

QUARTERLY REPORT December 2010

HIGHLIGHTS

SYNDICATED METALS LIMITED

ABN 61 115 768 986

Market Capitalisation (at 31/12/2010)
\$15 million (at \$0.185 per share)

Issued Capital (at 31/12/2010)
82.33 million ordinary shares
21.5 million unlisted options
6.95 million listed options

Cash (at 31/12/2010): \$3.2 million

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- Successful 2010 drilling program increases Indicated and Inferred Mineral Resources for the Barbara copper-gold deposit near Mount Isa in NW Queensland to **5.33 million tonnes at 1.4% Cu and 0.1g/t Au** at a 0.5% Cu cut-off;
- Contained copper increased by 60% to 76,000 tonnes – further increase expected in 2011;
- Preliminary pit-optimisation and scoping study work to assist in evaluating development options for Barbara underway;
- Results of final phase of 2010 RC drilling at Barbara includes **11 metres at 2.16% Cu and 0.16g/t Au from 37 metres**;
- Further positive drill results from the north end of Green Zone, 500 metres west of Barbara, boost potential for a shallow open-pittable sulphide copper resource;
- High priority targets for follow-up in 2011 include new zones of high grade copper-gold mineralisation discovered at **Bloodwood and Ironbark** north of Barbara within Mount Remarkable Project;
- “Red-rock” alteration and broad zones of anomalous copper mineralisation including **20 metres at 0.25% Cu** indicative of IOCG systems intercepted in RC drilling at the Mount Margaret prospect;
- Placement of 20 million ordinary shares to Australian and overseas investors to raise \$3 million completed. Syndicated’s cash balance now approximately \$4.5 million;
- Exploration and resource expansion drilling programs to test pipeline of outstanding copper-gold targets to commence in first quarter of 2011.

Mount Remarkable Project

During the quarter Syndicated announced a substantial resource upgrade at its Barbara copper-gold project located around 60 kilometres northeast of Mount Isa marking significant progress towards a stand-alone copper development.

In addition encouraging assay results were received from the final phase of the 2010 drilling program at Mount Margaret, Green Zone and Barbara, as well as the announcement of two exciting new discoveries at the Bloodwood and Ironbark prospects which have hallmarks of Iron Oxide Copper Gold (IOCG) mineralisation.

Priority drilling targets for follow up in Syndicated's 2011 program include a number of significant copper-gold intersections drilled in 2010 along with a number of exciting new soil, rock chip and VTEM anomalies which are expected to further contribute to Syndicated's resource inventory.



