted	4	13
	EPM16197 **(1)**	Blockade	51%	Granted	10	32
	EPM 14541	Marrumba	100%	Granted	15	48
	EPM17636	Wellington	100%	Granted	5	16
	EPM17638 **(P)**	Philips Hill	100%	Contested Application	17	55
	EPM17650	Mount Frosty	100%	Contested Application	17	55
	EPM17677	Spinifex	100%	Granted	9	29
	EPM18420 **(P)**	Blockade Sth	100%	Pending	19	61
	EPM18492 **(P)**	Mt Remarkable Extended	100%	Pending	73	234
	EPM 19049	Mt Remarkable Nth	100%	Application	2	6.5
Georgina	EPM17667 **(P)**	V Creek	100%	Pending	56	181
	EPM17676	Split Rock #1	100%	Granted	94	304
	EPM17678 **(P)**	Split Rock #2	100%	Pending	30	97
	EPM18677 **(P)**	Toomba Range	100%	Pending	65	205
Isa North Carpentaria Zinc	EPM18638 **(P)**	Plumtree Bore	100%	Pending	77	249
	EPM18639 **(P)**	Perry's Camp	100%	Pending	100	326
	EPM18640 **(P)**	Mount Steiglitz	100%	Pending	82	267
	EPM18724 **(P)**	Thorntonia East	100%	Pending	99	321
Kalman (Dronfield)	EPM 14362	Maida Vale	100%	Granted	12	38
	EPM 14366	Bushy Park	100%	Granted	60	192
	EPM 14369	Dronfield	100%	Granted	26	83
	EPM 18078 **(P)**	Wimberu #1	100%	Pending	9	29
	EPM 18082 **(P)**	Wimberu #2	100%	Pending	21	67
	EPM 18223 **(PA)**	Bronzewing Bore	100%	Contested Application	7	22
	EPM 18980 **(PA)**	Mayfield	100%	Application	8	26
	EPM 19008 **(P)**	Duchess	100%	Application	12	38

Project	Tenement	Lease Name	Percentage Held	Status	Sub-blocks	Area (km²)
Kalman Joint Venture	EPM 13870[1]	Pelican	49%	Granted	26	83
	EPM 14232	Trafalgar	0%	Granted	34	122
	EPM14386	Binna Burra	0%	Granted	7	22
	EPM 14861	Bronzewing	0%	Granted	12	38
	EPM 15972	Pilgrim Sth	49%	Granted	25	80
	EPM 16061	Dingo Creek	49%	Granted	17	54
	EPM 16726	Malbon		Pending Contested	49	157
	EPM 16922	Dermer Creek	0%	Granted	3	10
	EPM 16987 **(P)**	Devencourt	0%	Pending	29	93
	EPM 17169	Dermer Creek Sth	0%	Granted	5	16
	EPM 17285	Dermer Creek Sth 2	0%	Granted	3	10
	EPM 17453	Andrews	0%	Granted	9	29
	EPM 17642	Pelican West	0%	Pending Contested	19	61
	EPM 17762	Trekelano	0%	Granted	7	22
	EPM 18116	Malbon 2	0%	Granted	9	29
	EPM 18228 **(PA)**	Malbon 3	0%	Pending Contested	11	35
	EPM 18320 **(P)**	Duchess	0%	Pending	7	22
	EPM 18378	Tick Hill	0%	Secondary Application	15	48
	EPM 18994 **(SA)**	Pilgrim Creek (Trekelano)	0%	Secondary Application	8	26
Kalman South	EPM17637	Revenue	100%	Contested Application	19	61
Yamamilla JV	EPM 14281	Yamamilla	0%	Granted	68	
	EPM 14916	Ewen	0%	Granted	143	
	EPM 15070	Prospector	0%	Granted	39	
	EPM 16533	Crocodile Creek	0%	Granted	8	

1 - West Leichhardt Joint Venture

(P) Application Proposal to Grant

(PA) Priority Application

(SA) Secondary Application

FINANCIAL REPORT

CONTENTS

DIRECTORS' REPORT

Your directors present the following report on Syndicated Metals Limited and the entities it controlled (group)during or at the end of the financial year for the financial year ended 30 June 2011.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activity of the entity during the course of the year continues unchanged being mineral exploration.

OPERATING RESULTS

The net loss of the entity for the financial year after provision for income tax was $1,808,368 (2010: $1,626,982).

REVIEW OF OPERATIONS

The Company's principal operations involve the exploration for base metals, gold and phosphate within its extensive tenement holdings in the Mount Isa mineral district in North West Queensland .The Company's objective is to become a substantial metals producer in the region. During the year the Company's activities included:

- Expansion of the Barbara copper-gold resource at Mount Remarkable and progressing the mining and environmental studies on the deposit;
- Drilling of two new potential resources at Blue Star and Green Zone;
- Discovering new copper-gold targets at Bloodwood and Ironbark to the north of the Barbara deposits;
- Concluding a Farmin and Joint Venture Agreement with Deep Yellow Limited on several copper-gold targets to the east of Barbara deposits;
- Restructuring the Joint Venture with Cerro Resources NL on the Kalman Cu-Au-Mo-Re Project such that the Company can now earn up to an 80% interest in the project;
- The purchase of the 2% NSR over EPM 13870 which contains a substantial portion of the Kalman deposit.

FINANCIAL POSITION

The net assets of the entity increased from $6,996,036 at 30 June 2010 to $10,873,670 at 30 June 2011. This net increase was influenced by a capital raising of $3,000,000.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have not been any other significant changes in the state of affairs of the entity during the financial year.

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

INFORMATION ON DIRECTORS

DIRECTORS

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

Martin Pyle

Chairman

Mr Martin Pyle was appointed to the Board of the Company in May 2010 as Non-Executive Chairman. Martin brings over 23 years of mineral industry experience to the Company as a corporate finance executive with reputable Australian broking firms, mining analyst, geologist and resource company director. Mr Pyle currently serves on the Boards of the following public companies; Aurora Minerals Limited, Desert Energy Limited, Gold Road Resources Limited and Midwinter Resources NL. Mr Pyle holds an interest in 970,000 shares of the company and 3,075,000 options of the company.

Russell Davis

Managing Director, BSc (Hons), MBA, MAIMM, FFIN

Mr Russell Davis is a founding director of Syndicated Metals appointed to the board in August 2005. He is a geologist with over 25 years experience in mineral exploration, management, property acquisition, mining and development. During this period he has worked on the exploration and development of a range of commodities for a number of international and Australian companies. He has held senior positions including Chief Mine Geologist, Exploration Manager and Regional Manager, and most recently Exploration Director of Gold Road Resources Limited of which he was a founding director.

