

QUARTERLY REPORT September 2010

HIGHLIGHTS

SYNDICATED METALS LIMITED

ABN 61 115 768 986

Market Capitalisation (at 30/9/2010)
\$12 million (at \$0.17 per share)

Issued Capital (at 30/9/2010)
71.25 million ordinary shares
18.5 million unlisted options
6.9 million listed options

Cash (at 30/9/2010): \$2.4 million

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- RC and diamond drilling extends Barbara South Lode down plunge;
- Additional shallow copper intercepts extend Barbara North Lode;
- Green Zone remains open to north confirming the potential for a shallow open-pittable sulphide copper resource;
- Further elevated cobalt results returned from pyritic body at North Gossan;
- First VTEM survey at Mount Remarkable identifies 15 high priority targets classified as strong 'anomaly strength conductors';
- Acquisition of 2% Net Smelter Royalty over Kalman South Deposit (EPM13870) which contains a substantial section of the Kalman molybdenum-rhenium-copper-gold resource;
- Agreement reached to acquire four strategic exploration licenses including the Dronfield Joint Venture tenement (EPM14369) which covers a nine kilometre section of the Pilgrim Fault Zone south of Kalman;
- New copper-gold sulphide discovery at Blue Star shows excellent potential for defining a new deposit with drill intercepts of 14 metres at 1.63% Cu and 0.25g/t Au;
- Copper-gold values of up to 25% Cu and 6.1g/t Au returned from initial rock chip samples at Bloodwood prospect;
- Drilling recommenced at Mount Remarkable in October to test targets including Mount Margaret IOCG and Green Zone extensions;
- The resource update for the Barbara North and South Lodes is anticipated to be completed during the fourth quarter.

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 deposits, 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 resource which has similarities to Ivanhoe Australia's nearby Merlin high grade molybdenum-rhenium discovery.

A targeted drilling program comprising approximately 10,000 metres of RC and diamond core drilling at the Mount Remarkable project that commenced in mid-March continued during the quarter. 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.

Significant progress towards a stand-alone copper development has been made during the quarter with a range of significant copper-gold drill intersections, new discoveries and the outlining of exciting new soil, rock chip and VTEM anomalies.

Mount Remarkable Project

Extensional drilling continued during the quarter at Barbara North and South Lodes with first pass drilling completed at the Greenback, North Gossan, Trey Bit and Blue Star prospects.

A 750 line kilometre VTEM survey was also completed over extensions of the Barbara host stratigraphy and structures.

At the Barbara South Lode all holes reported excluding BADD014 were drilled within EPM15564 (100% Syndicated). BADD014 and the drill holes at Barbara North Lode, Green Zone and North Gossan were drilled within the Leichhardt Joint Venture - EPM16112 (51% Syndicated / 49% Mount Isa Metals). Trey Bit and Blue Star are located within EPM16197, part of the West Leichhardt Joint Venture (Syndicated Metals 51% and management / Mount Isa Metals Limited 49%). Greenback is located within EPM15564, held 100% by Syndicated.

Details of this work have been reported regularly in announcements to the ASX during the quarter.

Barbara South Lode

The step-out drilling on the southern margin of Barbara South Lode on section 7200N consisting of one RC hole (BARC062) and three diamond holes (BADD012 - 014) has established the continuation of the mineralised zone and ore grade copper mineralisation a further 80 metres to the south and down plunge to depths of around 500 metres below surface. The lode in this position is dominated by pyrrhotite (iron sulphide) with disseminated and stringer chalcopyrite (copper sulphide) and thinner zones of massive and semi-massive chalcopyrite, including **0.85 metres at 17.9% Cu and 0.86g/t Au** in BADD013 and **0.85 metres at 8.53% Cu and 0.64g/t Au** in BADD012. No deeper drilling (+500 metres depth) is planned in the short term. The lode has yet to be closed off up dip.

Barbara North Lode

Three RC holes (BARC063 to BARC065) were drilled on the southern margin of North Lode outside the current resource envelope. The drilling intersected relatively shallow ore grade material (14 metres at 1% Cu) highlighting the potential to expand the current resource envelope and lending support to a link between the North and South lodes at an open pit mineable depth. This zone will be followed up with further drilling.

Green Zone

Drilling at Green Zone along strike from previous holes GZRC001 and GZRC002 has now defined a mineralised zone up to 15m thick over a strike length of 400 metres. The zone dips steeply to the west and is open to the north toward North Gossan. Results include 24 metres at 0.83% Cu from 32 metres in GZRC003 and 8 metres at 1.05% Cu from 56 metres in GZRC006. Infill drilling will be undertaken as a priority to potentially provide sufficient data for a resource estimate to be undertaken.