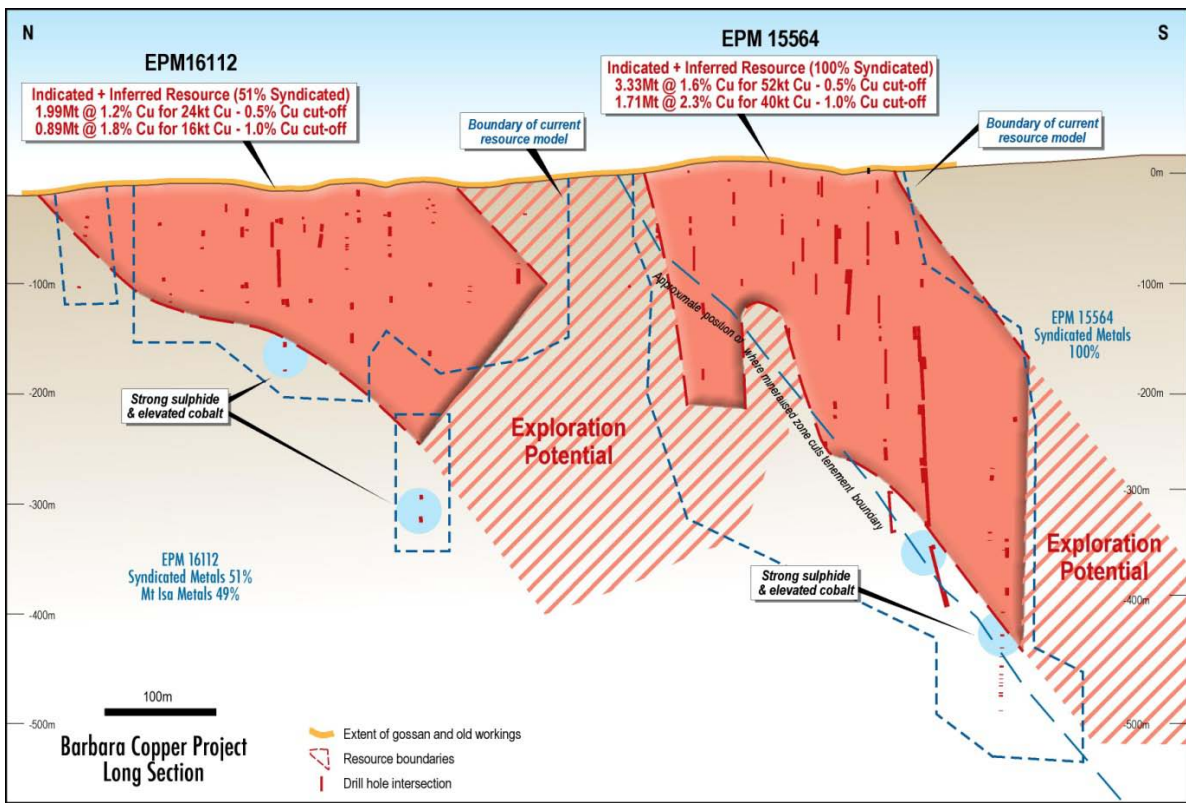
Project Locations

Barbara Resource Upgrade

International mining consulting group Runge Limited was contracted by Syndicated to prepare an upgraded resource statement. (Refer to the ASX announcement dated November 17th 2010 for full details of the resource estimate.)

Indicated and Inferred Mineral Resources for the Barbara copper-gold deposit now stand at an estimated **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 (Appendix 1).**

The Indicated and Inferred Mineral Resource at a 1% Cu cut-off is estimated 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

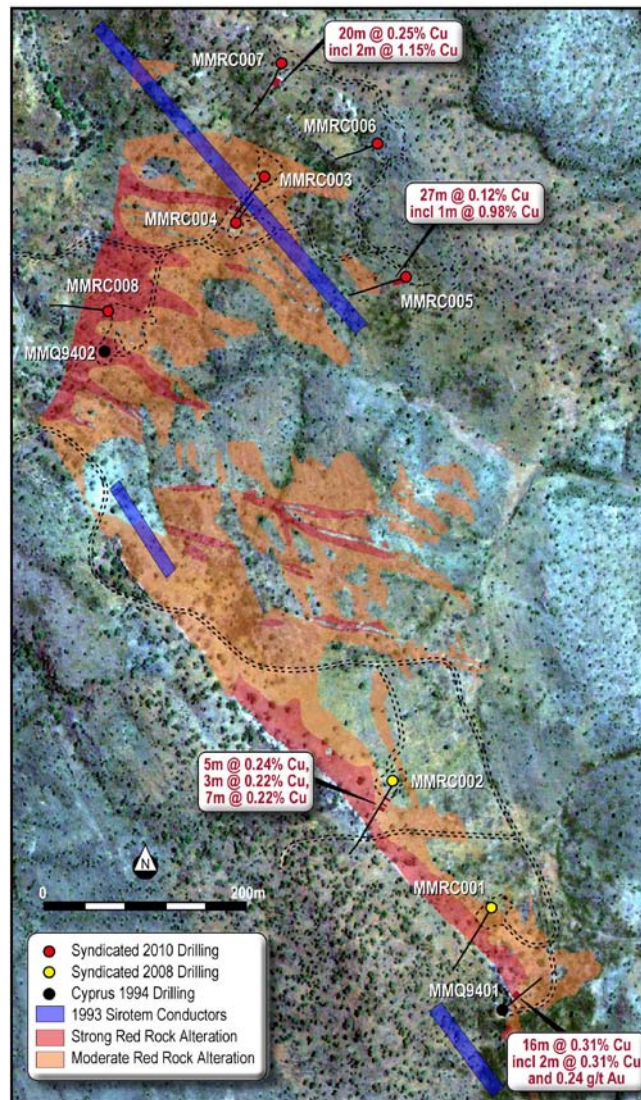
Preliminary pit optimisations indicate a substantial part of the resource may be able to be recovered by open pit mining with the higher grade deeper sections below the pit limits potentially recoverable by underground mining methods.

