

July 26th 2011

QUARTERLY REPORT

FOR THE THREE MONTHS ENDED JUNE 30th 2011



Syndicated Metals Limited (ASX:SMD), through a strategic program of exploration, discovery and acquisition is focused on advancing its base metal projects in the Mount Isa Mineral Province in Northwest Queensland towards production. The Company has management of two advanced base metal projects in the province, with a combined resource inventory of 269,000 tonnes copper, 30,000 tonnes molybdenum, 2.3 million ounces of rhenium and 315,000 ounces of gold.*

Highlights

- Shallow high grade drill results from Blue Star (**up to 9 metres at 6.1% Cu and 0.69g/t Au**) and Green zone (**up to 8 metres at 1.8% Cu**) with resource estimation work in progress for both deposits;
- Syndicated takes control of Kalman JV with drilling commenced at Kalman targeting near surface copper-gold;
- New JV agreement completed with Deep Yellow Limited over defined copper-gold targets in proximity to Barbara deposit;
- Strong ground LANDTEM conductor defined over the Andy's Hill IOCG target west of Kalman within Kalman JV tenements;
- Environmental and mining studies are continuing at Barbara in preparation for a mining lease application;

(* Refer to Appendix 1 for details of Mineral Resources.)

DIRECTORS & MANAGEMENT

Martin Pyle

Chairman

Russell Davis

Managing Director

Bruce McCullagh

Non-Executive Director

Jan Hope

Non-Executive Director

Ki Deok (KD) Park

Non-Executive Director

Mark Whittle

Exploration Manager

CORPORATE

ABN 61 115 768 986

Market Capitalisation

(22/7/2011)

\$17.7 million (at 17c per share)

Issued Capital (30/6/2011)

104.2 million ordinary shares

21.5 million unlisted options

6.95 million listed 20c options

Cash (30/6/2011): \$3.24million

CONTACT DETAILS

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ASX CODE: SMD



Kalman Project

A new Joint Venture and Farm-in Agreement was signed with Cerro Resources NL (Cerro) on the Kalman molybdenum-rhenium-copper-gold project located some 60 kilometres southeast of Mount Isa in Northwest Queensland. *(Refer to ASX announcement dated May 16th 2011 for further details of the joint venture.)*

Post the new agreement Syndicated emerges with control of one of the largest landholdings in the Mount Isa region containing two complementary advanced projects - Mount Remarkable which contains the Barbara copper-gold deposits and the Kalman polymetallic deposit, both of which present development opportunities and are surrounded by tenements highly prospective for further discoveries.

Syndicated currently holds a 49% interest in EPM13870 which hosts a substantial portion of the Kalman molybdenum-rhenium-copper-gold resource. The Kalman Joint Venture tenements, together with Syndicated's 100% owned exploration tenements in the Kalman area, now give the Company control of approximately 100 kilometres of the highly prospective Pilgrim Fault. In addition, Syndicated holds a 2% Net Smelter Royalty on production from EPM13870.

Under the restructured Kalman Joint Venture with Cerro, Syndicated can earn up to an 80% interest in Cerro's +700 km² Mount Isa tenements including the Kalman polymetallic deposit.

Key terms of the Agreement include:

- Syndicated able to acquire the controlling interest and management of the advanced Kalman project and its ongoing exploration and development potential;
- Syndicated can earn up to 80% interest in the Kalman project and surrounding tenement package in two stages by equity issue and exploration expenditure:
 - **Stage 1:** Syndicated can earn an initial 60% by issuing \$2m shares to Cerro and by spending \$4m on exploration over 2 years;
 - **Stage 2:** Syndicated can earn up to 80% by issuing \$1m shares to Cerro and spending \$7m on exploration over 3.5 years;
- Cerro is then free carried to a "decision to mine" when Syndicated has the option to purchase the remaining 20% of a mine development area once a decision to mine is made;

Following a review of the Kalman data a revised drilling program for 2011 has been prepared:

- Phase 1 of the Kalman program will comprise 5,000 metres of RC and diamond drilling designed to define shallow open-pittable copper-gold and molybdenum-rhenium mineralisation in the upper parts of the deposit.
- Phase 2 of the drilling is designed to improve the definition of the underlying high grade core of the Kalman deposit.

