

# QUARTERLY REPORT

## March 2010

# HIGHLIGHTS

- 10,000 metre RC and diamond core drilling program aimed at expanding existing resources at the Barbara copper-gold deposit as well as testing other high priority targets in proximity now underway;
- Program to extend over approximately six months with regular flow of assay results anticipated commencing in late April;
- Increase in combined Indicated and Inferred resource for Barbara South and North Lodes to 3.1 million tonnes at 1.5% Cu at a 0.5% Cu cut-off containing an estimated 47,000 tonnes of copper incorporating the maiden Indicated and Inferred Mineral Resource for the Barbara North Lode of 740,000 tonnes at 1.23% Cu containing 9,100 tonnes of copper;
- Both North and South Lode deposits remain open at depth with multiple targets along strike and in close proximity providing excellent potential for further significant increases in Syndicated's resource inventory;
- Strategic and highly prospective ground position in the Mount Isa mineral province further enhanced through acquisition of additional tenements;
- Copper-gold, lead-zinc and uranium soil anomalies identified within Dronfield JV, along strike to the south of Kalman Mo-Re-Cu-Au deposit. Follow up planned to further define targets prior to drilling;

### SYNDICATED METALS LIMITED

**ASX Code:** SMD

**ABN** 61 115 768 986

**Market Capitalisation** (at 31/3/2010)  
\$10 million (at \$0.14 per share)

**Issued Capital** (at 31/3/2010)  
71.25 million ordinary shares  
17.9 million unlisted options  
6.9 million listed options

**Cash** (at 31/3/2010): \$4.2 million

### Board of Directors and Management

**Bruce McCullagh**  
Chairman & Company Secretary

**Russell Davis**  
Managing Director

**Andrew Dinning**  
Non-executive Director

**Jan Hope**  
Non-executive Director

**KD Park**  
Non-executive Director

**Mark Whittle**  
Exploration Manager

### Contact Details

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## **Exploration Overview**

Syndicated Metals is exploring for base metals on its strategic and highly prospective Mount Isa project areas in Northwest Queensland with the aim of becoming a substantial mineral producer. To this end the Company is currently focusing on progressing its two high priority projects, namely the Barbara copper-gold deposit, located within its broader Mount Remarkable tenements, which has the potential to form the hub of a stand-alone copper mine and its 49% owned Kalman South molybdenum-rhenium-copper-gold joint venture which has similarities to Ivanhoe Australia's nearby Merlin high grade molybdenum-rhenium discovery.

Activity during the quarter included completion of the maiden Barbara North Resource Estimate and planning and obtaining clearances for a major 10,000 metre RC and diamond drilling program. This program which commenced in mid-March is expected to take around six months to complete and is aimed at expanding the existing resources at Barbara as well as testing some 10 additional high priority copper gold targets in proximity to Barbara. First assay results are expected to be available in late April.

During the quarter a number of additional tenements were added to Syndicated's existing ground position in the Mount Isa region, enhancing the Company's strategic and highly prospective tenement holdings in this world class mining province.

No field work was carried out by joint venture partner, Kings Minerals NL at the Kalman South joint venture which hosts a significant section of the Kalman molybdenum-rhenium-copper-gold deposit. However, Syndicated has continued to consolidate its ground position along trend to the south of the joint venture area while at the same time pursuing discussions with Kings on options to progress the project.

Highly encouraging results were returned from Syndicated's first soil sampling program on the Dronfield Project - a Joint Venture between Syndicated and Universal Resources Limited - located directly south of the Kalman South Joint Venture. Syndicated is targeting the extension of the Pilgrim Fault zone which hosts the Kalman deposit.

## **Barbara Copper Deposit**

### **BARBARA NORTH LODGE RESOURCE ESTIMATE**

During the quarter Syndicated announced the maiden Indicated and Inferred Mineral Resource Estimate (based on the limit of early stage drilling) for the North Lode at its Barbara copper deposit of 740,000 tonnes at 1.23% Cu containing 9,100 tonnes of copper. The North Lode estimate was prepared by independent geological consultancy, Hellman & Schofield Pty Ltd. *(Refer to the ASX announcement dated March 1<sup>st</sup> 2010 for details.)*

The North Lode resource lies within the Leichhardt Joint Venture tenement (EPM16112) and is owned 51% by Syndicated and 49% by Mount Isa Metals Limited.