One RC hole (BARC066) drilled at Barbara at the northern end of the South Lode in the final phase of the 2010 program returned a sulphide intersection of 11 metres at 2.16% Cu and 0.16g/t Au from 37 metres. Further drilling is required north of this intercept in the untested area between the North and South Lodes.

Mount Margaret

The Mount Margaret copper-gold prospect abuts the Mount Remarkable Fault Zone about 10 kilometres north of the Barbara deposit.

In the prospect area the Mount Remarkable Fault and a number of high angle intersecting structures host zones of mineralised quartz veining and "red rock" alteration comprised of hematite, sulphides and magnetite. (Red rock alteration is a common feature of large iron oxide copper-gold (IOCG) mineralised systems such as Ernest Henry in the Mount Isa region.)

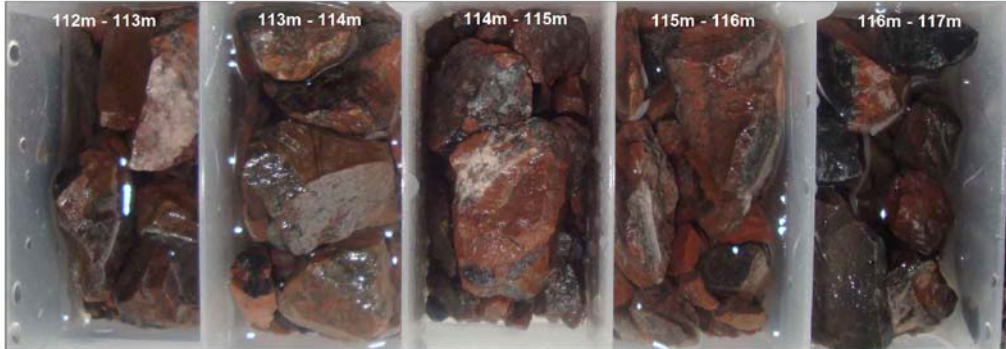


Mount Margaret Prospect

Drilling at Mount Margaret was designed to provide a shallow test of various SIROTEM, magnetic and geochemical anomalies.

All holes intersected variably red-rock altered sediments. Several broad intersections of low grade copper were intercepted at relatively shallow depths including 27 metres at 0.12% from 5 metres in MMRC005 and 20 metres at 0.25% from 32 metres in MMRC007. The maximum gold assay was 0.2g/t Au.

These results, along with results from previous drilling, provide encouragement that Mount Margaret could host a mineralised IOCG system. As these systems are known to extend to significant depths, IP geophysical surveying is planned to assist in the targeting of deeper drill holes.