Initial drilling results from the Phase 1 drilling are expected in August.

The Kalman resource will also be re-modelled by external resource consultants using more current economic parameters.

At the Andy's Hill iron-oxide copper-gold target located 8 kilometres west of Kalman a LANDTEM geophysical survey to enhance drill targeting was completed outlining a strong conductor interpreted to be situated above the magnetic body. A Queensland government grant has been awarded to co-fund the drilling of this exciting "Ernest Henry style" copper-gold target. This target is expected to be drilled in conjunction with the Kalman drilling program.

Mount Remarkable Project

The Mineral Resource estimate for the Barbara deposits at Mount Remarkable currently stands at 5.3 million tonnes grading 1.4% copper for 76,000 tonnes of contained copper metal. *(Refer to Appendix 1 for details of the Resource Estimate.)* Scoping level mining and metallurgical studies have returned favourable results.

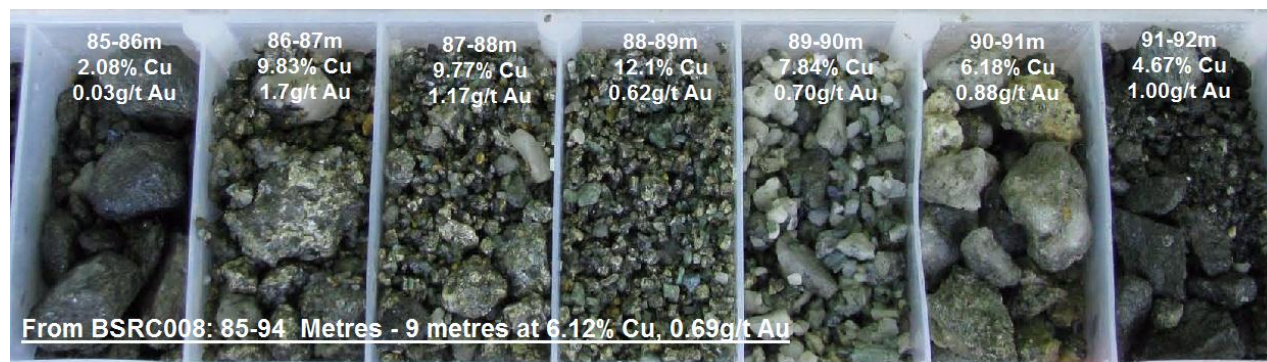
Syndicated's 2011 exploration program is focused on defining additional open pittable sulphide copper-gold mineralisation at Mount Remarkable, as well as pursuing an extensive regional exploration program to maintain continuity of the Company's pipeline of high quality drilling targets.

RC drilling programs were completed at Blue Star, Green Zone and between the North and South Lodes at Barbara during the quarter. All drilling was within the Leichhardt JV – Syndicated 51% and manager / Mount Isa Metals 49% with a total of 2497 metres in 35 holes being completed. *(Refer to ASX announcements dated 11th May and 24th June 2011 for details of the programs and results.)*

Significant results from the Blue Star prospect located around 20 kilometres to the southeast of the Barbara copper-gold deposit include:

- **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 BSRC007;**
- **7 metres at 1.55% Cu from 38 metres in BSRC014;**
- **8 metres @ 1.41% Cu and 0.11g/t Au from 155 metres in BSRC022.**

The Blue Star results are interpreted to outline a higher grade steeply south-plunging shoot within a lower grade steeply dipping mineralised envelope. The shoot is open at depth and possibly along strike to the south.



Blue Star - BSRC008 85-92 metres

At Green Zone, located about 400 metres west of Barbara, the shallow RC drilling 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.

No significant results were returned from the four shallow RC holes drilled between the North and South Lodes at Barbara.

