

ASX ANNOUNCEMENT – 16 September 2013

SYNDICATED SECURES PATHWAY TO COPPER PRODUCTION THROUGH PIVOTAL DEAL WITH COPPERCHEM

CopperChem to emerge as cornerstone 18.9% shareholder and 50/50 joint venture partner at Barbara

Highlights

- **Syndicated (SMD) executes two agreements with CopperChem, finalising 50/50 joint venture to explore and develop the Barbara Copper-Gold Project in Queensland.**
- **CopperChem to emerge as SMD's largest shareholder with a cornerstone 18.9% stake by subscribing for \$522K share placement and acquiring Santana Minerals' 7% holding.**
- **As part of the broader agreements establishing a 50/50 exploration and development joint venture, CopperChem will also:**
 - *fund the \$1M purchase of Orbis Gold's interest in some of the Barbara tenements, rationalising and consolidating Project ownership;*
 - *sole fund and manage a Feasibility Study on Barbara through to Decision to Mine;*
 - *jointly fund exploration within an expanded radius of the Barbara Project, targeting numerous recently discovered copper-gold prospects; and*
 - *subject to a Decision-to-Mine, process Barbara ore through its Cloncurry Treatment Facilities, on commercial terms.*
- **CopperChem's corporate investment and partnership provides significant impetus to Syndicated's strategy to become a successful copper-gold producer and explorer in the Mt Isa-Cloncurry region.**

Syndicated Metals Limited (ASX: SMD) is pleased to announce that it has secured the technical, financial and corporate backing of CopperChem Limited, a wholly-owned subsidiary of the WH Soul Pattinson Group (ASX: SOL), as part of a strategic alliance that will underpin its transition to copper producer in North Queensland.

Syndicated has completed and executed two agreements with CopperChem for the joint exploration and development of the Company's flagship Barbara Copper-Gold Project, located 60km north-east of Mt Isa in North Queensland. This crystallises the transactions outlined in the MOU with Exco Resources which were announced on 3 June 2013.

Both CopperChem and Exco are wholly-owned subsidiaries of WH Soul Pattinson, with CopperChem holding the copper processing facilities located at Cloncurry which would be used to process Barbara ore.

In addition, CopperChem has agreed to subscribe for 26.1 million fully-paid Syndicated shares at an issue price of 2 cents per share and, separately, has agreed to an off-market purchase of 12.5 million shares currently held by Santana Minerals, representing a 7% stake in Syndicated. The Placement subscription to CopperChem was managed by Blue Ocean Equities.

These two equity transactions will result in CopperChem becoming Syndicated's largest shareholder with a cornerstone holding of approximately 18.9%, as well as being Syndicated's 50/50 joint venture partner on the Barbara Project.

This represents a strong vote of confidence both in the quality and potential of Syndicated's North Queensland copper-gold assets and the strengths and capability of its management team.

Throughout the process of both the MOU with Exco and the Agreements with CopperChem Syndicated Metals has been advised by Blue Ocean Equities.

The Acquisition, Exploration and Feasibility Study Agreement provides for CopperChem to earn a 50% share of the Barbara Project in joint venture with Syndicated (as contemplated in the announcement of 3 June 2013). The key elements of this Agreement include:

- an expanded definition of the Barbara Project to include the recently discovered exploration targets on tenements located generally to the south-west of Barbara (see Figure 1 below);
- CopperChem funding the \$1.0 million purchase of Orbis Gold's interest in certain tenements by Syndicated, consolidating ownership of the deposit;
- CopperChem funding and managing a Feasibility Study over the Barbara Project up to a Decision to Mine;
- CopperChem subscribing for a Placement of 26.1 million shares in Syndicated Metals at 2 cents per share raising approximately \$522,000 before costs; and
- the parties each funding their 50% share of exploration expenditure on the Project, with upcoming exploration programs to be managed by Syndicated.

