

QUARTERLY REPORT

December 2009

HIGHLIGHTS

- Successful drilling programs at Barbara North and South Lode completed with positive results returned from both deposits;
- Significant results from North Lode include:
 - 9m at 5.25% Cu and 0.45g/t Au from 31m in BARC025
 - 7m at 3.97% Cu and 0.26g/t Au from 98m in BARC038
 - 8m at 3.25% Cu and 0.32g/t Au from 10m in BARC040
- Maiden JORC resource estimate for North Lode currently being prepared;
- Significant results from South Lode include:
 - 41m at 1.91% Cu and 0.12g/t Au from 93m including 13m at 3.98% Cu and 0.23g/t Au from 93m in BARC032
 - 32m at 1.01% Cu and 0.06g/t Au from 144m including 12 metres at 1.57% Cu and 0.10g/t Au from 144m in BARC033
 - 56m at 1.25% Cu and 0.12g/t Au from 217m including 9m at 3.2% Cu and 0.4g/t Au from 217m in BARC034
- Results reinforce potential to expand the existing JORC resource at South Lode and confirm potential economic viability;
- Outstanding new drill targets identified in close proximity to Barbara;
- Resource expansion & exploration drilling to restart 1st quarter 2010;
- \$4.87 million in cash held at end of the quarter after raising \$2.36 million in late December.

SYNDICATED METALS LIMITED

ASX Code: SMD

ABN 61 115 768 986

Market Capitalisation (at 31/12/2009)
\$12.5 million (at \$0.175 per share)

Issued Capital (at 31/12/2009)
71.25 million ordinary shares
17.9 million unlisted options

Cash (at 31/12/2009): \$4.87 million

Board of Directors and Senior Management

Bruce McCullagh
Chairman &
Company Secretary

Russell Davis
Managing Director

Andrew Dinning
Non-executive Director

Jan Hope
Non-executive Director

Mark Whittle
Exploration Manager

Contact Details

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Exploration Overview

Syndicated Metals is exploring for base metals on its Mount Isa project areas in Northwest Queensland.

Exploration during the quarter was focused largely on drilling at the Barbara copper project located 50 kilometres north east of Mount Isa within Syndicated's Mount Remarkable project. *(Figure 1.)*

The 3,400 metre drilling program was successful in outlining a new copper sulphide deposit at Barbara North Lode and extending the existing Barbara South Lode down-plunge.

At Kalman South, Kings Minerals NL, the operator of the Kalman South Joint Venture announced a range of positive exploration results from geochemical and drilling programs along the Pilgrim Fault zone south of the Kalman molybdenum-rhenium-copper-gold deposit.

In addition, Syndicated commenced field work on the Dronfield Project - a Joint Venture between Syndicated and Universal Resources Limited located directly south of the Kalman South Joint Venture - targeting the extension of the Pilgrim Fault zone.

Barbara

The existing Indicated and Inferred Mineral Resource at the South Lode at Barbara (100% Syndicated) is estimated to contain 38,000 tonnes of copper and 11,000 ounces of gold. *(Refer to Syndicated's ASX announcement dated October 28th 2008 and Appendix 1 for details of the Mineral Resource Estimate.)*

Syndicated's objective at the Mount Remarkable project is to generate sufficient resources at the Barbara project and at other prospects in close proximity to justify a stand-alone development. The Company considers that there is very good potential to achieve this goal.

Results from the RC drilling program conducted during the quarter were progressively released to the ASX in announcements dated October 22nd, November 5th, November 23rd and December 23rd. *(Refer to these announcements for full details of the results.)*

The program was designed to test for extensions down dip and down plunge of the Barbara South Lode and to test beneath gossanous zones along strike to the northwest at the North Lode.

Positive results were returned from drilling in both areas. Sufficient drilling has now been completed at North Lode to undertake an initial resource estimate, while drilling at South Lode reinforced the high copper grades in the core of the deposit and the potential to extend the high-grade core of the lode down plunge.

Mapping and geochemical sampling along strike of the Barbara deposits identified several new drill targets including the Green Zone and Greenback prospects.

Barbara North Lode

The North Lode is situated within EPM16112 held in joint venture with Mount Isa Metals Limited (49%). 22 holes for 2732 metres were drilled during the December quarter at the North Lode to test the mineralised zone down to about 150 metres vertical depth and to provide sufficient data to calculate a maiden inferred resource estimate. One hole to 250 metres vertical depth was targeted to test an interpreted TEM anomaly below North Lode. Drilling results are included in Appendix 2 and plotted on Figure 2.