Initial mineral resource estimations are currently underway for both Blue Star and Green Zone and are expected to be available during the September quarter. Quality assurance and specific gravity test work on the deposits has already been completed.

Development and environmental baseline studies continue at Barbara as part of the mining lease application requirements and suitable consultants are being engaged to facilitate the mining and environmental approvals process.

Yamamilla Farmin and Joint Venture

Subsequent to the end of the quarter Syndicated announced that the Company had signed a Farmin and Joint Venture Agreement with Deep Yellow Limited (ASX:DYL) (Deep Yellow) over four tenements adjacent to its Mount Remarkable Project near Mount Isa in Northwest Queensland. *(Refer to the ASX Announcement dated July 13th 2011.)*

The joint venture applies to all minerals excluding uranium.

These tenements are of strategic significance in that they contain a number of stand-out gold and base metals targets which are particularly attractive to Syndicated because of their potential to complement the Company's existing Barbara and Kalman resources.

In particular EPM14281 (Yamamilla) contains several prime 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 prospect discovered in late 2010 is located at the northern end of this trend.

Key terms of the Agreement are as follows:

- The joint venture includes four tenements - EPM14281 (Yamamilla), EPM14916 (Ewen), EPM16533 (Crocodile Creek) and EPM15070 (Prospector) and encompass an area of 650 km²;
- 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

Corporate

Syndicated's cash balance was \$3.24 million at the end of June.

12,523,482 shares were issued to Cerro Resources NL as part of the Kalman Joint Venture restructure.

Competent Person's Statement

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Russell Davis 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 Davis is a full-time employee of Syndicated Metals Limited and consents 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 building a substantial, long-term base metals and gold business in the Mount Isa region mining province of Northwest Queensland, one of Australia's premier base metals mining regions.

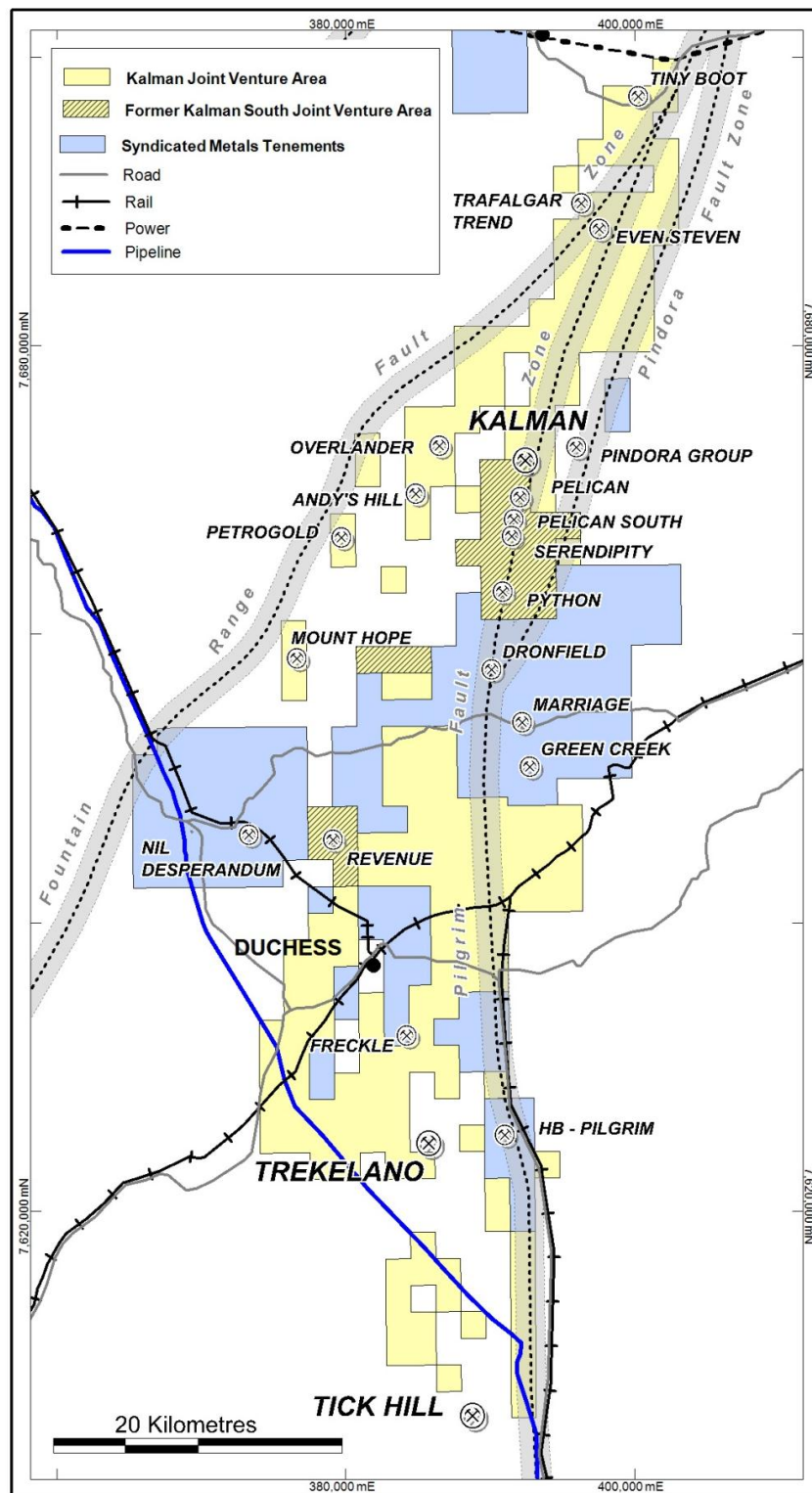
The Company is building on its already significant metal resource inventory in the Mount Isa region where it now controls tenements covering an area of over 4,000km². Syndicated's key projects include Mount Remarkable where the Barbara copper-gold resource is advancing towards production and the Kalman (molybdenum-rhenium-copper-gold) deposit. These projects are both located within 60 kilometres of existing infrastructure at the Mount Isa mining centre with near surface copper-gold at Kalman considered likely to complement the existing resources at Barbara, boosting the potential for early mine development.