North Gossan

North Gossan is located on a fault dislocated portion of the Barbara Fault which hosts the Barbara North and South Lodes. The prospect is characterized by high levels of pyrite dominated semi massive to massive sulphide. Copper levels are low but the cobalt content is strongly elevated. This zonation from high copper to high cobalt is seen at the Barbara Lodes which gives confidence that ore grade copper mineralisation may be discovered at North Gossan with further drilling.

Three additional reverse circulation holes were drilled (NGRC002 to NGRC004) to follow up an initial intersection of 6 metres at 0.18% Co in NGRC001. All of these holes intersected zones of high cobalt and pyrite content including 3 metres at 1032ppm Co in NGRC003 and 6 metres at 917ppm Co in NGRC004.

A more detailed assessment of the occurrence of cobalt within the deposits is warranted as it has potential to add further value to the deposits if it can be recovered economically.

Blue Star

First pass drilling at Blue Star returned highly encouraging results. The mineralisation is in multiple lodes and open along strike and at depth. Significant results include:

- 14 metres at 1.15% Cu and 0.17g/t Au from 51 metres including 2 metres at 3.25% Cu and 0.38g/t Au from 51 metres in BSRC002;
- 14 metres at 1.63% Cu and 0.25g/t Au from 100 metres including 3 metres at 2.95% Cu and 0.67g/t Au from 103 metres and 2 metres at 5.55% Cu and 0.52g/t Au from 112m in BSRC003;
- 4 metres at 2.56% Cu and 0.28g/t Au from 63 metres in BSRC005;
- 5 metres at 1.77% Cu and 0.30g/t Au from 82 metres including 3 metres at 2.6% Cu and 0.48g/t Au from 82 metres in BSRC006.

Blue Star is considered to have excellent potential for outlining a near surface copper-gold resource with limited additional drilling.

Trey Bit

Encouraging results from first pass drilling at Trey Bit include 3 metres at 1.57% Cu from 76 metres in TBRC001 and 3 metres at 1.27% Cu from 43 metres in TBRC002.

Bloodwood

First pass soil and rock chip surface sampling commenced over the northern section of the Leichhardt–Prospector IOCG (iron oxide copper gold) trend, 20 kilometres to the northeast of the Company’s Barbara copper-gold project.

Syndicated’s soil sampling program over the magnetic highs identified three zones of anomalous copper and gold.

Initial rock chip sampling produced immediate success, identifying high grade oxide copper and gold mineralisation at surface, often adjacent to occurrences of “copper weed”, with values of up to 25% copper and 6.1g/t gold. The strongly elevated gold values in the samples are considered particularly encouraging.

Syndicated holds the northern and southern sections of the Leichhardt-Prospector Trend which extends over a total of 25 kilometres and is characterised by a series of intense aeromagnetic anomalies caused by hydrothermal magnetite alteration of sedimentary units. The overall trend hosts at least 14 copper prospects (held by other parties), including the Leichhardt copper deposit. The most significant historic drill intersection along the trend is 71.5m @ 1.72% Cu and 0.18g/t Au from an RC hole drilled in the early 1990’s.

Further surface rock chip sampling along the mineralised zone north of Syndicated’s discovery outcrop is currently in progress and results will be released as they come to hand.

The evaluation of this prospect is at an early stage but the initial results are considered very positive.

Airborne VTEM Survey

The program comprised an initial survey of 750 line kilometres over extensions of the prospective rock sequences and structures that host the Company’s Barbara copper-gold deposits. An additional 86 kilometres of 100 metre spaced infill surveying was conducted in select areas.

The survey was conducted by Geotech Airborne Pty Ltd using a helicopter-borne Versatile Time-Domain Electromagnetic (“VTEM”) system.

A preliminary interpretation of the survey data by Southern Geoscience Consultants Pty Ltd identified 15 high priority conductors and a number of second order conductors for follow-up.

The survey showed that the Barbara North and South Lodes have an excellent chargeability response and clearly defined the North Gossan cobalt rich pyrite body located 400 metres along strike.

Also highlighted are a number of similar strong responses which require investigation in detail. Initial ground examination of several of the responses indicates that their location is coincident with historic copper workings that have not been previously drilled. Inspection of one of the conductive zones in the northeast of the survey area has located a previously unrecorded zone of hematite altered breccias in excess of 500 metres in length.

