

ASX ANNOUNCEMENT – 3 June 2013

SYNDICATED TEAMS UP WITH EXCO TO DEVELOP BARBARA COPPER-GOLD PROJECT

MOU encompasses consolidation of project ownership and a 50/50 exploration joint venture

Highlights

- Exco Resources and Syndicated Metals (SMD) enter into landmark MOU encompassing the proposed joint development of SMD's flagship Barbara Copper-Gold Project in Queensland.
- MOU creates a low-cost, low-risk development pathway for the Barbara Project, enabling Syndicated to potentially join the ranks of copper producers within 18 months.
- Proposal envisages processing Barbara ore through the Copperchem treatment facilities under an existing arrangement between Exco and Copperchem.
- Key terms in the Exco Earn-In to 50% of the Barbara Project include:
 - Exco to pay \$1 million to Syndicated to acquire a 50% interest in the Barbara Project Area, enabling SMD to purchase the 41.3% interest in the West Leichhardt JV held by Orbis Gold Limited.
 - Exco to sole fund and manage a Feasibility Study on development of the Barbara Open Pit, leading to the establishment of a 50/50 Project Joint Venture.
 - Exco to sole fund exploration over the JV project area up to \$1.7 million, including potential extensions of the Barbara Mineral Resources and other opportunities.

Syndicated Metals Limited (ASX: SMD) is pleased to announce that it has secured a development pathway for its flagship **Barbara Copper-Gold Project** in north-east Queensland after entering into a Memorandum of Understanding (MOU) with Exco Resources Limited (a 100%-owned subsidiary of WH Soul Pattinson) encompassing the joint evaluation, development, mining and processing of the deposit.

Under the proposed arrangement, it is envisaged that Exco will sole fund a Feasibility Study on the Barbara Project and, following a positive decision to mine, enter into a 50/50 production joint venture with Syndicated to finance, develop and operate the Barbara Project.

Subject to finalisation of a formal agreement, Exco will pay Syndicated \$1 million which will enable Syndicated to acquire the 41.3% interest held by Orbis Gold Limited (ASX: OBS) in the West Leichhardt Joint Venture ("WLJV"), which covers part of the Barbara deposit and other Orbis tenements in the area. See Figure 1.

Syndicated has, separately, entered into an agreement with Orbis to purchase this WLJV interest and other Mt Isa tenements, enabling it to acquire 100% ownership of the entire Barbara Project.

The MOU also encompasses the sole funding by Exco of the first \$1.7 million of exploration expenditure in the **Barbara Project Area**, to be managed by Syndicated, with the aim of facilitating near-term drilling to test a number of recently identified exploration opportunities. Following the completion of the initial exploration expenditure and establishment of the exploration joint venture, exploration will be funded 50/50.

The Barbara Project – which is located within Syndicated’s Northern Hub tenements, 60km north-east of Mt Isa – comprises an Indicated and Inferred Mineral Resource of 5.3 million tonnes grading 1.4% copper totalling 74,200 tonnes of contained copper (See Table 1 below).

Table 1 - Barbara Mineral Resource Estimate (0.5% Cu Cut-Off)

Mineral Resources by Tenement – Copper Zone – 0.5% Cu cut-off							
Tenement	Category	Tonnes	Cu %	Au g/t	Ag g/t	Co ppm	*Cueq%
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
	Total	3,339,000	1.6	0.2	2.7	272	1.8
EPM16112 (58.7% SMD / 41.3% OBS)	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
	Total	1,992,000	1.2	0.1	2.2	258	1.4
	Total	5,331,000	1.4	0.1	2.5	267	1.7

Exco has an agreement with Copperchem (a wholly-owned subsidiary of WH Soul Pattinson) under which Copperchem processes ore in which Exco has an interest through its Great Australia copper concentrator and oxide heap leach project, located near Cloncurry, approximately 120km by road from Barbara.

Syndicated and Exco believe that there is an opportunity to develop Barbara through an initial open pit to extract both oxide and sulphide ore, with the material being processed through the Copperchem facilities.

This will create a low-cost, near-term development pathway for the Barbara Project, enabling Syndicated to join the ranks of copper producers within 18 months while at the same time significantly reducing the financing and development risk associated with project development.