As previously reported, Syndicated considers that the drilling at North Lode has outlined the upper part of a south plunging lode with a number of high grade (+3% Cu) intercepts at its centre. While the +1% Cu mineralised zones at North Lode intercepted to date are generally not as wide as at South Lode, the Company is confident a potentially open-pittable resource can be defined. The zone remains open at depth and the high grades at the core of the lode provide confidence that the North Lode has potential for underground mining if continuity can be established with further drilling. The maiden resource estimate for the North Lode is presently being prepared by consultants.

Barbara South Lode

Three RC holes for 678 metres were drilled on the South Lode during the quarter. Drilling results are listed in Appendix 2 and plotted on Figure 2.

The two holes drilled on Section 9800N (BARC033 and BARC034) successfully intercepted the lode along strike and down plunge of the copper mineralisation intercepted on Section 9840N and outside of the current resource envelope.

BARC033 intercepted the mineralised zone at approximately 140 metres vertical depth, returning 32 metres at 1.01% Cu including 12 metres at 1.5% Cu and 0.1g/t Au in the hanging wall.

BARC034 intercepted the mineralised zone at approximately 200 metres vertical depth and 100 metres down dip from BARC033. The altered and mineralised section of the hole returned 56 metres at 1.25% Cu including a hanging wall intercept of 9 metres at 3.2% Cu and 0.4g/t Au from 217 metres down-hole and a footwall zone of 7 metres at 2.3% Cu and 0.15 g/t Au from 265 metres down-hole.

An additional hole, (BARC032) was drilled to confirm the continuity of the high grade zone between BADD002 (15.47 metres at 4.48% Cu and 0.21g/t Au) and BADD003 (20 metres at 4.97% Cu and 0.38g/t Au). The hole was successful returning an intercept of 13 metres at 3.98% Cu and 0.23g/t Au within a broader intercept of 41 metres at 1.91% Cu and 0.12g/t Au.

Syndicated considers the results from the drilling at Barbara South Lode reinforce the potential economic viability of the South Lode resource and its potential to substantially increase in size. Step-out drilling will be undertaken prior to re-estimating the resource.

Target Generation

Infill soil sampling, surface mapping and channel sampling was completed over two of the copper anomalies identified by a previously completed soil geochemical survey – the Green Zone and Greenback. (Refer to ASX release dated December 23.) Results from the channel sampling include 10 metres at 1% Cu and 15 metres at 0.63% Cu.

Both zones have had no prior drilling and represent priority drill targets. The extensions of these zones and several other soil anomalies are yet to be sampled.

2010 Work Program

Planning is currently underway for an aggressive program of resource expansion and exploration drilling at Barbara and a range of targets in proximity to Barbara including Green Zone and Greenback. Weather permitting, it is anticipated that drilling will commence during the first quarter of 2010.

Kalman South

Syndicated holds a 49% interest in EPM13870 which hosts a substantial portion of the Kalman molybdenum-rhenium-copper-gold deposit located 60 kilometres southeast of Mount Isa. Kings Minerals NL (Kings) can earn up to a 70% interest by completing and funding a final feasibility study by May 2012.

During the quarter Kings released encouraging drilling and geochemical results from work completed along strike to the south of Kalman which outlined a range of new drilling targets and highlights the potential of the Pilgrim Fault zone for further discoveries. Further metallurgical testwork was also completed. *(Refer to the ASX release by Kings dated October 30th 2009.)*

Dronfield

The Dronfield Joint Venture tenement (EPM14369) with Universal Resources Limited is immediately along strike to the south of EPM13870 and covers a further nine kilometres of strike length of the Pilgrim Fault. A soil sampling program started along this zone late in the year was interrupted before completion due to heavy rain.

Other Projects

No field work was undertaken during the quarter on the Exmouth or Georgina projects.

Project Generation

Project generation activities continued with a focus on advanced copper and zinc opportunities.

Corporate

As announced to the ASX on December 18th the Company successfully raised \$2.36 million before costs in a private placement to a number of institutional, professional and sophisticated investors. The funds will be used to accelerate resource expansion and exploration drilling programs at the Company's Mount Isa projects. Syndicated's cash balance was \$4.87 million at the end of December.