Mr Davis holds a Bachelor of Science with Honours from University of Queensland, a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australian and an MBA from Deakin University. Mr Davis is a Member of the Australasian Institute of Mining and Metallurgy. Mr Davis is currently a non-executive director of Gold Road Resources Limited. Mr Davis holds an interest in 6,381,597 shares of the company and 6,000,000 options of the company.

Bruce McCullagh

Non-executive Director and Company Secretary, CPA, AICS

Mr Bruce McCullagh was appointed to the Board in August 2005 and has wide experience in accounting, company secretarial and management in international mineral and petroleum companies in Australia, Libya, the United Arab Emirates, the UK and USA. He has also previously held roles combining directorships and company secretarial duties with listed mineral and petroleum exploration companies in Australia. Mr McCullagh holds an interest in 5,430,000 shares of the company and 3,500,000 options of the company.

Jan Hope

Non Executive Director

Ms Jan Hope was appointed to the board on 6 September 2007 and is a public relations and investor relations professional with over 20 years experience who has provided strategic advice and input over many years to CEO's and senior management at many different levels of the mining, financial, technology, and environmental fields. Ms Hope stood down from her role as Executive Director of the public relations firm, Jan Hope and Partners, a company which she founded in 1986, and which subsequently became firmly established as a successful national corporate communications consultancy specialising in financial public relations for a wide range of ASX listed companies. Ms Hope was appointed a non executive director of the ASX listed company, Ampella Mining Ltd on 21 May 2007 and resigned from the company, as Chairman, on 3 September 2008. Ms Hope holds an interest in 720,000 shares of the company, and 2,600,000 options of the company.

Ki Deok Park

Non Executive Director

Ki Deok Park was appointed to the Board on February 11 2010. He has significant experience in business development, equity and debt financing, accounting and management in non-ferrous metal industries in Korea and Australia. An experienced accountant and business developer, he has held management positions and accounting roles with both Sun Metals Corporation Pty Ltd since August 2000 and Korea Zinc Company Ltd since December 1992. He is an executive director and chief financial officer of Sun Metals Corporation Pty Ltd, a wholly owned zinc refiner, of

Korea Zinc Company Ltd, and is currently head of Strategies and Planning Division in Korea Zinc Company Ltd.

Andrew Dinning Non Executive Director

Mr Andrew Dinning was appointed to the board on 3 August 2007 and has over 20 years industry experience, including 12 years with the WMC group of companies in a number of senior management roles including the management of some of WMC's principal gold assets. Mr Dinning also has experience working in Russia and raising money in the London capital markets. He was the Chief Operating Officer for Moto Goldmines Limited ("Moto") from October 2005 and became Executive Director of Moto in August 2006. Mr Dinning has a Mining Engineering Degree, First Class Mine Managers Certificate and a Masters of Business Administration. Mr Dinning resigned from the Board on August 3 2010.

Mr Dinning held an interest in 280,000 shares of the company and 1,900,000 options of the company.

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

The position of company secretary was held by Bruce McCullagh throughout and since the end of the financial year.

MEETINGS OF DIRECTORS

During the financial period, 4 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**
M Pyle	4	4
Ki Deok Park	4	3
B McCullagh	4	4
R Davis	4	4
J Hope	4	4
A Dinning	-	-

INDEMNIFYING OFFICERS

During the financial year the company paid a premium of $11,319 in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings that may be brought against the directors and secretary of 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 options 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.

SHARE OPTIONS

Unissued shares under options

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

Grant date	Expiry date	Exercise price (cents)	Quantity
23/09/2008	30/08/2011	40	500,000
18/02/2010	30/12/2011	20	6,950,000
17/09/2007	03/09/2012	30	6,000,000
07/01/2008	03/09/2012	30	1,000,000
08/12/2008	31/10/2012	30	1,000,000
08/11/2009	30/11/2014	40	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
			28,450,000

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.

DIRECTORS' REPORT

Options granted to directors and executives

The Company has, over the years, granted options for no consideration over unissued ordinary shares in the Company to the following directors and one executive officer of the Company as part of their remuneration:

	Expiry date	Exercise price (cents)	No of options Granted
Directors			
R Davis	03/09/2012	30	3,000,000
R Davis	30/11/2014	35	1,000,000
R Davis	30/11/2014	45	1,000,000
R Davis	30/11/2014	55	1,000,000
B McCullagh	03/09/2012	30	2,000,000
B McCullagh	30/11/2014	35	500,000
B McCullagh	30/11/2014	45	500,000
B McCullagh	30/11/2014	55	500,000
M Pyle	30/11/2014	25	1,000,000
M Pyle	30/11/2014	30	1,000,000
M Pyle	30/11/2014	35	1,000,000
J Hope	03/09/2012	30	1,000,000
J Hope	30/11/2014	35	500,000
J Hope	30/11/2014	45	500,000
J Hope	30/11/2014	55	500,000
A Dinning	30/09/2012	30	1,000,000
A Dinning	30/11/2014	35	300,000
A Dinning	30/11/2014	45	300,000
A Dinning	30/11/2014	55	300,000
Executive			
M Whittle	03/09/2012	30	1,000,000
M Whittle	30/11/2014	35	500,000
M Whittle	30/11/2014	45	500,000
M Whittle	30/11/2014	55	500,000
			19,400,000

The service and performance criteria set to determine remuneration are included in the remuneration report.

Options were granted for nil consideration.

PROCEEDINGS ON BEHALF OF 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 out to PKF Mack & Co Chartered Accountants for non-audit services provided during the year ended 30 June 2011:

Taxation Services	$ 4,400

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2011 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 (group), 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 goal 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 options.
- 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 options. 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 is currently 9%, 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, evaluation and development costs on the balance sheet as appropriate. Options 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.

Remuneration of directors and key management personnel

For the year ended 30 June 2011

	Short-Term Benefits		Post-Employment Benefits	Share-Based Payments		Value of options as proportion of remuneration
	Directors Fees $	Salary and Fees $	Superannuation $	Options $	Total $	%
Directors						
R J Davis	-	215,955	19,080	225,000	460,035	49
A R Dinning	3,750	=	337	67,500	71,587	94
J L Hope	45,000	40,000	4,050	112,500	201,550	56
B R McCullagh	45,000	129,551	7,803	112,500	294,854	38
KD Park	45,000	-	2,025	-	47,025	-
M J Pyle	25,000	27,600	4,500	139,000	196,100	70
	163,750	**413,106**	**37,795**	**656,500**	**1,271,151**	
Executive						
M Whittle	-	187,322	15,099	112,500	314,921	36
Total	**163,750**	**600,428**	**52,894**	**769,000**	**1,586,072**	