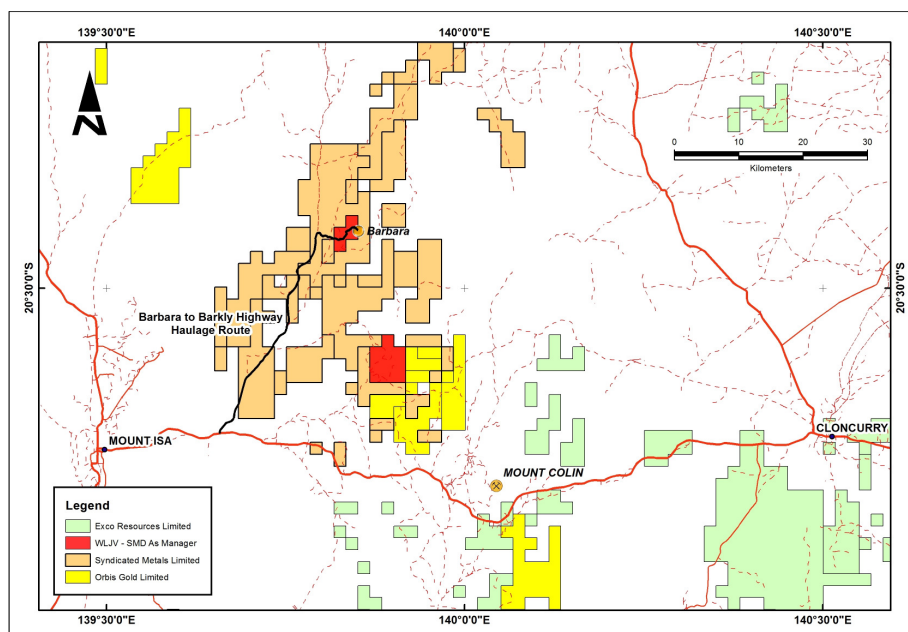


Figure 1 – Barbara Copper-Gold Project location

MOU Details

The MOU, which encompasses exploration, a Feasibility Study and development of the Barbara Project area, covers EPM16112 and part of EPM15564.

Syndicated has applied to the Department of Natural Resources and Minerals (DNRM) for two Mineral Development Licences, MDL499 and MDL500, covering five sub-blocks of these two permits, which would allow development of the Barbara Project to proceed under the envisaged processing scenario (see Figure 2). The MOU and proposed JV arrangements apply to the **Barbara Project Area** as defined by the two MDL applications, as shown in Figure 2 below.

Syndicated and Exco intend to enter into a formal agreement under which Exco will fund the acquisition of the outstanding interest in the WLJV, conduct and fund a detailed Feasibility Study, fund the initial \$1.7 million of exploration, obtain all necessary approvals to mine the deposit and, subject to making a formal decision to mine, enter into an unincorporated Joint Venture to mine and process ore from the Barbara Project.

Within the Barbara Mineral Resource inventory of 5.3 million tonnes of ore grading 1.4% copper, it is estimated that approximately 60,000 tonnes of the ore is copper oxide and the balance is copper sulphide mineralisation – both of which are ideally suited to treatment utilizing the Copperchem-owned processing plant. The Copperchem facilities currently produce copper sulphate from processing copper oxide ores and copper concentrate from processing sulphide ores.

Exco has a contractual entitlement to have ore processed through the Copperchem plant and will ensure that Barbara ore can be processed under the terms of that agreement.

The Feasibility Study, which is expected to take 12 months to complete, will commence immediately following the signing of the formal agreement. Exco will be responsible for meeting all expenditure required during the Feasibility Study, including obtaining all necessary regulatory approvals and maintaining the Mining Leases in good standing.

Following a positive Decision to Mine, Syndicated and Exco will enter into an unincorporated Joint Venture on a 50/50 basis to finance, develop, mine and operate the Barbara Project. Exco or a nominated subsidiary will be the manager of the Joint Venture.

All development and operating costs will be covered on a 50/50 basis. Exco will assist Syndicated to provide its share of joint venture costs in the pre-production capital period.