Existing cornerstone investor Korea Zinc contributed to the placement, increasing its holding in the Company from 10.45% to 14.9%. Korea Zinc is one of the world's largest refiners of zinc metal and owns the Sun Metals zinc refinery in Townsville, North Queensland. The Company is pleased to advise that Korea Zinc's representative, Mr KD Park, Executive Director and Chief Financial Officer of Sun Metals will join the board of Syndicated.



Russell Davis
Managing Director

Company Background

Syndicated is focused on the discovery and development of base metal deposits, principally in the mineral-rich Mount Isa region in Northwest Queensland.

Syndicated listed on the ASX in December 2007 and has since generated a significant metal resource inventory in the Mount Isa region comprising its interests in the Barbara (copper) and Kalman South (molybdenum-rhenium-copper-gold) deposits.

The Mount Remarkable Project (including the Barbara copper deposit) comprises a group of mostly contiguous tenements covering over 800 square kilometres. The project tenements are located about 60 kilometres northeast of Mount Isa within close proximity to existing infrastructure and are considered prospective for copper-gold and sediment hosted lead-zinc-silver style mineralisation. Historical uranium prospects are also present within the tenements.

Syndicated holds an interest in EPM13870 forming part of the Kalman molybdenum-copper-gold-rhenium deposit, where Syndicated is free carried to completion of a final feasibility study. An updated resource estimate was announced in September 2008 for the Kalman South project and scoping study work on the entire Kalman deposit is currently being undertaken by the joint venture partner.

In addition Syndicated has a 100% interest in the Exmouth project in Western Australia which is considered prospective for silver, base metals and uranium as well as phosphate.

Korea Zinc Company Ltd through its Australian subsidiaries holds a 14.9% interest in Syndicated.

For further information on the Company, contact the Managing Director, Russell Davis on 0419 195 087 or view our website at: www.syndicatedmetals.com.au

Competent Persons Statement

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Russell Davis and Mr Mark Whittle who are Members of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Davis and Mr Whittle are full-time employees of Syndicated Metals Limited and consent to the inclusion in the report of the Exploration Results and Mineral Resources in the form and context in which they appear.

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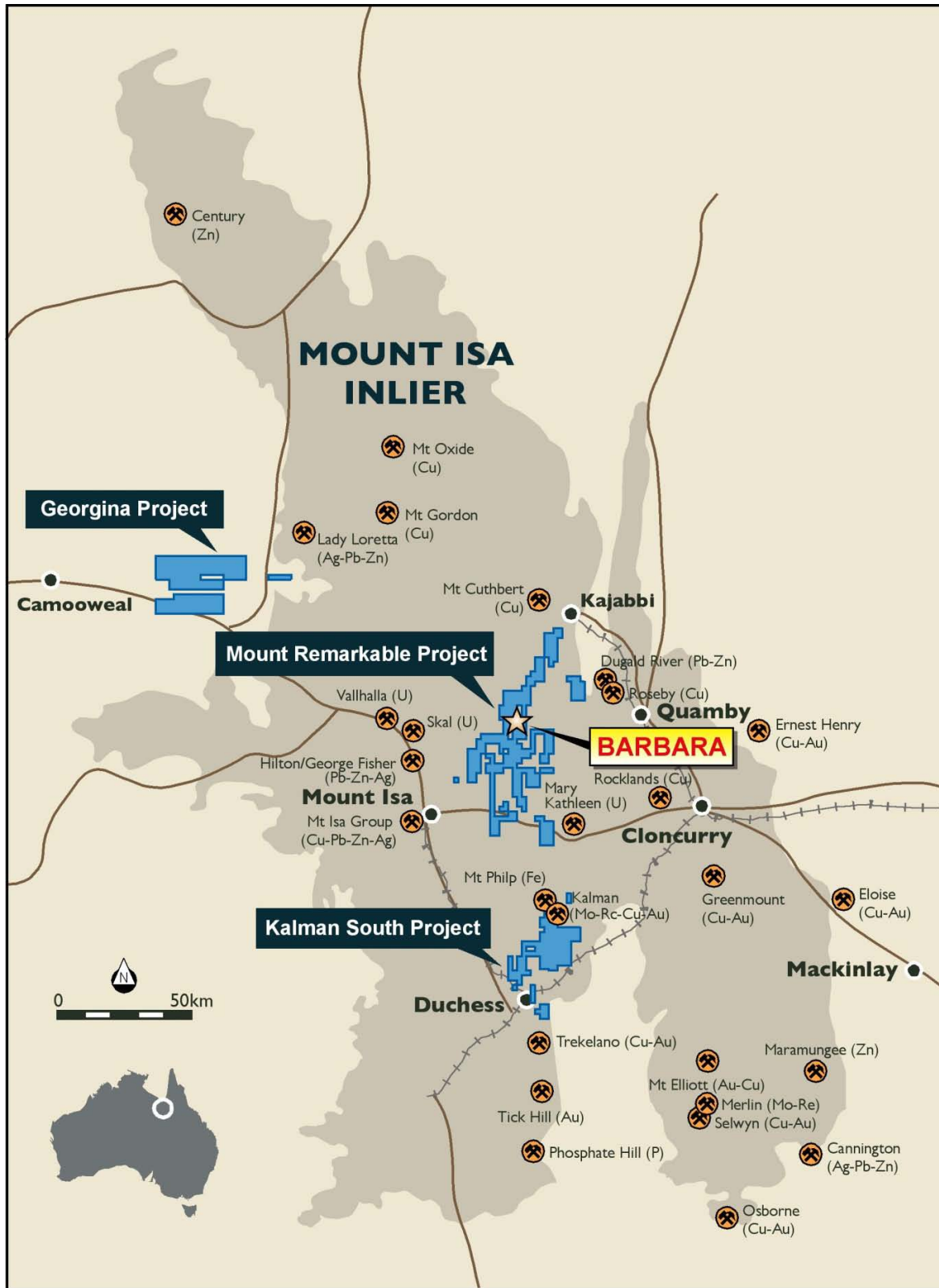