For the year ended 30 June 2010

	Short-Term Benefits		Post-Employment Benefits	Share-Based Payments		Value of options as proportion of remuneration
	Directors Fees $	Salary and Fees $	Superannuation $	Options $	Total $	%
Directors						
R J Davis	-	200,000	18,000	231,000	449,000	51
A R Dinning	45,000	-	4,050	69,300	118,350	59
J L Hope	45,000	-	4,050	15,500	164,550	70
B R McCullagh	50,000	90,800	12,672	115,500	268,972	43
KD Park	18,750	-	1,687	-	20,437	-
M J Pyle	2,603	2,603	468	-	5,674	-
	163,353	**293,403**	**40,927**	**531,300**	**1,026,983**	
Executive						
M Whittle	-	160,000	14,400	115,500	289,900	40
Total	**161,353**	**453,403**	**55,327**	**646,800**	**1,316,883**	

Options and rights over equity instruments granted as compensation - audited

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reported period and details on options that vested during the reporting period are as follows;

	Number of options granted and vested during 2011	Grant Date	Fair value per option at grant date ($) (cents)	Exercise price per option ($) (cents)	Expiry date
Directors					
B McCullagh	500,000	22/12/2009	0.225	0.45	30/11/2014
R Davis	1,000,000	22/12/2009	0.225	0.45	30/11/2014
A Dinning	300,000	22/12/2009	0.225	0.45	30/11/2014
J Hope	500,000	22/12/2009	0.225	0.45	30/11/2014
M Pyle	1,000,000	20/10/2010	0.71	0.45	30/11/2014
Executive					
M Whittle	500,000	22/12/2009	0.225	0.45	30/11/2014

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

Exercise of options granted as compensation - audited

No options were exercised during the reporting period.

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

Bruce McCullagh
Director

Date: September 20 2011

PKF Mack & Co

Chartered Accountants & Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SYNDICATED METALS LIMITED
AND THE ENTITIES IT CONTROLLED DURING THE YEAR

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF Mack and Co.

PKF MACK & CO

SIMON FERMANIS
PARTNER

20 SEPTEMBER 2011
WEST PERTH,
WESTERN AUSTRALIA

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STATEMENT OF COMPREHENSIVE INCOME

	Note	2011	2010
		$	$
Continuing Operations			
Interest income	3	190,213	173,293
Administration expenses		(569,556)	(558,829)
Interest expense		(1,742)	(3,184)
Occupancy expenses		(38,854)	(43,855)
Depreciation expense		(68,025)	(57,395)
Employee benefits expense		(404,274)	(307,357)
Exploration expenditure written off		(239,900)	(136,375)
Share based payments		(769,000)	(847,200)
Gain on disposal of asset		19,950	-
Change in fair value of investments		21,218	(2,080)
Loss before income tax expense	4	**(1,859,970)**	**(1,626,982)**
Income tax benefit	5	51,602	-
Loss for the period		**(1,808,368)**	**(1,626,982)**
Other comprehensive Income		-	-
Total comprehensive loss for the year		**(1,808,368)**	**(1,626,982)**
Basic (loss) per share (cents)		(1.78)	(2.27)
Diluted (loss) per share (cents)		(1.78)	(2.27)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011	2010
		$	$
CURRENT ASSETS			
Cash and cash equivalents	6	3,238,951	3,075,462
Trade and other receivables	7	128,940	181,511
TOTAL CURRENT ASSETS		**3,367,891**	**3,256,973**
NON CURRENT ASSETS			
Property, plant and equipment	8	85,417	91,751
Financial assets	9	31,896	10,678
Exploration and evaluation costs	10	7,792,863	3,929,964
TOTAL NON CURRENT ASSETS		**7,910,176**	**4,032,393**
TOTAL ASSETS		**11,278,067**	**7,289,366**
CURRENT LIABILITIES			
Trade and other payables	11	299,009	169,763
Financial liabilities	12	10,580	14,669
Provisions	13	74,641	74,985
TOTAL CURRENT LIABILITIES		**384,230**	**259,417**
NON CURRENT LIABILITIES			
Financial liabilities	12	-	10,580
Provisions	14	20,167	23,333
TOTAL NON CURRENT LIABILITIES		**20,167**	**33,913**
TOTAL LIABILITIES		**404,397**	**293,330**
NET ASSETS		**10,873,670**	**6,996,036**
EQUITY			
Issued capital	15	13,430,963	8,513,961
Option reserve	16	2,008,684	1,239,684
Accumulated losses		(4,565,977)	(2,757,609)
TOTAL EQUITY		**10,873,670**	**6,996,036**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Option Reserve	Accumulated Losses	Total
	$	$	$	$
Balance at 30 June 2010	**8,513,961**	**1,239,684**	**(2,757,609)**	**6,996,036**
Total comprehensive income for the year				
Loss for the period	-	-	(1,808,368)	(1,808,368)
Other comprehensive income	-	-	-	-
	-	-	(1,808,368)	(1,808,368)
Contributions by and distributions to owners				
Shares issued during the year	5,076,302	-	-	5,076,302
Transaction costs	(159,300)	-	-	(159,300)
Share based payment transactions	-	769,000	-	769,000
	4,917,002	769,000	-	5,686,002
Balance at 30 June 2011	**13,430,963**	**2,008,684**	**(4,565,977)**	**10,873,670**

	Issued Capital	Option Reserve	Accumulated Losses	Total
	$	$	$	$
Balance at 30 June 2009	**6,230,001**	**392,484**	**(1,130,627)**	**5,491,868**
Total comprehensive income for the year				
Loss for the period	-	-	(1,626,982)	(1,626,982)
Other comprehensive income	-	-	-	-
	-	-	(1,626,982)	(1,626,982)
Contributions by and distributions to owners				
Shares issued during the year	2,363,000	-	-	2,363,000
Transaction costs	(79,050)	-	-	(79,050)
Share based payment transactions	-	847,200	-	847,200
	2,283,950	847,000	-	3,131,150
Balance at 30 June 2010	**8,513,961**	**1,239,684**	**(2,757,609)**	**6,996,036**

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		$	$
Cash flow from operating activities			
Interest received		179,064	182,671
Payments to suppliers and employees		(997,804)	(725,713)
Borrowing costs		(1,742)	(3,184)
R&D income tax benefit		51,602	-
Net cash used in operating activities	18	(768,880)	(546,226)
Cash flow from investing activities			
Purchase of plant and equipment		(66,741)	(27,525)
Disposal of equipment		25,000	-
Contribution from joint venture partner		458,151	567,994
Payment of exploration and evaluation costs		(2,310,072)	(2,690,220)
Net cash used in investing activities		(1,893,662)	(2,149,751)
Cash flow from financing activities			
Issue of shares		2,840,700	2,283,950
Payment of hire purchase loan		(14,669)	(13,227)
Net cash from financing activities		2,826,031	2,270,723
Net increase (decrease) in cash		**163,489**	**(425,254)**
Cash and cash equivalents at 1 July		**3,075,462**	**3,500,716**
Cash and cash equivalents at 30 June	6	**3,238,951**	**3,075,462**

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Syndicated Metals Limited (the "Company") is a company domiciled in Australia.

