

QUARTERLY REPORT

December 2008



- At the end of 2008 Syndicated held \$4 million in cash and no debt. Following successful exploration programs in 2008 a prudent and focused exploration program is planned in 2009 focusing on key targets in the Mount Isa district, including testing for strike and depth extensions of the Barbara deposit.
- During the December Quarter a maiden Mineral Resource Estimate (Indicated and Inferred) was announced for Syndicated's 100% owned Barbara copper deposit of **2.4 million tonnes at 1.6% Cu containing 38,000 tonnes of copper** at a 0.5% Cu cut-off. Initial mining and metallurgical studies have commenced.
- Further significant drilling results were announced for the Kalman South Joint Venture including 293 metres at 0.47% Cu, 0.12g/t Au and 0.01% MoS₂ from 543 metres including **48 metres at 2.24% Cu, 0.56g/t Au and 0.03% MoS₂ from 698 metres** in K106C. Excellent recoveries to rougher concentrate were reported for all valuable metals in preliminary flotation testwork on samples from the two mineralized domains in the Kalman molybdenum-copper-rhenium-gold deposit.

ASX Code: SMD

ABN 61 115 768 986

Market Capitalisation (at 31/12/2008) - undiluted
\$6.9 million (at \$0.12 per share)

Issued Capital (at 31/12/2008)
57.35 million ordinary shares
8 million unlisted \$0.30 options
0.5 million unlisted \$0.40 options

Cash (at 31/12/2008): \$4 million

Board of Directors and Senior Management

Bruce McCullagh –
Executive 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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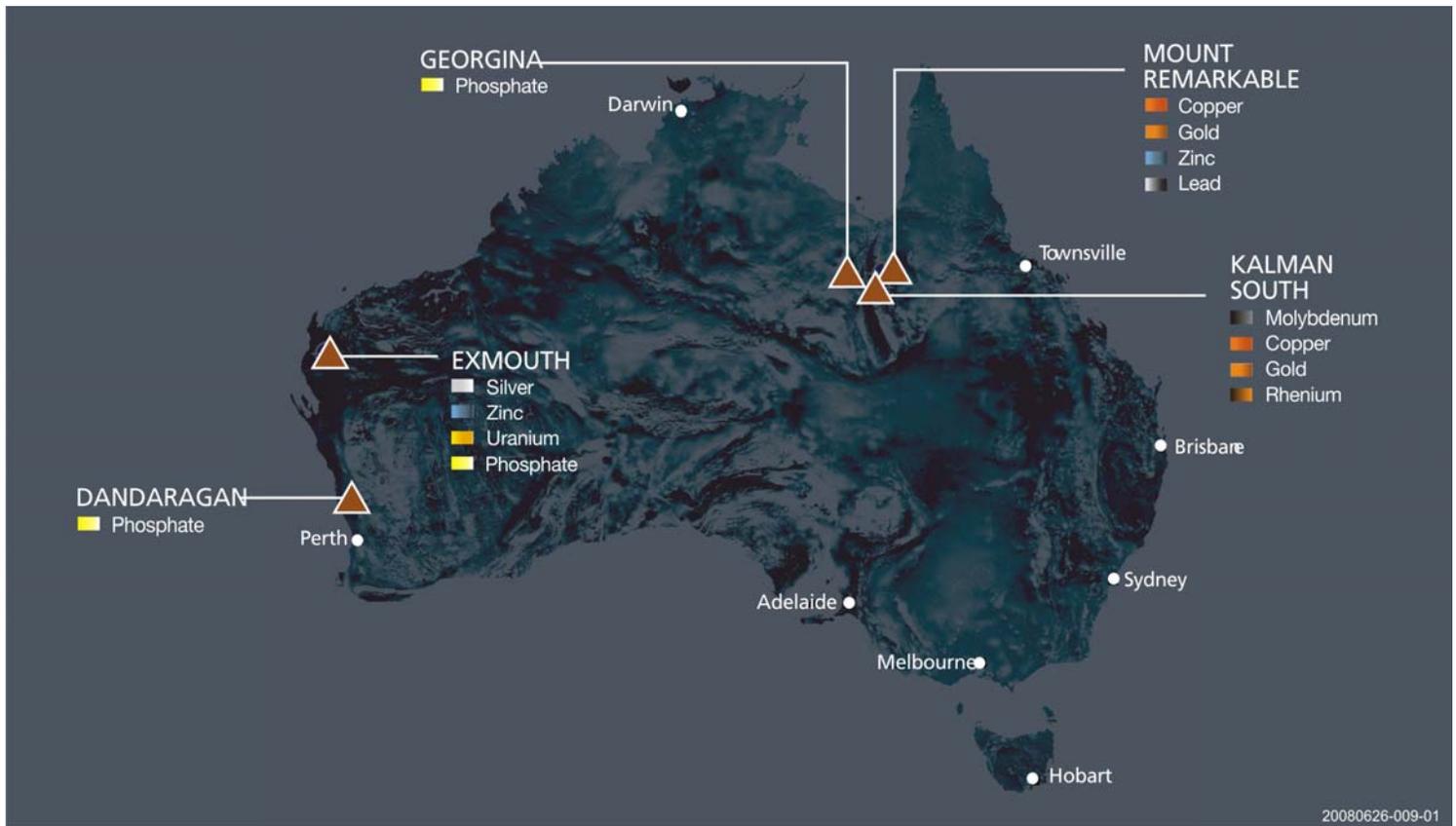