Figure 1: Project Location

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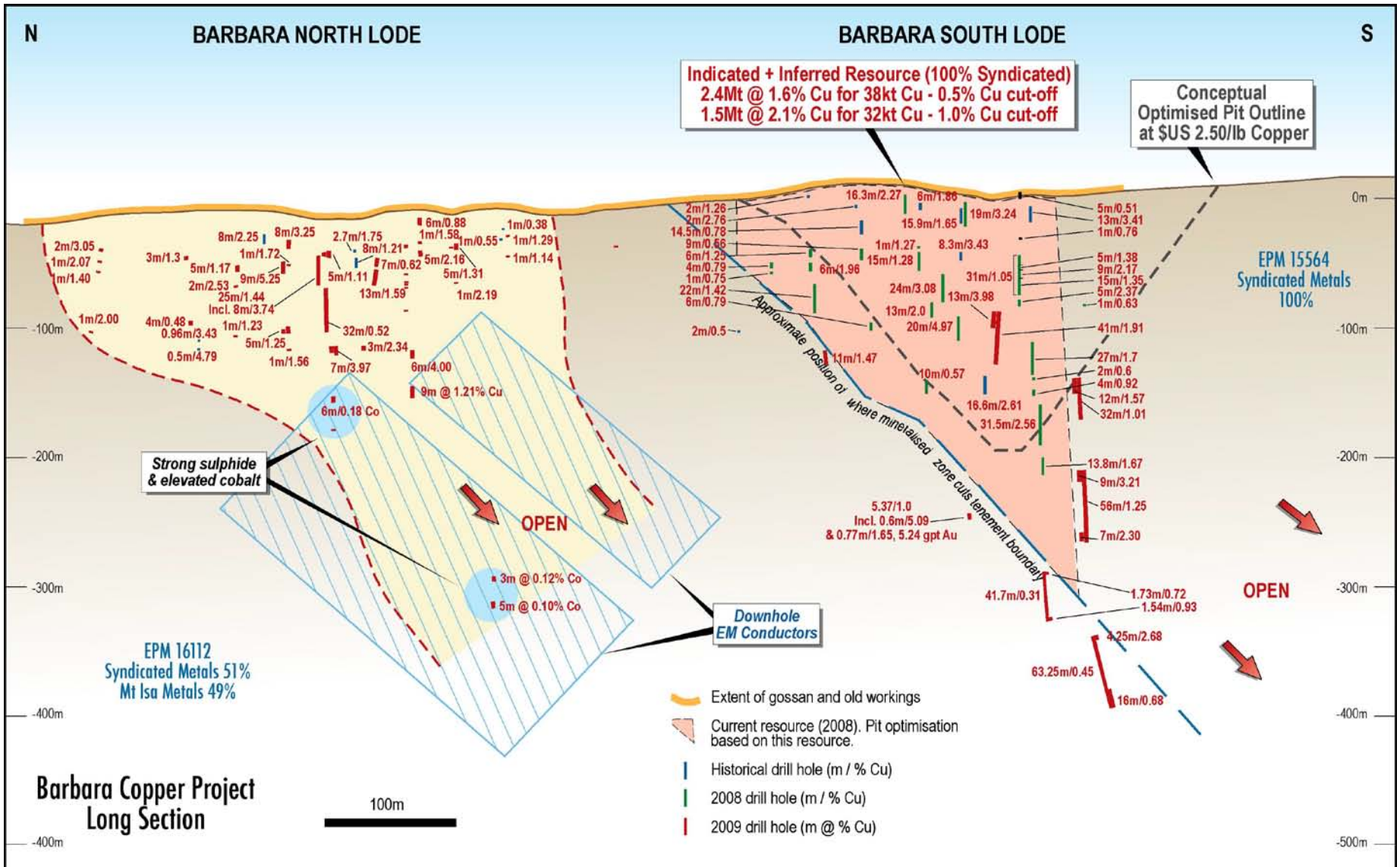