The deposit is approximately 300 metres along strike to the northwest of Syndicated's 100% owned Barbara South Lode resource located within EPM15564 which currently stands at an estimated 38,000 tonnes of copper. *(Refer to the Appendix for details of the Barbara South Lode resource estimate.)*

The total combined Indicated and Inferred resource for Barbara North and South Lodes is now approximately 3.1 million tonnes at 1.5% Cu at a 0.5% cut off containing an estimated 47,000 tonnes of copper.

Both the Barbara North Lode and South Lode remain open down plunge with a number of copper drill targets identified along strike.

### **DRILLING**

A targeted drilling program comprising approximately 10,000 metres of RC and diamond core drilling at the Mount Remarkable project commenced in mid-March. This program is the largest undertaken by Syndicated since its ASX listing in December 2007 and reflects the Company's growing confidence in the potential of the project area to support a stand-alone mining operation.

Initial drilling will focus on defining the down-plunge extensions of the high grade core of the Barbara South Lode (100% SMD) outside the existing resource envelope. Drilling is also planned within and on the margins of the current resource envelope to increase confidence in the resource.

At Barbara North Lode drilling will focus on increasing confidence in the current resource as well as extending the known mineralisation down-plunge. Two diamond holes will be drilled to twin RC holes and to provide samples of the mineralisation for metallurgical testwork.

New 'look-alike' targets close to Barbara at Green Zone, Northern Gossan and Greenback 1, 2 and 3 will also be tested.

### **ADDITIONAL TARGETS**

Syndicated has identified several other high priority targets within 20 kilometres of Barbara including the Mount Margaret, Mount Hutchinson and Referee prospects and the Trey Bit and Blue Star prospects near the old Blockade Mine within the Leichhardt Joint Venture. These targets are also scheduled to be tested during the current program.

Drilling in the early 1970's at the Trey Bit and Blue Star workings returned several significant intersections including **9 metres at 2.8% Cu and 15 metres at 1.13% Cu at Blue Star, and 8.5 metres at 1.4% Cu at Trey Bit**. No follow up drilling has been completed at the prospects since that time. Syndicated intends initially to test these zones with RC drilling down to approximately 100m below surface.

Prospects considered to have the potential to host large tonnage deposits include Mount Margaret and Mount Hutchinson. At Mount Margaret, copper and gold-bearing shears are associated with widespread iron oxide copper-gold (IOCG) style red-rock alteration and untested geophysical targets. At Mount Hutchinson previous drilling by Syndicated has intersected low grade oxide copper mineralisation up to 50m wide over at least 500m length. A program of approximately 1500 metres of RC drilling is planned to test these two areas.

### **OUTLOOK**

Syndicated is confident its current drilling program will lead to a significant expansion of its existing Barbara copper-gold resource with the aim of supporting a move into the more detailed feasibility study phase of the project's development by the end of 2010. The drilling program is progressing well with first assay results expected to be available towards the end of April.

### ***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. Kalman has similarities to the Merlin high grade molybdenum-rhenium deposit discovered to the southeast of Kalman by Ivanhoe Australia. While no activity for the quarter was reported by our joint venture partner Kings Minerals NL, Syndicated is actively pursuing discussions with Kings on a number of options to progress the project,

### ***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. Results from a soil sampling program (900 samples) have been received and have outlined several zones of strongly anomalous copper, gold, lead, zinc and uranium within or immediately adjacent to the fault zone. *(Refer to Figure 4 and ASX release dated April 14<sup>th</sup> 2010)*

Follow-up sampling will be commenced shortly in order to define drilling targets.