Figure 1: Project Locations

Mount Isa Region Projects

Syndicated Metals Limited (“Syndicated” or “Company”) holds tenements covering about 1000 square kilometres within the Mount Isa Inlier. The Company considers the tenements to be prospective for copper-gold, copper-molybdenum-gold, lead-zinc-silver and uranium deposits.

The tenements form two project areas – the Kalman South Joint Venture located about 60 kilometres southeast of Mount Isa and the Mount Remarkable Project located about 60 kilometres to the northeast of Mount Isa. (*Refer to Figure 2.*)

The Company also has tenement applications covering a further 670 square kilometres which cover sequences within the Georgina Basin that have potential for phosphate.

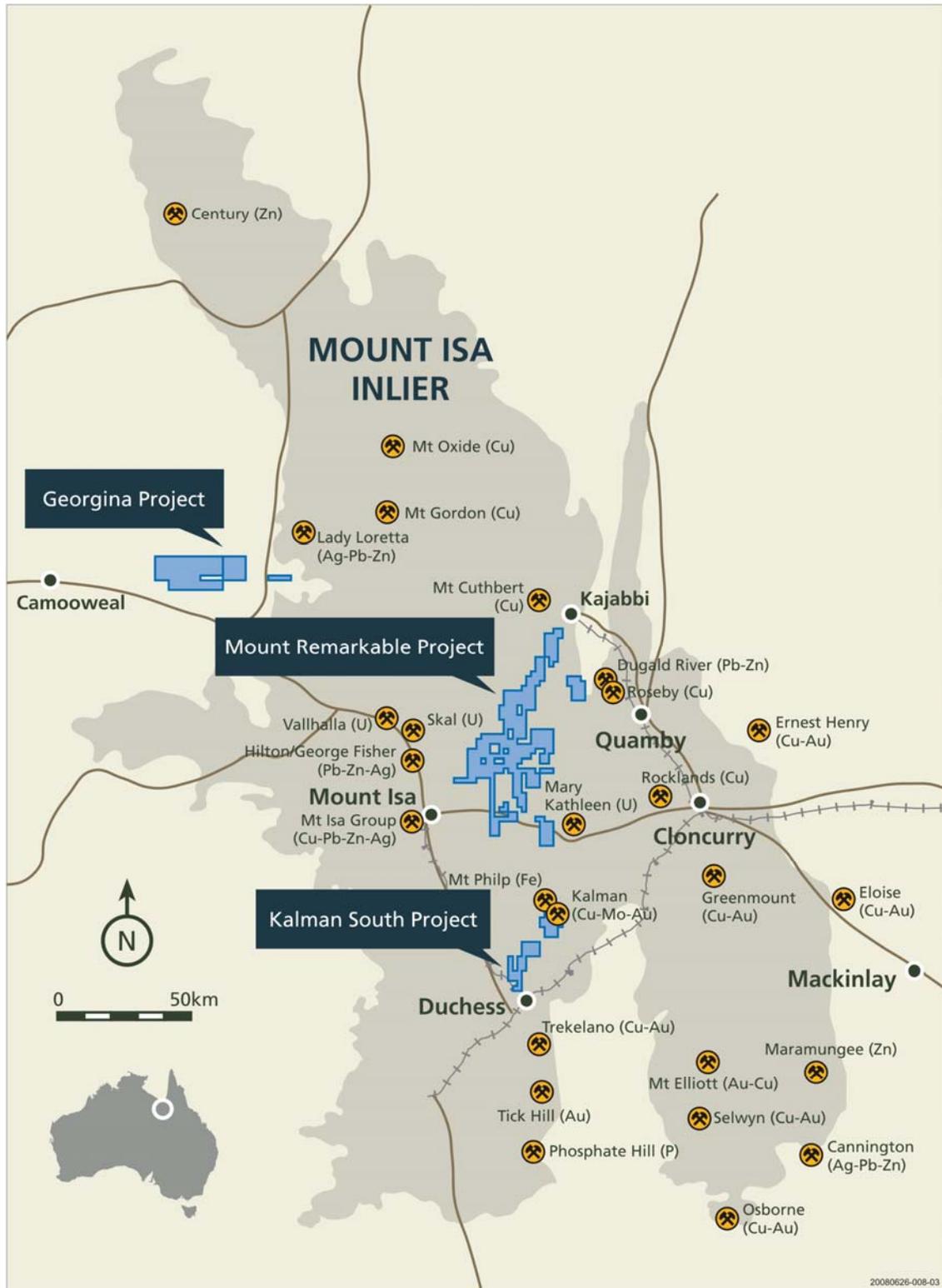


Figure 2: Mount Isa Projects

Mount Remarkable Project
(copper-gold, lead-zinc & uranium)