VTEM surveys are designed to quickly cover large areas and identify high conductivity zones possibly containing massive sulphide. Syndicated’s Barbara Deposit located in the centre of the survey area exhibited a classic ground EM response demonstrating the effectiveness of the technique over the area. The Company now has confidence that the technique can be used effectively in identifying and ranking targets elsewhere within its extensive and highly prospective tenement holdings at Mount Remarkable.

Forward Program

The resource update for the Barbara North and South Lodes is anticipated to be completed during the fourth quarter prior to the commencement of scoping level studies to determine the best approaches for maximizing the value of these deposits.

Drilling will continue in October with programs to be conducted at the company's Mount Margaret and Green Zone prospects. Mount Margaret has indications of IOCG style hematite alteration and is located close to the regional-scale Mount Remarkable Fault. The drilling along strike from Green Zone is designed to test for northern strike extensions to the mineralisation.

Rock chip sampling at the exciting new Bloodwood copper-gold prospect is continuing with results to be announced as they come to hand.

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. Kalman has similarities to the Merlin high grade molybdenum-rhenium deposit discovered to the southeast of Kalman by Ivanhoe Australia.

Syndicated's joint venture partner on EPM13870, Kings Minerals NL (ASX:KMN), 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.

Royalty Acquisition

During the quarter Syndicated announced that agreement has been reached with ASARCO Exploration Company Inc for Syndicated Royalties Pty Ltd (a 100% - owned subsidiary of 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.

The royalty will be acquired for a total consideration of 476,891 ordinary shares in Syndicated, escrowed for six months after issue and applies to 100% of all mineral production from the tenement.

Syndicated takes a very positive view of the potential of the Kalman region and is actively expanding tenement holdings in the Kalman area.

Dronfield Joint Venture Acquisition

During the quarter Syndicated announced the acquisition of four tenements from Altona Mining Limited, formerly Universal Resources Limited. The tenements are considered highly prospective for copper, gold, molybdenum, rhenium, uranium, lead and zinc and significantly enhance Syndicated's current tenement holdings at its Mount Remarkable and Kalman South project areas. The tenements have been acquired for a total consideration of 1.5 million ordinary shares in Syndicated;

The issue of up to 500,000 of the 1.5 million shares is contingent on the term of three of the tenements (EPMs 14366, 14545 and 14362) being renewed by the Queensland Mines Department. The issued shares will be escrowed for 12 months.

The most significant tenement to be acquired is EPM14369 (Dronfield) which is currently held in a Joint Venture between Syndicated and Altona whereby Syndicated can earn up to a 70% interest in the tenement. The Joint Venture will terminate upon completion of the acquisition.

The Dronfield tenement covers a nine kilometre strike length of the highly prospective Pilgrim Fault Zone and abuts EPM13870 (Syndicated 49%) which contains a significant portion of the Kalman Mo-Re-Cu-Au deposit.

Syndicated recently outlined several strong copper and gold soil anomalies within the tenement along the Pilgrim Fault zone. Following further soil and rock chip sampling will be carried out to better define the anomalies and the higher priority targets will then be drill tested.

To the east of the Pilgrim Fault a number of elevated gold in stream anomalies are present which require follow-up. Syndicated considers that these areas have potential for Tick Hill style gold mineralisation.

Also to be acquired is EPM14366 located to the southwest of EPM14369 which covers a number of historical copper-gold workings including the Nil Desperandum mine. Previous drilling at Nil Desperandum returned significant high grade copper and gold intersections including 22 metres at 2.23% Cu and 0.26g/t Au and 19 metres at 2.32% Cu and 0.56g/t Au. Follow up drilling designed to extend and better define the mineralisation is planned.

Other Projects

No field work was undertaken on the Exmouth or Georgina projects. Syndicated's Carpentaria Zinc Project applications are progressing through the grant process.

Tenement Acquisition & Project Generation

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

Corporate

Syndicated's cash balance was \$2.4 million at the end of September.



Russell Davis
Managing Director

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

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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, principally in the mineral-rich Mount Isa region in Northwest Queensland.