Figure 2: Barbara Long Section

APPENDIX 1

The Indicated and Inferred Mineral Resources for the Barbara Deposit (South Lode) as at October 2008 are tabulated below. Refer also to Syndicated's ASX announcement dated October 28th 2008 for details.

0.5% Cu					
Category	Tonnes	Cu %	Au g/t	Cu Tonnes	Au ozs
Indicated	400,000	1.51	0.17	6,000	2,200
Inferred	1,970,000	1.63	0.15	32,000	9,400
Total	2,370,000	1.61	0.15	38,000	11,600

1% Cu					
Category	Tonnes	Cu %	Au g/t	Cu Tonnes	Au ozs
Indicated	250,000	1.99	0.21	5,000	1,700
Inferred	1,280,000	2.11	0.19	27,000	7,600
Total	1,530,000	2.09	0.19	32,000	9,300

(Based on modelled density, minor rounding errors may occur)

Resource Estimate for the Barbara Deposit - October 2008

APPENDIX 2

HOLE	E GDA94	N GDA94	RL	TD (m)	Dip	Az	From (m)	To (m)	Down- hole width (m)	Est. true width (m)	Cu (%)	Au (g/t)
BARC024	379823	7741985		73	-60	56.4	15	16	1	1	0.75	0.18
							28	32	4	3	0.53	0.09
							43	48	5	4	1.17	0.05
							60	62	2	2	2.53	0.23
BARC025	379897	7741959		62	-86	56.4	31	40	9	6	5.25	0.45
							47	48	1	0.7	0.94	0.08
BARC026	379924	7741884		82	-60	41.4	43	50	7	6	0.62	0.06
							53	66	13	10	1.59	0.10
BARC027	379926	7741868	324	106	-63	56.4	24	26	2	1.5	0.55	0.03
							48	49	1	0.7	0.78	0.08
							55	61	1	0.7	0.50	0.05
							80	81	1	0.7	0.65	0.06
BARC028	379978	7741855	329	80	-60	57	29	34	5	4.5	1.31	0.14
							47	48	1	0.9	0.51	0.05
BARC029	379999	7741822	329	80	-60	57	63	64	1	0.9	2.19	0.11
							22	23	1	1	1.29	0.11
							38	42	4	3.9	0.75	0.07
BARC030	380019	7741789	321	80	-60	57.4	No results > 0.5% Cu					
BARC031	380059	7741763	333	60	-60	57	26	28	2	2	0.83	0.07
							36	37	1	1	1.48	0.16
BARC035	379732	7742016	320	130	-60	45.4	29	31	2	2	3.05	0.05
							40	41	1	1	2.07	0.04
							47	50	3	2.9	0.72	0.01
							49	50	1	1	1.40	0.01
BARC036	379837	7741966	325	140	-60	55.4	104	105	1	1	2.00	0.11
							55	57	2	1.6	0.86	0.04
							79	81	2	1.6	0.57	0.02
BARC037	379864	7741936	321	120	-75	54.4	105	106	1	0.8	1.23	0.03
							72	73	1	0.8	0.67	0.03
BARC038	379856	7741890	319	142	-75	57	84	89	5	3.8	1.25	0.08
							102	103	1	0.8	1.56	0.24
							98	105	7	6.1	3.97	0.26
BARC039	379928	7741938	318	70	-86	57	108	109	1	0.9	0.62	0.05
							114	115	1	0.9	0.99	0.12
							20	25	5	2.8	1.11	0.12
BARC040	379907	7741962	315	60	-55	56.9	50	52	2	1.1	0.82	0.07
							10	18	8	7.3	3.25	0.32
							27	28	1	0.9	0.62	0.05
BARC041	379897	7741888	315	148	-70	54.4	33	34	1	0.9	1.72	0.08
							71	80	9	6.9	0.62	0.06
BARC042	379893	7741885	315	160	-87	54.4	90	93	3	2.3	2.34	0.16
							97	98	1	0.8	0.64	0.08
BARC043	379855	7741887	319	196	-89	57	159	160	1	0.9	0.64	0.04
BARC044	379902	7741845	315	142	-77	52.4	95	101	6	4.8	4.00	0.29
BARC045	379900	7741844	315	170	-89	53.4	121	130	9	7	1.21	0.07
BARC046	379922	7741820	320	107	-90	57	Abandoned before target depth					
BARC047	379922	7741818	320	184	-90	57	No results > 0.5% Cu					
BARC048	379848	7741718	324	340	-77	28.4	No results > 0.5% Cu					