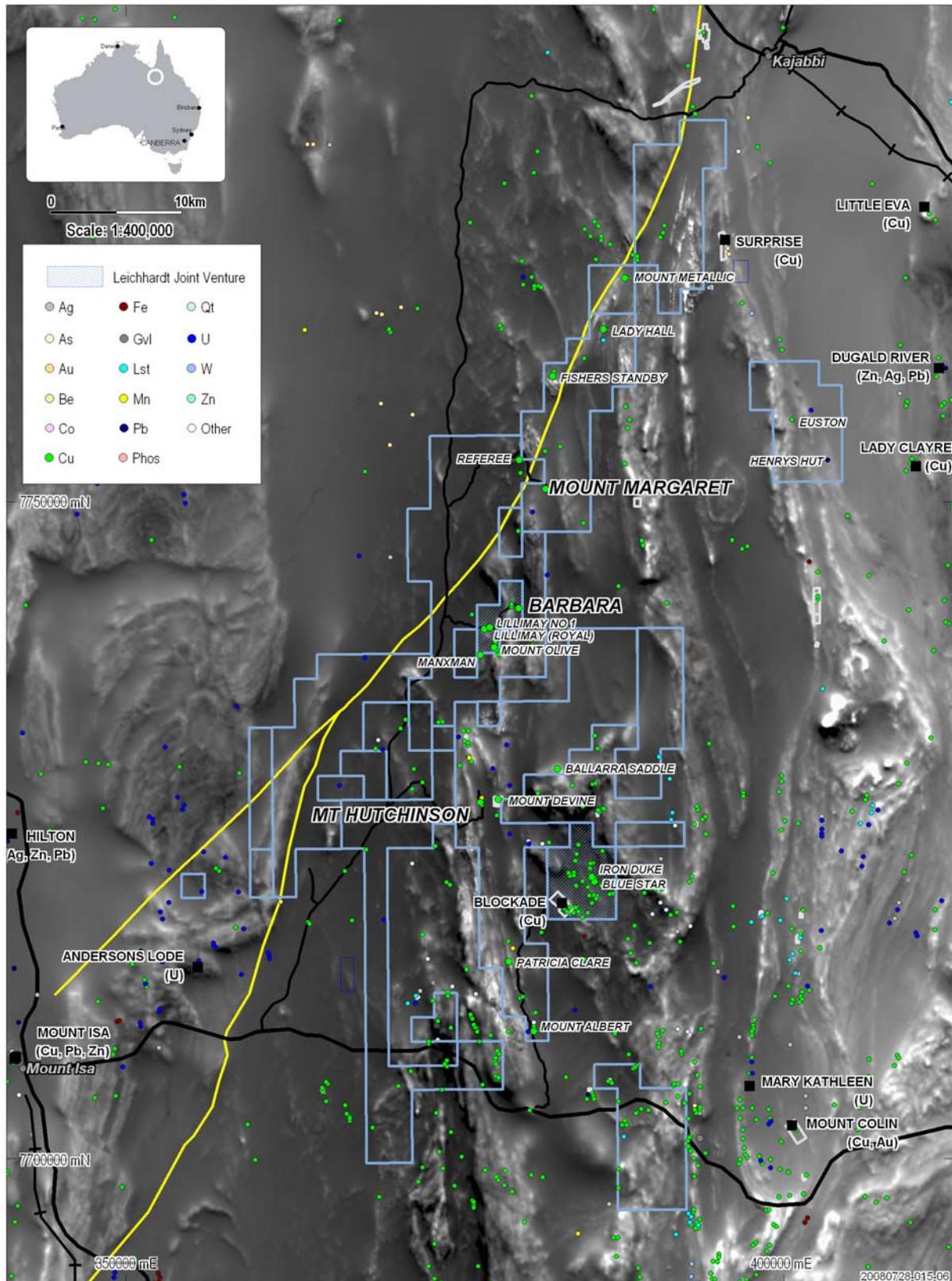


Figure 3: Mount Remarkable Project

Barbara Deposit – Resource Statement

Hellman & Schofield Pty Ltd, an independent geological consultancy based in Sydney, NSW, was contracted by Syndicated Metals Limited to provide a resource estimate for the Barbara copper deposit located 50 kilometres northeast of Mount Isa in NW Queensland. (Refer to Figures 2 and 3.)

The deposit comprises recently drilled extensions to the historically drilled Barbara Lode within tenements owned 100% by Syndicated. Copper is the primary commodity with additional credits for gold. The new estimates have been classified using the JORC Guidelines.

(Refer to Syndicated's ASX announcement dated October 28th 2008 for details of the Barbara Mineral Resource Estimate.)

The new resource estimates based on a 0.5% copper and 1% copper cut off are tabulated below:

Table 1: Resources for the Barbara Deposit - October 2008

0.5% Cu					
Category	Tonnes	Cu %	Au g/t	Cu Tonnes	Au ozs
Indicated	401,933	1.51	0.17	6,069	2,197
Inferred	1,966,895	1.63	0.15	32,128	9,425
Total	2,368,828	1.61	0.15	38,197	11,622

1% Cu					
Category	Tonnes	Cu %	Au g/t	Cu Tonnes	Au ozs
Indicated	245,733	1.99	0.21	4,890	1,659
Inferred	1,279,708	2.11	0.19	27,053	7,628
Total	1,525,441	2.09	0.19	31,943	9,287

(Based on modelled density, minor rounding errors may occur; use of significant figures does not imply precision)

The Barbara mineralised zone straddles the tenement boundary between EPM15564 (100% Syndicated) and EPM16112 (51% Syndicated). The 300 metre long section which was the focus of Syndicated's drilling is at the southern end of the gossanous zone wholly within EPM15564. EPM16112 (granted during the quarter) forms part of the West Leichhardt Joint Venture.

The mineralisation defined to date has a 300 metre strike length, dips 60° to the southwest and appears to have a moderate plunge to the southeast to a depth of 200 metres below surface. (Refer to Figure 4.)

The mineralisation is open along strike and down plunge. Approximately 6.4% of the resources are within the oxidised and partially oxidised domains.

Syndicated proposes to initially assess the potential of mining the Barbara Lode via an open pit operation and the estimates have been classified according to this mining strategy.