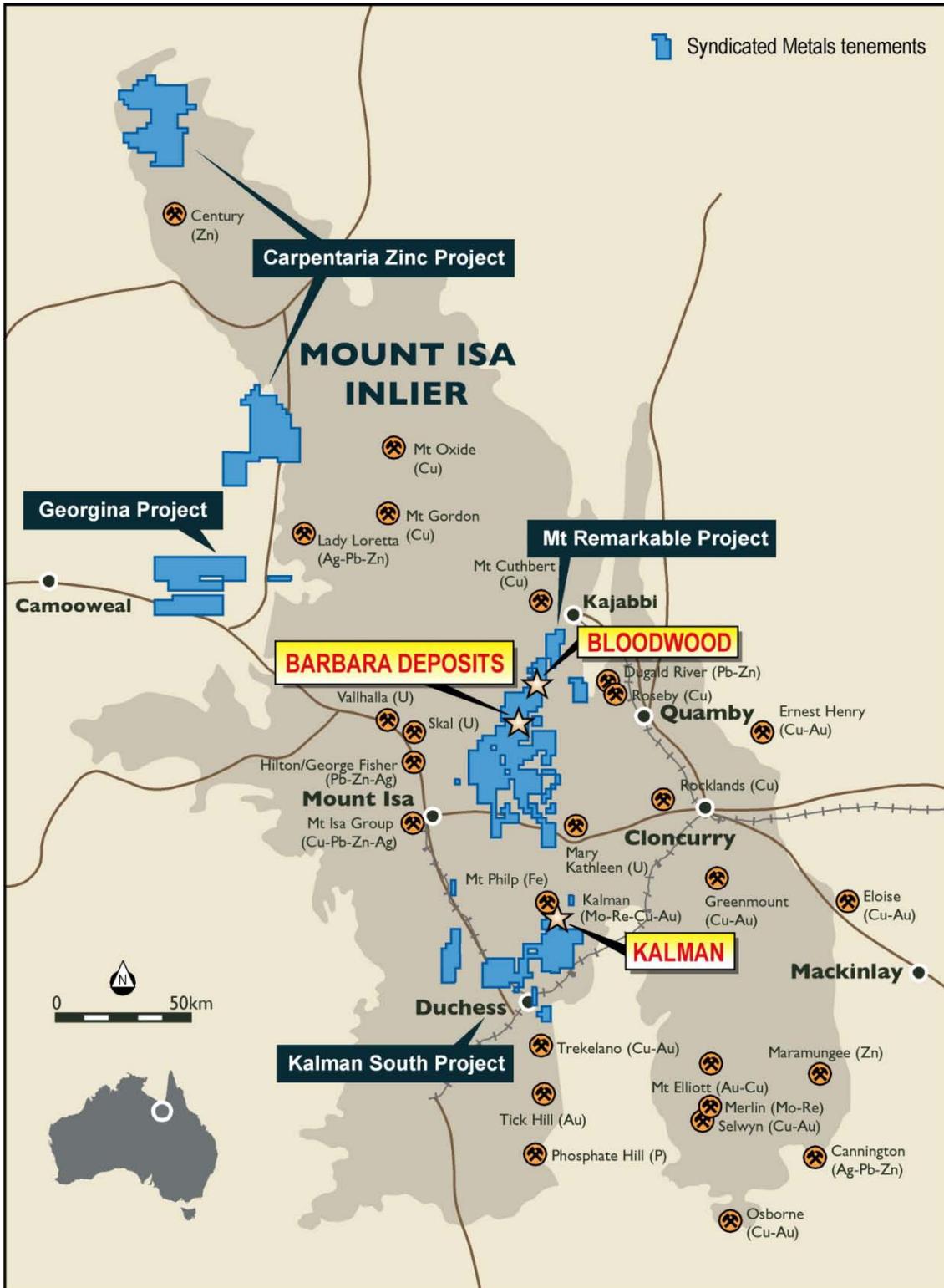
Syndicated listed on the ASX in December 2007 and has since generated a significant metal resource inventory in the Mount Isa region comprising its interests in the Barbara (copper-gold) and Kalman South (molybdenum-rhenium-copper-gold) deposits.

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.