### ***Other Projects***

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

### ***Tenement Acquisition & Project Generation***

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

### ***Corporate***

On 15<sup>th</sup> February 2010, Mr KD Park, Executive Director and Chief Financial Officer of Sun Metals joined the Board of Syndicated as a representative of the Company's cornerstone shareholder, Korea Zinc Company Ltd. Korea Zinc is one of the world's largest refiners of zinc metal and owns the Sun Metals zinc refinery in Townsville, North Queensland.

In addition, a major marketing program directed at potential investors in both Australia and overseas was completed in order to promote additional recognition of the value of the Company's exciting exploration and mineral resource assets in the world-class Mount Isa mineral province and potentially expand its existing shareholder base.

Syndicated's cash balance was \$4.2 million at the end of March.



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-gold) 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 1100 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 0419195087 or view our website at: [www.syndicatedmetals.com.au](http://www.syndicatedmetals.com.au)

## ***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.

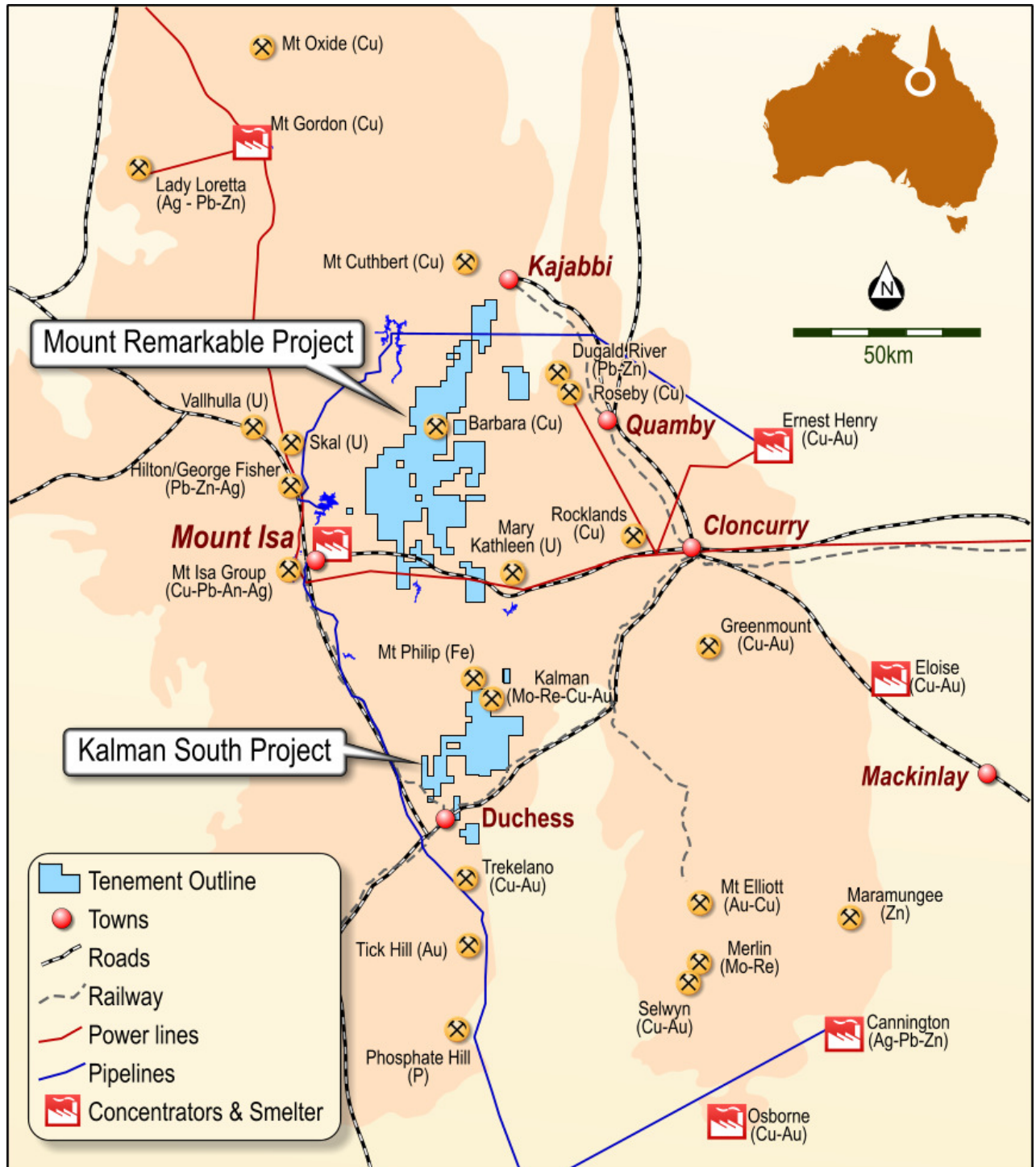


Figure 1: Project Location

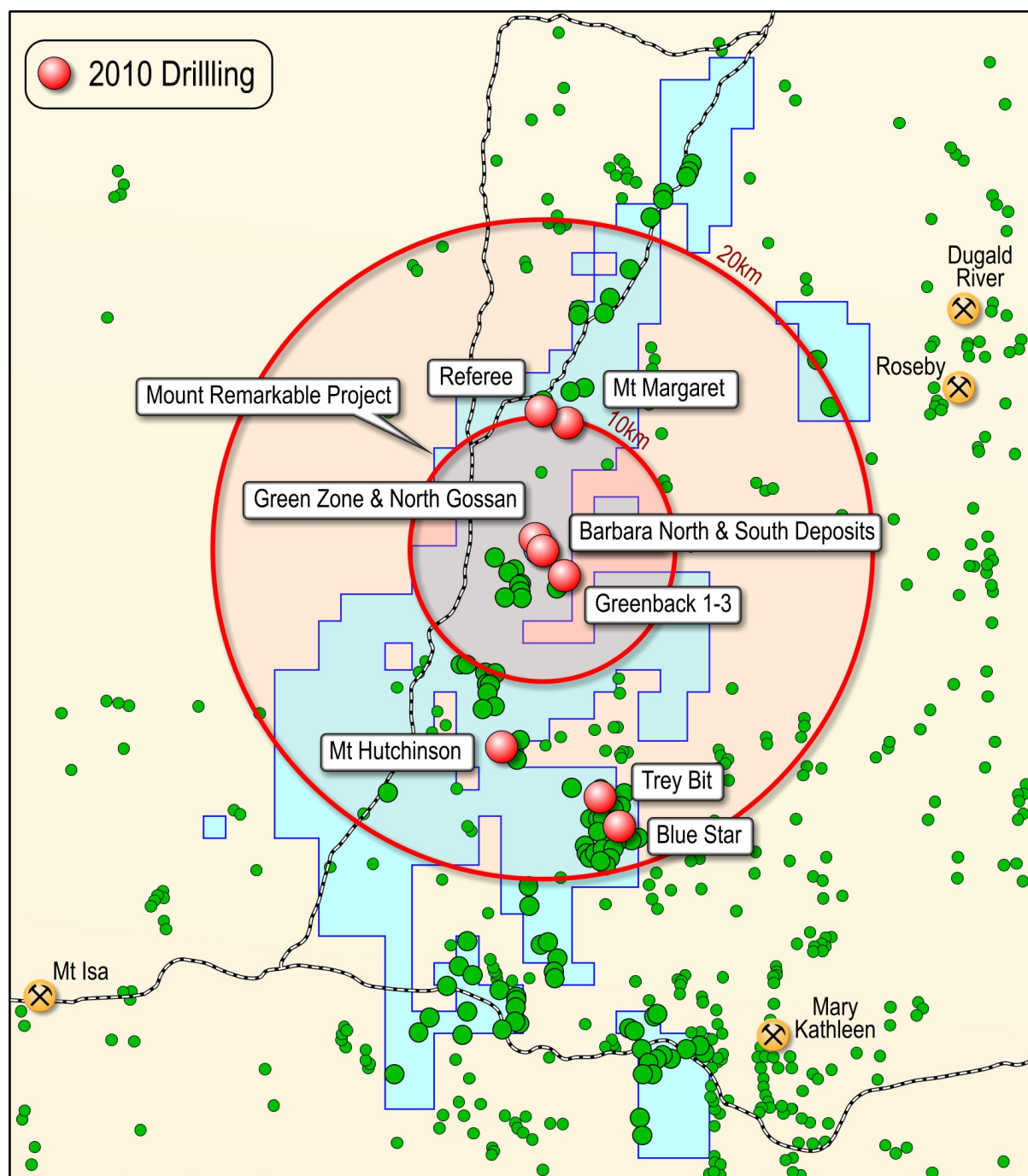


Figure 2: 2010 Drilling Targets

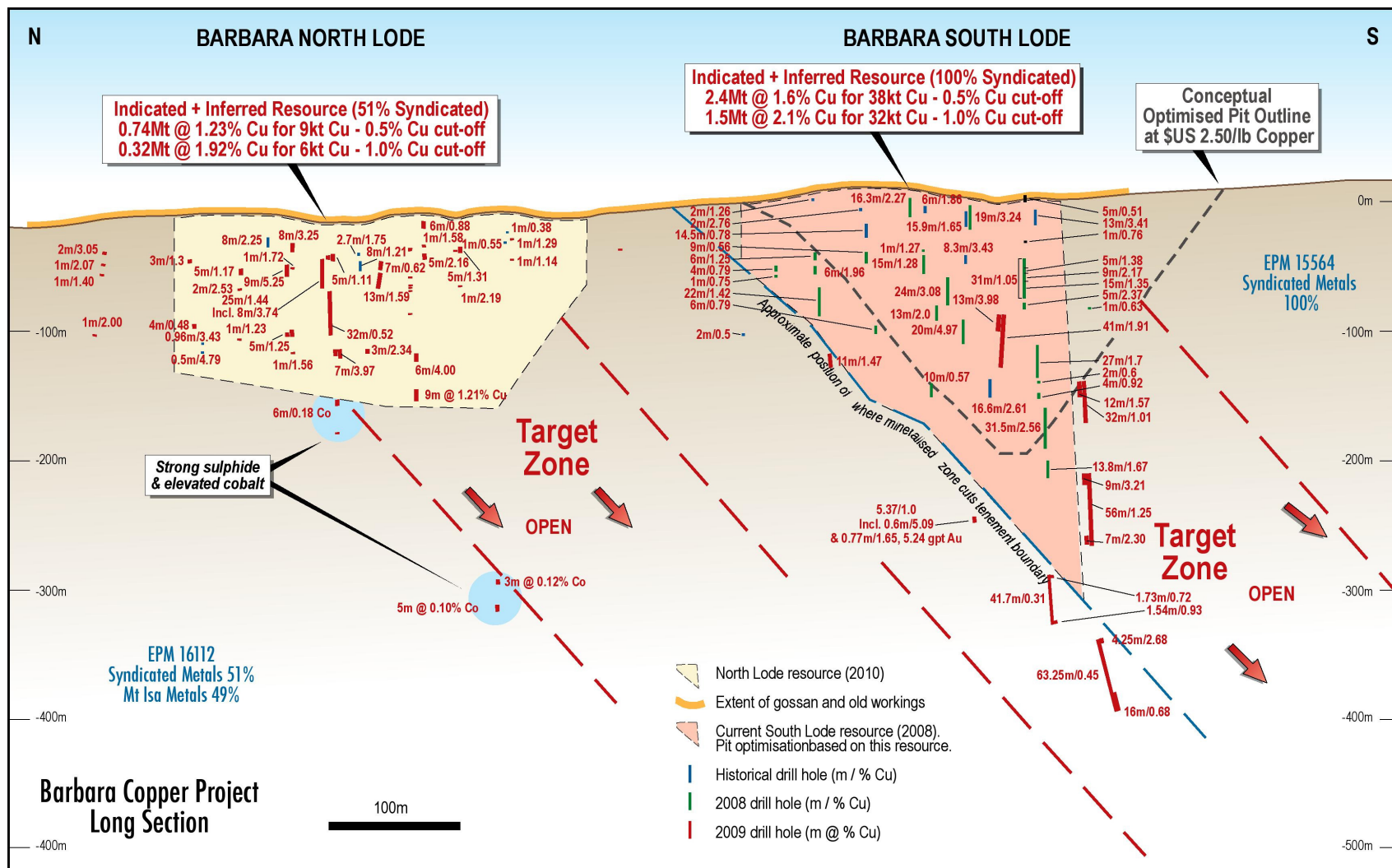


Figure 3: Barbara Long Section

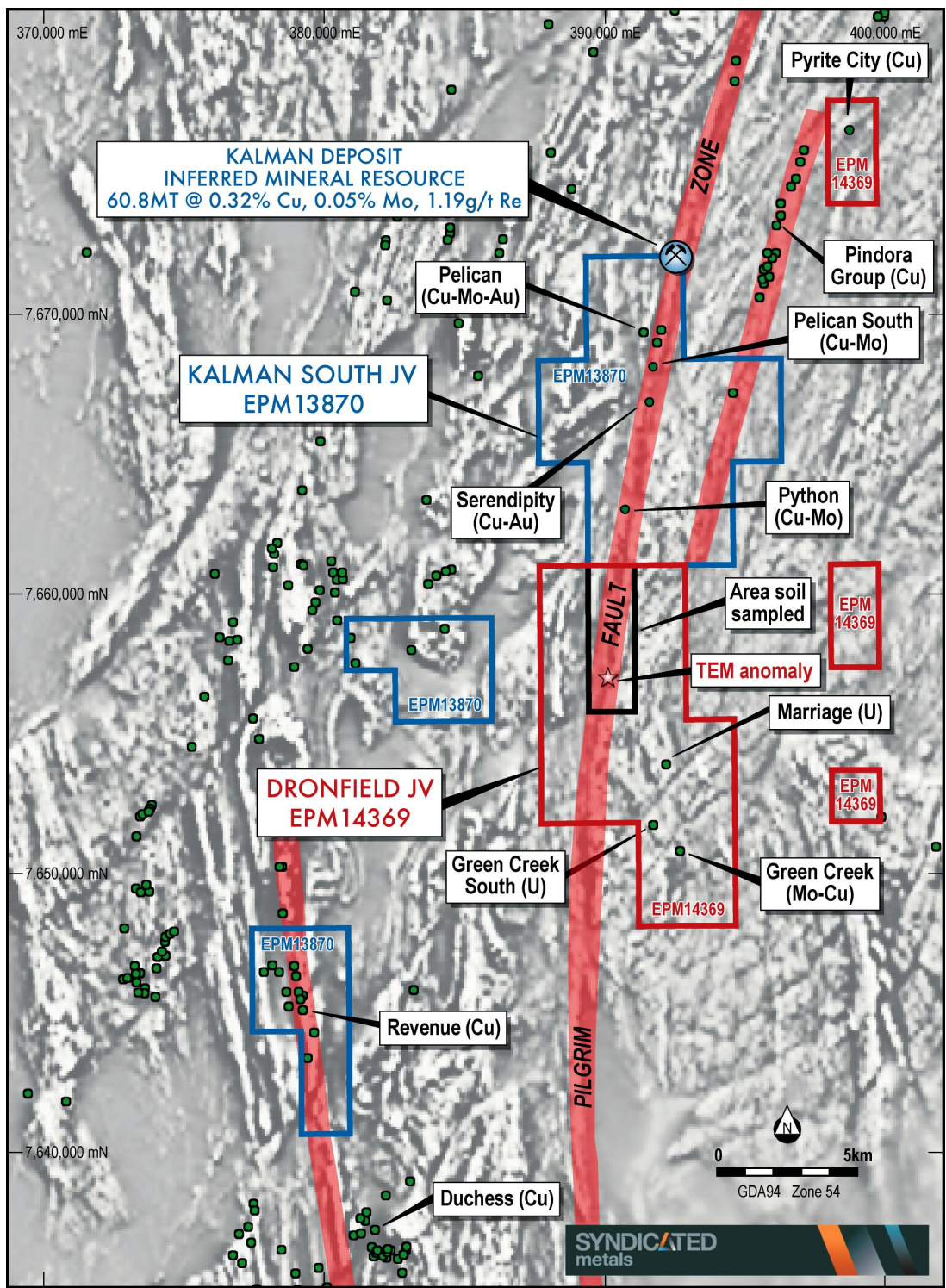


Figure 4: Dronfield JV Soil Geochemistry

## APPENDIX 1

The Indicated and Inferred Mineral Resources for the Barbara South Lode (100% Syndicated) as at October 2008 are tabulated below. Refer also to Syndicated's ASX announcement dated October 28<sup>th</sup> 2008 for details.

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

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

*(Based on modelled density, minor rounding errors may occur; significant figures quoted do not imply precision and are used to minimize round-off errors)*