The consolidated financial statements of the Company as at and for the year ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group primarily is involved in exploration activity.

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. 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 20 September 2011.

Basis of Measurement

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

- financial instruments at fair value through 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.

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 $1,808,368 for the year ended 30 June 2011 (2010: $1,626,982). Included within this loss was the write off of exploration expenditure of $239,900 (2010: $136,375).

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.

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:

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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 is determined by a valuation using Black-Scholes option pricing model, using the assumptions detailed in Note 21.

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 balance sheet 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.

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;
- Fundamental 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 profit and loss.

Income tax expenses

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the balance sheet. 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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 23 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, 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 economic entity during the year, their operating results have been included/ excluded from the date control was obtained or until the date control ceased.

Subsidiary acquisitions are accounted for using the purchase method of accounting. Investments in subsidiaries are accounted for at cost in the individual financial statements of Syndicated Metals Limited.

Significant Accounting Policies

(a) Income tax

Current Tax

The charge for current income tax expense is based on the profit for the year adjusted for any nonassessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet 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 income statement 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.

(b) Exploration and evaluation expenditure

Exploration, evaluation and development 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 balance 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 in the year in which the decision to abandon the area is made.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(b) Exploration and evaluation expenditure (cont)

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 development 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 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 sale of assets or from plant clean-up at closure.

(b) Business Combinations

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(c) 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. Interest income is recognised as it accrues.

(d) Receivables

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(e) Impairment of 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 income statement.

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.

(f) Investments

Securities in listed entities are initially bought to account at cost. These securities are recorded at fair value at balance date. Unrealised gains/losses on securities held for short term investment are accounted for as financial assets at fair value through profit or loss. Unrealised gains/losses on securities held for long term investment are accounted for as available for sale financial assets.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(g) 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.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 income statement during the financial period in which they are incurred.

(g) Property, Plant and Equipment

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%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(h) Leased Non Current Assets

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 income statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(i) 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. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(j) 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) Options

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date. The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, 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.

(vi) Equity-settled compensation

The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(k) Cash and Cash Equivalents

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

(l) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-thecounter derivatives) is determined using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

(m) 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 balance sheet are shown inclusive of GST where applicable.

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

(n) Comparative Figures

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

(o) Financial Instruments

The company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, 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 balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(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)

(o) 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 prolonged declinein the value of the instrument is considered to determine whether an impairment has arisen. Impairmentlosses are recognised in the income statement.

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.

(p) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(q) 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 BEGINNING ON OR AFTER)
9	Financial Instruments	Dec 2010	1 Jan 2013
10	Consolidation	Aug 2011	1 Jan 2013
11	Joint Arrangements	Aug 2011	1 Jan 2013
12	Disclosure of Interests in Other Entities	Aug 2011	1 Jan 2013
13	Fair Value Measurement	Sep 2011	1 Jan 2013
1033	Application of Tiers of Australian Accounting Standards	Jun 2010	1 Jul 2013
2009 - 12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	Dec 2009	1 Jan 2011
2010 - 2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Jun 2010	1 Jul 2013
2010 - 4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	Jun 2010	1 Jan 2011
2010 – 5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	Oct 2010	1 Jan 2011
2010 – 6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	Nov 2010	1 Jul 2011

(r) Provisions

Provisions are recognised when the company has a 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.

(s) Interests in Joint Ventures

The Consolidated group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the financial statements. Details of the Company's interests are shown at Note 19.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(t) 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

Estimates and judgements incorporated in the financial report are 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.

(i) Classification of investments

The company has decided to classify investments in listed securities as held for trading. These securities are accounted for at fair value. Any increments or decrements in their value at year end are charged or credited to the income statement.

(ii) Taxation

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from temporary differences, are recognised only where it is considered more likely than not they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences are recognised to the extent that there are future profits.

(iii) Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(iv) Exploration and Evaluation Expenditure

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. 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 $7,741,261.

NOTE 3: REVENUE FROM CONTINUING ACTIVITIES

	2011 $	2010 $
Operating activities		
Interest received	190,213	173,293

NOTE 4: EXPENSES

	2011	2010
	$	$
Depreciation expense	68,025	57,395
Employee benefits expenses		
Share based payments	769,000	691,200
Salaries	360,901	254,756
Superannuation	20,386	24,180
Other	22,987	28,421
	1,173,274	998,557
Exploration expenditure written off	239,900	136,375

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:	2011 $	2010 $
Prima facie tax payable on operating loss before income tax at 30%	(557,991)	(488,095)
Effect of share based payments	230,700	254,160
Increase in deferred tax balances not brought to account	327,291	233,935
Research and development tax concession refund	51,602	-
Income tax (expense)/benefit	51,602	-

The income tax benefit relates to the receipt of a refundable tax offset for research and development expenditure incurred in the reporting period ended 30 June 2010.

	2011 $	2010 $
The following deferred tax balances have not been recognised:		
Deferred Tax Assets At 30%		
Carry forward revenue losses	3,205,155	1,718,762
Capital raising costs	91,760	97,571
Provisions and accruals	36,262	38,837
Other	3,416	9,781
	3,336,593	1,864,951

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.

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

Deferred Tax Liabilities At 30%:

	2011 $	2010 $
Exploration, evaluation and development costs	**2,316,968**	**1,178,989**
Accrued interest revenue	13,177	10,372
	2,330,685	1,189,361

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

	2011 $	2010 $
Cash on hand	200	200
Cash at bank	288,751	375,262
Term deposits	2,950,000	2,700,000
	3,238,951	3,075,462

NOTE 7: TRADE & OTHER RECEIVABLES

	2011 $	2010 $
Accrued interest receivable	45,722	34,573
GST Receivable	14,240	36,558
Amount receivable from JV partner	43,978	105,380
Security deposit	25,000	5,000
	128,940	181,511

NOTE 8: PROPERTY, PLANT & EQUIPMENT

Plant and equipment at cost	113,289	114,048
Less: accumulated depreciation	(46,925)	(68,770)
	66,364	45,278
Furniture at cost	60,455	60,455
Less: accumulated depreciation	(49,476)	(34,152)
	10,979	26,303
Vehicles at cost	48,397	48,397
Less: accumulated depreciation	(40,323)	(28,227)
	8,074	20,170
Total plant and equipment	85,417	91,751

NOTE 8: PROPERTY, PLANT & EQUIPMENT (CONT)

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 set as follows:

	Plant and equipment $	Furniture $	Vehicles $	Total $
Carrying amount at 30 June 2009	**52,294**	**37,061**	**32,266**	**121,621**
Additions	23,559	3,966		27,525
Depreciation Expense	(30,575)	(14,724)	(12,096)	(57,395)
Carrying amount at 30 June 2010	**45,278**	**26,303**	**20,170**	**91,751**
Net additions	61,691	-	-	61,691
Depreciation Expense	(40,605)	(15,324)	(12,096)	(68,025)
Carrying amount at 30 June 2011	**66,364**	**10,979**	**8,074**	**85,417**