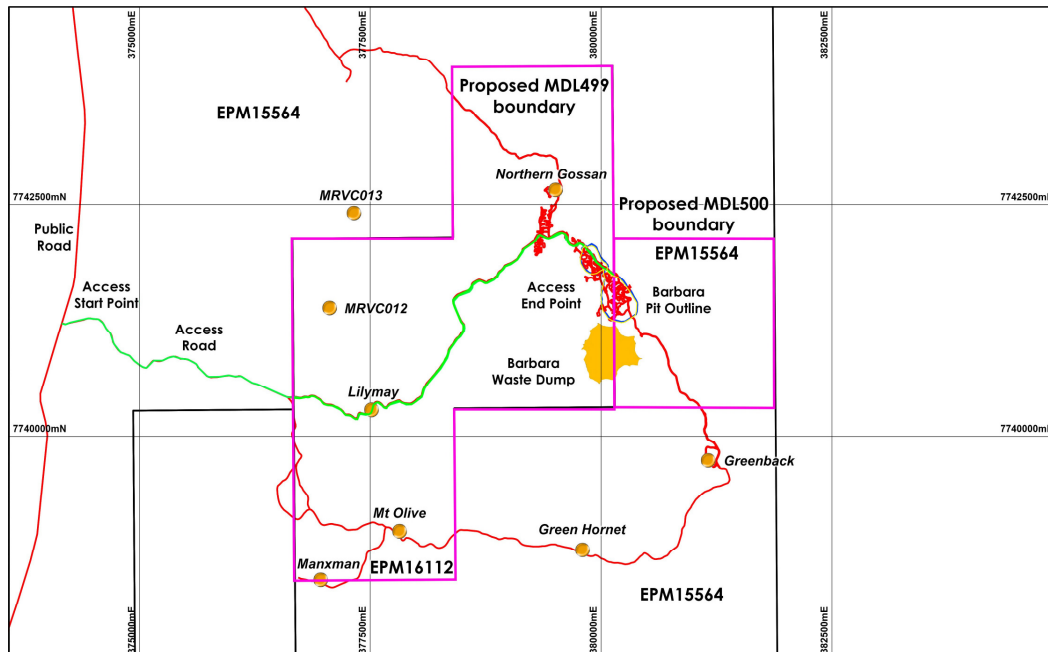


Figure 2 – Barbara Project Area showing the two MDL's subject to the MOU

The proposed exploration joint venture over the Barbara Project Area will be managed by Syndicated, which will be responsible for maintaining the underlying Exploration Permits / MDL's in good standing, including meeting all minimum exploration commitments.

The exploration JV will commence from the signing of the formal agreement. All budgets and programs will be jointly agreed and initially funded by Exco before reverting to a 50/50 basis. The exploration joint venture will terminate once the Production Joint Venture commences.

Syndicated Metals' Managing Director, Mr Andrew Munckton, said the partnership with Exco Resources would enable both parties to unlock the value of the Barbara Project, paving the way for development and extraction of the Mineral Resources while also creating a platform to generate additional value through exploration.

"We are looking forward to finalising a formal agreement with Exco that will underpin the immediate commencement of a Feasibility Study on the development of an open pit mine over the Barbara deposit," he said.

"By processing the ore through Copperchem's facilities, the joint venture will be able to unlock important regional synergies and significantly reduce the timeframe, cost and risk involved in developing the Barbara Project.

"The two companies will also establish an exploration joint venture over the Barbara Project Area to launch a new phase of exploration at Barbara commencing in the second half of 2013 which will be designed to test a number of exciting new exploration targets identified by Syndicated in recent

months,” he added. “These include immediate extensions of the Barbara Mineral Resources down-plunge and other potential parallel lodes.

“The signing of this MOU and the sale and purchase agreement with Orbis are very significant developments for Syndicated shareholders, as it will lead to the establishment of a partnership with a well-funded group with strong technical capabilities and access to an operating treatment facility. This will enable us to fast-track the development of our priority asset at Barbara and fund and execute an exploration program which has the potential to generate significant additional value for both parties.”

ENDS

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Competent Person’s Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Andrew Munckton 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 Munckton 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.