**Table 1: Barbara South Lode Resource Estimates**

The Indicated and Inferred Mineral Resources for the Barbara North Lode (51% Syndicated) as at March 1<sup>st</sup> 2010 are tabulated below. Refer also to Syndicated's ASX announcement dated March 1<sup>st</sup>, 2010 for details.

<b>0.5% Cu Cut-off</b>					
<b>Category</b>	<b>Tonnes</b>	<b>Cu %</b>	<b>Au g/t</b>	<b>Cu Tonnes</b>	<b>Au ozs</b>
Indicated	281,000	1.35	0.1	3,790	900
Inferred	459,000	1.16	0.1	5,310	1,480
<b>Total</b>	<b>740,000</b>	<b>1.23</b>	<b>0.1</b>	<b>9,100</b>	<b>2,380</b>

<b>1.0% Cu cut-off</b>					
<b>Category</b>	<b>Tonnes</b>	<b>Cu %</b>	<b>Au g/t</b>	<b>Cu Tonnes</b>	<b>Au ozs</b>
Indicated	137,000	2.04	0.1	2,800	440
Inferred	185,000	1.83	0.1	3,380	600
<b>Total</b>	<b>322,000</b>	<b>1.92</b>	<b>0.1</b>	<b>6,180</b>	<b>1,040</b>

*(average density of 2.89t/m<sup>3</sup> for sulphide, 2.59t/m<sup>3</sup> for oxide; minor rounding errors; significant figures quoted do not imply precision and are used to minimize round-off errors)*

**Table 2: Barbara North Lode Resource Estimates**

# 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")

March 31 2010