Table 1: Barbara North Lode Drilling Details

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HOLE	E GDA94	N GDA94	TD (m)	Dip	Az		From (m)	To (m)	Down- hole width (m)	Cu (%)	Au (g/t)
BARC032	380192	7741485	160	-80	40		93	134	41	1.91	0.12
						includ.	93	106	13	3.98	0.23
							106	116	10	1.49	0.12
							131	133	2	1.92	0.13
BARC033	380194	7741422	214	-80	54		132	137	5	0.77	0.06
							144	176	32	1.01	0.06
						includ.	144	156	12	1.57	0.10
							184	185	1	1.20	0.07
BARC034	380151	7741387	304	-85	52		217	273	56	1.25	0.12
						includ.	217	226	9	3.21	0.40
							249	254	5	1.03	0.09
							265	272	7	2.30	0.15

Table 2: South Lode Drilling Details

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

SYNDICATED METALS LIMITED

ABN

61 115 768 986

Quarter ended ("current quarter")

December 31 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	49	378
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(561)	(1,123)
1.3 Dividends received	(140)	(327)
1.4 Interest and other items of a similar nature received	59	91
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(594)	(983)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(4)	(8)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(4)	(8)
1.13 Total operating and investing cash flows (carried forward)	(598)	(991)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(598)	(991)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	2,363	2,363
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	2,363	2,363
Net increase (decrease) in cash held			
		1,765	1,372
1.20	Cash at beginning of quarter/year to date	3,107	3,500
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	4,872	4,872

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	112
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors Fees and Professional Services

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

Amount available \$A'000	Amount used \$A'000

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3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	500
4.2	Development	
Total		500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,670	304
5.2 Deposits at call	2,202	2,803
5.3 Bank overdraft		
5.4 Other (provide details) Security deposit		
Total: cash at end of quarter (item 1.22)	4,872	3,107

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

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Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	71,250,005	71,250,005		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Out of escrow 13,900,000	26,840,000 13,900,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	8,000,000	Nil	<i>Exercise \$0.30</i>	<i>Expire 3 Sep 2012</i>
	500,000	Nil	<i>Exercise \$0.40</i>	<i>Expire 30 Aug 2011</i>
	1,000,000	Nil	<i>Exercise \$0.40</i>	<i>Expire Oct 31 2012</i>
	2,800,000	Nil	<i>Exercise \$0.35</i>	<i>Expire Nov 30 2014</i>
	2,800,000	Nil	<i>Exercise \$0.45</i>	<i>Expire Nov 30 2014</i>
	2,800,000	Nil	<i>Exercise \$0.55</i>	<i>Expire Nov 30 2014</i>
7.8 Issued during quarter	1,000,000	Nil	Exercise \$0.40	Expire Oct 31 2012
	2,800,000	Nil	Exercise \$0.35	Expire Nov 30 2014
	2,800,000	Nil	Exercise \$0.45	Expire Nov 30 2014
	2,800,000	Nil	Exercise \$0.55	Expire Nov 30 2014
7.9 Exercised during quarter				

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7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: .. January 18 2010.....
(Director/Company secretary)

Print name: B R McCullagh.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.

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