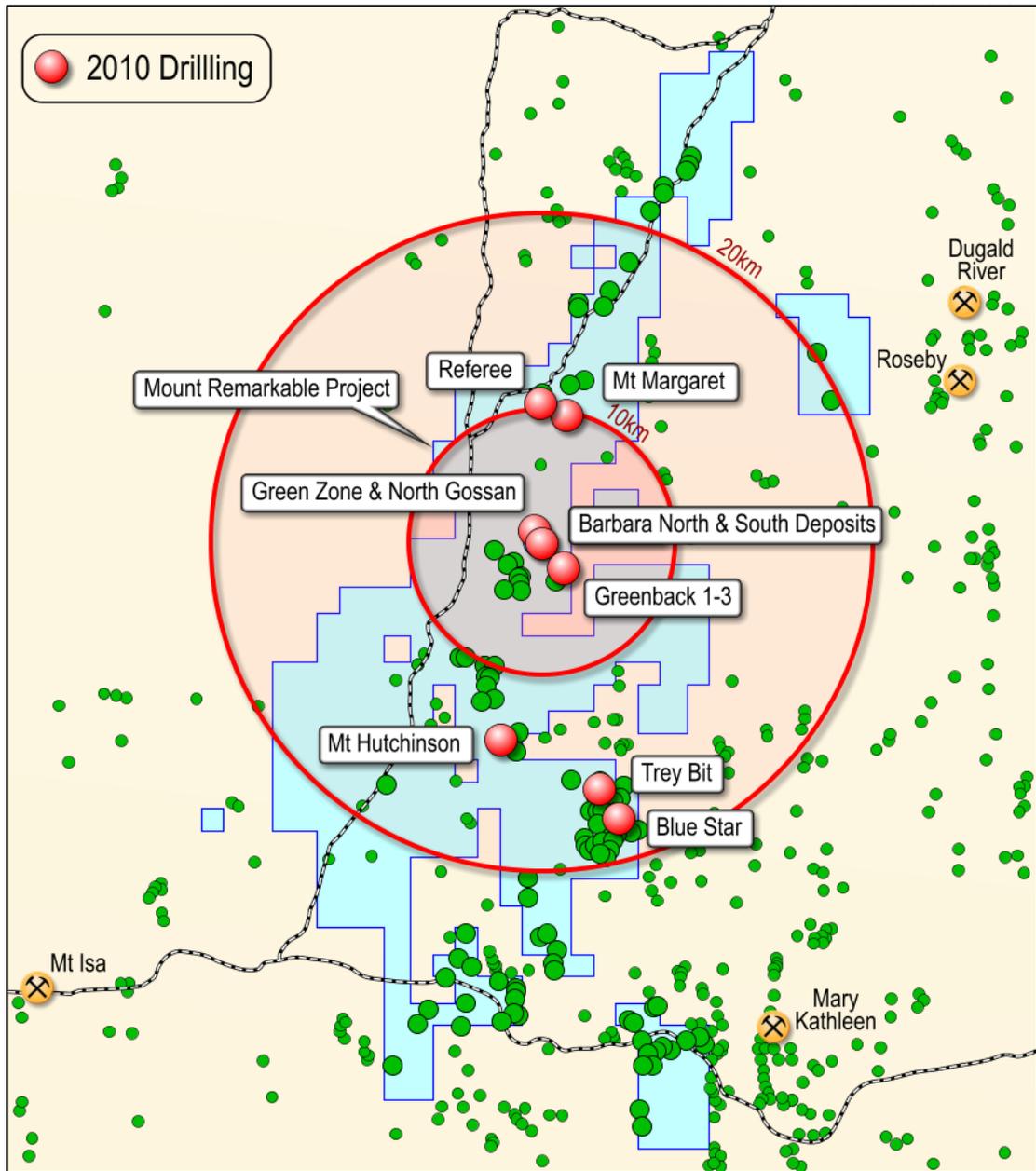
Syndicated holds an interest in EPM13870 forming part of the Kalman molybdenum-copper-gold-rhenium deposit, where Syndicated is free carried to completion of a final feasibility study. An updated resource estimate was announced in September 2008 for the Kalman South project and scoping study work on 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.

