

QUARTERLY REPORT
June 2009



- Copper sulphide (chalcopyrite) mineralisation visible in all holes completed in a step out RC and diamond drilling program at the Barbara copper project;
- Program designed to probe down-plunge extensions of the Barbara resource and to provide an initial test of the northern shoot;
- Drill core currently being cut and sampled. Assay results expected to be received and reported in late-July to early August;
- \$3.5 million in cash held at end of the quarter.

SYNDICATED METALS LIMITED

ASX Code: SMD

ABN 61 115 768 986

Market Capitalisation (at 30/6/2009)
\$7.45 million (at \$0.13 per share)

Issued Capital (at 30/6/2009)
57.35 million ordinary shares
8 million unlisted \$0.30 options
0.5 million unlisted \$0.40 options

Cash (at 30/6/2009): \$3.5 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 is focused on exploration for base metals on its Mount Isa projects in Northwest Queensland. Exploration during the quarter focused principally on a program of RC and diamond drilling for extensions of the Barbara copper deposit located 50 kilometres north east of Mount Isa.

Barbara

The existing drill defined deposit at the southern shoot 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 for details of the Mineral Resource Estimate.)*

Syndicated's objective 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.

Preliminary mine planning studies and metallurgical testwork on the Barbara sulphide mineralization returned positive results providing the impetus to progress with further drilling in order to realize the potential of the project.

In the first quarter of 2009 a ground based fixed loop transient EM survey was undertaken over the northern and southern shoots at Barbara to assist with drill hole planning.

Subsequent interpretation of the survey results indicated that the mineralization in the southern shoot is highly conductive. The conductive body is interpreted to have a southerly plunge extending a considerable distance down-plunge from the existing drill defined mineralization which is currently open at depth. Three diamond holes were drilled to probe this down plunge position between 250 metres and 350 metres below surface. One RC hole tested a shallower section 150 metres below surface.

A less conductive but distinct anomaly was also interpreted in the area of the northern shoot gossan. This anomaly is interpreted to plunge gently to the south with a depth to top of around 200 metres below surface. Four shallow RC holes were drilled initially to test this zone between 20 to 80 metres below surface; above the top of the anomaly. Information from this drilling will be used to assist in designing the deeper holes required to test this conductor.

It is clear that EM is an effective technique for detecting sulphide-rich zones in this terrain. It is expected that these surveys will be expanded to test the northern and southern extensions of the Barbara shear zone as well as other prospective zones in due course.

After incorporating the results of the geophysical survey at Barbara into existing data a drilling program was planned with the work starting in early June and finishing in early July. A total of 1327 metres of RC drilling in 8 holes and 543 metres of NQ diamond drilling in 3 holes were completed. (Three of the RC holes were pre-collars abandoned at shallow depths due to excessive deviation.)

Copper sulphide (chalcopyrite) mineralisation was visible in all holes completed. The mineralized sections of the drill core are currently being cut and sampled and it is expected that assay results will be received and reported in late July or early August.

The current drilling program is situated within the Leichhardt Joint Venture area where Syndicated holds a 51% interest and is the manager. (See Figure 1.)

Referee

Two RC holes for 234 metres were drilled at the old Referee mine, located about 10 kilometres north of Barbara. One of the holes failed to adequately test the target zone and will need to be redrilled. Visible chalcopyrite was identified in the second hole. Further drilling is required to adequately test this prospect which has had no prior drilling.

Kalman South

Syndicated holds a 49% interest in EPM 13870 which hosts a substantial portion of the Kalman molybdenum-rhenium-copper-gold deposit located 60 kilometres southeast of Mount Isa. The joint venture partner can earn up to a 70% interest by completing and funding a final feasibility study by May 2012.

A technical review and scoping study are currently being undertaken on the deposit by the joint venture partner.

Other Projects

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

Project Generation

Project generation activities continued with a focus on copper and zinc opportunities in the Mount Isa region. Several new target areas were identified by the reviews and will be followed up.

Corporate

The Company held \$3.5 million in cash at the end of June.



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 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 900 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.

Sun Metals Corporation Pty Ltd, a subsidiary of Korea Zinc Company Ltd, holds a 10.5% 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.