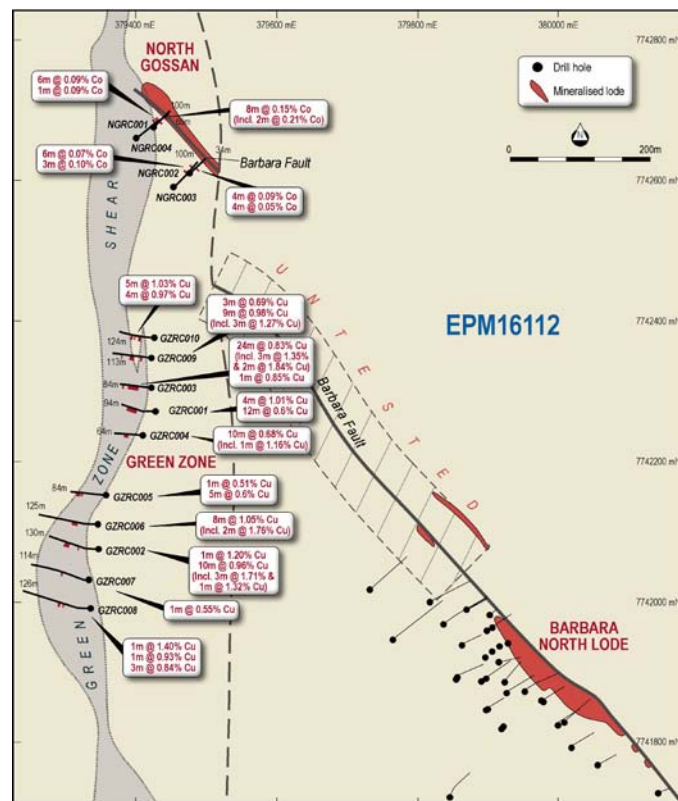


“Red rock” alteration in chips from MMRC008

Green Zone

Two holes (GZRC009 and GZRC010) were drilled within EPM16112 (West Leichhardt JV) to test for extensions to mineralisation to the north of current drilling. Both holes intercepted significant mineralisation including 9 metres at 0.98% Cu from 58 metres in GZRC009 and 5 metres at 1.03% Cu from 46 metres in GZRC010.

Infill drilling is scheduled as part of the 2011 program to potentially provide sufficient data for a resource estimate to be undertaken.



Green Zone

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Referee

No results >1% Cu were returned from the one RC hole drilled at Referee (RERC003).

Bloodwood and Ironbark

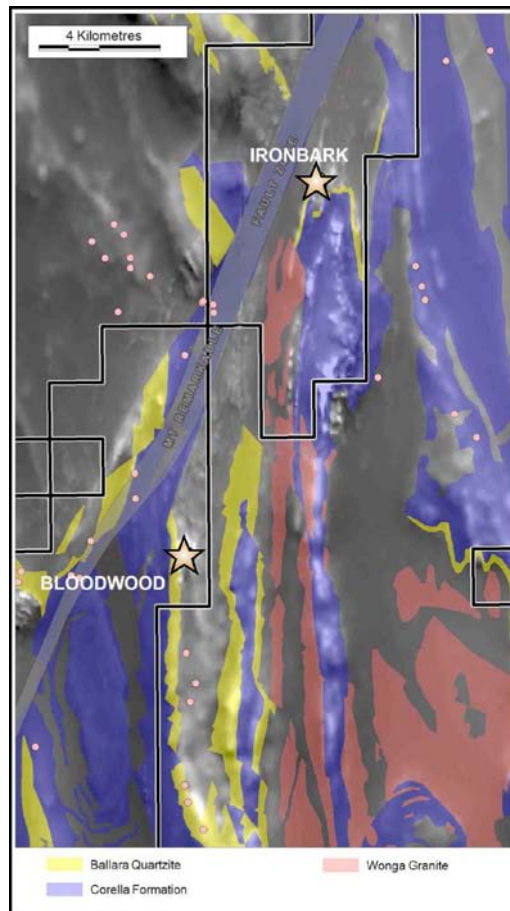
First pass soil and rock chip surface sampling over magnetic anomalies at the northern section of the Mount Remarkable project area was successful in locating two exciting new prospects – Bloodwood and Ironbark. (Refer to ASX releases dated October 14th, October 27th and November 19th 2010 for more details of the discoveries.)

At the Bloodwood prospect on the Leichhardt–Prospector IOCG (iron oxide copper gold) trend, 20 kilometres to the northeast of the Company’s Barbara copper-gold project, soil sampling over the magnetic highs identified three zones of anomalous copper and gold.