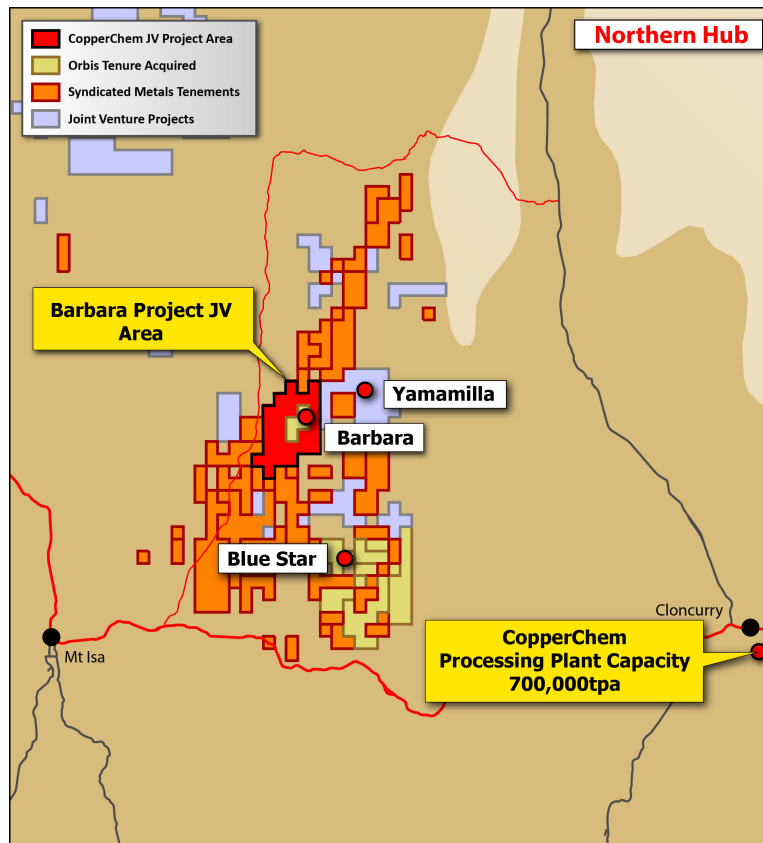


Figure 1 – Barbara Copper-Gold Project and CopperChem Processing Plant

In addition, Syndicated and CopperChem have entered into a Development Joint Venture Agreement for the mining and processing phase of the project that provides the framework of the relationship of the parties should they make a Decision-to-Mine, following completion of the Feasibility Study.

The key elements of the Joint Venture Agreement include:

- CopperChem processing Joint Venture ore through its Cloncurry Processing Facility under a Tolling Agreement which will be negotiated and operate under commercial terms; and
- CopperChem assisting Syndicated to secure financing for its share of the project development cost, on terms and conditions similar to the financing provided to CopperChem.

The Agreements provide a secure and clear development pathway for the Barbara Project while at the same time enabling Syndicated to unlock the value of its broader tenement holding in the Mt Isa-Cloncurry region.

The Barbara Project – which is located within Syndicated’s Northern Hub tenements – 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 attached).

The deposit is one of the highest grade, independently owned, copper-gold deposits in the region. The ability to process ore through CopperChem’s Great Australia copper concentrator and oxide heap leach project, located near Cloncurry, approximately 120km by road from Barbara, creates a near-term, low-risk development pathway for the deposit.

In addition, access to this treatment facility will open new exploration opportunities to discover similar size and style deposits within Syndicated’s extensive tenure in the region.

The Joint Venture covers an area of 100 sq km, representing less than 5% of Syndicated's overall 2500 sq km tenement package in the Mt Isa-Cloncurry district. Syndicated has separately today announced a rationalisation and consolidation of this tenement package.

Orbis Tenure and West Leichhardt Joint Venture Sale and Purchase

With the completion of the agreements with CopperChem, the Company has now executed the previously announced Sale and Purchase Agreement with Orbis Gold to purchase its tenure in the Mt Isa region for \$1.0 million in cash (see Figure 1).

CopperChem provided the funding for the purchase of the Orbis Gold tenure under the Barbara Project Agreements outlined above.