NOTE 9: FINANCIAL ASSETS

	2011 $	2010 $
Listed securities at market value	31,896	10,678
	31,896	**10,678**

	2011 $	2010 $

NOTE 10: EXPLORATION, EVALUATION AND DEVELOPMENT COSTS

	2011 $	2010 $
Exploration expenditure capitalised	**7,792,863**	**3,929,964**
Movement in carrying value:		
Balance at 1 July	3,929,964	2,055,038
Exploration expenditure capitalised during the year	4,026,497	2,011,301
Exploration expenditure written off during the year	(239,900)	(136,375)
Royalty interest	76,302	-
Balance at 30 June	**7,792,863**	**3,929,964**

NOTE 11: TRADE & OTHER PAYABLES

	2011 $	2010 $
Trade and other payables	10,631	26,595
Accruals	288,378	143,168
	299,009	169,763

NOTE 12: FINANCIAL LIABILITIES

	2011 $	2010 $
Current		
Due on hire purchase	10,940	16,411
Unexpired charges	(360)	(1,742)
	10,580	14,669
Non Current	-	10,940
Due on hire purchase	-	(360)
Unexpired charges	-	10,580
Total	10,580	25,249

NOTE 13: SHORT TERM PROVISIONS

	2011 $	2010 $
Provision for annual leave	74,641	74,985

NOTE 14: LONG TERM PROVISIONS

	2011 $	2010 $
Provision for long service leave	**20,167**	**23,333**

NOTE 15: ISSUED CAPITAL

(a) Share capital

	2011 Shares	2010 Shares	2011 $	2010 $
Fully paid ordinary shares	104,250,378	71,250,005	13,590,263	9,248,001
Less: capital issue costs	-	-	(159,300)	(734,040)
	104,250,378	71,250,005	13,430,963	8,513,961

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	Value $
15/08/2005	Issue of share on incorporation	1	1.00	1
30/11/2005	Issue of shares for cash	5,000,000	0.01	50,000
	Balance at 30 June 2007	**5,000,001**		**50,001**
17/09/2007	Share split on basis of 5 for 1	20,000,004	-	-
04/10/2007	Issue of shares for cash	7,350,000	0.10	735,000
05/11/2007	Issue of shares for cash	24,000,000	0.25	6,000,000
05/11/2007	Issue of shares for services	1,000,000	0.10	100,000
	Less: capital issue costs	-	-	(654,990)
	Balance at 30 June 2009	**57,350,005**		**6,230,011**
23/12/2009	Issue of shares for cash	13,900,000	0.17	2,363,000
	Less: capital issue costs	-	-	(79,050)
	Balance at 30 June 2010	**71,250,005**		**8,513,961**
08/12/2010	Issue of shares for cash	10,600,000	0.15	1,590,000
10/12/2010	Issue of shares for royalty	476,891	0.16	76,302
13/01/2011	ssue of shares for cash	9,400,000	0.15	1,410,000
20/05/2011	Issue of shares for Kalman JV	12,523,482	0.1597	2,000,000
	Less: capital issue costs	-	-	(159,300)
	Balance at 30 June 2011	**104,250,378**		**13,430,963**

(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.

(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 balance date. Capital includes accumulated profits and fair value reserve.

The group encourages employees to be shareholders through the issue of free share options 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.

NOTE 15: ISSUED CAPITAL (CONT)

(e) Capital Risk Management

	2011	2010
	$	$
Cash and cash equivalents	3,238,951	3,075,462
Less: Total liabilities	(404,397)	(293,330)
Net cash and cash equivalents	2,834,554	2,782,132
Total equity	10,822,068	6,996,036
Debt to equity ratio at 30 June	3.7%	4.2%

Management of Share Capital

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

NOTE 16: OPTION RESERVE

	2011	2010
	$	$
Balance at 1 July	1,239,684	392,484
Share based payments during the period	769,000	847,200
Balance at 30 June	2,008,684	1,239,684

NOTE 17: AUDITORS REMUNERATION

Audit and review of financial reports	33,250	54,500
Other services - taxation	4,400	3,300
	37,650	57,800

NOTE 18: NOTES TO THE STATEMENT OF CASH FLOWS

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

	2011 $	2010 $
Loss for the period	(1,808,368)	(1,626,982)
Adjustment for:		
Depreciation	68,025	57,395
Write off of capitalised expenditure	239,900	136,375
Change in fair value of investments	(21,218)	2,080
Gain on disposal of fixed asset	(19,950)	-
Share based payments	769,000	847,200
(Increase)/decrease in receivables	(8,831)	(1,073)
Increase/(decrease) in accruals and trade creditors	16,072	24,493
Increase/(decrease) in provision for employee entitlements	(3,510)	14,286
Net cash flow from (used in) operating activities	(768,880)	(546,226)

NOTE19: JOINT VENTURE

a. Syndicated has a 51% interest in the West Leichardt Joint Venture with Mount Isa Metals Ltd. The principal activity of the joint venture is the exploration for copper with possible additional credits for gold.

	2011 $	2010 $
Syndicated's share of assets employed in the joint venture is:		
- Exploration development expenditure	2,235,965	1,443,517
- Expenditure recharged back to Mount Isa Metals Ltd	(1,121,660)	(724,910)
Increase/(decrease) in accruals and trade creditors	(39,095)	(39,095)
	1,075,210	679,512

b. Syndicated and Cerro Resources NL (formerly Kings Mineral NL), have formed a new Joint Venture on the Kalman molybdenum-rhenium-copper-gold project located in the Mt Isa region of North West Queensland.Syndicated has management of the project and can earn an initial 60% by issuing $2mill shares to Cerro and by spending $4mill on exploration over 2 years. Syndicated can then earn up to 80% by issuing another $1m shares to Cerro and by spending $7mill over 3.5 years.

NOTE 20: SHARE BASED PAYMENTS

Terms and conditions of share options

The terms and conditions relating to grants of the share options in the current year are as follows; all the options are to be physically delivered into shares.