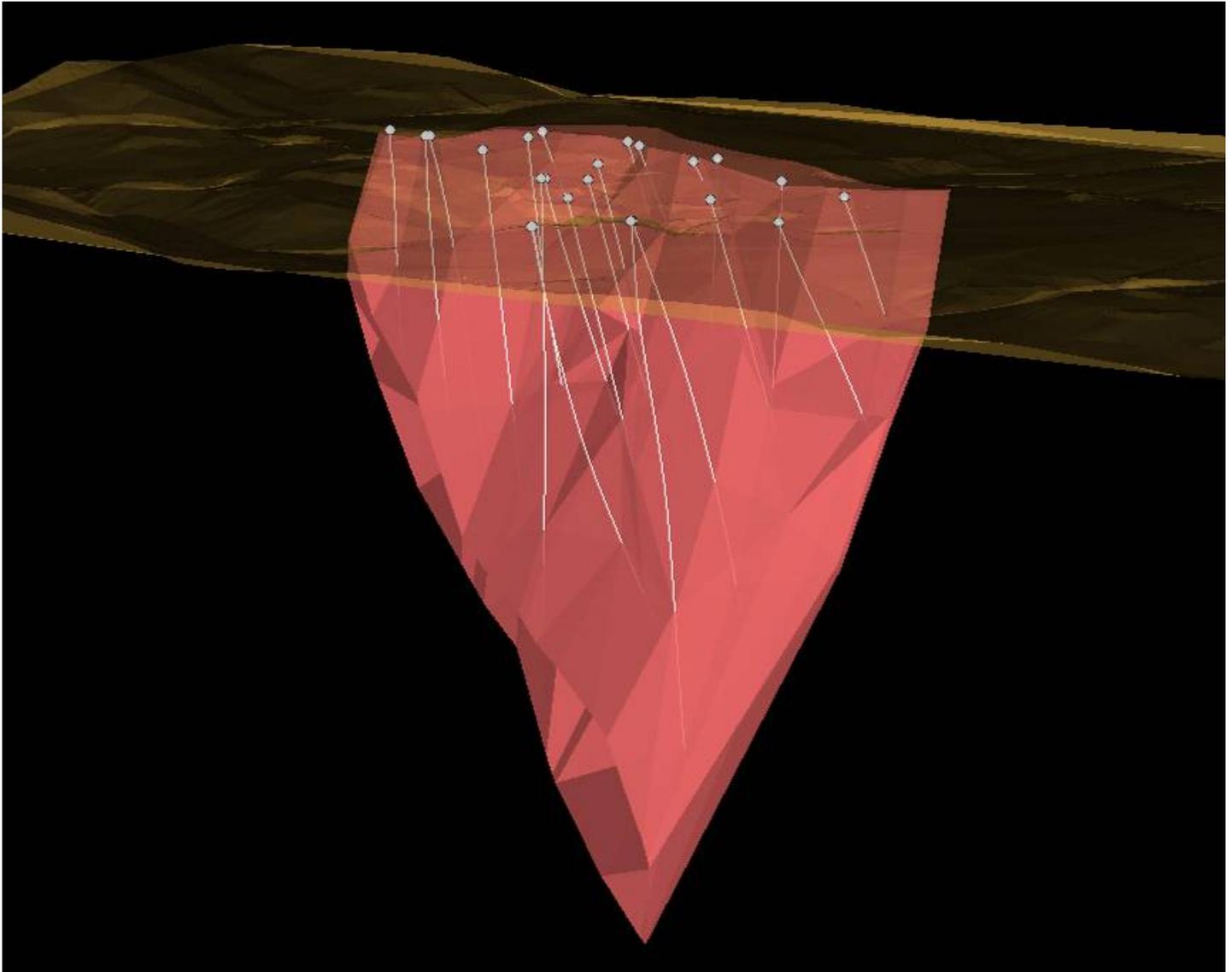


Figure 4: Barbara Mineralised Zone looking Northeast

Forward Program

Options for the potential early development of the deposit will be pursued. Mining studies and metallurgical testwork have commenced.

The mineralised zone at Barbara remains open to the northwest and at depth within EPM16112. It appears from the disposition of old workings that other high grade shoots may be present along this gossanous zone. Geophysical and drilling programs are planned to test for deposit extensions.