The Orbis Gold tenure includes both the West Leichhardt Joint Venture (Orbis 41.3%) and Orbis Gold 100%-owned tenure in the immediate project area (see Figure 1). Syndicated now owns all of the Orbis Gold tenure and has subsequently transferred 50% ownership of the tenure subject to the Barbara Project Agreements to CopperChem.

Placement to and Share Purchase by CopperChem

CopperChem have subscribed for a placement from the Company of 26.1 million shares at 2 cents per share to raise \$522,000 pursuant to the Company's 15% Placement Capacity. The placement to CopperChem was managed by Blue Ocean Equities.

In addition, CopperChem have also purchased from Santana Minerals an approximate 7% shareholding in the Company in a separate, off-market transaction.

The two transactions have resulted in CopperChem attaining an approximate 18.9% shareholding in Syndicated Metals in addition to its 50% ownership of the Barbara Project. The Placement Agreement allows CopperChem to nominate one member to the Board of Directors of Syndicated in the event that CopperChem maintains between a 15% and 19.9% shareholding in the Company. The Placement Agreement requires application by Syndicated for waiver by the ASX of Listing Rule 6.18 whereby CopperChem may maintain its ownership of Syndicated in any future Equity Security issues by the Company.

Syndicated are very pleased to welcome CopperChem as its major shareholder and its nominee Director to the Board of Directors of the Company.

Exploration and Feasibility Activities

A program of Reverse Circulation (RC) drilling is anticipated to commence as soon as practicable to evaluate both the Barbara deposit in detail and the exploration targets located to the south-west of Barbara. The programs will consist of:

- Exploration drilling to test recently identified targets within a 5km radius of Barbara at Spectre, Lily May and Mt Olive where recently completed systematic soil sampling has defined strong anomalies with similar characteristics to Barbara;
- In-fill drilling as part of the Barbara Feasibility Study to upgrade the current Mineral Resource inventory to Measured and Indicated status to enable estimation of Ore Reserves and optimisation of open pit designs; and
- Deep drilling to test down-plunge extensions of the three main Barbara lodes to establish the potential for future underground operations at Barbara Deeps.

Management Comment

Syndicated's Managing Director, Mr Andrew Munckton, said the completion of the agreements with CopperChem and Orbis Gold marked the beginning of an exciting new chapter for the Company.

"As a result of these transactions, Syndicated will have a dynamic and financially strong copper producer in the Mt Isa-Cloncurry region as both its cornerstone investor and joint venture partner, backed in turn by the highly successful WH Soul Pattinson Group, an ASX-100 company."

"This deal provides a clear and secure pathway to production for the Barbara Project in joint venture with CopperChem, which will contribute processing capacity through their infrastructure at Cloncurry, technical and operational expertise, balance sheet strength and financial capacity – including ongoing funding support.

"This gives us the corporate and financial impetus to build a significant copper business in North Queensland, together with the ability to undertake a wide-ranging exploration program to increase our copper resource inventory and unlock significant value for shareholders. This is a tremendous outcome for shareholders in what remains a very challenging equity market environment."

Mr Munckton said the joint venture would immediately embark on exploration programs, ensuring strong news flow over the coming months while at the same time moving ahead immediately with the Feasibility Study on the Barbara Project.

"In addition, as part of agreements, CopperChem have the right to nominate a Director to join our Board. This is expected to occur in the coming weeks and will add further technical, corporate and financial weight to Syndicated's Board," he said.

"This marks an important turning point for Syndicated following a challenging period, and we are looking forward now to working closely with our new partner and all of our stakeholders to deliver value for all shareholders."

This announcement brings to an end the Company's current trading halt.

ENDS

For further information:

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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

Competent Person's Statement

The information in this document 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.

Note on the use of copper equivalent grades

This document refers to a copper equivalent grade. The equivalent grade is based on copper, gold, silver, molybdenum, rhenium and cobalt. The copper metal equivalent calculation is based on a copper price of US\$8,340/t, gold price of \$US1,300/oz, silver price of US\$23.66/oz, Molybdenum price of US\$14.50/lb, Rhenium price of US\$4305/kg and a cobalt price of US\$21/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.