Initial rock chip sampling identified high grade oxide copper and gold mineralisation at surface, often adjacent to occurrences of “copper weed”, with values of up to 25% Cu and 6g/t Au. The strongly elevated gold values in the samples are considered particularly encouraging.

At Ironbark located 11 kilometres from Bloodwood along a parallel magnetic trend, rock chip sampling which also targeted magnetic highs located a new zone of copper-gold mineralisation with rock chip values of up to 10% Cu and 12g/t Au.

Evaluation of these prospects is at an early stage but the initial results are considered very positive.



Bloodwood and Ironbark

Forward Program

The substantial resource upgrade achieved through the 2010 drilling program has demonstrated the potential of the Barbara deposits to form the basis of a copper-gold mining operation with a number of similar targets, including recent discoveries at Green Zone and Blue Star, slated for further drilling early in 2011 to add to the existing resource inventory.

Syndicated intends to continue to rapidly define additional open pittable sulphide copper-gold mineralisation at Mount Remarkable during 2011 as well as pursuing an extensive regional exploration program to ensure continuity of our pipeline of high quality drilling targets.

At the same time further environmental, metallurgical and mining studies will be undertaken to assist in determining the most advantageous development options for the Barbara Project.

Kalman South

Syndicated holds a 49% interest in EPM13870 which hosts a substantial portion of the Kalman molybdenum-rhenium-copper-gold resource located 60 kilometres southeast of Mount Isa.

Syndicated's joint venture partner on EPM13870, Cerro Resources NL (ASX:CJO) (formerly Kings Minerals NL), holds a 51% interest in EPM13870 and can earn up to a 70% interest by fully funding and completing a final feasibility study by July 2011.

No substantive field work was completed on the Joint Venture tenement during the Quarter. However the joint venture partners are currently examining various possible means of moving the project forward.

Royalty Acquisition

The agreement with ASARCO Exploration Company Inc for Syndicated, to acquire the 2% Net Smelter Royalty over EPM13870 (Kalman South), as well as four other tenements held by Syndicated in the Mount Isa region and one tenement held by Syndicated near Exmouth in Western Australia was settled during the quarter with the issue to ASARCO of 476,891 ordinary shares in Syndicated, escrowed for six months after issue.

Tenement Acquisition & Project Generation

Project generation activities continued with a focus on advanced copper and zinc opportunities. One new tenement application (Mayfield) was submitted to cover magnetic anomalies adjacent to the prospective Pilgrim Fault to the south of the Kalman deposit, further consolidating the Company's tenement position in this area.

Corporate

Syndicated's cash balance was \$3.2 million at the end of December. After completion of the Second Tranche of the fund raising on January 13th 2011 the cash balance is approximately \$4.5 million.

The Board of Syndicated welcomes the new offshore and Australian investors to the Company. Existing cornerstone shareholder, Korea Zinc, contributed to both tranches of the share placement thereby maintaining its 14.9% interest in Syndicated.

Competent Persons' Statements

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

Company Background

Syndicated is focused on the discovery and development of base metal deposits within its prospective project areas in the mineral-rich Mount Isa region in Northwest Queensland.

Syndicated is building a significant metal resource inventory in the Mount Isa region with its interests in the Barbara (copper-gold) and Kalman South (molybdenum-rhenium-copper-gold) deposits, both within 60 kilometres of existing infrastructure at the Mount Isa mining centre.

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

For further information on the Company view our website at www.syndicatedmetals.com.au or contact:

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APPENDIX 1

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 17th 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	52,000	16,000	286,000	900	61,000
	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					
EPM16112 (51% SMD)	Indicated	801,000	1.4	0.1	2.7	247	1.7	24,000	8,000	143,000	500	28,000
	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					
	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	40,000	12,000	221,000	600	46,000
	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					
EPM16112 (51% SMD)	Indicated	388,000	2.2	0.2	3.9	300	2.5	16,000	5,000	92,000	300	18,000
	Inferred	505,000	1.4	0.2	2.6	279	1.7					
	EPM16112	893,000	1.8	0.2	3.2	288	2.0					
	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)