Kalman South Joint Venture

(copper-molybdenum-gold-rhenium)

The Kalman South Project comprises EPM13870, a joint venture between Kings Minerals NL (“Kings”) (ASX: KMN) and Syndicated. Syndicated holds a 49% interest in the tenement and is free carried to completion of a final feasibility study. EPM13870 covers a significant portion of the Kalman molybdenum-copper-gold-rhenium deposit which is open at depth and has potential for extensions along strike. The tenement also contains a number of other targets prospective for copper-gold+/- molybdenum. (Refer to Figure 5.)

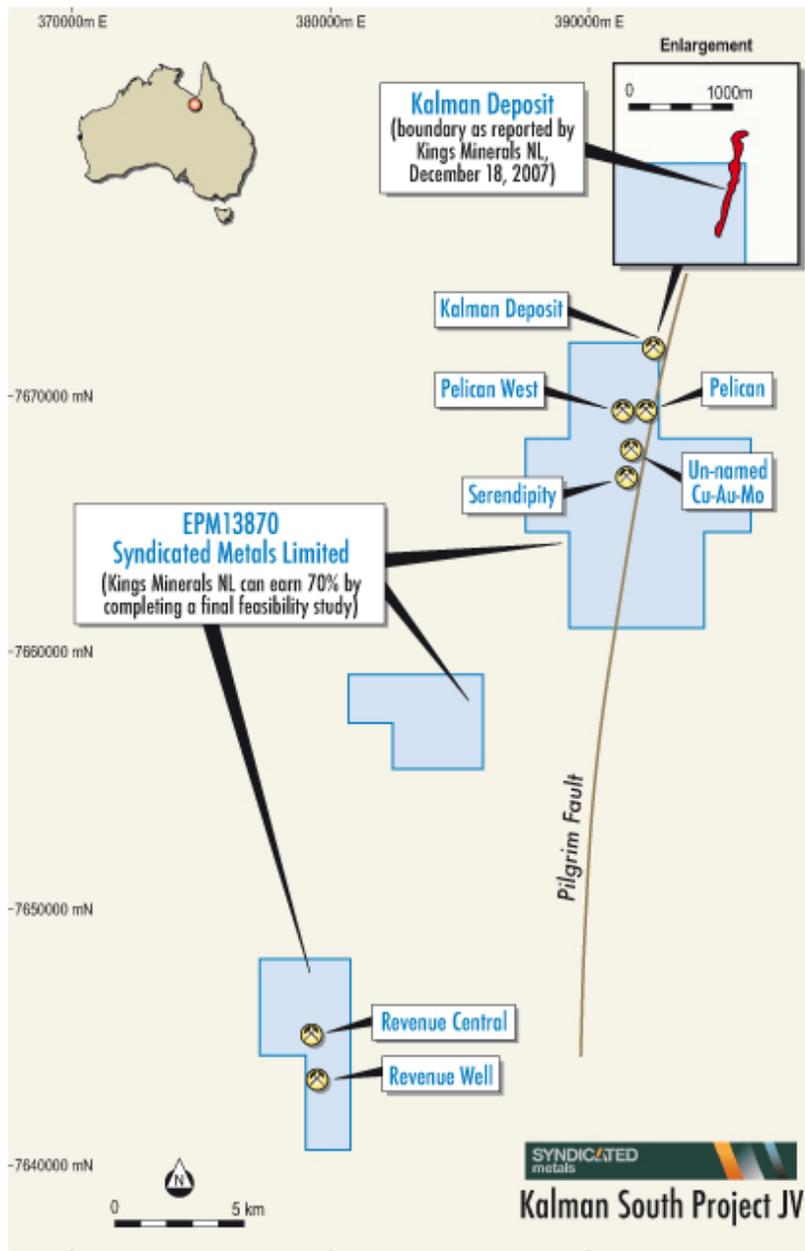


Figure 5: Kalman South Joint Venture

Kings made several announcements in relation to EPM13870 and the Kalman deposit to the ASX during the quarter. (Refer to ASX announcements by Kings dated 23rd October 2008, 29th October 2008, 16th December 2008 and 17th December 2008.)