### Consolidated statement of cash flows

#### Cash flows related to operating activities

	Current quarter \$A'000	Year to date ( 9 months) \$A'000
1.1 Receipts from product sales and related debtors	15	393
1.2 Payments for (a) exploration and evaluation	(330)	(1,453)
(b) development		
(c) production		
(d) administration	(290)	(617)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	37	128
1.5 Interest and other costs of finance paid		(2)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(568)	(1,551)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(7)	(15)
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)		
	(7)	(15)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(575)	(1,566)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(575)	(1,566)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		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)	(79)	(79)
	<b>Net financing cash flows</b>	(79)	2,284
	<b>Net increase (decrease) in cash held</b>	(654)	718
1.20	Cash at beginning of quarter/year to date	4,872	3,500
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	4,218	4,218

**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	126
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.*

**Appendix 5B**  
**Mining exploration entity quarterly report**

	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	500
4.2 Development	
<b>Total</b>	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	218	2,670
5.2 Deposits at call	4,000	2,202
5.3 Bank overdraft		
5.4 Other (provide details) Security deposit		
<b>Total: cash at end of quarter</b> (item 1.22)	4,218	4,872

**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	<b>Preference securities</b> (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	71,250,005	71,250,005		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	8,000,000	Nil	Exercise \$0.30	Expire 3 Sep 2012
		500,000	Nil	Exercise \$0.40	Expire 30 Aug 2011
		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
		6,950,000	6,950,000	Exercise \$0.20	Expire Dec 31 2011
7.8	Issued during quarter	6,950,000	6,950,000	Exercise \$0.20	Expire Dec 31 2011

+ See chapter 19 for defined terms.

7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: .. April 15 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.