APPENDIX 2

Table 3: Significant Intercepts at Green Zone, Barbara & Referee (at a 0.5% Cu cut-off) and Mount Margaret (at a 0.1% Cu cut-off)

HOLE	E_GDA94	N_GDA94	RL	TD	Dip	Az_GDA	From	To	Width	Cu_pct	Au_ppm	Ag_ppm	Co_ppm	
BARBARA														
BARC066	380181	7741652	500	64	-90	50		23	24	1	0.51	0.05	0.8	28
								37	48	11	2.16	0.16	8.9	63
							incl.	38	43	5	2.71	0.21	9.1	62
							and	46	47	1	4.26	0.30	23.7	171
GREEN ZONE														
GZRC009	379427	7742352	314.6	118	-60	273		34	37	3	0.69	0.01	0.4	45
								58	67	9	0.98	0.02	0.5	53
							incl.	59	62	3	1.27	0.05	0.7	41
GZRC010	379431	7742383	311.6	124	-60	273		93	94	1	0.53	0.01	0.7	52
								46	51	5	1.03	0.01	0.4	49
								74	76	2	0.59	0.01	0.3	36
								80	84	4	0.97	0.01	0.4	32
REFEREE														
RERC003	379878	7753275	500	82	-60	178	No significant Intercepts							
MOUNT MARGARET														
MMRC003	381692	7751820	500	118	-60	216	No significant Intercepts							
MMRC004	381664	7751774	500	60	-60	36	No significant Intercepts							
MMRC005	381832	7751720	500	142	-60	246.4	17	18	1	0.96	0.01	0.1	9	
MMRC006	381804	7751853	500	100	-60	244.4	No significant Intercepts							
MMRC007	381709	7751933	500	148	-60	203	49	51	2	1.15	0.15	0.3	68	
MMRC008	381537	7751686	500	136	-60	270	No significant Intercepts							

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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

SYNDICATED METALS LIMITED

ABN

61 115 768 986

Quarter ended ("current quarter")

December 31 2010

Consolidated statement of cash flows

	Current quarter \$A'ooo	Year to date (6 months) \$A'ooo
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	25	245
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(489)	(1,208)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	39	91
1.5 Interest and other costs of finance paid		(1)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(681)	(1,339)
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	(3)	(5)
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)		
	(3)	(5)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(684)	(1,344)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(684)	(1,344)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,590	1,590
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)	(99)	(99)
	Net financing cash flows	1,491	1,491
	Net increase (decrease) in cash held	807	147
1.20	Cash at beginning of quarter/year to date	2,415	3,075
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,222	3,222

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	147
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

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

Financing facilities available

Add notes as necessary for an understanding of the position.

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	Amount available \$A'000	Amount used \$A'000
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	
4.3 Production	
4.4 Administration	230
Total	530

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	222	715
5.2 Deposits at call	3,000	1,700
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,222	2,415

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	EPM17636		Nil	100%
	EPM17677		Nil	100%

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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	82,326,896	81,850,005		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	11,076,891	10,600,000		
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

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Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>	<i>Number</i>		<i>Exercise price</i>	<i>Expiry date</i>
		500,000		40 cents	Aug 30 2011
		8,000,000		30 cents	Sep 3 2012
		1,000,000		40 cents	Oct 31 2012
		1,600,000		25 cents	Nov 30 2014
		1,000,000		30 cents	Nov 30 2014
		3,800,000		35 cents	Nov 30 2014
		2,800,000		45 cents	Nov 30 2014
		2,800,000		55 cents	Nov 30 2014
7.8	Issued during quarter	1,000,000		25 cents	Nov 30 2014
		1,000,000		30 cents	Nov 30 2014
		1,000,000		35 cents	Nov 30 2014
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>				

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 \(see note 5\)](#).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: January 19 2011
(Director/Company secretary)

Print name: BR McCullagh

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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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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