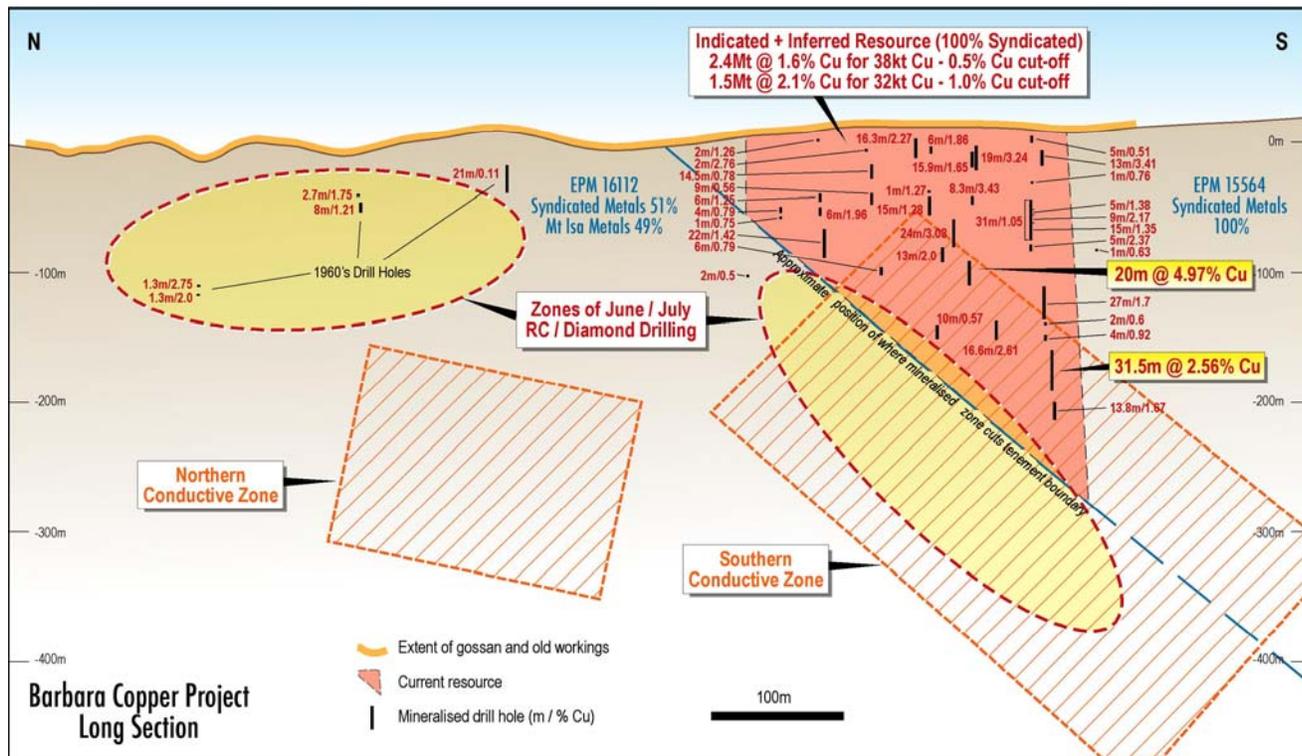


Figure 1: Barbara Long Section

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")

June 30 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(268)	(1,308)
(b) development		
(c) production		
(d) administration	(37)	(416)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	64	352
1.5 Interest and other costs of finance paid		(4)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(241)	(1,376)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets		(4)
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)		
		(4)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(241)	(1,380)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(241)	(1,380)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
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		
	Net increase (decrease) in cash held	(241)	(1,380)
1.20	Cash at beginning of quarter/year to date	3,741	4,880
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,500	3,500

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	106
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

+ See chapter 19 for defined terms.

3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	300
4.2	Development	
Total		300

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	297	241
5.2 Deposits at call	3,203	3,500
5.3 Bank overdraft		
5.4 Other (provide details) Security deposit		
Total: cash at end of quarter (item 1.22)	3,500	3,741

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			

+ See chapter 19 for defined terms.

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	57,350,005	30,510,005		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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 price 30 cents</i>	<i>Expiry date September 3 2012</i>
	500,000	Nil	<i>Exercise price 40 cents</i>	<i>Expiry date August 30 2011</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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: .. July 8 2009.....
(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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