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of options (years)
Options granted to key management 20 October 2010	1,000,000	Immediate	3.41
Options granted to key management 20 October 2010	1,000,000	May 24 2011	3.41
Options granted to key management 20 October 2010	1,000,000	May 24 2012	3.41
Total	3,000,000		

Number and weighted average exercise prices of share options

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

	2011		2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	No.	(cents)	No.	(cents)
Outstanding at 1 July	18,500,000	37.46	8,500,000	30.58
Issued during the year	1,000,000	25	1,000,000	40
Issued during the year	1,000,000	30	2,800,000	35
Issued during the year	1,000,000	35	2,800,000	45
Issued during the year	6,950,000	20	2,800,000	55
Issued during the year	-	-	600,000	25
Outstanding at 30 June	28,450,000	32.4077	18,500,000	37.46
Exercisable at 30 June	**24,650,000**	**29.73**	**12,900,00**	**32.02**

NOTE 21: SHARE BASED PAYMENTS (CONT)

Inputs for measurement of grant date fair value

The options on issue were independently valued by BDO Kendalls Corporate Finance (WA) Pty Ltd. The valuations were done using the Black-Scholes option pricing model to validate the valuation prices calculated by the binomial option pricing model. Expected volatility is estimated by considering historic average share price volumes. The inputs used in the measurement of the fair values at grant date of the share based payments are the following:

	Options issued on 20/10/2010	**Options issued on 20/10/2010**	**Options issued on 20/10/2010**
Number of options	1,000,000	1,000,000	1,000,000
Share price at grant date	$0.11	$0.11	$0.11
Exercise price	$0.25	$0.30	$0.35
Expected volatility	110%	110%	110%
Risk free interest rate	4.42%	4.42%	4.42%
Expiry date	30/11/2014	30/11/2014	30/11/2014
Option life remaining	3.41 years	3.41 years	3.41 years
Fair value at grant date	$0.071	$0.068	$0.065
Total value of options	**$71,000**	**$68,000**	**$65,000**

NOTE 21: 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:

	Consolidated 2011 $	**Consolidated 2010 $**
Commitments on tenements payable		
- within 12 months	2,821,000	358,000
- between 12 months and 5 years	3,421,000	3,657,000
	6,242,000	4,015,000
Lease of office and equipment payable		
- within 12 months	54,966	64,496
- between 12 months and 5 years	12,479	66,484
	67,445	130,980

NOTE 22: FINANCIAL INSTRUMENTS

The economic entity'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 economic entity. The economic entity 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 economic entity's policy not to trade in financial instruments

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

	Carrying Amount 2011	Carrying Amount 2010
	$	$
(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	31,896	10,678
Cash and cash equivalents	3,238,951	3,075,462
Other receivables	89,700	139,953
	3,360,547	3,226,093

(b) Impairment losses

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

NOTE 22: FINANCIAL INSTRUMENTS (CONT)

(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 consolidated entity'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 consolidated entity's reputation.

The group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The consolidated entity 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 2011							
Financial liabilities	10,580	10,580	7,935	2,645	-	-	-
30 June 2010							
Financial liabilities	25,249	25,249	7,154	14,669	3,426	-	-

(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.

(e) Currency risk

The consolidated entity is not exposed to currency risk and at balance sheet date the company and the consolidated entity hold no financial assets or liabilities which are exposed to foreign currency risk.

(f) Interest rate risk

The consolidated entity 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 interestbearing financial instruments. The consolidated entity does not use derivatives to mitigate these exposures.

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

NOTE 22: FINANCIAL INSTRUMENTS (CONT)

	Carrying Amount 2011 $	Carrying Amount 2010 $

(g) Profile

At the reporting date the interest rate profile of the Company's and the group's interest bearing financial instruments was:

	Carrying Amount 2011 $	Carrying Amount 2010 $
Fixed rate instrument		
Cash and cash equivalents	288,951	375,462
Variable rate instruments		
Cash and cash equivalents	2,950,000	2,700,000

(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 2010.

	Loss 100bp Increase $	Loss 100bp Decrease $
30 June 2011		
Cash and cash equivalents	32,389	(32,389)
	32,389	(32,389)
30 June 2010		
Cash and cash equivalents	30,755	(30,755)
	30,755	(30,755)

(i) Fair values versus carrying amounts

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

	30 June 2011 Carrying Value $	30 June 2011 Fair Value $	30 June 2010 Carrying Value $	30 June 2010 Fair Value $
Financial assets	31,896	31,896	10,678	10,678
Cash and cash equivalents	3,238,951	3,238,951	3,075,462	3,075,462
Receivables	128,940	128,940	181,511	181,511
Financial liabilities	(10,580)	(10,580)	(25,249)	(25,249)
	3,389,207	3,389,207	3,242,402	3,242,402

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

NOTE 22: FINANCIAL INSTRUMENTS (CONT)

(j) Other market price risk

Other Equity 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 consolidated entity's investment strategy is to maximise investment returns.

The consolidated entity'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 consolidated entity operates primarily in the exploration and evaluation phase and accordingly the consolidated entity's financial assets and liabilities are subject to minimal commodity price risk.

NOTE 23: INTERESTS IN CONTROLLED ENTITIES

Controlled entities consolidated

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

	Country of Incorporation	Class of Shares	Equity Holding * %		Investment $	
Name			**2011**	**2010**	**2011**	**2010**
Syndicated Royalties Pty Ltd	Australia	Ordinary	100	100	1	1
Syndicated Iron Pty Ltd	Australia	Ordinary	100	-	10	-
					11	1

* Percentage of voting power if in proportion to ownership.

Incorporation of controlled entities

Syndicated Royalties Pty Ltd was incorporated on 12 April 2010. Syndicated Iron Pty Ltd was incorporated on 8 April 2011 and owns 100% of Syndicated Iron LLC, a registered entity in Nevada, USA.

NOTE 24: 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 consolidated entity characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The Consolidated entity operates predominately in one reportable segment based on geographical areas of the mineral resource and exploration activities in Australia.

	Queensland	Western Australia	Unallocated Items	Total
	$	$	$	$
30 June 2011				
Segment revenue	-	-	190,213	190,213
Segment net loss	239,900	-	1,568,468	1,808,368
Segment assets	7,348,317	368,244	3,561,506	11,278,067
Segment liabilities	-	-	404,397	404,397

	Queensland	Western Australia	Unallocated Items	Total
	$	$	$	$
30 June 2011				
Segment revenue	-	-	173,293	173,293
Segment net loss	5,562	130,812	1,490,608	1,626,982
Segment assets	3,639,652	290,312	3,359,402	7,289,366
Segment liabilities	-	-	293,330	293,330

NOTE 25: RELATED PARTY DISCLOSURE

(a) Key management personnel compensation

The key management personnel compensation comprised:

	2011 $	2010 $
Post employment benefit	52,894	55,327
Short term employment benefits	764,178	614,756
Share based payments	769,000	646,800
	1,586,072	1,316,883

NOTE 25: RELATED PARTY DISCLOSURE (CONT)

(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' interest 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) 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:

2011	Balance at 1 July 2010	Granted as compensation	Exercised	Bought/ (Sold)	Balance at 30 June 2011
Directors					
R J Davis	5,966,597	-	-	415,000	6,381,597
J L Hope	630,000	-	-	90,000	720,000
B R McCullagh	5,430,000	-	-	-	5,430,000
KD Park	-	-	-	-	-
M J Pyle	970,000	-	-	-	970,000
A R Dinning	280,000	-	-	-	280,000
	13,276,597	**-**	**-**	**505,000**	**13,781,597**
Executive					
M Whittle	5,513,167	-	-	-	5,513,167
Total	**18,789,764**	**-**	**-**	**505,000**	**19,294,764**

2010	Balance at 1 July 2009	Granted as compensation	Exercised	Bought/ (Sold)	Balance at 30 June 2010
Directors					
R J Davis	5,703,597	-	-	263,000	5,966,597
A R Dinning	280,000	-	-	-	280,000
J L Hope	500,000	-	-	130,000	630,000
B R McCullagh	5,430,000	-	-	-	5,430,000
KD Park	-	-	-	-	-
M J Pyle*	-	-	-	970,000	970,000
	11,913,597	**-**	**-**	**1,363,000**	**13,276,597**
Executive					
M Whittle	5,490,000	-	-	23,167	5,513,167
Total	**17,403,597**	**-**	**-**	**1,386,167**	**18,789,764**

*Appointed on 24 May 2010 and already owned shares.

NOTE 25: RELATED PARTY DISCLOSURE (CONT)

(e) Options holding of key management personnel

2011	Balance at 1 July 2010	Granted as compensation	Exercised	Bought/ (Sold)	Balance at 30 June 2011
Directors					
R J Davis	6,000,000	-	-	-	6,000,000
J L Hope	2,600,000	-	-	-	2,600,000
B R McCullagh	3,500,000	-	-	-	3,500,000
KD Park	-	-	-	-	-
M J Pyle	75,000	3,000,000	-	-	3,075,000
A R Dinning	1,900,000	-	-	-	1,900,000
Executive					
M Whittle	2,500,000	-	-	-	2,500,000
	16,575,000	3,000,000	-	-	19,575,000

2010	Balance at 1 July 2009	Granted as compensation	Exercised	Bought/ (Sold)	Balance at 30 June 2010
Directors					
R J Davis	3,000,000	3,000,000	-	-	6,000,000
A R Dinning	1,000,000	900,000	-	-	1,900,000
J L Hope	1,000,000	1,500,000	-	100,000	2,600,000
B R McCullagh	2,000,000	1,500,000	-	-	3,500,000
K D Park	-	-	-	-	-
M J Pyle*	-	-	-	75,000	75,000
Executive					
M Whittle	1,000,000	1,500,000	-	-	2,500,000
	8,000,000	8,400,000	-	175,000	16,575,000

*Appointed on 24 May 2010 and already owned options.

NOTE 26: PARENT ENTITY INFORMATION

	2011	2010
	$	$
Information for Syndicated Metals Ltd		
Current assets	3,367,940	3,256,972
Total assets	11,278,067	7,289,366
Current liabilities	384,230	259,417
Total liabilities	404,397	293,330
Issued capital	13,430,963	8,513,961
Options reserves	2,008,684	1,239,684
Accumulated losses	(4,565,977)	(2,757,609)
Total shareholders equity	10,873,670	6,996,036
Net loss before income tax expense of the parent entity	1,859,970	1,626,982
Total comprehensive loss of the parent	1,859,970	1,626,982

NOTE 27: 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 28: COMPANY DETAILS

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

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 and the Corporations Regulations 2001; and
   - (b) give a true and fair view of the company and consolidated entity's financial position as at 30 June 2011 and of its performance for the period ended on that date.
2. The Chief Executive Officer and Chief Finance Officer have declared that:
   - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 295A of the Corporations Act 2001;
   - (b) the financial statements and notes for the financial year comply with the 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.

Bruce McCullagh
Director

Date: September 20 2011

PKF Mack & Co

Chartered Accountants & Business Advisers

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
SYNDICATED METALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Syndicated Metals Ltd, which comprises the statements of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration of Syndicated Metals Ltd (the company) and the consolidated entity. The consolidated entity 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 consolidated 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 consolidated 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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PKF MACK & CO

Chartered Accountants & Business Advisers

Opinion

In our opinion:

(a) the financial report of Syndicated Metals Ltd and the consolidated entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 12 of the directors' report for the year ended 30 June 2011. 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 2011, complies with section 300A of the Corporations Act 2001.

PKF Mack and Co.

PKF MACK & CO

SIMON FERMANIS
PARTNER

20 SEPTEMBER 2011
WEST PERTH,
WESTERN AUSTRALIA

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CORPORATE GOVERNANCE STATEMENT

Approach to Corporate Governance

Syndicated Metals Limited (Company) has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance 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 depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

Further information about the Company's corporate governance practices may be found on the Company's website at www.syndicatedmetals.com.au, under the section marked "Corporate Governance".

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2010/2011 financial year (Reporting Period). The Principles & Recommendations were amended in 2010 and these amendments apply to the Company's first financial year commencing on or after 1 January 2011. Accordingly, disclosure against the Principles & Recommendations as amended in 2010 will be made in relation to the Company's financial year ending 30 June 2012. The report below is made against the Principles & Recommendations prior to their amendment in 2010.

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.

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.

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

The Board does not have a majority of directors who are independent. The Board considers that the composition of the Board is adequate 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 five member Board includes members with disciplines from geology, corporate advisory, finance and public and investor relations, such that the combined expertise and judgement means that the Board is able to adequately discharge its responsibilities and has an adequate understanding of current and emerging business.

During the Reporting Period, the independent directors of the Company were Martin Pyle, Jan Hope and Andrew Dinning (retired 3 August 2010). These directors are independent as they are non-executive directors who are not members of management and who are 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 their judgment.

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 asset.
- 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, or could affect the Company's rights to its assets, and 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, and there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, 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, between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The non-independent directors of the Company are Russell Davis (Managing Director), Bruce McCullagh (non-executive director) and Ki Deok Park (non-executive director).

The independent Chair of the Board is Martin Pyle.

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 range of skills, experience and expertise of the existing Board; considers the balance of independent directors on the Board as well as the particular skills and qualifications of potential candidates that will best increase the Board's effectiveness. A potential candidate is considered with reference to their skills and expertise in relation to other Board members. If relevant, the Nomination Committee recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next annual general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. 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.

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.

To assist the Board to fulfil its function as a nomination committee, it has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee.

The full Board did not officially convene as the Nomination Committee during the Reporting Period.

Audit Committee
(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has not established a separate Audit Committee. 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 full Board did not officially convene as the Audit Committee during the Reporting Period, however audit related discussions occurred from time to time during the year as required, including to consider the half yearly and annual accounts. To assist the Board to fulfil its function as the Audit Committee, the Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee.

Details of each of the director's qualifications are set out in the Directors' Report.

The Company has established procedures 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.