Continued encouraging drill results were returned from daughter holes K106B and K106C on Section 5200N adjacent to the previously reported results from K106A of 232 metres at 1.33% Cu, 0.50g/t Au and 0.06% MoS₂ from 548 metres, including 7.65 metres at 23.4% Cu, 0.51g/t Au and 20g/t Ag from 581.65 metres, 51 metres at 1.07% Cu, 0.69g/t Au and 0.25% MoS₂ from 667 metres and 59 metres at 1.11% Cu and 1.24g/t Au from 718 metres.

K106B was drilled 50 metres above K106A and K106C was drilled 50 metres down-dip of K106A.

K106B returned 213 metres at 0.16% Cu, 0.13g/t Au and 0.03% MoS₂ from 527 metres including 19 metres at 0.52% Cu and 0.24g/t Au from 612 metres and 12 metres at 0.55% Cu, 1.62g/t Au and 0.46% MoS₂ from 631 metres. A 13 metre interval from 631 metres averaged 0.51% Cu, 1.5g/t Au, 0.43% MoS₂ and 7.9g/t Re.

K106C returned 293 metres at 0.47% Cu, 0.12g/t Au and 0.01% MoS₂ from 543 metres including 48 metres at 2.24% Cu, 0.56g/t Au and 0.03% MoS₂ from 698 metres.

Final rhenium assay results were received for all the molybdenum rich intercepts within the Kalman deposit. The average grade of the 5590 rhenium samples received to date is 1.4g/t Re and the average grade of the 926 samples whose values are in excess of 1g/t Re cut-off is 7.8g/t Re. The rhenium only occurs in association with molybdenite and shows a strong positive correlation with the molybdenum grades.

Kings reported excellent recoveries to rougher concentrates of all valuable metals in the preliminary flotation testwork on samples from the two mineralised domains in the Kalman deposit.

Kings indicated that the now complete drillhole database combined with ongoing geological modeling has highlighted the potential for extensions to the known molybdenum domain and will allow Kings to undertake a revised mineral resource estimate for the deposit. The updated mineral resource estimate and the metallurgical test work results will be used as a basis for the initial project studies to evaluate the opportunities for development of the Kalman deposit.

Exmouth & Dandaragan (WA) & Georgina (Qld)

(phosphate + silver - zinc - uranium at Exmouth)

Following assessment of previous exploration data for the Exmouth, Dandaragan and Georgina projects the Company considers the projects have considerable potential for phosphate deposits.

In order to focus on its base metal projects in Northwest Queensland joint venture partners will be sought to assist in progressing further exploration for phosphate. Summary reports for the projects were completed.

Corporate

The Company held \$4 million in cash at the end of the quarter.



Russell Davis

Company Background

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

Syndicated listed in December 2007 and has since generated a significant resource inventory in the Mount Isa region comprising its interests in the Kalman South and Barbara deposits.

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 has recently been announced for the Kalman South project.

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.

In addition Syndicated has assembled a phosphate tenement portfolio in Western Australia and Queensland, including its 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.

Competent Persons Statements

The data in this report that relates to Exploration Results, the accuracy and quality of data forming the basis of all resource estimates, and the interpretation of mineralisation of the Barbara Deposit, are 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.

The data in this report that relates to Mineral Resources for the Barbara Deposit is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 (the "JORC Code"). Mr Tear is a full-time employee of Hellman & Schofield Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

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 2008

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		
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(348)	(859)
1.3	Dividends received	(121)	(282)
1.4	Interest and other items of a similar nature received	257	267
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	(213)	(876)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		(3)
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)
	Net investing cash flows		
1.13	Total operating and investing cash flows (carried forward)	(213)	(879)

1.13	Total operating and investing cash flows (brought forward)	(213)	(879)
	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	(213)	(879)
1.20	Cash at beginning of quarter/year to date	4,214	4,880
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	4,001	4,001

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	108
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	301
4.2	Development	
Total		301

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	196	164
5.2	Deposits at call	3,800	4,050
5.3	Bank overdraft		
5.4	Other (provide details) Security deposit	5	
Total: cash at end of quarter (item 1.22)		4,001	4,214

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	EPM 16112 EPM 16197	Nil Nil	51% 51%

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	1,000,000	Nil	Exercise price 30 cents	Expiry date September 3 2012
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>)		
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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 27 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.