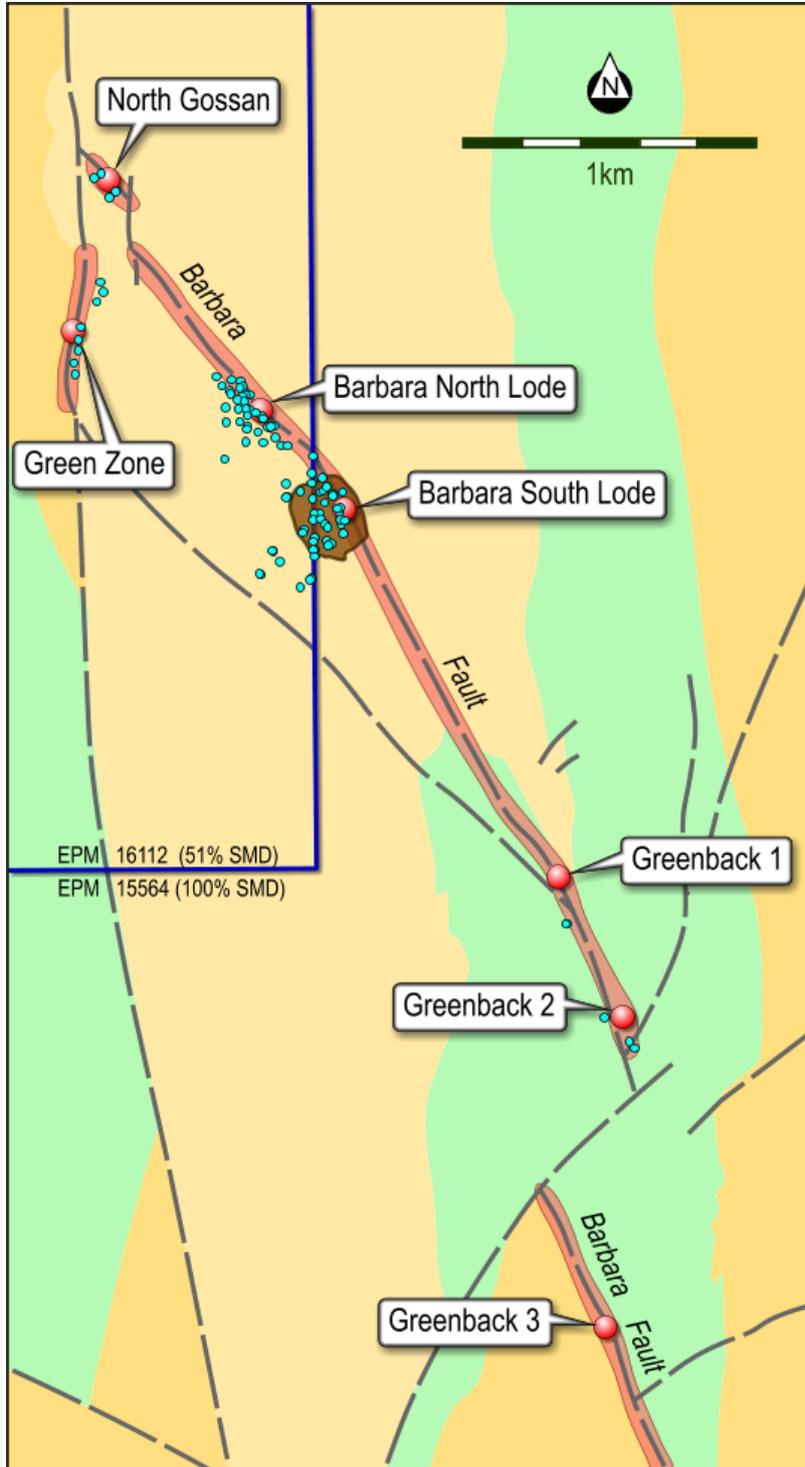
Korea Zinc Company Ltd, through its Australian subsidiaries holds a 14.9% interest in Syndicated.



Project Location



2010 Drilling Targets



Barbara Project Area

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 28th 2008 for details.

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

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

(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 1st 2010 are tabulated below. Refer also to Syndicated's ASX announcement dated March 1st, 2010 for details.

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

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

(average density of 2.89t/m³ for sulphide, 2.59t/m³ 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, 01/06/10.

Name of entity

SYNDICATED METALS LIMITED

ABN

61 115 768 986

Quarter ended ("current quarter")

September 30 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (...3...months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	220	220
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(719)	(719)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	52	52
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(658)	(,658)
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	(2)	(2)
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)		
	(2)	(2)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(660)	(660)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(660)	(660)
	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	(660)	(660)
1.20	Cash at beginning of quarter/year to date	3,075	3,075
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,415	2,415

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	133
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.

+ See chapter 19 for defined terms.

	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	282
4.2 Development	
4.3 Production	
4.4 Administration	160
Total	442

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	715	375
5.2 Deposits at call	1,700	2,700
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,415	3,075

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	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 +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>	500,000 6,950,000 8,000,000 1,000,000 600,000 2,800,000 2,800,000 2,800,000	6,950,000	<i>Exercise price</i> 40 cents 20 cents 30 cents 40 cents 25 cents 35 cents 45 cents 55 cents	<i>Expiry date</i> Aug 30 2011 Dec 30 2011 Sep 12 2012 Oct 31 2012 Nov 30 2014 Nov 30 2014 Nov 30 2014 Nov 30 2014
7.8 Issued during quarter				
7.9 Exercised during quarter				

+ See chapter 19 for defined terms.

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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: October 20th 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.