

3 April 2013

UPDATE ON NORTH QUEENSLAND EXPLORATION JOINT VENTURES

Rationalisation of JV arrangements enables Syndicated to focus on its Northern Project Hub

Highlights

- **Syndicated withdraws from the Kalman Joint Venture with Cerro Resources (ASX: CJO), eliminating a requirement to spend a further \$1.8M on exploration.**
- **Pelican JV reinstated, in which Syndicated is free-carried for one year.**
- **Withdrawal enables Syndicated to conserve its cash and utilise the available funds to progress exploration within its Northern Hub, including its flagship Barbara Copper-Gold Project.**

Syndicated Metals Limited (ASX: SMD) advises that it has formally withdrawn from the Kalman Joint Venture with Mt Dockerell (a 100%-owned subsidiary of Cerro Resources), covering a number of tenements within its Southern Project Hub in north-east Queensland.

Kalman JV

The Kalman JV Agreement commenced in May 2011, whereby Syndicated could earn 60% ownership in a number of tenements by:

- Paying Mt Dockerell (the vendor) \$2.0 million in shares; and
- Completing \$4.0 million of Earn-In Expenditure within 2 years.

Syndicated could then earn an additional 20% interest (to 80%) by:

- Paying Mt Dockerell a further \$1.0 million in shares; and
- Spending a further \$7.0 million of Earn-In Expenditure within 3.5 years.

Syndicated Metals had to spend a minimum of \$2.0 million of Earn-In Expenditure before withdrawing from the Joint Venture Agreement. Syndicated has completed approximately \$2.2 million of Earn-In expenditure to date, however in the current market conditions and with only a few months remaining in the Earn-In period, the Company believes that it is not in the best interests of shareholders to spend the remaining \$1.8 million required to complete the Earn-In to the Kalman JV.

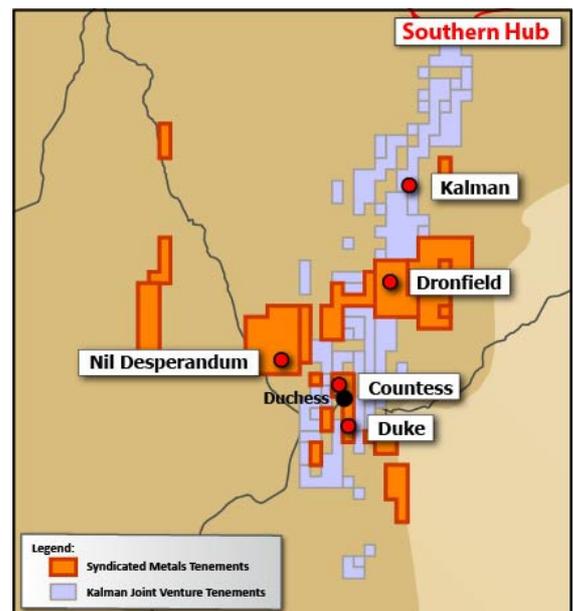


Figure 1 – SMD and Kalman JV tenements

Pelican JV

The arrangements between Syndicated and Mt Dockerell will now revert to the previously agreed Pelican JV, whereby Mt Dockerell, having already earned a 51% interest, has a right to earn up to a 70% interest in a number of tenements within the Company's Southern Hub by sole funding exploration and completing a Final Feasibility Study on a development project within three years.

The Pelican JV has approximately 12 months to run of its 3-year Earn-In period.

The Pelican JV contains approximately half of the Kalman deposit, which straddles the boundary between Kalman JV and Pelican JV tenure.

Syndicated Metals' Managing Director, Andrew Munckton, said the decision to withdraw from the Kalman Joint Venture Agreement had been made after taking current market conditions into consideration and assessing the best opportunities available to the Company to create value for shareholders in the short term.

"While it is disappointing to withdraw from the Kalman Joint Venture, the Board firmly believes that investing a further \$1.8 million could not be justified in the current environment.

"The companies will now revert to the Pelican JV, which has no expenditure obligation on Syndicated for approximately one year, allowing us to focus our time and resources on the Northern Hub projects in the immediate future.

"We believe the Northern Hub, in particular the Barbara Project area, offers shareholders the best opportunity to create value by pursuing some of the exciting new exploration targets and opportunities we have identified in recent months. We will update the market on planned activities in this regard in the coming weeks.

"We look forward to working closely with Mt Dockerell on the Pelican JV project moving forward and we still retain a significant tenement position within the Southern Hub through our 100%-owned tenements, giving us exposure to this highly prospective region including the Kalman deposit."

ENDS

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