Remuneration Committee
(Recommendations: 8.1, 8.2, 8.3)

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

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

The full Board did not officially convene as the Remuneration Committee during the Reporting Period.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report. 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 options to non-executive directors. The grant of options is designed to recognise and reward efforts as well as to provide non-executive directors with additional incentive to continue those efforts for the benefit of the Company. 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 granted at the discretion of the Board. The grant of options 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 for 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.

Performance evaluation

Senior executives
(Recommendations: 1.2, 1.3)

The Managing Director is responsible for evaluating the performance of senior executives. With the Company employing just one permanent senior employee, a senior executive, and with the Company being in the early stages of development, performance evaluation is undertaken on an ongoing informal basis. Hence it is considered not necessary to conduct a formal evaluation.

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 Board is responsible for evaluating the Managing Director.

The Chair continually assesses the ongoing performance of the Board through regular contact and the Board in turn, continually assesses the ongoing performance of the Chair. The Managing Director is evaluated on an ongoing basis by the directors. Hence formal evaluations are not considered necessary.

Ethical and responsible decision making

Code of Conduct
(Recommendations: 3.1, 3.3)

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.

Policy for Trading in Company Securities
(Recommendations: 3.2, 3.3)

The Company has established a Policy for Trading in Company Securities by directors, officers and employees.

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.

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.

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.

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 he believes 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 adopted compliance procedures 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.

The Board has also taken additional positive steps to satisfy itself that management is effectively managing material business risk. The Board communicates informally as required, and also meets formally, on a quarterly basis to receive reports on operational activities, financial reports including commentary on internal controls, safety, native title and cultural issues, any conflicts of interests and employment issues. The Company has internal financial controls in place, and financial and statutory reporting is monitored by the Company Secretary.

The categories of risk reported on as part of the Company's systems and processes for managing material business risk include: market-related risk; financial reporting risk; product or service quality risk; operational risk; environmental risk; and legal and compliance risk.

The Board has required management to design, implement, maintain and report on risk management and internal control systems to manage the Company's material business risks. The Board has received a report 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.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information included in accordance with listing requirements of the Australian Securities Exchange Ltd

1. Shareholding

a. Distribution of Shareholders as at 3rd October 2011:

	Number of Shareholders	Number of Ordinary Shares
1 – 1,000	8	2,058
1,001 – 5,000	66	251,969
5,001 – 10,000	126	1,159,816
10,001 – 100,000	292	13,014,441
100,001 – and over	104	89,822,094
	596	**104,250,378**

b There are 42 shareholders holding unmarketable parcels totally 95,568 shares.

c. 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	Held %
Korea Zinc Ltd	13,600,000	13.04
Cerro Resources NL	12,523,482	12.01
Russell John Davis together with group members Davis Superannuation Fund and Davis Investment Account	6,141,597	5.89
Mark Whittle together with group member Htsam Holdings Pty Ltd	5,513,167	5.29
McCullagh Superannuation Fund	5,430,000	5.20
Brent Earl Green	5,232,392	5.02

d. Unlisted Options

Total Number	Exercise Price Cents	Expiry date	Number of Holders
8,000,000	30	September 12 2012	5
1,000,000	40	October 31 2012	1
1,000,000	30	September 9 2014	1
1,600,000	25	November 30 2014	4
1,000,000	30	November 30 2014	1
3,800,000	35	November 30 2014	6
2,800,000	45	November 30 2014	5
2,800,000	55	November 30 2014	5
22,000,000			**28**

e. 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

f. 20 Largest Shareholders as at 3rd October 2011

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Cerro Resources NL	12,523,482	12.01
Colwell Kennedy Australia Pty Ltd	7,600,000	7.29
Sun Metals Corporation Pty Ltd	6,000,000	5.76
McCullagh Accounting Pty Ltd <McCullagh Superannuation Fund (A/C)>	5,410,000	5.19
Mark Whittle	5,323,167	5.11
Brent Green	5,232,392	5.02
Russell John Davis	5,000,005	4.80
Daniel Johnson	5,000,000	4.80
HSBC Custody Nominees (Australia) Limited-GSCO ECA	3,450,000	3.31
Merrill Lynch (Australia) Nominees Pty Ltd	3,000,000	2.88
National Health Recovery Agents Pty Ltd	2,631,500	2.52
Russell John Davis & Susan Valerie Davis <The Davis Superfund A/C>	1,381,592	1.33
Clive Brown & Cynthia Margaret Brown <The Clive Brown Family A/C>	1,000,000	0.96
Kuohui Lim	1,000,000	0.96
Ottomin Investment Group Pty Ltd <Ottoman Investment A/C>	1,000,000	0.96
JP Morgan Nominees Australia Ltd <Cash Income A/C>	846,500	0.81
Robert Hector McKenna	800,000	0.77
Javron Pty Ltd <Jan Lockett Super Fund A/C>	720,000	0.69
Citicorp Nominees Pty Ltd	707,000	0.68
Select Yachts Pty Ltd	700,000	0.67
	69,325,638	66.50

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Listed Options – exercisable at 20 cents expiring December 30 2011

g. **20 Largest Option holders as at 3rd October 2011**

Name	Number of Options Held	% Held of Options
Colwell Kennedy Australia Pty Ltd	2,300,000	33.09
Clodene Pty Ltd	978,500	14.08
Jacobs Corporation Pty Ltd	693,483	9.98
Steven John McCarthy	300,000	4.32
Ottomin Investment Pty Ltd <Ottomin Investment A/C>	300,000	4.32
Brett James Rudd	250,000	3.60
John William Mullally <Investment Account>	200,000	2.88
The Flinders Company Pty Ltd	150,000	2.16
Calama Holdings Pty Ltd <Mambat Super Fund A/C>	100,000	1.44
Corporate Property Services Pty Ltd <K W Share A/C>	100,000	1.44
Peter Michael Jankowski < Family A/C>	100,000	1.44
Javron Pty Lty <Jan Lockett Super Fund A/C>	100,000	1.44
Leeluk Pty Ltd <Schoonen Super Fund A/C>	100,000	1.44
Malvern Pty Ltd <Malvern Investment Fund A/C>	100,000	1.44
Octifil Pty Ltd	100,000	1.44
Read Corporate Pty Ltd	100,000	1.44
Jeffrey Thomas Ford	95,000	1.37
William Henry Fossey Bolton	91,517	1.32
Agreg Pty Ltd <Minton Super Fund A/C>	87,500	1.26
Mad Fish Management Pty Ltd	75,000	1.08
	6,321,000	**90.95**

h. **Distribution of 20 cent Option Holders**

	Number of Options Held	% Held of Options
Category (size of holding)		
1,001 – 5,000	-	-
5,001 – 10,000	14	35,000
10,001 – 100,000	1	7,500
100,001 – and over	27	1,735,517
	8	5,171,983
	50	**6,950,000**

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