Korea Zinc Company Ltd, through its Australian subsidiaries holds a 13% interest in Syndicated.

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

Russell Davis
Managing Director
T: 0419 195 087

Martin Pyle
Chairman
T: 0429 999 552



Kalman Project



Appendix 1

Kalman Inferred Mineral Resource Estimate

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
<i>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</i>										

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 / 49% MET)	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 / 49% MET)	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

(Refer to ASX release by SMD dated November 17th 2010 for full details of this resource estimate.)

*** - 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.

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")

June 30 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (12 months) \$A'ooo
1.1	Receipts from product sales and related debtors	180	458
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(683) (173)	(2,258) (1,012)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	64	179
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	(613)	(2,635)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(2)	(67)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		25
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(2)	(42)
1.13	Total operating and investing cash flows (carried forward)	(615)	(2,677)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(615)	(2,677)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		3,000
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)		(159)
	Net financing cash flows		2,841
	Net increase (decrease) in cash held	(615)	164
1.20	Cash at beginning of quarter/year to date	3,854	3,075
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,239	3,239

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'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	136
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.

	Amount available \$A'ooo	Amount used \$A'ooo
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	719
4.2 Development	
4.3 Production	
4.4 Administration	139
Total	858

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'ooo	Previous quarter \$A'ooo
5.1 Cash on hand and at bank	289	104
5.2 Deposits at call	2,950	3,750
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,239	3,854

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.

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	104,250,378	91,726,896		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	12,523,482			
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				


+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options (description and conversion factor)	Number		Exercise price	Expiry date
		500,000		40 cents	Aug 30 2011
		6,950,000	6,950,000	20 cents	Dec 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				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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: July 19 2011
(Director/Company secretary)

Print name: BR McCullagh

+ See chapter 19 for defined terms.

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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